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**Meihao Medical Group Co., Ltd**

**美皓醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1947)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 1.6% to approximately RMB74.7 million (2023: approximately RMB73.5 million)
- Loss before tax was approximately RMB30.1 million, representing a deterioration as compared with the loss before tax of approximately RMB7.2 million for the year ended 31 December 2023
- Loss attributable to equity holders of the Company was approximately RMB32.4 million, representing a deterioration as compared with the loss attributable to equity holders of the Company of approximately RMB13.6 million for the year ended 31 December 2023
- Loss per share attributable to ordinary equity holders of the parent was approximately RMB5.57 cents as compared with the loss per share attributable to ordinary equity holders of the parent of approximately RMB2.27 cents for the year ended 31 December 2023
- The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK\$0.01 per ordinary share).

The board (the “**Board**”) of directors (the “**Directors**”) of Meihao Medical Group Co., Ltd (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023 (“**FY2023**”).

In this announcement, “we,” “us” and “our” refer to the Company and where the context otherwise requires, the Group. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the prospectus of the Company dated 30 November 2022 (the “**Prospectus**”).

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

*Year ended 31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>REVENUE</b>	5	<b>74,680</b>	73,513
Cost of sales		<u>(47,704)</u>	<u>(40,858)</u>
Gross profit		<b>26,976</b>	32,655
Other income and gains	5	<b>4,286</b>	5,859
Selling expenses		<b>(22,801)</b>	(20,655)
Administrative expenses		<b>(36,733)</b>	(22,940)
Other expenses		<b>(253)</b>	(439)
Impairment losses on financial assets, net		<b>(3)</b>	(5)
Finance costs	7	<u><b>(1,618)</b></u>	<u>(1,633)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(30,146)</b>	(7,158)
Income tax expense	8	<u><b>(2,478)</b></u>	<u>(6,448)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(32,624)</b></u>	<u>(13,606)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements into presentation currency		<u><b>1,478</b></u>	<u>1,400</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u><b>1,478</b></u>	<u>1,400</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u><b>(31,146)</b></u>	<u>(12,206)</u>
Loss attributable to:			
Owners of the parent		<b>(32,424)</b>	(13,594)
Non-controlling interests		<u><b>(200)</b></u>	<u>(12)</u>
		<u><b>(32,624)</b></u>	<u>(13,606)</u>

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Total comprehensive loss attributable to:			
Owners of the parent		<b>(30,946)</b>	(12,194)
Non-controlling interests		<u>(200)</u>	<u>(12)</u>
		<b><u>(31,146)</u></b>	<b><u>(12,206)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	10	<b><u>RMB(5.57) cents</u></b>	<b><u>RMB(2.27) cents</u></b>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2024

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>26,119</b>	27,799
Right-of-use assets		<b>32,378</b>	33,857
Goodwill		<b>11,486</b>	–
Intangible assets		<b>494</b>	373
Deferred tax assets		<b>234</b>	694
Prepayments, other receivables and other assets		<b>11,178</b>	17,394
Financial assets at fair value through profit or loss	11	<b>10,000</b>	–
Total non-current assets		<b>91,889</b>	80,117
<b>CURRENT ASSETS</b>			
Inventories		<b>2,395</b>	2,506
Trade receivables	12	<b>693</b>	789
Prepayments, other receivables and other assets		<b>16,683</b>	7,044
Time deposits with original maturity over three months		–	55,144
Cash and cash equivalents		<b>78,494</b>	86,827
Total current assets		<b>98,265</b>	152,310
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>6,557</b>	6,640
Lease liabilities		<b>8,251</b>	8,803
Other payables and accruals		<b>19,768</b>	17,724
Contract liabilities		<b>3,976</b>	3,302
Tax payable		<b>1,557</b>	1,490
Total current liabilities		<b>40,109</b>	37,959
<b>NET CURRENT ASSETS</b>		<b>58,156</b>	114,351
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>150,045</b>	194,468

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	25,180	24,918
Contract liabilities	4,459	4,005
Deferred tax liabilities	8	—
	<hr/>	<hr/>
Total non-current liabilities	29,647	28,923
	<hr/>	<hr/>
Net assets	120,398	165,545
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	5,366	5,365
Reserves	113,972	159,813
	<hr/>	<hr/>
	119,338	165,178
	<hr/>	<hr/>
Non-controlling interests	1,060	367
	<hr/>	<hr/>
Total equity	120,398	165,545
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# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 18 November 2019. The registered office of the Company is located at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. The principal place of business in China is located at 197 Fuqian Street, Lucheng District, Wenzhou City, Zhejiang Province, People's Republic of China (the “**PRC**”).

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the provision of dental services.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 14 December 2022.

## 2. BASIS OF PREPARATION

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

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards 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 “ <b>2020 Amendments</b> ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ <b>2022 Amendments</b> ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards 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.

#### **4. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

##### **Geographical information**

All external revenue of the Group for the years ended 31 December 2024 and 2023 was attributable to customers in Mainland China, the place of domicile of the Group's operating entities.

The Group's non-current assets are all located in Mainland China.

##### **Information about major customers**

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year (2023: Nil).

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	<u>74,680</u>	<u>73,513</u>

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
<b>Type of service</b>		
Dental services	<u>74,680</u>	<u>73,513</u>
<b>Geographical market</b>		
Mainland China	<u>74,680</u>	<u>73,513</u>
<b>Timing of revenue recognition</b>		
Services transferred over time	<u>74,680</u>	<u>73,513</u>

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of dental services	<u>2,790</u>	<u>3,816</u>

#### (ii) Performance obligations

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

##### *Provision of dental services*

The performance obligation is satisfied over time when the services are rendered.

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>
Amounts expected to be recognised as revenue:		
Within one year	<b>5,747</b>	5,782
After one year	<b>4,853</b>	4,388
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Total	<b>10,600</b>	10,170
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The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to dental services, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	<b>3,703</b>	4,971
Government grants*	<b>142</b>	94
Others	<b>327</b>	416
	<hr/>	<hr/>
Total other income	<b>4,172</b>	5,481
	<hr/>	<hr/>
<b>Gains</b>		
Gain on termination of leases	<b>1</b>	321
Foreign exchange gains, net	<b>113</b>	57
	<hr/>	<hr/>
Total gains	<b>114</b>	378
	<hr/>	<hr/>
Total other income and gains	<b>4,286</b>	5,859
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- \* The government grants mainly represent incentives received or receivable from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. LOSS BEFORE TAX

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

		2024	2023
	Notes	RMB'000	RMB'000
Cost of inventories, consumables and customised products		11,777	10,478
Depreciation of property, plant and equipment*		6,490	7,287
Depreciation of right-of-use assets		7,519	6,738
Amortisation of intangible assets**		155	155
Impairment of trade receivables, net		3	5
Lease payments not included in the measurement of lease liabilities		599	523
Government grants	5	(142)	(94)
Bank interest income	5	(3,703)	(4,971)
Auditor's remuneration		2,320	2,080
Loss on disposal of items of property, plant and equipment, net		–	165
Gain on termination of leases		(1)	(321)
Foreign exchange differences, net		(113)	(57)
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		33,439	27,795
Share-based payment expenses		9,805	–
Pension scheme contributions***		6,036	4,279
Total		49,280	32,074

\* The depreciation of property, plant and equipment for the year is included in “Cost of sales” and “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

\*\* The amortisation of intangible assets for the year is included in “Selling expenses” and “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on lease liabilities	1,618	1,633

## 8. INCOME TAX

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary incorporated in the British Virgin Islands are not subject to any income tax in the Cayman Islands or the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the Group's subsidiary has been provided as there was no assessable profit arising in Hong Kong during the year (2023: Nil).

Except for certain subsidiaries of the Group which were entitled to a preferential income tax rate of 20% for small and micro enterprises during the year with the RMB3.0 million of annual taxable income eligible for a 75% reduction, the provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries in Mainland China as determined in accordance with the Corporate Income Tax Law.

The income tax expense of the Group during the year is analysed as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Current –Mainland China		
Charge for the year	<b>2,019</b>	1,937
Deferred	<b>459</b>	4,511
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Total	<b>2,478</b>	6,448
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## 9. DIVIDENDS

On 18 June 2024, the final dividend of HK\$0.01 per ordinary share was approved by the Company's shareholders at the annual general meeting. Approximately HK\$5.9 million (equivalent to approximately RMB5.4 million) of the dividend was paid in cash and the rest was paid by issuing scrip shares on 31 August 2024.

The Board of the Company has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK\$0.01 per ordinary share).

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

The calculation of the basic loss (2023: loss) per share amount is based on the loss (2023: loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 581,964,330 (2023: 600,000,000) in issue during the year, as adjusted to reflect the shares repurchased for share option and share award schemes in 2024.

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 in respect of a dilution as the impact of the equity-settled share award arrangements had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2024 RMB'000	2023 RMB'000
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent	<u>(32,424)</u>	<u>(13,594)</u>
	<b>Number of shares</b>	
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>581,964,330</u>	<u>600,000,000</u>

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted investment, at fair value	<u>10,000</u>	<u>—</u>

The above unlisted investment was 4.76% equity interest in Zhejiang Trustyou Medical Equipment Co., Ltd. It was classified as financial asset at fair value through profit or loss as it was mandatorily designated as such.

## 12. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	704	797
Impairment	<u>(11)</u>	<u>(8)</u>
Net carrying amount	<u>693</u>	<u>789</u>

The trade receivables are due when services are rendered and goods are sold. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Within 3 months	<b>662</b>	759
3 and 6 months	<b>9</b>	11
6 and 12 months	<b>2</b>	2
1 and 2 years	<b>9</b>	7
Over 2 years	<b>11</b>	10
	<hr/>	<hr/>
Total	<b>693</b>	789
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### **13. 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><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Within 3 months	<b>1,422</b>	1,161
3 to 6 months	<b>779</b>	1,212
6 to 12 months	<b>852</b>	1,373
Over 1 year	<b>3,504</b>	2,894
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Total	<b>6,557</b>	6,640
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The trade payables are non-interest-bearing and are normally settled on terms of 30 to 180 days.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is an established private dental service provider in Wenzhou City (溫州市), Zhejiang Province, PRC (“**Wenzhou**”). The Group generates its revenue primarily from providing comprehensive dental services to individuals, covering primarily four dental sectors namely, general dentistry (口腔綜合治療科), reparative dentistry (口腔修復科), implant dentistry (種植牙科) and orthodontics and cosmetic dentistry (牙齒正畸科). As at 31 December 2024, the Group owned and operated a network of six private dental hospitals and one clinic in Wenzhou, namely Wenzhou Hospital, Lucheng Hospital, Wenzhou Oral Care, and Ouhai Jielaoya Oral Clinic, Rui’an Branch Hospital in Rui’an City, Longgang Hospital in Longgang City and Yueqing Hospital in Yueqing City.

During the Reporting Period, with the implementation of the Collective Procurement Policy (種植牙集採政策), the Group has been continued to impose restrictions on the pricing of services. Meanwhile, other private dental service institutions have initiated predatory dental service pricing. The Group had no alternative but to join in the price war with an aim to maintain its position as leading pioneer in the industry of private dental service, which was caused to a recorded increase in the Group’s cost of sales. For the year ended 31 December 2024, the Group recorded revenue of approximately RMB74.7 million (2023: RMB73.5 million). A net loss of approximately RMB32.6 million was recorded for the year ended 31 December 2024, representing a greater loss compared to the net loss of RMB13.6 million for the year ended 31 December 2023. The increase in net loss was mainly attributable to the increase in (i) cost of sales; and (ii) administrative expenses as a result of the increase of staff cost and share rewards.

Further, the press conference held by National Healthcare Security Administration on 23 November 2024 about Comprehensive CPR, where the charging standards extend to new oral medical projects including comprehensive, periodontal, orthodontic, restoration, endodontic, and surgical, will take effect in two years. This new regulation attempts to control the overall cost of medical service price items through the “separation of skills and consumables”, and is undoubtedly the key to make a far-reaching impact on patients and dental service providers. The increased reimbursement ratio would lead price-sensitive patients flowing into low price service provider. In this case, the Group need to optimize the cost structure and set reasonable prices as much as possible while ensuring service quality.

In response to this trend and to promote the healthy development, the Group also controls costs through refined management and supply chain optimization, such as establishing long-term partnerships with dental material suppliers to obtain more favorable purchasing prices, or improving internal management efficiency and reducing unnecessary operating expenses to attract price-sensitive patients and enhance market competitiveness.

## **General Dentistry**

The general dentistry sector of the Group focuses on the examination, diagnosis, prevention and treatment of disorders of the orofacial region. The key dental services we offered under general dentistry includes (i) teeth filling; and (ii) root canal treatment. The treatments are priced based on the number of tooth subject to the treatment, the spending of each patient will vary significantly with the condition of each patient.

## **Orthodontics and Cosmetic Dentistry**

The orthodontics and cosmetic dentistry sector of the Group focus on diagnosis, prevention, interception, and correction of misalignment or incorrect relation between the teeth as well as skeletal abnormalities of developing or mature or orofacial structures by different types of braces. The key dental services we offered under orthodontics and cosmetic dentistry including teeth orthodontics using (i) standard metal braces or metal wires; (ii) clear braces or ceramic braces; and (iii) transparent dental braces made of intelligent materials.

## **Reparative Dentistry**

The reparative dentistry sector of the Group focuses on restoring the function, integrity and morphology of missing tooth structure. The key dental services we offer under reparative dentistry includes: (i) dental crowns; and (ii) removable dentures. The price for dental crowns and removable dentures are generally relating to the respective material and numbers of tooth subject.

## **Implant Dentistry**

The implant dentistry sector of the Group focuses on surgically placing fixture dental implants in the patient's jawbone as the foundation to replace the damaged or missing tooth with prosthetics.

## Total Number of Active Patients by Six Private Dental Hospitals and One Clinic

The number of the Group's total active patients increased from 50,324 for the year ended 31 December 2023 to 61,777 for the year ended 31 December 2024, representing an increase of 22.8%. The following table sets forth the breakdown of the number of active patients by the Group's six private hospitals and one clinic:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<i>No. of active patients</i>	<i>No. of active patients</i>
Wenzhou Hospital	28,366	27,958
Longgang Hospital	3,771	3,187
Lucheng Hospital	12,352	10,105
Rui'an Branch Hospital	2,817	2,805
Wenzhou Oral Care	8,638	6,269
Ouhai Jielaiya Oral Clinic	3,130	—
Yueqing Hospital	2,703	—
<b>Total</b>	<b>61,777</b>	<b>50,324</b>

## Revenue by Six Private Dental Hospitals and One Clinic

	<b>For the year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
		<b>Approx. % of the total revenue</b>		<b>Approx. % of the total revenue</b>
	<b>Revenue RMB'000</b>	<b>%</b>	<b>Revenue RMB'000</b>	<b>%</b>
Wenzhou Hospital	35,218	47.2	45,820	62.4
Longgang Hospital	3,861	5.2	4,043	5.5
Lucheng Hospital	11,699	15.7	10,819	14.7
Rui'an Branch Hospital	3,094	4.1	3,332	4.5
Wenzhou Oral Care	15,488	20.7	9,499	12.9
Ouhai Jielaiya Oral Clinic	3,450	4.6	—	—
Yueqing Hospital	1,910	2.5	—	—
<b>Total</b>	<b>74,680</b>	<b>100.0</b>	<b>73,513</b>	<b>100.0</b>

Wenzhou Hospital, which commenced operations in March 2011, contributed the largest share of our revenue during the Reporting Period, representing approximately 47.2% of our total revenue for the year ended 31 December 2024.

## **PROSPECTS**

In response to China's nationwide implementation of the dental collective procurement policy, which now extends to orthodontics, pediatric dentistry, and cosmetic dentistry, the Group is proactively aligning its operations to adapt to this transformative landscape. While the policy introduces short-term challenges in pricing dynamics, it also presents an opportunity to enhance accessibility and affordability of dental care, particularly in underserved regions. By optimizing service portfolios and strengthening collaborations with upstream suppliers, the Group aims to maintain service quality while achieving cost efficiencies. Strategic investments in scalable technologies and standardized processes will further solidify our ability to deliver value-driven solutions across diverse market segments, ensuring resilience in an evolving regulatory environment.

### **Elevating Corporate Citizenship and Social Impact**

The Group remains deeply committed to fostering trust and societal well-being. In 2025, we will amplify our focus on community-centric initiatives, including expanded oral health education programs and partnerships with local governments to support vulnerable populations. Our ESG (Environmental, Social, and Governance) framework will guide efforts to adopt sustainable practices, such as reducing waste in clinical operations and promoting digital patient engagement tools. By transparently communicating our price adjustments under the collective procurement policy, we aim to reinforce our reputation as a socially responsible leader in healthcare, dedicated to balancing affordability with excellence.

### **Advancing Service Excellence and Technological Innovation**

To meet the rising expectations of a price-sensitive yet quality-conscious market, the Group will continue to innovate across its service offerings. This includes integrating advanced technologies, such as AI-driven diagnostics and minimally invasive treatment protocols, to enhance precision and patient comfort. Our proprietary operational systems will undergo further enhancements to streamline multi-hospital management and improve service coherence. The children's dental department will see targeted upgrades through interactive, child-friendly technologies, ensuring a seamless and engaging experience for younger patients. Additionally, the expansion of telehealth capabilities will broaden access to our services, particularly in remote areas, aligning with our mission to deliver inclusive, high-quality care.

## **Strengthening Industry Chain Synergies**

Building on our upstream and downstream integration efforts, the Group will continue to explore synergies across the dental value chain. Strategic partnerships with medical device innovators and material suppliers will enhance supply chain stability and technological agility, while downstream ventures in adjacent sectors will create complementary growth avenues. These initiatives not only diversify revenue streams but also reinforce our ability to deliver comprehensive, end-to-end solutions, positioning the Group as a holistic healthcare provider in a competitive market.

## **Cultivating a Global Talent Ecosystem**

Recognizing that skilled professionals are pivotal to our success, the Group will deepen investments in talent development and international collaboration. The establishment of dental training center is on the top agenda, and it will serve as a hub for continuous learning, offering advanced certification programs in partnership with leading global institutions. We will further expand campus recruitment initiatives and strengthen alliances with international medical bureaus to attract diverse expertise. By fostering a culture of innovation through incentive programs and cross-border knowledge exchange, the Group aims to build a world-class team capable of driving breakthroughs in dental science and patient care.

## **FINANCIAL REVIEW**

### **Revenue**

During the Reporting Period, our revenue amounted to approximately RMB74.7 million, representing an increase of approximately 1.6% as compared to the year ended 31 December 2023. The revenue growth was mainly due to the contribution of two new branches (Ouhai Jielaiya Oral Clinic and Yueqing Hospital) brought about by the Group's expansion, and our revenue is still affected by the collective purchasing policy and local market competition.

### ***Revenue by types of dental services***

#### ***General Dentistry***

Our revenue for general dentistry for the year ended 31 December 2024 was approximately RMB30.5 million (FY2023: RMB31.2 million), representing a decrease of approximately 2.2% as compared to the corresponding period in 2023. The decrease was mainly due to the decrease in pricing for general dentistry, though the number of visitors increased. Such decrease in pricing of average order value mainly due to consumption downgrade and pricing competition. Revenue generated from general dentistry accounted for approximately 40.8% of our total revenue for the Reporting Period as compared to approximately 42.5% for the year ended 31 December 2023.

### *Orthodontics and Cosmetic Dentistry*

Our revenue for orthodontics and cosmetic dentistry for the year ended 31 December 2024 was approximately RMB14.1 million (FY2023: RMB14.4 million), representing a decrease of approximately 2.1% as compared to the corresponding period in 2023. The decrease was mainly due to the decrease in pricing, though the number of visitors increased. Such decrease in pricing of average order value mainly due to consumption downgrade and pricing competition. Revenue generated from orthodontics and cosmetic dentistry accounted for approximately 18.9% of our total revenue, as compared to approximately 19.7% for the year ended 31 December 2023.

### *Reparative Dentistry*

Our revenue for reparative dentistry for the year ended 31 December 2024 was approximately RMB16.3 million (FY2023: RMB14.9 million), representing an increase of RMB1.4 million. It accounted for approximately 21.8% of our total revenue for the Reporting Period, similar to approximately 20.2% of the year ended 31 December 2023.

### *Implant Dentistry*

Our revenue for implant dentistry for the year ended 31 December 2024 was approximately RMB8.9 million (FY2023: RMB8.0 million), indicating an increase of approximately 11.3% compare to the corresponding period in 2023. The recovery of our revenue of implant dentistry was due to the implementation of competitive prices to the local market than before, to mitigate impact of the implementation of the Collective Procurement Policy since late March 2023, which lowered the price of implant services that could be charged by public hospitals.

### **Cost of Sales**

Our cost of sales mainly included (i) staff costs; (ii) cost of inventories, consumables and customised products; and (iii) depreciation expenses of property, plant and equipment and right-of-use assets. During the Reporting Period, our cost of sales has increased by approximately 16.6% to approximately RMB47.7 million (FY2023: approximately RMB40.9 million). The increase in our cost of sales was due to increased staff costs and issuance stock awards, such as hiring international talents and team incentives.

### **Gross Profit and Gross Profit Margin**

During the Reporting Period, our gross profit decreased by approximately 17.4% as compared to the corresponding period in 2023 to approximately RMB27.0 million (FY2023: approximately RMB32.7 million), mainly driven by the increase in our cost of sales of approximately 16.6%. As part of our costs within our cost of sales category are fixed costs, our gross profit margin decreased to approximately 36.1% (2023: 44.4%).

## **Other Income and Gains**

During the Reporting Period, the other income and gains decreased by approximately 27.1% as compared to the corresponding period in 2023 to approximately RMB4.3 million (FY2023: approximately RMB5.9 million), mainly due to the decrease in banking interest income compared to the previous year, as banks generally lower interest rates.

## **Selling Expenses**

During the Reporting Period, the selling expenses primarily comprised marketing and promotion expenses, and staff costs. During the Reporting Period, the Group's selling expenses increased by approximately 10.1% as compared to the corresponding period in 2023 to approximately RMB22.8 million (FY2023: approximately RMB20.7 million), mainly driven by the increase in marketing and promotion expenses.

## **Administrative Expenses**

Our administrative expenses increased by approximately 60.3% or approximately RMB36.7 million as compared to the corresponding period in 2023 (FY2023: approximately RMB22.9 million). The increase in our administrative expenses was mainly due to a combined effect of (i) an increase in staff costs due to the grant of share awards to retain senior management; and (ii) an increase in staff costs due to two acquired subsidiaries and global talent hiring.

## **Income Tax**

During the Reporting Period, we recorded an income tax expense of approximately RMB2.5 million as compared to an income tax expense of approximately RMB6.4 million for the year ended 31 December 2023, mainly due to the loss making position of certain subsidiaries for the Reporting Period.

## **Loss attributable to the owners of the Company**

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately RMB32.4 million as compared to a loss attributable to owners of the Company of approximately RMB13.6 million for the year ended 31 December 2023.

## **Prepayments, Other Receivables and Other Assets**

The current portion of our prepayments, other receivables and other assets increased by approximately RMB9.7 million, from approximately RMB7.0 million as at 31 December 2023 to approximately RMB16.7 million as at 31 December 2024. The increase was mainly due to the prepayment of income tax. While the non-current prepayment decreased by RMB6.2 million to RMB11.2 million as at 31 December 2024 (RMB17.4 million as at 31 December 2023), such decrease is due to the completion for two acquisitions related to Yueqing Hospital and Ouhai Jielaoya Oral Clinic.

## **Liquidity, Financial Resources and Capital Structure**

The Group financed its operations primarily through cash generated from the Group's operations and the net proceeds received from the Global Offering. As at 31 December 2024, the Group's net current assets amounted to approximately RMB58.2 million (as at 31 December 2023: approximately RMB114.4 million), and its liquidity as represented by current ratio (total current assets/total current liabilities) was 2.4 times (as at 31 December 2023: 4.0 times). The Group's bank balances amounted to approximately RMB78.5 million (as at 31 December 2023: approximately RMB86.8 million). As at 31 December 2024, the Group had no bank loans (as at 31 December 2023: Nil), and therefore the gearing ratio was not applicable (2023: not applicable). On 14 December 2022, the ordinary shares of the Company were listed on the Main Board of the Stock Exchange by way of Global Offering and completed the share offer of its 150,000,000 ordinary shares, comprising 45,000,000 Hong Kong offer shares and 105,000,000 international placing shares, with a par value of HK\$0.01 each at an offer price of HK\$0.84 per share. The Company believes that the funding from the Global Offering on the Main Board would allow the Group to continue with its future business development to expanding our dental medical institutions network in the PRC and to gain access to capital market for raising funds in the future.

### **Pledge of Assets**

As at 31 December 2024, the Group did not have any pledged assets (as at 31 December 2023: Nil).

### **Foreign Currency Exposure**

The majority of the Group's revenue is denominated in Renminbi and the Group's accounts are prepared in Renminbi. However, the Group is exposed to foreign exchange risk arising mainly from bank balances denominated in the U.S. dollars. During the Period, the Group did not use any financial instrument for hedging purpose.

### **Capital Commitments**

As at 31 December 2024, the Group had capital commitments of approximately RMB2.7 million for leasehold improvements and addition of medical equipment (as at 31 December 2023: approximately RMB3.2 million).

### **Contingent Liabilities and Guarantees**

As at 31 December 2024, the Group had no material contingent liabilities or guarantees (as at 31 December 2023: Nil).

## **Employees and Remuneration Policies**

As at 31 December 2024, the Group employed 372 staff (including executive Directors), all of which were located in the PRC (as at 31 December 2023: 286). Remuneration packages for the Group's employees mainly comprise basic salary and bonus. The Group annually reviews their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. Moreover, the Group provides comprehensive training programs to its employees to enhance the technical skills of medical professionals to further their career development. The Group provides both inhouse and external trainings for its employees to improve their skills and knowledge. The Company was adopted a share option scheme on 8 November 2022 and a share award scheme (the “**Share Award Scheme**”) on 16 January 2024 to create incentives to employees and to align their interest with that of the Company. Employee benefit expenses primarily consist of wages and salaries, share-based payment expenses as well as pension scheme contribution. Employee benefits expenses was approximately RMB52.2 million during the Reporting Period (FY2023: approximately RMB33.4 million), representing an increase of RMB18.8 million.

## **Significant Investments**

During the Reporting Period, the Group did not have any significant investments.

## **Future Plans for Material Investment and Capital Assets**

During the Reporting Period, the Group has utilized and intends to utilise the net proceeds raised from the Global Offering for business expansion and working capital in the manner set out in the Prospectus and the annual report for the year ended 31 December 2023. Save as disclosed above, the Group did not have any future plans for material investments or capital assets as at 31 December 2024.

## **Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures**

During the year ended 31 December 2024, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group.

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

### **Issue of Listed Securities**

During the year ended 31 December 2024, the Company issued 154,350 scrip shares to eligible shareholders under the scrip dividend scheme in relation to the 2023 final dividend. For further details, please refer to the circular dated 15 July 2024. The scrip shares began dealing on the Main Board of the Stock Exchange on 15 August 2024.

During the Reporting Period, a total of 600,154,350 Shares were in issue.

## **Repurchase of Listed Securities**

On 16 January 2024, the Company adopted the Share Award Scheme. The objectives of the Share Award Scheme are: (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme will purchase the existing Shares through the Trustee on the secondary market at the market trading price. The Share Award Scheme was contemplated and adopted to be funded solely by the existing Shares. For details, please refer to the announcement published on 16 January 2024.

During the Reporting Period, the Trustee, as instructed by the Board, purchased a total of 41,385,000 Shares on the secondary market at the market trading price, representing approximately 6.90% of the total number of Shares of the Company in issue. The Trustee holds these Shares in accordance with the Scheme Rules and the Trust Deed.

The Trustee, which is a professional entity licensed under the laws of Hong Kong to carry out the trustees services, a third party independent of and not connected with the Company and/or any of its connected persons, for the Share Award Scheme.

Save as disclosed above, neither the Company nor any of the its subsidiaries purchased, repurchased, sold or redeemed any of the listed securities of the Group.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

The Directors are not aware of other significant events affecting the Company and its subsidiaries which have occurred since the end of the financial year to the date of this announcement.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK\$0.01 per ordinary share).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting (the “AGM”) of the Company will be scheduled on Wednesday, 18 June 2025. A notice convening the AGM will be issued and dispatched to the shareholders in due course.

## CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025 (both days inclusive), during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 12 June 2025.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of the Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the basis of the Company’s corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

To the best knowledge of the Directors, save and except for code provision C.2.1 of the CG Code as set out below, the Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2024.

The Company does not have a separate chairman and chief executive officer and Mr. Wang Xiaomin currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable our Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider whether separation the roles of chairman of the Board and the chief executive officer of the Company is necessary.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2024.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions, and the Model Code has been applicable to the Company with effect from the Listing Date.

All Directors have confirmed, following specific enquiry made by the Company with each Director, that they had complied with the guidelines contained in the Model Code during the year ended 31 December 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The financial information set out in this announcement does not constitute the Group’s audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **AUDIT COMMITTEE**

The Audit Committee consists of three independent non-executive Directors, namely Mr. Ng Ming Chee, Ms. Tam Hon Shan Celia, and Mr. Zhang Yongcun. Mr. Ng Ming Chee is the chairman of the Audit Committee.

The Audit Committee has, together with the management of the Company, reviewed the annual consolidated financial statements of the Group for the year ended 31 December 2024 and the accounting principles and policies adopted by the Group. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, internal control and financial reporting matters with senior management members of the Group. The Audit Committee considers that this announcement is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.meihaomedical.com](http://www.meihaomedical.com). The Company’s annual report for the year ended 31 December 2024 will be dispatched to the shareholders and published on the aforementioned websites in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees and business partners for their support and contribution to the Group.

By order of the Board  
**Meihao Medical Group Co., Ltd**  
**Mr. Wang Xiaomin**  
*Chairman and executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the executive Directors are Mr. Wang Xiaomin, Ms. Zheng Man and Dr. Zhou Jian, and the independent non-executive Directors are Mr. Ng Ming Chee, Ms. Tam Hon Shan Celia and Mr. Zhang Yongcun.*