New Century Healthcare Holding Co. Limited

新世紀醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1518

2024

ANNUAL REPORT

Contents

Corporate Information

DIRECTORS

Executive Directors:

Mr. Jason ZHOU *(Chairman and Chief Executive Officer)*
Ms. XIN Hong *(Senior Vice President and Chief Operating Officer)*
Mr. XU Han *(Senior Vice President and Chief Financial Officer)*

Non-executive Directors:

Mr. WANG Siye
Mr. YANG Yuelin
Ms. LI Suyu
Mr. XIE Qiang

Independent Non-executive Directors:

Mr. WU Guanxiong
Mr. SUN Hongbin
Mr. JIANG Yanfu
Dr. MA Jing

AUDIT COMMITTEE

Mr. SUN Hongbin *(Chairman)*
Mr. JIANG Yanfu
Mr. YANG Yuelin

REMUNERATION COMMITTEE

Mr. WU Guanxiong *(Chairman)*
Dr. MA Jing
Mr. YANG Yuelin

NOMINATION COMMITTEE

Mr. Jason ZHOU *(Chairman)*
Mr. WU Guanxiong
Mr. JIANG Yanfu

AUTHORIZED REPRESENTATIVES

Mr. XU Han
Mr. JIA Xiaofeng

COMPANY SECRETARY

Mr. JIA Xiaofeng

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

56 Nanlishi Road
Xicheng District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 603A, 6/F, Tower 1
Admiralty Centre
18 Harcourt Road
Hong Kong

REGISTERED OFFICE

c/o Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

Corporate Information (Continued)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9008
Cayman Islands

HONG KONG SHARE REGISTRAR

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

AUDITOR

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

LEGAL ADVISERS

Zhong Lun Law Firm LLP
4th Floor, Jardine House,
1 Connaught Place, Hong Kong

PRINCIPAL BANKER

Bank of China, Beijing Finance Street Sub-branch
2/F, Investment Square
No. 27 Finance Street
Xicheng District
Beijing

STOCK CODE

01518

COMPANY WEBSITE

www.ncich.com.cn

Chairman's Statement

Dear Shareholders,

On behalf of our Board, I am pleased to present the annual report of our Group for the year ended 31 December 2024.

There was a general decline of the Group's business performance in 2024, which was mainly attributable to the gradual return to the normal demand for medical services to pediatric patients in 2024 when compared with the exceptionally strong demand for pediatric internal medicine services in 2023.

The population and health of children are of strategic importance to the long-term development of China's national strength. The Decision on Optimising the Fertility Policy and Promoting the Long-term Balanced Development of the Population (《關於優化生育政策促進人口長期均衡發展的決定》) released in June 2021 sets out the three-child policy and rolls out supportive measures, and the Action Plan for Child Health Improvement (2021–2025) (《健康兒童行動提升計劃 (2021–2025年)》) was released in October of that same year. Policy guidance at the national level has greatly contributed to raising public awareness of children's health management, and has also triggered a significant increase in market demand for children preventive care, growth and development management, and further division of paediatric specialties. In addition, with the rise of women's first childbearing age and increasing number of pregnant and parturient women at advanced maternal age giving birth to the second and third child, Chinese families have great demands for medical technology, medical safety, service quality and one-stop, continuous health management for maternal and child healthcare, which also provides us with broad development space.

As a multi-specialty medical group with competitive advantage of providing a full range of paediatric services, we have high-quality and scarce medical team resources, leading clinical technology and service concept, and we can provide diagnosis, treatment, and health management services in relation to common and complex diseases of women's and children's families, and thus are trusted by women's and children's families. By the end of 2024, we have served nearly 520,000 women's and children's families and served approximately 290,000 hospital attendances in 2024. Among them, our paediatric family doctor members and commercial insurance direct payment customers contribute to over 70.0% of revenue from paediatric medical services.

The Group continued to restructure its medical business by expanding its advantageous specialty of paediatric internal medicine and increasing the proportion of paediatric surgery, paediatric specialist outpatient services, and obstetrics and gynecology services. In 2024, the Group received 279,396 outpatient visits, recording a YoY decrease of 17.2%. Among them, paediatric outpatient attendances decreased by 17.8% YoY to 237,986 from 289,375 in 2023, obstetrics and gynecology outpatient visits decreased by 13.7% YoY to 41,410 from 47,976 in 2023. In addition, the Group received 9,088 inpatient visits, which remained at a similar level when compared with that in 2023. Among them, we recorded paediatric inpatient visits of 7,438 and obstetrics and gynecology inpatient visits of 1,650, both of which remained largely the same when compared with those in 2023. Based on our strengths in medical technology, we were committed to continuously developing innovative medical services and methods in line with the needs of our target customer groups, such as packages for the growth and development management of children, paediatric ophthalmology, paediatric healthcare, endocrinology, stomatology and other market driven consumer medical services, all of which were well received by our customers and will serve as a major growth point for the Group's businesses.

Chairman's Statement (Continued)

Last but not least, on behalf of the Board, I would like to express our gratitude towards all our customers, partners and Shareholders for their long-term support and trust in the Company. Looking forward, we will continue to provide high-quality integrated medical services for women's and children's families in China, actively explore the market, seize the opportunities arising from government policies to further develop our business, contribute to the implementation of the national strategy of Healthy China, and create sustainable value return for our shareholders.

Jason ZHOU
Chairman

Beijing, March 27, 2025

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Business Overview for the year ended December 31, 2024

For the year ended December 31, 2024, our Group's revenue was RMB846.5 million, representing a 9.3% YoY decrease when compared to the revenue of RMB933.1 million for the year ended December 31, 2023. Our revenue was primarily generated from the provision of medical services, which amounted to RMB837.3 million for the year ended December 31, 2024 as compared to RMB922.8 million for the year ended December 31, 2023, representing a 9.3% YoY decrease. During the year ended December 31, 2024, the revenue generated from the provision of medical services accounted for 98.9% of our total revenue. This business segment mainly comprises pediatric services and obstetric and gynecologic services, which accounted for 87.9% and 12.1% of our total medical revenue for the year ended December 31, 2024, respectively.

As a leading private children's medical service provider in Beijing and the PRC, we provide customers with integrated medical services of gynecology, obstetrics and pediatrics, and we are characterized by the provision of our comprehensive and in-depth pediatric medical services. The development of our pediatric business was mainly attributable to (i) our Group's strengthening of clinical deployment, product and service organization and service promotion of pediatric internal medicine services (including general pediatrics, haematology, respiratory and cardiology etc.), pediatric surgery services and pediatric specialist services (including ophthalmology, otorhinolaryngology, stomatology and dermatology etc.); (ii) the strengthened establishment of commercial insurance team and active development of commercial insurance business; (iii) the enhancement of service system construction regarding our "New Century Family Doctor" panda membership program to improve the quality of member service; and (iv) the improvement in customer stickiness with the help of digitalized customer operation and management systems, thereby enhancing customer reach and customer visit experience.

For the pediatric services, we recorded a 10.1% YoY decrease in revenue from RMB818.8 million for the year ended December 31, 2023 to RMB735.8 million for the year ended December 31, 2024, among which, we recorded a 17.8% YoY decrease in the number of outpatient visits from 289,375 to 237,986 as well as a 16.5% YoY decrease in revenue attributable to outpatient medical services from RMB514.5 million to RMB429.4 million.

For the obstetrics and gynecology services, we recorded a 2.4% YoY decrease in revenue from RMB104.0 million for the year ended December 31, 2023 to RMB101.5 million for the year ended December 31, 2024, among which, we recorded (i) a 0.9% YoY decrease in the number of inpatient visits from 1,665 to 1,650 but still managed to achieve a 5.3% YoY increase in revenue attributable to inpatient medical services from RMB47.2 million to RMB49.7 million; and (ii) a 13.7% YoY decrease in the number of outpatient visits from 47,976 to 41,410 as well as a 8.6% YoY decrease in revenue attributable to outpatient medical services from RMB56.7 million to RMB51.8 million.

Management Discussion and Analysis (Continued)

The Group recorded a profit for the year and profit for the year attributable to owners of the Company in the year ended December 31, 2024 of RMB93.8 million and RMB47.4 million, respectively, whereas we recorded a profit for the year and profit for the year attributable to owners of the Company in the year ended December 31, 2023 of RMB132.1 million and RMB84.2 million, respectively. Such change was primarily due to the exceptionally strong demand for pediatric internal medicine services driven by a surge in pediatric infections in 2023, which represented the peak in recent years, and the gradual return to the normal demand for medical services to pediatric patients in 2024 resulted in a decrease in revenue attributable to the business of pediatric internal medicine, which caused a reduction in gross profit and further led to a decrease in the Group's profit during the year ended December 31, 2024.

The business of pediatric internal medicine experienced a significant decline, becoming the primary factor contributing to the Group's revenue decrease for the year ended December 31, 2024. Our revenue generated from pediatric internal medicine represented a YoY decrease of RMB58.1 million as compared with the year ended December 31, 2023. For pediatric business, the customer base with consumption power remained stable. The contribution of commercial insurance clients to the revenue of our pediatric services increased from 35.8% in the year of 2023 to 39.7% in the year of 2024. The combined revenue of pediatric membership and commercial insurance clients accounted for over 70.0% of revenue from pediatric services.

Industry Outlook and the Group's Strategies

The comprehensive development of healthcare services in respect of women and children have been highly emphasized by the PRC. In September 2021, the State Council issued the "Outline on the Development of Chinese Women (2021–2030)" and "Outline on the Development of Chinese Children (2021–2030)", which are of great significance in promoting the high-quality development of China's women and children's healthcare business. The "Notice of the National Health Commission on Publishing the Implementation Plan for the 2021–2030 Outlines for the Development of Chinese Women and Children" issued in April 2022 provides further guidance in this regard. China's women and children's health work still faces many challenges such as insufficient total service resources, uneven distribution of resources, and a shortage of high-quality resources. Especially since the adjustment of the birth policy, with the increase in the proportion of advanced age and multiparous women, the risk of complications of pregnancy, comorbidities, and birth defects has increased, and the demand for newborn safety and child healthcare services has further increased, triggering (i) a significant increase in the market demand for the provision of whole-cycle, whole-process and all-round medical and healthcare services to women and children; and (ii) more stringent requirements regarding medical service capabilities, service modes and service principle.

On January 16, 2025, the National Health Commission, together with the National Development and Reform Commission, the Ministry of Finance and the National Healthcare Security Administration, jointly formulated and issued the *Opinions on Promoting the Construction of Birth-Friendly Hospitals* (《關於推進生育友好醫院建設的意見》) (the "Opinions"), encouraging and guiding midwifery medical institutions to develop birth-friendly hospitals, and proposing that the proportion of such hospitals to reach 90% among midwifery medical institutions by 2030. This initiative seeks to provide the public with safer, more convenient, warmer and more comfortable birth medical and healthcare services. The Opinions set out a series of practical measures, including focusing on promoting obstetrics wards with single and double rooms, creating warm and cozy environment for birthing rooms, comprehensively launching pharmacological analgesia for delivery services, and encouraging qualified institutions to establish family-centered neonatal care units. The health commissions of Beijing and Chengdu, in which the Group has established presence, have initiated the construction of birth-friendly hospitals.

In March 2025, the Government Work Report proposed to formulate policies to promote fertility, including the provision of childcare subsidies, the vigorous development of integrated childcare services, and the expansion of affordable childcare services. For instance, Inner Mongolia Autonomous Region took the lead in implementing a localised policy of fertility promotion and subsidy provision in accordance with the Government Work Report. (In line with the *Implementation Opinions of the People's Government of Hohhot on the Promotion of Population Concentration and High-Quality Development of the Population* (Hu Zheng Fa [2025] No. 7) (《呼和浩特市人民政府關於促進人口集聚推動人口高質量發展的實施意見》(呼政發[2025]7號)), the Hohhot Municipal Health Commission has introduced childcare subsidies, offering RMB10,000 for the first child, a total of RMB50,000 over five years for the second child, and a total of RMB100,000 over ten years for the third child and each subsequent child thereafter).

In order to further promote the delicacy management of medical insurance and boost the utilization efficiency of medical insurance fund, the National Healthcare Security Administration published a notice on November 26, 2021 regarding the "Three-Year Action Plan for DRG/DIP Payment Reform", in which it is stated that DRG/DIP Payment will be carried out in all planning areas in the PRC by the end of 2024 and DRG/DIP Payment will cover all qualified medical institutions providing inpatient services by the end of 2025, basically achieving a full coverage on diseases and medical insurance funds. The full implementation of DRG/DIP Payment in designated medical institutions will raise the requirements on the medical technology level of private high-end medical institutions, which further highlights their advantages and attracts the people with long-term illness, complicated illness and mid-end to high-end commercial medical insurance to pursue quality medical services. Adhering to the previously formulated development strategies, our Group intends to grasp the industry opportunities by implementing the following measures in 2025:

- Continue to strengthen the Group's brand promotion among mid-end to high-end commercial insurance institutions to expand coverage of high-income target customer base.

- Expedite the certification of the Group's hospitals in accordance with the Opinions on the construction of birth-friendly hospitals.

- Leveraging on the Group's strengths in pediatric services, expand the population of children's health management in key cities.

- With the competitive advantage of multi-disciplinary collaboration in pediatrics and obstetrics and gynecology, focus on building sub-specialties and building a product and service chain around our customers' medical and health needs.

FINANCIAL REVIEW

Segment Revenue

We generate revenue primarily from providing medical services, including pediatric services and obstetric and gynecologic services. The following table sets forth a breakdown of the revenue for the periods indicated:

	Year ended December 31,			
	2024		2023	
	(in thousands of RMB, except percentages)			
Medical services	837,342	98.9%	922,775	98.9%
Others[1]	9,154	1.1%	10,298	1.1%
Total	846,496	100.0%	933,073	100.0%

(1) Others include revenue from cafeteria and gift shop sales at our medical institutions and online healthcare services after intersegment elimination.

Medical Services

Our revenue from the provision of medical services consists of healthcare services fees and revenue from pharmaceutical sales. The following table sets forth the revenue, cost of revenue, gross profit and gross profit margin of our medical services for the periods indicated:

	Year ended December 31,	
	2024	2023
	(in thousands of RMB, except percentages)	
Revenue	837,342	922,775
Cost of revenue	490,848	514,943
Gross profit[1]	346,494	407,832
Gross profit margin[2]	41.4%	44.2%

(1) Gross profit is calculated by deducting cost of revenue from revenue.

(2) Gross profit margin is calculated by dividing gross profit by revenue and multiplied by 100%.

The following table sets forth the composition of our revenue from pediatric and obstetric and gynecologic services for the periods indicated:

	Year ended December 31,			
	2024		2023	
	(in thousands of RMB, except percentages)			
Pediatric services	735,843	86.9%	818,800	87.8%
Obstetric and gynecologic services	101,499	12.0%	103,975	11.1%
Total	837,342	98.9%	922,775	98.9%

Our medical services can also be classified by service to inpatients and outpatients and membership card sales. The following table sets forth revenue and certain data relating to such classification for the periods indicated:

	Year ended December 31,	
	2024	2023
Our Group		
Inpatient services		
Inpatient visits	9,088	9,097
Average inpatient spending per visit *(RMB)*	33,487	33,109
Outpatient services		
Outpatient visits	279,396	337,351
Average outpatient spending per visit *(RMB)*	1,722	1,693
Revenue from medical services attributable to inpatients *(RMB'000)*	304,329	301,195
Revenue from medical services attributable to outpatients *(RMB'000)*	481,113	571,245
Revenue recognized for membership card sales *(RMB'000)*	51,900	50,335
Pediatric Services		
Inpatient services		
Inpatient visits	7,438	7,432
Average inpatient spending per visit *(RMB)*	34,228	34,171
Outpatient services		
Outpatient visits	237,986	289,375
Average outpatient spending per visit *(RMB)*	1,804	1,778
Revenue from pediatric services attributable to inpatients *(RMB'000)*	254,586	253,962
Revenue from pediatric services attributable to outpatients *(RMB'000)*	429,357	514,503
Revenue recognized for membership card sales *(RMB'000)*	51,900	50,335
Obstetric and gynecologic services		
Inpatient services		
Inpatient visits	1,650	1,665
Average inpatient spending per visit *(RMB)*	30,147	28,368
Outpatient services		
Outpatient visits	41,410	47,976
Average outpatient spending per visit *(RMB)*	1,250	1,183
Revenue from obstetric and gynecologic services attributable to inpatients *(RMB'000)*	49,743	47,233
Revenue from obstetric and gynecologic services attributable to outpatients *(RMB'000)*	51,756	56,742

Revenue from provision of our medical services amounted to RMB837.3 million in 2024, representing a 9.3% YoY decrease and accounting for 98.9% of our Group's total revenue. This decrease was primarily due to (i) a 15.8% decrease and 1.0% increase in revenue from medical services attributable to the outpatients and inpatients respectively; and (ii) a 3.1% YoY increase in revenue recognized for membership card sales.

In 2024, there were 7,438 pediatric services inpatient visits, representing a YoY increase of 0.1%. There were also 237,986 pediatric services outpatient visits, representing a YoY decrease of 17.8%. For our obstetric and gynecologic services, there were 1,650 inpatient visits, representing a YoY decrease of 0.9%, and 41,410 outpatient visits, representing a YoY decrease of 13.7%.

The cost of revenue of our medical services consists primarily of employee benefits expenses, cost of inventories and consumables, consultation fees, depreciation and amortisation, outsourced examination and inspection fees and utilities, maintenance fees and office expenses. The cost of revenue of our medical services in 2024 reached RMB490.8 million, representing a YoY decrease of 4.7%. The decrease in cost of revenue of medical services was primarily due to the decrease in pharmaceutical costs caused by medical services.

Gross Profit and Gross Profit Margin

Our gross profit in 2024 amounted to RMB345.0 million, representing a YoY decrease of 15.3%. This was primarily because of the decrease in outpatient visits in medical services. Our gross profit margin decreased from 43.6% in 2023 to 40.8% in 2024.

Selling Expenses

Our selling expenses in 2024 amounted to RMB67.4 million, representing a YoY decrease of 1.3%. The selling expenses for 2024 were slightly lower than 2023.

Administrative Expenses

Our administrative expenses in 2024 amounted to RMB125.4 million, representing a YoY decrease of 3.5% from RMB129.9 million in 2023. Such decrease was mainly a result of the measures continuously carried out by us to reduce expenses and improve the operation efficiency in 2024.

Research and Development Expenses

The expenses for research and development of our Group were RMB4.1 million in 2024 as compared with RMB5.9 million in 2023, representing a YoY decrease of 30.5%. Such decrease was mainly due to the reduction of research and development activities in 2024.

Impairment Losses on Financial Assets

During 2024, the Group recorded impairment losses on financial assets amounting to RMB5.8 million, which was primarily due to the impairment losses on (i) the trade receivables of RMB4.9 million; and (ii) the amounts due from related parties of RMB0.9 million. Such amount represented a YoY decrease of 34.8% when compared to the Group's impairment losses on financial assets of RMB8.9 million for the year ended December 31, 2023.

Other Losses — Net

In 2024, we recorded other losses on disposal of property, plant and equipment and accumulated exchange differences on translation of foreign operations reclassified to profit or loss totally amounting to RMB1.4 million, representing a YoY increase of 100.0% when compared with our other losses on disposal of property, plant and equipment amounting to RMB0.7 million recorded in 2023.

Finance Income and Costs

Our finance income increased from RMB2.9 million in 2023 to RMB5.4 million in 2024, primarily due to an increase of RMB3.1 million in interest income.

Our finance costs in 2024 amounted to RMB8.1 million, mainly consisting of interest expenses of RMB7.6 million related to lease payment.

Income Tax Expense

Our income tax expense increased to RMB47.8 million in 2024 from RMB34.1 million in 2023, which was mainly due to the utilization of recognized tax losses in 2023.

Our effective tax rates were 33.8% and 20.5% for the year ended 2024 and 2023, respectively.

Profit for the year ended December 31, 2024

Our profit attributable to the owners of our Company for the year ended December 31, 2024 amounted to RMB47.4 million, as compared to a profit attributable to the owners of our Company of RMB84.2 million for the year ended December 31, 2023.

FINANCIAL POSITION

Inventories

Our inventories decreased by 29.6% from RMB22.3 million as of December 31, 2023 to RMB15.7 million as of December 31, 2024, primarily due to the decrease of requisite medical inventories as a result of the decline of the Group's medical business in 2024.

Trade Receivables

Our trade receivables decreased by 9.9% from RMB51.3 million as of December 31, 2023 to RMB46.2 million as of December 31, 2024, primarily because a YoY decrease in medical business.

Trade Payables

Our trade payables decreased by 26.9% from RMB40.9 million as of December 31, 2023 to RMB29.9 million as of December 31, 2024, primarily due to the reduction in the usage of pharmaceuticals and medical consumables and decreased purchases near December 31, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Treasury Policy

Our Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. Our Group's liquidity and financing requirements are regularly reviewed. Our Board closely monitors our Group's liquidity position to ensure that our Group can meet its funding requirements for business development from time to time.

Cash and Cash Equivalents

As of December 31, 2024, we had cash and cash equivalents of RMB354.5 million (2023: RMB304.3 million). We did not have any interest-bearing borrowings as of December 31, 2024 (2023: nil).

Significant Investments, Acquisitions and Disposals

We did not have any significant investments, material acquisitions or material disposals in the year ended December 31, 2024.

Capital Expenditures

Our capital expenditures primarily include expenditures on (i) property, plant and equipment, comprising buildings and construction, leasehold improvements, medical equipment, furniture and office equipment and motor vehicles; (ii) intangible assets such as computer software relating to our operations. The amount of our capital expenditures in 2024 was RMB21.8 million (2023: RMB10.7 million), and the increase was mainly attributable to our purchase of property, plant and equipment, including certain advanced imaging machineries, for the purpose of business development.

INDEBTEDNESS

Borrowings

As of December 31, 2024, we did not have any borrowings (2023: nil).

Exposure to Fluctuations in Exchange Rates

We mainly operate in the PRC with most of the transactions settled in RMB. Foreign exchange rate risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. On December 31, 2024, our assets and liabilities are primarily denominated in RMB, except for certain cash and cash equivalents denominated in USD or HKD. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will closely monitor such risk on an ongoing basis.

Management Discussion and Analysis (Continued)

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities or guarantees that would have a material impact on our financial position or results of operations.

Pledge of Assets

As of December 31, 2024, none of our assets had been pledged.

Contractual Obligations

As of December 31, 2024, we did not have any contractual obligations that would have a material effect on our financial position or results of operations.

Financial Instruments

Our major financial instruments include trade receivables, other receivables excluding prepayments, amounts due from related parties, cash and cash equivalents, trade payables, other payables excluding non-financial liabilities and amounts due to related parties. Our management manages such exposure to ensure appropriate measures are implemented in a timely and effective manner.

Gearing Ratio

As of December 31, 2024, our gearing ratio, calculated as total borrowings divided by total equity, is not applicable (2023: Not applicable).

USE OF IPO PROCEEDS

The net proceeds received by the Company from the global offering amounted to HK$857.2 million after deducting underwriting commissions and all related expenses, which have been and will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus and the announcements of the Company dated December 6, 2017 and March 25, 2019 regarding the change in use of proceeds.

The expected timeline of the intended use of the unutilized proceeds, subject to the then management assessment and market landscape, is set out as below:

Item	Net proceed as of December 31, 2023 *(HK$ million)*	Utilized between January 1, 2024 to December 31, 2024 *(HK$ million)*	Unutilized as of December 31, 2024 *(HK$ million)*	Expected timeline of the intended use of the unutilized proceeds, subject to the then management assessment and market landscape
Setting up, renovation and acquisition of new hospitals and clinics and the required working capital for such new hospitals and clinics	66.5	28.8	37.7	The remaining amount is expected to be fully utilized by the end of 2025.
Investment in surgery center and medical service technologies (including online diagnosis)	—	—	—	Not applicable.
Total	66.5	28.8	37.7	

EMPLOYEE AND REMUNERATION POLICY

On December 31, 2024, our Group had 1,255 employees (2023: 1,284 employees). Total staff remuneration expenses including Directors' remuneration in 2024 amounted to RMB345.4 million (2023: RMB345.8 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other staff benefits include social insurances and housing provident contributions made by our Group, performance-based compensation and discretionary bonus. Our Group has adopted the RSA Scheme and the Employee Share Scheme to attract, retain and motivate our key employees.

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

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of HK$0.0221 per Share for the year ended December 31, 2024 (December 31, 2023: HK$0.0378 per Share), totalling HK$10,835,000, to Shareholders whose name appear on the register of members of the Company as at the close of business on Friday, June 6, 2025. In order to qualify for the final dividend for the year ended December 31, 2024, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 30, 2025.

The final dividend is subject to the approval of Shareholders at the AGM and, if approved, is expected to be paid on or before Wednesday, July 2, 2025. Further announcement will be made in respect of the payment date of the final dividend.

Directors and Senior Managements

DIRECTORS

Executive Directors

Mr. Jason ZHOU, aged 60, is the founder of our Group, a Controlling Shareholder and has been an executive Director, the Chief Executive Officer and the Chairman of our Group since August 2015. He is also the chairman of the Nomination Committee. Since Mr. Zhou founded our Group in 2002, he has been leading our Group for over 22 years to serve in the private healthcare industry. Mr. Zhou has been the driving force behind our development, growth and expansion and is primarily responsible for the overall management of our Group and directing the strategic development and business plans of our Group. Mr. Zhou is currently a director of Jiahua Yihe.

Mr. Zhou obtained his bachelor's degree in Electrical Engineering in July 1987.

Ms. XIN Hong (辛紅), aged 55, has been an executive Director since February 2016. In April 2016, she was also appointed as Senior Vice President and Chief Operating Officer of the Group. She is primarily responsible for overseeing the management and operation of the Group's hospitals and overall business, including assisting in obtaining relevant regulatory approvals, as well as being involved in the design and construction of the Group's hospitals, the Group's decision making process and organizational structure, and the management of day to day operations. Ms. Xin is a director of Jiahua Yihe, BNC Children's Hospital, Chengdu New Century Women's and Children's Hospital.

Ms. Xin began working with Mr. Zhou in August 2002, undertaking preparatory work for the establishment of the Group. Ms. Xin has been the chief operating officer and project director of BNC Children's Hospital following its establishment in December 2002, being primarily responsible for the preparation of the hospital's projects, commercial negotiations on behalf of the hospital, market development and the implementation of international best practice standards in the Group's hospitals.

Ms. Xin has more than 22 years of experience in hospital operations management and took up a number of positions in our Group throughout her current tenure. Ms. Xin has represented the Group in international medical exchanges and its participation in international and regional health organizations.

Ms. Xin is a guest lecturer on hospital management at Peking University, and has on several occasions addressed the general assembly at the annual meeting of China's private hospitals.

In June 2015, Ms. Xin was elected as a member of the Standing Committee of the Private Hospital Management Branch of the Chinese Hospital Association. Ms. Xin obtained a college degree in English from Beijing Institute of Aeronautics, Beijing (presently known as Beihang University) in July 1990.

Directors and Senior Managements (Continued)

Mr. XU Han (徐瀚), aged 53, joined our Group in October 2005 and has been an executive Director since February 2016. In April 2016, he was appointed as Senior Vice President of the Group. Mr. Xu serves as the Group's Chief Financial Officer, with overall responsibility for the financial management of each member of the Group and the Group's investment and financing activities, as well as overseeing the Group's internal controls and information technology. Mr. Xu is a director of Jiahua Yihe, BNC Harmony Clinic, Chengdu New Century Women's and Children's Hospital and certain other subsidiaries of the Group.

Prior to joining our Group, Mr. Xu served as the group chief financial officer of United Family Healthcare Group (和睦家醫院集團) between July 2003 and September 2005, with primary responsibility for financial management of the hospitals and clinics in its Beijing and Shanghai network. Mr. Xu held the position of senior financial analyst at Intel (China) Co., Ltd. from December 2000 to May 2001. Between July 2001 and June 2003, Mr. Xu held the role of senior finance manager of Beijing Powerise Technology Co., Ltd. (北京創智科技有限公司), a subsidiary of Shenzhen Stock Exchange — Listed Powerise Information Technology Co., Ltd. Mr. Xu was also a financial analyst at China Hewlett Packard Co., Ltd. from October 1997 to October 2000. Mr. Xu served as a senior financial analyst in the consulting arm of Deloitte in Beijing from August 1996 to October 1997. Between August 1994 and July 1996, Mr. Xu worked in the finance department of China International Telecommunication Construction Corporation (中國通信建設總公司) in Beijing.

Mr. Xu obtained his bachelor's degree in Economics from the Harbin Institute of Technology (哈爾濱工業大學) in July 1994.

Non-executive Directors

Mr. WANG Siye (王思業), aged 43, has been a non-executive Director since February 2016. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Wang has over 11 years of experience in corporate finance and investments. From June 2013 to December 2016, Mr. Wang served as an executive director of Boyu Capital, an investment firm focused on investing in Greater China, and served as a managing director of Boyu Capital since January 2017. Prior to joining Boyu Capital, Mr. Wang served as an investment manager at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金) from August 2010 to June 2012 and, prior to that, as an associate at the Investment Banking Department of China International Capital Corporation Co., Ltd. (中國國際金融有限公司) from February 2007 to July 2010.

Mr. Wang received his master's degree in economics from the Hong Kong University of Science and Technology in November 2006, and his bachelor's degree in computer science from Nanjing University in June 2003.

Directors and Senior Managements (Continued)

Ms. Li Suyu (李素玉), aged 36, has been a non-executive Director since June 1, 2022. She is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group.

Ms. Li has worked in New World Strategic Investment Limited (新世界策略投資有限公司) since 2017, and has been the Head of Life Science Investment since July 2021. She worked for SinoCentury International Investment Management (Beijing) Co., Ltd (漢世紀國際投資管理(北京)有限公司) as an investment analyst from 2012 to 2014, and worked for Credit Suisse (瑞士信貸) as a medical industry analyst in Hong Kong from 2015 to 2017.

Ms. Li obtained her bachelor's degree in economics from the School of Economics and Management, Tsinghua University in 2012, and obtained her master's degree in economics from The Hong Kong University of Science and Technology in 2015.

Mr. YANG Yuelin (楊躍林), aged 61, has been a non-executive Director since June 1, 2018. He is also a member of the Remuneration Committee and the Audit Committee. He is primarily responsible for providing strategic advice and guidance on the business development and expansion of our Group. Mr. Yang has been a tax senior manager at Ernst & Young (China) Corporate Consulting Co., Ltd. Beijing Branch since June 2008. Mr. Yang joined the tax department of Ernst & Young Hua Ming LLP in 1993.

Mr. Yang graduated from the Beijing College of Finance and Commerce with a diploma in finance and accounting in June 1988.

Mr. XIE Qiang (解強), aged 46, has been a non-executive Director since January 1, 2021. He is currently the General Manager of CDB Capital FoF Management Co., Ltd. Mr. Xie worked at Beijing Guantao Law Firm as a legal assistant from July 2003 to July 2006, served as a Project Assistant at the Legal Affairs Department Contract Supervision Office of Beijing 29th Olympic Games Organizing Committee from July 2006 to January 2008, and a Supervisor at the Legal Affairs Department Contract Supervision Office of Beijing 29th Olympic Games Organizing Committee from January 2008 to November 2008. He served successively as an Officer of Market and Investment Division of China Development Bank Shenzhen Branch from November 2008 to December 2009, Senior Manager of Funds Division II of China Development Bank Capital Corporation Ltd. from January 2010 to September 2013, the Departmental Secretary at the Secretariat Division I of the General Office of China Development Bank from September 2013 to May 2018, and the Vice President of China Development Bank International Holdings Limited from May 2018 to December 2019.

Mr. Xie is currently serving as a non-independent director of Guangzhou Kingmed Diagnostics Group Co Ltd, a company listed on the Shanghai Stock Exchange. He has been serving in this role since November 2020.

Mr. Xie obtained a bachelor's degree in economic law from Tongji University in July 2000 and a master's degree in law from the University of Pittsburgh in July 2003. Mr. Xie has extensive experience in general corporate management, international banking, finance and investment management.

Independent Non-executive Directors

Mr. WU Guanxiong (吳冠雄), aged 53, was appointed as an independent non-executive Director in December 2016. He is also the chairman of the Remuneration Committee and a member of the Nomination Committee. He is primarily responsible for overseeing and providing independent judgment and analysis to the Board. Mr. Wu has substantial experience in capital markets and securities matters. He is a partner at Tian Yuan Law Firm (天元律師事務所). Prior to joining Tian Yuan Law Firm in March 1999, he served as a legal advisor at China North Industries Corporation (中國北方工業公司) from August 1994 to September 1997.

Mr. Wu obtained his bachelor of laws and master of laws in international law from Peking University Law School in July 1994 and January 2000, respectively.

Mr. SUN Hongbin (孫洪斌), aged 49, was appointed as an independent non-executive Director in December 2016. He is also the chairman of the Audit Committee. Mr. Sun has over 26 years of finance experience. He has been an independent non-executive director of CStone Pharmaceuticals (基石藥業) (stock code: 2616), a company listed on the Stock Exchange, since February 2019. He was appointed as an independent non-executive director of Mobvista Inc. (匯量科技有限公司) (stock code: 1860), a company listed on the Stock Exchange, since July 2020. He has been an independent non-executive director of Abbisko Cayman Limited (和譽開曼有限責任公司) (stock code: 2256), a company listed on the Stock Exchange, since September 2021. He has been the chief financial officer of MicroPort Scientific Corporation (微創醫療科學有限公司) (stock code: 0853), a company listed on the Stock Exchange, since September 2010 and served as its executive director from July 2010 to September 2012. Mr. Sun has served as a director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司) (stock code: 2252, "MedBot"), a company listed on the Stock Exchange, since April 2020, and as a non-executive director from June 2021. He has also served as chairman of the board of MedBot. He was the deputy financial director of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司) from January 2004 to December 2005 and then worked as its general manager from January 2006 to August 2010. From August 1998 to January 2004, he was an assistant manager in the audit department of KPMG Huazhen (畢馬威華振會計師事務所) in Shanghai.

Mr. Sun has been a member of the Chinese Institute of Certified Public Accountants since December 2009 and is also a Chartered Financial Analyst since September 2009, Mr. Sun received his bachelor's degree in accounting from Shanghai Jiao Tong University in the PRC in July 1998.

Directors and Senior Managements (Continued)

Mr. JIANG Yanfu (姜彥福), aged 81, was appointed as an independent non-executive Director in December 2016. He is also a member of each of the Audit Committee and the Nomination Committee. He is primarily responsible for overseeing and providing independent judgment and analysis to the Board. Mr. Jiang has approximately 22 years of experience in corporate governance and compliance of listed companies. He served as an independent non-executive director of Jiangxi Bestoo Energy Co., Ltd. (江西百通能源股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 835359), and Synthesis Electronic Technology Co., Ltd. (神思電子技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300479), and resigned in September 2018 and August 2017, respectively.

Mr. Jiang had been working at Tsinghua University since March 1970 before retiring in April 2009 as a professor and doctoral supervisor at Tsinghua University School of Economics and Management. Between 2000 and 2010, he was also a director of Tsinghua University National Entrepreneurship Research Center (清華大學中國創業研究中心). He enjoys special government allowance from the State Council.

Mr. Jiang received a bachelor's degree in automation from Tsinghua University in March 1970.

Dr. MA Jing (馬晶), aged 64, was appointed as an independent non-executive Director in December 2016. She is also a member of the Remuneration Committee. She is primarily responsible for overseeing and providing independent judgment and analysis to the Board. Dr. Ma has over 33 years of experience in medical and public health studies. She was an associate professor at Harvard Medical School from 2005 to October 2020 and an associate professor at the Harvard School of Public Health from 2012 to October 2020. Prior to that, she had held various teaching and research positions at Harvard Medical School, Brigham and Women's Hospital in Boston, Massachusetts, the U.S. and the University of Minnesota. She is also a member of the American Association for Cancer Research. Dr. Ma has been a professor of the Institute for Hospital Management of Tsinghua University since September 2021 and the executive supervisor of the Tsinghua University School of Medicine — Centre for Physician-Scientist Development since March 2023.

Dr. Ma received her doctor of philosophy degree in epidemiology from the University of Minnesota in December 1993, her master of public health degree in preventive medicine from Tongji Medical University in July 1986 and her bachelor of medicine degree and bachelor of surgery degree in preventive medicine from Wuhan Medical College (武漢醫學院) in Wuhan, Hubei Province, the PRC in August 1983.

SENIOR MANAGEMENT

For the biographical details of Mr. Jason ZHOU, Ms. XIN Hong (辛紅) and Mr. XU Han (徐瀚), please see "— Directors — Executive Directors" of this section.

Ms. ZHOU Hong (周紅), aged 66, a chief physician, is the Vice President and the Chief Medical Officer of our Group with overall responsibility for the medical department of the Group's hospitals, including overseeing the overall management of our healthcare services and our professional team and the professional training, and assisting with the development of the Group's business, annual plans and strategic business plans. She is also involved in cultivating relationships between our Group and the medical community as well as the marketing and public relations activities of our Group. Ms. Zhou joined our Group in March 2005, initially as a medical director of BNC Children's Hospital.

Prior to joining our Group, Ms. Zhou had been involved in the field of child surgery clinical work for 30 years. Between September 1983 and September 2001, Ms. Zhou served at BCH, holding a number of roles including director of the surgery department. Ms. Zhou has also taught at the Capital University of Medical Sciences in Beijing as an associate professor from September 2000 to November 2003, and as a professor from November 2003 to February 2014.

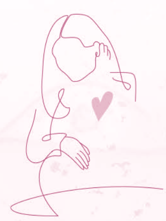
Ms. Zhou is (i) a member of the Pediatric Nutrition Support Group of the Fourth Committee of the Parenteral and Enteral Nutrition Society, the Chinese Medical Association, and (ii) a vice director of the Pediatric Committee of the Beijing Medical Women's Association. Ms. Zhou is also on the editorial board of the Chinese Journal for Clinicians.

Ms. Zhou obtained her bachelor's degree in pediatrics from the Capital University of Medical Sciences in Beijing in August 1983.

Ms. TENG Lan (滕嵐), aged 49, joined our Group in February 2006 as the director of Human Resources of BNC Children's Hospital and since then has assumed various managerial positions, including clinic manager, director of operations, and the Human Resources Director of the Group. Since July 2021, she has served as the Chief Executive Officer of BNC Women's and Children's Hospital.

Ms. Teng has over 23 years of experience in the medical industry. Prior to joining our Group, Ms. Teng had served as the manager of government relations at Hua Mei Kang Medical Consultancy Management (Beijing) Limited (華美康醫療諮詢管理(北京)有限公司) between March 2005 and January 2006.

Ms. Teng obtained her bachelor's degree in economics from the Beijing University of Technology in July 1997. Ms. Teng also obtained her certificate in senior human resources management from Tsinghua University's School of Economics and Management in November 2015, and her certificate of completion in Applied Psychology from Peking University's Department of Psychology in December 2003.



Mr. JIA Xiaofeng (賈曉鋒), aged 46, has been the Vice President and the secretary of the Board of our Group. He is primarily responsible for the Group's corporate governance, overall company secretarial and management matters of the hospitals under the Company's brand.

Mr. Jia first joined BNC Children's Hospital in March 2009 as an investment manager before working at PricewaterhouseCoopers from April 2010 to November 2011, as a general manager in the investment division of Jiahua Likang, our connected person, from March 2014 to March 2016 and as the Investment Director of our Group from April 2016 to February 2021.

Mr. Jia has 23 years of experience in the healthcare and medical industry involving corporate investment and financing, compliance and hospital operation and management. Prior to initially joining our Group in March 2009, Mr. Jia also worked at The China Care Group Hospital Management and Consulting Co., Ltd. (華美康醫院管理諮詢有限公司) as a partner in its consultancy division from January 2007 to March 2009, where he was primarily responsible for analyzing the group's business and financial operations, as well as facilitating and managing investments and development projects in new and existing markets.

Mr. Jia obtained an International Master of Business Administration degree from Tsinghua University in Beijing in July 2007 and a bachelor's degree in clinical medicine from the Capital University of Medical Sciences in Beijing in July 2002.

Directors' Report

The Directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Company, together with its subsidiaries, is mainly engaged in provision of high-quality healthcare services to women and children. The Company is an investment holding company and its subsidiaries are principally engaged in the healthcare industry specializing in pediatric, obstetric and gynecologic services and certain hospital consulting services.

A list of the Company's principal subsidiaries, together with their places of incorporation, principal activities and particulars of their issued shares/paid up capital, is set out in note 9 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in "Chairman's Statement" on pages 4 to 5 of this annual report and in "Management Discussion and Analysis — Business Overview and Outlook" on pages 6 to 8 of this annual report. The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Significant events that have an effect on the Group subsequent to the end of the financial year ended December 31, 2024 are set out in note 35 to the consolidated financial statements. Besides, the potential risks and uncertainties faced by the Group, key relationships between the Group and its employees, customers and suppliers, the environmental policies of the Group and compliance with the relevant laws and regulations which have a significant impact are set out below. The environmental performance of the Group will be set out in the Environmental, Social and Governance Report to be issued by the Company separately pursuant to the Listing Rules.

Key Risks and Uncertainties

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

Reputation risk

Our business depends significantly on the soundness of our reputation. Failure to develop, maintain and enhance our reputation, or any negative publicity or allegations in the media against us, may adversely affect the level of market recognition of, and trust in, our services, and failure to properly manage our physicians' or other medical professionals' clinical activities may expose us to medical disputes, which could result in a material adverse impact on our business, financial condition and results of operations. Our reputation and business may be harmed accordingly.

Customer risk

As we provide mid-end to high-end healthcare services, our business, financial condition and results of operations are subject to changes in patient preference, consumption capacity, consumer confidence index and general economic conditions in our market.

Talent risk

If we are unable to attract, train and retain a sufficient number of qualified physicians, management staff and other hospital personnel, our hospital operations could be materially and adversely affected.

Key Relationship

The Group fully understands that employees, customers and partners are the key to our sustainable and stable development. We are committed to establishing a close relationship with our employees, enhancing cooperation with our partners and providing high-quality services to our customers so as to ensure the Group's sustainable development.

Staff

Our staff is regarded as the most important resource of the Group. The Group has been endeavoring to provide our staff with a competitive compensation packages, attractive promotion opportunities, comprehensive training courses and a respectful and professional working environment. In order to assist us in attracting, retaining and motivating our key employees, the Group has adopted the RSA Scheme and the Employee Share Scheme, pursuant to which restricted shares will be granted to eligible employees. The Group has in place a Group-wide internal training systems and provide ongoing training to our employees. In addition, our new employees are required to participate in a three-day orientation program, followed by a rotational training scheme.

Customers

We uphold the principle of providing high-quality customer-centered healthcare services throughout our operation, which we believe is vital to achieving customer satisfaction and maintaining our reputation. Our customer-centered philosophy is reinforced by our high-quality customer service that goes beyond medical diagnosis and treatment. Our customers can make appointments in person or by phone to avoid long waiting time which is a common issue in public hospitals. We have dedicated dietitians working with our medical staff to provide appropriate nutrition care to our customers for their recovery and our food service staff help our customers select their daily menus and deliver the meals to their bedside. To adapt to the needs of our young customers and female customers, we designed our medical institutions to be a comfortable, intimate and relaxing environment to make them feel more at ease. A dedicated call center for each of our medical institutions was set up to provide various customer services, including providing general information about our medical institutions and our services, answering general enquiries, offering customers directions services, scheduling appointments and collecting post-consultation feedback.

Suppliers

We firmly believe that our suppliers are equally important in providing high-quality medical services. When selecting suppliers, we consider, among other things, their product offerings, pricing, reputation, service or product quality and delivery schedule. We generally require our suppliers to maintain requisite licenses and permits to operate their business, such as business licenses and GMP Certificates and/or GSP certificates. We conduct regular review of our suppliers and will remove any suppliers who do not meet our supply standards or requirements from our list of approved suppliers. We usually have more than one supplier for each kind of our supply need to ensure we maintain sufficient inventory levels and bargaining power to deal with price fluctuations. We do not rely on any single supplier for any of our major pharmaceuticals, medical consumables or medical devices. We had stable business relationships with our suppliers in 2024.

We have established certain long-term cooperation relationships with third parties, such as other hospitals, medical associations and scientific research institutions, which enable us to access more medical resources, enhance the quality of our healthcare services, strengthen our reputation, and promote and grow our business.

Environmental Policies

We are subject to various PRC laws, rules and regulations with regard to environmental matters, including hospital sanitation, disease control, disposal of medical waste, and discharge of wastewater, pollutants and radioactive substances. We have established systems and procedures in place concerning environmental protection, such as requiring all our hospitals to engage qualified service providers to dispose of medical waste and radioactive substances. In 2024, our businesses were in compliance with all the relevant laws and regulations with regard to environmental protection in all material aspects.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China while the Company is a holding company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange. Our establishments and operations accordingly shall comply with relevant laws and regulations in Mainland China, the Cayman Islands and Hong Kong. In 2024, our businesses were in compliance with all the relevant laws and regulations in Mainland China, the Cayman Islands and Hong Kong in all material aspects.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the section headed "Consolidated Statement of Comprehensive Income" of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company, if any, for the year ended December 31, 2024 are set out in note 36 to the consolidated financial statements in this annual report.

RESERVES

Details of the movements in the reserves of the Group for the year ended December 31, 2024 are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report.

As of December 31, 2024, the Company had a share premium balance of RMB2,589.7 million, which shall be available for distribution to the Shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the Group's property, plant and equipment are set out in note 6 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years are set out in the section headed "Financial Summary" of this annual report.

BORROWINGS

As of December 31, 2024, the Group did not have any borrowings (2023: nil).

PLEDGE OF ASSETS

As of December 31, 2024, no assets of the Group were pledged (2023: nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024 and December 31, 2023, combined sales to the Group's five largest customers accounted for less than 30% of our Group's total revenue of the year.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 34.3% (2023: 43.7%) of the total purchases for the year ended December 31, 2024 and purchases from the largest supplier accounted for approximately 11.9% (2023: 11.0%) of our total purchases.

None of the Directors or any of their close associates (as defined in the Listing Rules) or Shareholders that owned more than 5% of the issued Shares had any direct or indirect interest in the five largest customers or the five largest suppliers of the Group during the year ended December 31, 2024.

DIRECTORS

The Directors as of the Latest Practicable Date are as follows:

Executive Directors

Mr. Jason ZHOU *(Chairman and Chief Executive Officer)*
Ms. XIN Hong *(Senior Vice President and Chief Operating Officer)*
Mr. XU Han *(Senior Vice President and Chief Financial Officer)*

Non-executive Directors

Mr. WANG Siye
Ms. LI Suyu
Mr. YANG Yuelin
Mr. XIE Qiang

Independent Non-executive Directors

Mr. WU Guanxiong
Mr. SUN Hongbin
Mr. JIANG Yanfu
Dr. MA Jing

THE BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

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

SERVICE CONTRACTS OF THE DIRECTORS

Each of the Directors has entered into a service contract with the Company for a term of three years commencing from the date of service contract and automatically renewed for three years from the expiry date and shall be terminable by either party giving not less than three months' notice in writing to the other.

Pursuant to article 108(a) of the Articles of Association, Mr. WU Guanxiong, Mr. SUN Hongbin, Dr. MA Jing and Ms. XIN Hong shall retire by rotation, and being eligible, have offered themselves for re-election as the Directors at the forthcoming AGM.

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

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION

There are no changes in information of Directors required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 37 and 25 to the consolidated financial statements in this annual report.

The annual remuneration of the members of the senior management (excluding Directors) by band for the year ended December 31, 2024 is as follow:

Remuneration Bands (HK$)	Number of Individuals
0–1,000,000	—
1,000,001–2,000,000	3
2,000,001–3,000,000	—
3,000,001 and above	—

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, our Controlling Shareholders, Jiahua Likang and Jiahua Kangming, have undertaken to the Company in a deed of non-competition that, subject to and except as mentioned in the Prospectus, they would not, and would procure that none of their close associates will directly or indirectly engage in any business which, directly or indirectly, competes or may compete with the Group's business in any Tier 1 Cities.

Each of them has confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report during the year ended December 31, 2024. No new business opportunity was informed by them as of December 31, 2024.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the non-competition undertakings have been complied with by our Controlling Shareholders, Jiahua Likang and Jiahua Kangming for the year ended December 31, 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of December 31, 2024, none of the Directors nor their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

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

As of December 31, 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interests/short positions in the Shares

Name of Director or Chief Executive	Nature of interest	Number of Shares(1)	Approximate percentage of interest in the Company
Mr. Zhou(2)	Interests in a controlled corporation; interest held jointly with another person	217,556,394	44.40%
Ms. XIN Hong(3)	Beneficial owner	180,000	0.04%
Mr. XU Han(4)	Beneficial owner	180,000	0.04%

Notes:

1. All interests stated are long positions.

2. The entire issued share capital of each of JoeCare and Century Star is directly held by Mr. Zhou. Accordingly, Mr. Zhou is deemed to be interested in the 150,817,051 Shares held by JoeCare and the 8,999,162 Shares held by Century Star. Pursuant to the Voting Agreement, Ms. Liang irrevocably agreed to follow Mr. Zhou's voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement. Hence, Mr. Zhou is deemed to be interested in all the Shares held by Ms. Liang in aggregate by virtue of the SFO.

3. 450,000 restricted Shares were granted to Ms. XIN Hong under the RSA Scheme, 180,000 of which have vested in her subject to certain conditions and 270,000 of which have lapsed. Hence, Ms. XIN Hong is interested in 180,000 restricted Shares vested in her under the RSA Scheme.

4. 450,000 restricted Shares were granted to Mr. XU Han under the RSA Scheme, 180,000 of which have vested in him subject to certain conditions and 270,000 of which have lapsed. Hence, Mr. XU Han is interested in 180,000 restricted Shares vested in him under the RSA Scheme.

Save as disclosed above, as of December 31, 2024, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of December 31, 2024, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of interest in the Company
JoeCare[1]	Beneficial owner	150,817,051	30.8%
Victor Gains[2]	Beneficial owner	57,740,181	11.8%
Ms. Liang[2]	Interests in a controlled corporation	57,740,181	11.8%
Anyi Hekang (Tianjin) Investment Partnership L.P. (安怡和康(天津)投資合夥企業(有限合夥))[3]	Beneficial owner	31,562,713	6.4%
Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司)[3]	Interests in a controlled corporation	31,562,713	6.4%
Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司)[3]	Interests in a controlled corporation	31,562,713	6.4%

Name of Shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of interest in the Company
XIA Meiying(3)	Interests in a controlled corporation	31,562,713	6.4%
HUANG Ailian(3)	Interests in a controlled corporation	31,562,713	6.4%
China Life Reinsurance Company Ltd.(4)	Beneficial owner	31,444,000	6.4%
China Reinsurance (Group) Corporation(4)	Interests in a controlled corporation	31,444,000	6.4%
Central Huijin Investment Ltd.(4)	Interests in a controlled corporation	31,444,000	6.4%

Notes:

1. The entire issued share capital of JoeCare is directly held by Mr. Jason ZHOU. Accordingly, such 150,817,051 Shares held by JoeCare have been included and reflected in the number of shares interested by Mr. Jason ZHOU above.

2. The entire issued share capital of Victor Gains is directly held by Ms. Liang. Accordingly, Ms. Liang is deemed to be interested in the 57,740,181 Shares held by Victor Gains. Pursuant to the Voting Agreement, Ms. Liang irrevocably agreed to follow Mr. Zhou's voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement.

3. Anyi Hekang (Tianjin) Investment Partnership L.P. (安怡和康(天津)投資合夥企業(有限合夥)) is a limited liability partnership organized and existing under the laws of the PRC. The general partner of Anyi Hekang (Tianjin) Investment Partnership L.P. is Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司) whose sole shareholder is Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司) which is owned as to 50% by Xia Meiying and 50% by Huang Ailian. Accordingly, each of Boyu Guangqu (Shanghai) Investment Management Co., Ltd. (博裕廣渠(上海)投資管理有限公司), Boyu (Shanghai) Equity Investment Management Co., Ltd. (博裕(上海)股權投資管理有限責任公司), XIA Meiying and HUANG Ailian is deemed to be interested in such number of Shares held by Anyi Hekang (Tianjin) Investment Partnership L.P..

4. China Life Reinsurance Company Ltd. is a company incorporated in the PRC with limited liability, whose sole shareholder is China Reinsurance (Group) Corporation, which is owned as to 71.6% by Central Huijin Investment Ltd.. China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. are deemed to be interested in such number of Shares held by China Life Reinsurance Company Ltd..

Save as disclosed above, as of December 31, 2024, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

RSA SCHEME AND EMPLOYEE SHARE SCHEME

(a) RSA Scheme

The RSA Scheme was adopted pursuant to the written resolutions of the Shareholders passed on August 29, 2016 (the "RSA Scheme Adoption Date"). The purpose of the RSA Scheme is to give incentives thereto in order to retain key employees for the continual operation and development of our Group and to attract suitable personnel for further development of our Group. The RSA Scheme shall be valid and effective for a period of ten years commencing on the RSA Scheme Adoption Date, under the administration of the administration committee and the trustee.

As of January 1, 2021, all restricted Shares previously granted under the RSA Scheme had either vested or lapsed and there were no restricted Shares outstanding. The number of Shares available for grant under the RSA Scheme as of January 1, 2024 and December 31, 2024 were both 4,767,000 Shares. No restricted Shares were granted, vested, cancelled or lapsed under the RSA Scheme during the year ended December 31, 2024.

(b) Employee Share Scheme

No Shares shall be purchased pursuant to the Employee Share Scheme if as a result of such purchase, the number of Shares administered under the Employee Share Scheme reaches 5% or more of the issued share capital of our Company at the date of our Board's approval of the Employee Share Scheme, or such other limit as determined by the administration committee in its sole and absolute discretion provided always that it is in compliance with the Listing Rules. The maximum number of award shares which may be granted to a selected participant at any one time or in aggregate may not exceed 1% of the issued share capital of our Company at the same date.

In determining the selected participants, the number of award shares to be granted, the vesting conditions, the exercise price (if any) to be paid by the selected participants for each award share, the manner of payment of the exercise price and the other terms and conditions of the grants of award shares, the administration committee shall take into consideration any matter which it considers relevant. Any award share granted to a selected participant pursuant to the rules governing the Employee Share Scheme (the "Employee Share Scheme Rules") shall vest in such selected participant in accordance with the vesting conditions as set out in the grant letter.

As of December 31, 2024, for the purpose of the Employee Share Scheme, 2,073,500 shares have been purchased from the market by the trustee appointed by our Company for the administration of the Employee Share Scheme to hold on trust for the benefit of the selected participants pursuant to the Employee Share Scheme Rules and the provisions of the trust deed in relation to the Employee Share Scheme.

As at the date of this annual report, no Shares were granted, vested, cancelled or lapsed under the Employee Share Scheme. For further details of the Employee Share Scheme, please refer to our Company's announcement dated 31 August 2020.

As at the date of this annual report, the total number of shares of our Company available for grant under the Employee Share Scheme remained at 24,501,250 shares, representing the 5% scheme limit as approved and adopted by our Board on August 28, 2020. As at the date of this annual report, the scheme limit remained unchanged at 5%. The number of Shares available for grant under the Employee Share Scheme remained at 2,073,500 as of both January 1, 2024 and December 31, 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "RSA Scheme and Employee Share Scheme" above, at no time during the year ended December 31, 2024, were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by the Directors; or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report and the Prospectus, no transaction, arrangement or contract of significance subsisted in which a Director or an entity connected with a Director was materially interested, whether directly or indirectly, during or at the end of 2024.

RELATED PARTY TRANSACTIONS

Related party transactions during the year ended December 31, 2024 are disclosed in note 33 to the consolidated financial statements in this annual report.

Save as disclosed in the section headed "Continuing Connected Transactions" below and item (d) of note 33 ("Note 33") to the consolidated financial statements in this annual report, the Directors consider that the other related party transactions disclosed in the Note 33 do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Directors confirm that the transactions under "Purchase of equipments from Foshan Chancheng Yihe Clinic Co., Ltd.", and "Other services received from others" set forth in item (d) of Note 33 are fully exempt under Rule 14A.76(1) of the Listing Rules. The Directors further confirm that the continuing connected transactions carried out by the Group as disclosed in the section headed "Continuing Connected Transactions" below and item (d) of Note 33 have complied with the requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

All the independent non-executive Directors of the Company have reviewed the below continuing connected transactions entered into by the Group and confirmed that they were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued his unmodified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group as below in accordance with paragraph 14A.56 of the Listing Rules.

1. Framework Property Management and Cleaning Services Agreement

Reference is made to (i) the section headed "Connected Transactions" in the Prospectus which provides that Muhe Jiaye entered into a property management and cleaning services agreements with each of BNC Children's Hospital and BNC Women's and Children's Hospital on August 22, 2016 for a period with effect from August 22, 2016 to August 21, 2019; and (ii) the announcements of the Company dated May 3, 2018, December 3, 2018 and December 6, 2018 in relation to the various property management services transactions between Muhe Jiaye and various members of the Group.

On April 12, 2019, Jiahua Yihe and Muhe Jiaye agreed the terms of the Framework Property Management and Cleaning Services Agreement for a term from April 12, 2019 to December 31, 2021 in relation to the provision of property management, facilities and equipment maintenance and cleaning services by Muhe Jiaye to Jiahua Yihe Hospitals. On December 31, 2021, Jiahua Yihe and Muhe Jiaye renewed the Framework Property Management and Cleaning Services Agreement for a term of 3 years with effect from January 1, 2022. Subsequently, the Framework Property Management and Cleaning Services Agreement was automatically renewed for a term from January 1, 2025 to December 31, 2027 in accordance with the terms contained therein.

Muhe Jiaye is a company in which Ms. Zhao holds a 35.0% equity interest and thus is a connected person of the Group by virtue of it being an associate of Mr. Zhou pursuant to Rule 14A.12(1)(c) of the Listing Rules. Since the highest applicable percentage ratio calculated with reference to the maximum aggregate annual services fees payable to Muhe Jiaye under the renewed Framework Property Management and Cleaning Services Agreement for each of the three years ending December 31, 2027 exceeds 0.1% but is less than 5%, the renewed Framework Property Management and Cleaning Services Agreement and the transaction contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcements of the Company dated December 31, 2021 and January 8, 2025.

The aggregate annual caps for the property management and cleaning services for the year ended December 31, 2024 under the Framework Property Management and Cleaning Services Agreement (as renewed from time to time) was RMB15.0 million and the actual aggregate amount paid for the year ended December 31, 2024 was RMB9.8 million.

While the Framework Property Management and Cleaning Services Agreement as renewed on December 31, 2021 would be automatically renewed for successive periods of three years, the Company did not timely publish an announcement before its renewal by December 31, 2024. In order to avoid similar scenario in the future, the Company has adopted the following measures to strengthen its internal control procedures:

- maintaining a system to monitor its connected transactions and the renewal of connected transactions, which includes maintaining a list of connected transactions including details in relation to their expiry dates and monitoring the value of transactions that are identified as connected transactions (on an aggregated basis where applicable) against the thresholds for triggering disclosure and shareholder approval requirements under the Listing Rules;

- ensuring that the relevant business departments are regularly updated in relation to the renewal of connected transactions as well as the relevant expiry dates, and reminding the relevant responsible personnels to commence negotiation of renewal with the contracting parties in due course; and

- commencing negotiations of key terms and conditions for renewal of the agreements in relation to connected transactions two to three months prior to the relevant expiry date due to the potentially lengthy procedures involved in satisfying the compliance obligations of the Company under the Listing Rules, such as setting an annual cap for the continuing connected transaction.

2. Chengdu New Century Hospital Premises Lease Agreement

Pursuant to a lease agreement (the "Chengdu New Century Hospital Premises Lease Agreement") entered into between Chengdu New Century Women's and Children's Hospital and Chengdu Women's and Children's Central Hospital dated August 25, 2010, Chengdu New Century Women's and Children's Hospital agreed to lease the hospital premises of Chengdu Women's and Children's Central Hospital for a period of 20 years from November 1, 2010 to October 31, 2030 at an annual rent as follows:

Period	Annual Rent
November 1, 2010 to October 31, 2011	Nil
November 1, 2011 to October 31, 2014	RMB4,500,000
November 1, 2014 to October 31, 2015	RMB5,000,000
November 1, 2015 to October 31, 2016	RMB6,500,000
November 1, 2016 to October 31, 2019	RMB8,500,000
November 1, 2019 to October 31, 2020	RMB10,000,000
November 1, 2020 to October 31, 2025	RMB10,500,000
November 1, 2025 to October 31, 2030	RMB11,025,000

Since the acquisition of 85.0% equity interest of Chengdu New Century Women's and Children's Hospital by the Group on August 10, 2018, Chengdu Women's and Children's Central Hospital is a connected person of the Group by virtue of it being a substantial shareholder of Chengdu New Century Women's and Children's Hospital, a subsidiary of the Company. Accordingly, the transactions contemplated thereunder constituted a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

The Directors considered that by entering into the Chengdu New Century Hospital Premises Lease Agreement, Chengdu New Century Women's and Children's Hospital would be able to secure a long term lease of hospital premises for its operations on normal commercial terms or better which is very important to the business development of the Group.

Details of the transaction have been disclosed in the announcement of the Company dated March 25, 2019.

For the year ended December 31, 2024, the annual cap of the maximum aggregate annual amount payable to Chengdu Women's and Children's Central Hospital is RMB10.5 million and the actual aggregate payable amount is RMB10.5 million (the actual payment is RMB10.5 million).

3. The Examination and Laboratory Testing Services Arrangement

As part of each of their ordinary and usual course of business, BNC Children's Hospital has agreed to procure, and BCH has agreed to provide, certain examination and laboratory testing services upon requests of BNC Children's Hospital from time to time (the "Arrangement"). During the provision of its pediatric medical services, BNC Children's Hospital may require its patients to undergo certain examination and laboratory testing before conducting further diagnosis and treatment. Pursuant to the Arrangement, upon BNC Children's Hospital's request and notification, BCH will provide such services and related pharmaceuticals to its patients on an order-by-order basis. The specific terms and conditions of such procurement are based on the individual agreements between BNC Children's Hospital and BCH in relation to each order. The Arrangement shall last for a term of three years ending December 31, 2026 and the annual caps shall be RMB7.5 million, RMB9 million and RMB10 million for each of the year during the term, respectively.

BNC Children's Hospital is held as to 65% by Beijing Jiahua Yihe Management and Consulting Co., Ltd., being a wholly-owned subsidiary of the Company, and 35% by BCH. Accordingly, BNC Children's Hospital is a non-wholly-owned subsidiary of the Company while BCH, being a substantial shareholder of BNC Children's Hospital, is considered a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. As the highest applicable percentage ratio in respect of the Annual Caps is more than 0.1% but less than 5%, such transactions are only subject to the reporting, announcement and annual review requirements, but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules. For further details, please refer to the announcements of the Company dated October 4, 2024.

The annual cap of the transactions under the Arrangement for the year ended December 31, 2024 was RMB7.5 million and the transaction amounts recognized for the year ended December 31, 2024 was RMB7.4 million.

4. Fully-Exempt Continuing Connected Transaction — VIE Acquisition Agreement and VIE Contracts

Pursuant to the VIE acquisition agreement (the "VIE Acquisition Agreement") dated September 26, 2017, Ms. Zhao, Ms. ZHOU Jie and Jiahua Kangming had conditionally agreed to enter into a series of VIE contracts (the "VIE Contracts") with, among others, Jiahua Yihe on or before November 3, 2017 and to cause Jiahua Yihe to perpetually and factually enjoy all the economic rights and benefits and other similar rights attaching or accruing to (i) the 100% equity interest in Jiahua Kangming held by Ms. Zhao and Ms. ZHOU Jie, and (ii) the 30% equity interest in each of BNC Women's and Children's Hospital and BNC Harmony Clinic held by Jiahua Kangming (the "Economic Benefits") from the date of completion, for a cash consideration of RMB30 million. Details of the transactions have been disclosed in the announcement and circular of the Company dated September 26, 2017 and November 3, 2017 respectively.

Ms. Zhao is the spouse of Mr. Zhou, the controlling Shareholder of the Company. Ms. ZHOU Jie is Mr. Zhou's sister. Jiahua Kangming is held as to 99% by Ms. Zhao and as to 1% by Ms. ZHOU Jie. Therefore, each of Ms. Zhao, Ms. ZHOU Jie and Jiahua Kangming is a connected person of the Company by virtue of her/it being an associate of Mr. Zhou pursuant to the Listing Rules. Accordingly, the transactions contemplated under the VIE Contracts constituted continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. For the VIE Contracts for the three years ended December 31, 2025, the Company determined the annual caps for such transactions based on actual circumstances and all applicable percentages calculated on the basis of such annual caps were less than 0.1%. Accordingly, the VIE Contracts for the three years ending December 31, 2025 were fully exempted from shareholders' approval, annual review and all disclosure requirements under the Listing Rules. The aggregate transaction amount under the VIE Contracts for the year ended December 31, 2024 is RMB0 and the Company does not expect to record any transaction amount under VIE Contracts for the year ending December 31, 2025.

In respect of the VIE Acquisition Agreement, the Directors considered that it was necessary for the Company, through Jiahua Yihe, to enter into such agreement with Ms. Zhao, Ms. ZHOU Jie and Jiahua Kangming in order to execute the VIE Contracts for the benefits stated below. In respect of the VIE Contracts, the Directors considered that by entering into the VIE Contracts, the Company, through Jiahua Yihe, controlled and consolidated Jiahua Kangming to prevent leakages of equity and values to the minority shareholder of BNC Women's and Children's Hospital and BNC Harmony Clinic, and to obtain the 30% economic benefits of these two medical institutions attributable to Jiahua Kangming.

On September 7, 2024, three departments, including the National Health Commission, jointly issued the Notice of the Ministry of Commerce, the National Health Commission and the National Medical Products Administration on Launching Pilot Projects to Expand Opening-up in the Medical Field (商務部國家衛生健康委國家藥監局關於在醫療領域開展擴大開放試點工作的通知) (the "Notice"). The pilot programs aim at (i) allowing foreign-invested enterprises to engage in human stem cell and gene diagnosis and treatment technologies development and application in selected free trade zones and Hainan Free Trade Port; and (ii) permitting the establishment of wholly foreign-owned hospitals in specific cities and regions, excluding traditional Chinese medicine hospitals and public hospital acquisitions.

Following the Notice, on 1 November 2024, the National Health Commission, the Ministry of Commerce, the National Administration of Traditional Chinese Medicine, and the National Disease Control and Prevention Administration jointly published the notice on issuing the pilot work plan for expanding openness in the field of wholly foreign-owned hospitals (關於印發獨資醫院領域擴大開放試點工作方案的通知(國衛醫政發[2024]36號)) (the "Work Plan Notice") to implement the Notice. The Work Plan Notice has specified that only certain kinds of hospitals with a level of Class III in the relevant geographical regions are eligible for being wholly foreign-owned hospitals. Given that BNC Women's and Children's Hospital is classified as a Class II hospital while BNC Harmony Clinic remains unclassified, they do not meet the conditions for becoming wholly foreign-owned hospitals under the Notice and the Work Plan Notice. Therefore, the VIE Contracts remain necessary for the reasons mentioned above.

MANAGEMENT CONTRACTS

The Company did not enter into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Group during the year ended December 31, 2024.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the year ended December 31, 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Company had no future plans for material investments or capital assets during the year ended December 31, 2024.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "RSA Scheme and Employee Share Scheme" above, no equity-linked agreements were entered into by the Company, or existed during the year ended December 31, 2024.

CHARITABLE DONATIONS

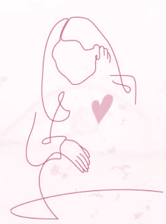
During the year ended December 31, 2024, the Company did not make any charitable donations.

SUBSEQUENT EVENTS

Save as disclosed in this annual report, there is no subsequent event after the reporting period up to the Latest Practicable Date which has a material impact on the consolidated financial statements of the Group.

PRE-EMPTIVE RIGHTS

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



DIVIDEND

The Board resolved to recommend the payment of a final dividend of HK$0.0221 per Share for the year ended December 31, 2024 (December 31, 2023: HK$0.0378 per Share), totalling HK$10,835,000, to Shareholders whose name appear on the register of members of the Company as at the close of business on Friday, June 6, 2025. In order to qualify for the final dividend for the year ended December 31, 2024, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 30, 2025.

The final dividend is subject to the approval of Shareholders at the AGM and, if approved, is expected to be paid on or before Wednesday, July 2, 2025. Further announcement will be made in respect of the payment date of the final dividend.

AGM AND CLOSURES OF REGISTER OF MEMBERS

The AGM of our Company will be held on Thursday, May 22, 2025. A notice convening the AGM will be published on our Company's website and the Stock Exchange's website and dispatched to the Shareholders who requested printed copy in accordance with the requirements of the Listing Rules in due course.

For determining the entitlement to attend and vote at the AGM, the register of members of our Company will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, non-registered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 16, 2025.

For the purposes of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, June 2, 2025 to Friday, June 6, 2025 (both dates inclusive). In order to qualify for the proposed final dividend, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with our Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, May 30, 2025.

CORPORATE GOVERNANCE

The Corporate Governance Report is set out on pages 46 to 61 of this annual report.

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

As of December 31, 2024, for the purpose of the Employee Share Scheme, 2,073,500 shares have been purchased from the market by the trustee appointed by the Company for the administration of the Employee Share Scheme to hold on trust for the benefit of the selected participants pursuant to the rules governing the Employee Share Scheme and the provisions of the trust deed in relation to the Employee Share Scheme.

Save as disclosed in this report, during the year ended December 31, 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has always maintained sufficient public float as required under the Listing Rules during the year ended December 31, 2024 and up to the Latest Practicable Date prior to the issue of this annual report.

AUDITOR

The Company has appointed PricewaterhouseCoopers as the auditor of the Company for the year ended December 31, 2024. The financial statements for the year ended December 31, 2024 have been audited by PricewaterhouseCoopers who retire, and being eligible, offer themselves for re-appointment. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Jason ZHOU
Chairman, Chief Executive Officer and Executive Director

Beijing, March 27, 2025

CORPORATE GOVERNANCE PRACTICE

The Board of Directors is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability.

During the year ended December 31, 2024, the Company has applied the principles as set out in the CG Code set out in Appendix C1 of the Listing Rules, which are applicable to the Company.

In the opinion of the Directors, during the year ended December 31, 2024, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision C.2.1 which states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual, details of which are set out in the "Chairman and Chief Executive Officer" of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the year ended December 31, 2024. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

The Company has also established a policy for regulating the handling and dissemination of inside information to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

BOARD OF DIRECTORS

The Board of the Company currently comprises eleven members as follows:

Executive Directors:

Mr. Jason ZHOU *(Chairman, Chief Executive Officer and Chairman of the Nomination Committee)*
Ms. XIN Hong *(Senior Vice President and Chief Operating Officer)*
Mr. XU Han *(Senior Vice President and Chief Financial Officer)*

Non-executive Directors:

Mr. WANG Siye
Ms. LI Suyu
Mr. YANG Yuelin *(Member of the Audit Committee and member of the Remuneration Committee)*
Mr. XIE Qiang

Independent Non-executive Directors:

Mr. WU Guanxiong *(Chairman of the Remuneration Committee and member of the Nomination Committee)*
Mr. SUN Hongbin *(Chairman of the Audit Committee)*
Mr. JIANG Yanfu *(Member of the Audit Committee and member of the Nomination Committee)*
Dr. MA Jing *(Member of the Remuneration Committee)*

The biographical information of the Directors are set out in the section headed "Directors and Senior Managements" on pages 18 to 24 of this annual report. The relationships between the members of the Board are also disclosed under the same section.

The Board possesses the skills, experience and expertise either in the same industry or relevant to the management of the business of the Group which brings a good balance of relevant skills and experience to the Company. The independent non-executive Directors also provide their independent professional judgements on the assessment of the development, performance and risk management of the Group.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Zhou is both Chairman and Chief Executive Officer of the Company, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe Mr. Zhou is instrumental to our growth and business expansion since our establishment in 2002. Our Board considers that the roles of Chairman and Chief Executive Officer being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of Chairman and Chief Executive Officer. The Board will continue to review the situation and consider splitting the roles of Chairman and Chief Executive Officer of the Company in due course after taking into account of the then overall circumstances of the Group.

Independent Non-executive Directors

During the year ended December 31, 2024, the Board at all times complied with Rules 3.10(1) and (2), and Rule 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Relationship

Save as disclosed in this annual report, none of the members of the Board has any relationship between Board members and in particular, between the chairman and the chief executive of the Company.

DIRECTORS' RE-ELECTION

Code provision B.2.2 states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors is appointed under a service contract for a term of three years commencing from the date of the service contract which is terminable by either party by giving three months' written notice to the other party.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation and re-election at AGM at least once every three years. Any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first AGM after his/her appointment and they will be subject to re-election at such meeting.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

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

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

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

The Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Director's training. For the year ended December 31, 2024, all Directors read materials regarding corporate governance, directors' duties, the Listing Rules and other relevant laws. The Directors and senior management have also reviewed the performance of the Company and the sales strategy of the industry and have also discussed the market condition of the industry.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Company (www.ncich.com.cn) and the HKEx (www.hkexnews.hk) and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Board of Directors" in this Corporate Governance Report.

Audit Committee

The primary duties of the Audit Committee are to review, supervise, and assist our Board in providing an independent view of our financial reporting processes, internal control and risk management systems, the effectiveness of the Company's internal audit function, as well as to oversee the audit process, review our annual and interim financial statements, provide advice and comments to the Board on matters related to corporate governance, and perform other duties and responsibilities as assigned by our Board from time to time.

In 2024, the Audit Committee held 3 meetings to review the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and relevant scope of work and discuss the annual audit plan with auditors.

In 2024, the Audit Committee had 3 meetings with the external auditors of the Company.

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors and one non-executive Director, namely, Mr. Wu Guanxiong, Dr. Ma Jing and Mr. Yang Yuelin. Mr. Wu Guangxiong is the chairman of the Remuneration Committee

The primary duties of the Remuneration Committee are to (i) review the policies and the structure of the remuneration for our Directors and senior management; (ii) assess the performance of the executive Directors; (iii) approve the terms of the executive Directors' service contracts; (iv) review and/or approve matters relating to share schemes under Chapter 17; and (v) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management (i.e. code provision E.1.2(c)(ii) of the CG Code).

In 2024, the Remuneration Committee held 2 meeting to review and make recommendations to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters.

Nomination Committee

The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. Jason Zhou, Mr. Wu Guangxiong and Mr. Jiang Yanfu. Mr. Jason Zhou is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to (i) review the nomination policy for Directors; (ii) make recommendations to our Board in relation to the appointment and removal of Directors and senior management, and (iii) make recommendations to our Board on matters of succession planning.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the board diversity policy of the Company (the "Board Diversity Policy"), including but not limited to professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge, reputation and gender. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

In 2024, the Nomination Committee held 1 meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors.

Director Nomination Policy

The Company has adopted a director nomination policy (the "Director Nomination Policy"), pursuant to which in evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Company and/or the Board in terms of qualifications, skills, experience, independence, gender and race diversity.
- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for the nomination of the Directors and succession planning.

Regarding selection and appointment of a new Director:

- The Nomination Committee and/or the Board should, upon receipt of a proposal on the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- If the process yields more than one desirable candidate, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and the reference check of each candidate (where applicable).

- The Nomination Committee should then recommend that the Board appoint the most appropriate candidate for directorship, as applicable.

- For any person that is nominated by a shareholder for election as a director at a general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendations to shareholders with respect to the proposed election of directors at a general meeting.

Regarding re-election of Directors at general meeting:

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of each Director and his/her level of participation and performance on the Board.

- The Nomination Committee and/or the Board should also review and determine whether the Director continues to meet the criteria as set out above.

- The Nomination Committee and/or the Board should then make recommendations to shareholders in respect of the proposed re-election or replacement of the Directors at a general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at a general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or the explanatory statement that accompanies the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Board Diversity Policy

The Company believes that the Board diversity will have a substantial benefit in improving its performance. Therefore, the Company has adopted the Board Diversity Policy to ensure that the diversity of Board members be considered from a number of perspectives. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. A summary of the Board Diversity Policy is set out below:

The Board continuously seeks to enhance its effectiveness and to maintain the highest standards of corporate governance and recognizes diversity at the Board level as an essential element in helping the Company to attract, retain and motivate employees from widest possible pool of available talent so as to better understand and meet customer needs and maintain competitive advantages and sustainable development.

In designing the Board's composition, the Board diversity is considered from a number of perspectives, including but not limited to gender, age, ethnicity, nationality, language skills, cultural and educational background, regional and industry experience and reputation, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Our Board members have a wide range of age, ranging from 36 years old to 81 years old. With respect to the succession of Directors, the Nominating Committee will also engage assistance in identifying potential female Board members as and when necessary. With a view to developing a pipeline of potential successors to the Board, we will take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender and provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or the Board of our Company. The Board will continue to increase the proportion of female members in the future if suitable candidates are available.

Details of the current members of the Board are set out as follows:

Gender	Male	Female
	8	3

Age Group	30–39	40–49	50–59	60–69	Over 70
	1	3	3	3	1

Length of service	5 years or below	6–9 years	Over 10 years
	2	9	0

The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. Currently, 3 out of 11 Directors are female, bringing the female representation to more than 25% of the Board. Yet, the Board will continue to take opportunities to promote gender diversity at all levels of the Company and increase the proportion of female members over time as and when suitable candidates are identified. We will also continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

In 2024, the Group employed 1,255 full-time employees, of which 206 were male and 1,049 were female. The gender ratio of all employees (including senior management) is approximately 16.4% (male) and approximately 83.6% (female), respectively.

The Nomination Committee will monitor the implementation of the Board Diversity Policy by conducting review of the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation on any Board appointments.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies in order for the Board to be effective.

Corporate Governance Functions

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

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

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and AGM of the Company held during the year ended December 31, 2024 is set out in the table below:

	Attendance/Number of Meetings				
Name of Directors	Board	Nomination Committee	Remuneration Committee	Audit Committee	AGM
Executive Directors					
Mr. Jason ZHOU	4/4	1/1	N/A	N/A	1/1
Ms. XIN Hong	4/4	N/A	N/A	N/A	1/1
Mr. XU Han	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. WANG Siye	4/4	N/A	N/A	N/A	1/1
Ms. LI Suyu	4/4	N/A	N/A	N/A	1/1
Mr. YANG Yuelin	4/4	N/A	2/2	3/3	1/1
Mr. XIE Qiang	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. WU Guanxiong	3/4	1/1	2/2	N/A	1/1
Mr. SUN Hongbin	4/4	N/A	N/A	3/3	1/1
Mr. JIANG Yanfu	4/4	1/1	N/A	3/3	1/1
Dr. MA Jing	3/4	N/A	2/2	N/A	1/1

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 62 to 69 of this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration that should be paid to the external auditor of the Company, PricewaterhouseCoopers, for the audit of the year ended December 31, 2024 and non-audit services is set out below:

Service Category	Fees Paid/ Payable *RMB'000*
Audit Service	3,840
Non-audit Services[(1)]	215

Note:

(1) The non-audit services conducted by the auditor mainly include tax advisory and tax assurance services for certain subsidiaries.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for maintaining an effective risk management and internal control systems to safeguard the Company's assets and the interests of Shareholders. The Board acknowledges it is the responsibility of the Board for maintaining adequate risk management, internal control systems and internal audit function to safeguard Shareholders' investments and the Company's assets. The Board, through the Audit Committee, will conduct an annual review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting function. During the reporting period, the Company considered its risk management and internal control systems were effective and adequate.

Our risk management and internal control focus primarily on (i) customers and staff safety; (ii) quality control; and (iii) other general risk management. The executive management committee at our Group level is generally responsible for approving all the risk management procedures and internal control systems and our safety and risk management committee oversees the implementation of such procedures and systems by our various operational departments. Meanwhile, our quality assurance committee and various other special committees work together to monitor the implementation of and to conduct regular review and evaluation of such procedures and internal control systems. However, the mechanism under the risk management and internal control systems reasonably but not absolutely ensures the non-occurrence of significant error, loss or fraud and it is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

ANTI-CORRUPTION POLICY

We have formulated our own anti-corruption policy to ensure the management of the Group upholds the principles of honesty, integrity and fairness to protect the reputation of the Group. In particular, the internal control and audit department of the Company shall procure and supervise the Group's compliance with all applicable anti-corruption laws, regulations and policies in the PRC. The policy sets out the anti-corruption procedures of the Group, including but not limited to establishing a reporting channel and a rectification system. This policy will be reviewed and amended from time to time in accordance with the applicable laws, regulations and policies in the PRC.

ANTI-FRAUD AND MISCONDUCT MANAGEMENT SYSTEM

Our anti-fraud and misconduct management system has been put in place for our employees at all levels and related parties, including our clients and suppliers, to deal with concerns related to fraudulent, criminal or unethical acts, non-compliance with laws and other misconduct that have or could have significant adverse financial, legal or reputational impacts on the Group. According to the policy, the employees and related parties may report any possible improprieties to the internal control and audit department of the Company through an established whistleblowing procedure. The system also specifies a whistleblower protection mechanism. Staff involved in the investigation are prohibited from disclosing the information about the whistleblower or showing the report letter to the reported person. They should evade themselves if they have an interest in the reported person. If a whistleblower suffers from retaliation, he or she may file a complaint with the internal control and audit department, which will investigate and pursue responsibilities.

COMPANY SECRETARY

Mr. JIA Xiaofeng, our company secretary, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In compliance with Rule 3.29 of the Listing Rules, Mr. JIA Xiaofeng have undertaken no less than 15 hours of relevant professional training during the year ended December 31, 2024.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, in considering the declaration and payment of dividends, the Board shall take into account the following factors of the Group:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of the Shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

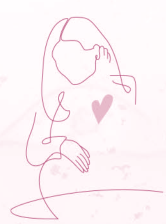
Pursuant to article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph to consider the business specified in the requisition. For proposing a person for election as a Director, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" posted on the Company's website.

Putting Forward Enquiries to the Board

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



Contact Details

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

Address:	22/F, Siemens Center Beijing High Rise, No.7, Wangjing Zhonghuan Nan Road, Chaoyang District, Beijing, PRC For the attention of the Company Secretary
Fax:	(86) (10) 8524 9988
Email:	ir@ncich.com.cn

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

Shareholders' Communication Policy

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of its information, which will enable Shareholders and investors to make the informed investment decisions.

The Company establishes a liaison mailbox (ir@ncich.com.cn), which is responsible for providing Shareholders and investors with the necessary information and services. It maintains proactive communications with Shareholders, investors and other capital market participants, which enable Shareholders and investors to fully understand the Company's operation and development, by various means such as participating in domestic and foreign investor exchanges, performance conferences, press conferences, telephone conferences and investment analysts meetings.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through AGMs and other extraordinary general meetings. At the AGM, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the year ended December 31, 2024, the Company has reviewed the shareholders' communication policy. After evaluating and considering the actual communication circumstance between the Company and the Shareholders during the year, the Company is satisfied with its current implementation and effectiveness.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

There was no amendment to the Memorandum and Articles of Association of the Company during the year ended December 31, 2024. A latest version of the Company's Memorandum and Articles of Association are available on the Company's website and the Stock Exchange's website.

Independent Auditor's Report

To the Shareholders of New Century Healthcare Holding Co. Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of New Century Healthcare Holding Co. Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 70 to 168, comprise:

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

Our opinion

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

BASIS FOR OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill and other non-current assets

- Expected credit losses assessment of amounts due from related parties

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and other non-current assets	
Refer to note 4(a), 6, 8, 26, 38.6, 38.7.1 and 38.8 to the consolidated financial statements. As at 31 December 2024, the Group had goodwill with carrying amount of RMB124.24 million, which was allocated to the group of cash-generating units ("CGUs") of Pediatric in Beijing area and the CGU of Obstetrics and Gynecology in Beijing area for the purpose of impairment assessment. In addition, the Group identified impairment indicators on certain non-current assets, namely property, plant and equipment ("PPE") and right-of-use ("ROU") assets (collectively referred to as "other non-current assets") in relation to the CGU of Pediatric in Chengdu New Century and CGU of Obstetrics and Gynecology in Chengdu New Century. The Group performed impairment assessments on the goodwill and other non-current assets. The recoverable amount of each CGU or a group of CGUs was determined based on the higher of its respective fair value less costs of disposal and value-in-use. The determination of recoverable amounts involved a variety of assumptions, such as compound annual growth rates of revenue, compound annual growth rates of costs and operating expenses, long-term growth rates and discount rates. Changes in these assumptions could significantly affect the results. The Group, with the support from an external valuer, determined the recoverable amount of each CGU or a group of CGUs which aforementioned goodwill and other non-current assets belong to.	We obtained an understanding of the management's internal control and assessment process of impairment assessment of goodwill and other non-current assets, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. We assessed the competence, capability and objectivity of the external valuer engaged by the Group. We involved our internal valuation expert in assessing the appropriateness of valuation model applied and assumptions used by the Group. We assessed the significant assumptions used in determining the recoverable amounts of each CGU or a group of CGUs as follows: • compound annual growth rates of revenue within forecast period by reference to management's research and analysis based on industry information; • compound annual growth rates of costs and operating expenses by reference to the historical financial performance of each CGU or a group of CGUs;

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill and other non-current assets We focused on the impairment assessments of goodwill and other non-current assets because the estimation of recoverable amount is subject to high degree of subjectivity and uncertainty. The inherent risks in relation to the impairment assessment of goodwill and other non-current assets are considered significant due to the complexity of the model applied and subjectivity and uncertainty of significant assumptions used.	• long-term growth rates used in the goodwill impairment by reference to long term inflation rate and economic growth rate in China; and • discount rates by reference to the cost of capital of comparable companies. We assessed the sensitivity analysis performed by management to consider the extent to which adverse changes individually would result in any impairment. We assessed the adequacy of the disclosures related to impairment assessment in the context of the applicable financial reporting framework. Based on the above, we considered that management's model applied and assumptions used in the impairment assessment of goodwill and other non-current assets were supportable by the evidence obtained and procedures performed.

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit losses assessment of amounts due from related parties Refer to note 3.1.2, 4(b) and 15 to the consolidated financial statements. As at 31 December 2024, the Group had gross amounts due from related parties of RMB169.83 million, and total allowance for expected credit losses of RMB143.52 million was made as at the same date. The Group applied expected credit loss model in evaluating the expected credit losses of amounts due from related parties on an individual basis in accordance with HKFRS 9, as each of the counterparty has different risk characteristics and specific credit risk. Multiple scenarios that specify the amount and/or time of the cash collections for particular outcomes were applied with estimated probability of those outcomes when evaluating the expected credit losses. Whereafter multiple forward-looking macro-economic scenarios have been incorporated into the determination of expected credit losses for each respective counterparty. We focused on auditing the expected credit losses of amounts due from related parties because the estimation of expected credit losses is subject to higher degree of estimation uncertainty. The inherent risk in relation to expected credit losses in amounts due from related parties is considered higher due to the complexity of the model applied and subjectivity of significant assumptions used.	We obtained an understanding of the management's internal control and assessment process of expected credit losses of amounts due from related parties, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. With the support of our internal valuation experts, we assessed the appropriateness of expected credit loss model applied and assumptions used by management, including: • discussing with the Group on the financial performance of each counterparty and comparing data inputs applied in the model with the financial information obtained from respective counterparty in considering the loss given default; • evaluating the reasonableness of the multiple scenarios applied, estimated probability of each scenario and assumption used in the model to determine the expected credit losses of respective counterparty; and • evaluating the reasonableness and relevance of each macroeconomic parameter used in the determination of expected credit losses for respective counterparty by considering relevant information. We assessed the adequacy of the disclosures related to the expected credit losses of amounts due from related parties. Based on the above procedures performed, we considered that management's model applied and assumptions used in the expected credit losses assessment of amounts due from related parties were supported by the evidences obtained and procedures performed.

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tong, Benny Ho Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2025

Consolidated statement of financial position

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	99,757	96,457
Right-of-use assets	7(a)	123,581	143,662
Intangible assets	8	236,650	243,771
Investments accounted for using the equity method	10	14,090	12,190
Deferred tax assets	23	879	862
Long-term deposits and prepayments	14	3,755	3,963
Total non-current assets		478,712	500,905
Current assets			
Inventories	12	15,651	22,261
Trade receivables	13	46,150	51,316
Other receivables, deposits and prepayments	14	17,786	18,478
Amounts due from related parties	15	26,313	27,123
Restricted cash	16	—	20,000
Cash and cash equivalents	16	354,522	304,310
Total current assets		460,422	443,488
Total assets		939,134	944,393
EQUITY			
Share capital	17	335	335
Shares held for employee share scheme	18	(2,939)	(2,939)
Share premium	19	2,589,887	2,606,495
Reserves	19	(1,492,168)	(1,496,445)
Accumulated losses		(541,289)	(585,162)
Equity attributable to owners of the Company		553,826	522,284
Non-controlling interests		(44,950)	(70,525)
Total equity		508,876	451,759

Consolidated statement of financial position (Continued)

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	7(a)	127,056	149,103
Deferred tax liabilities	23	10,923	7,554
Total non-current liabilities		137,979	156,657
Current liabilities			
Trade payables	21	29,916	40,891
Accruals, other payables and provisions	22	174,827	186,758
Contract liabilities	5(f)	23,272	27,531
Current tax liabilities		3,403	16,380
Lease liabilities	7(a)	58,773	56,970
Amounts due to related parties	15	2,088	7,447
Total current liabilities		292,279	335,977
Total liabilities		430,258	492,634
Total equity and liabilities		939,134	944,393

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 70 to 168 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf:

Jason ZHOU

XU Han

Consolidated statement of comprehensive income

	Note	2024 RMB'000	2023 RMB'000
		Year ended 31 December	
Revenue	5(e)	846,496	933,073
Cost of revenue	24	(501,539)	(525,986)
Impairment losses on non-current assets	26	—	(23,563)
Selling expenses	24	(67,356)	(68,268)
Administrative expenses	24	(125,375)	(129,882)
Research and development expenses	24	(4,078)	(5,930)
Net impairment losses on financial assets	3.1.2	(5,802)	(8,869)
Other income		1,056	1,952
Other losses — net	27	(1,432)	(718)
Operating profit		141,970	171,809
Finance income	28	5,412	2,937
Finance costs	28	(8,103)	(8,524)
Share of net profit/(loss) of investments accounted for using the equity method	10	2,265	(80)
Profit before income tax		141,544	166,142
Income tax expense	29	(47,762)	(34,053)
Profit for the year		93,782	132,089
Profit for the year is attributable to:			
Owners of the Company		47,378	84,164
Non-controlling interests		46,404	47,925
Earnings per share for profit attributable to the ordinary equity holders of the Company (expressed in RMB per share)			
Basic and diluted earnings per share	30	0.10	0.17
Other comprehensive income			
Items that may be reclassified to profit or loss			
— Exchange differences on translation of foreign operations		772	(144)
Total comprehensive income		94,554	131,945
Total comprehensive income for the year is attributable to:			
Owners of the Company		48,150	84,020
Non-controlling interests		46,404	47,925

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

Consolidated statement of changes in equity

		Attributable to owners of the Company							
	Note	Share capital *RMB'000*	Shares held for employee share scheme *RMB'000*	Share premium *RMB'000*	Reserves *RMB'000*	Accumulated losses *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023		335	(2,939)	2,606,495	(1,496,301)	(669,326)	438,264	(76,913)	361,351
Total comprehensive income									
— Profit for the year		—	—	—	—	84,164	84,164	47,925	132,089
— Translation differences		—	—	—	(144)	—	(144)	—	(144)
		—	—	—	(144)	84,164	84,020	47,925	131,945
Transactions with owners									
— Dividends	20	—	—	—	—	—	—	(41,537)	(41,537)
		—	—	—	—	—	—	(41,537)	(41,537)
Balance at 31 December 2023		335	(2,939)	2,606,495	(1,496,445)	(585,162)	522,284	(70,525)	451,759
Balance at 1 January 2024		335	(2,939)	2,606,495	(1,496,445)	(585,162)	522,284	(70,525)	451,759
Total comprehensive income									
— Profit for the year		—	—	—	—	47,378	47,378	46,404	93,782
— Translation differences		—	—	—	772	—	772	—	772
		—	—	—	772	47,378	48,150	46,404	94,554
Transactions with owners									
— Dividends	20	—	—	(16,608)	—	—	(16,608)	(20,829)	(37,437)
— Appropriation to statutory surplus reserves		—	—	—	3,505	(3,505)	—	—	—
		—	—	(16,608)	3,505	(3,505)	(16,608)	(20,829)	(37,437)
Balance at 31 December 2024		335	(2,939)	2,589,887	(1,492,168)	(541,289)	553,826	(44,950)	508,876

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

Consolidated statement of cash flows

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	31(a)	195,845	210,750
Interest paid		(7,438)	(8,248)
Interest received		4,897	1,612
Income taxes paid		(57,387)	(45,193)
Net cash generated from operating activities		135,917	158,921
Cash flows from investing activities			
Payments for property, plant and equipment		(21,583)	(9,491)
Payments for intangible assets		(230)	(1,225)
Proceeds from disposals of property, plant and equipment		327	455
Dividends from an associate		459	455
Settlement of balance collected from related parties		—	1,170
Net cash used in investing activities		(21,027)	(8,636)
Cash flows from financing activities			
Dividends paid to the non-controlling interests	20	(20,829)	(41,537)
Dividends paid to the Company's shareholders	20	(16,608)	(1,658)
Principal elements of lease payments		(25,848)	(29,794)
Cash paid by a related party on behalf of the Group		—	1,895
Settlement for cash paid by a related party on behalf of the Group		(1,895)	(1,977)
Net cash used in financing activities		(65,180)	(73,071)
Net increase in cash and cash equivalents		49,710	77,214
Cash and cash equivalents at the beginning of the year		304,310	226,079
Effects of exchange rate changes on cash and cash equivalents		502	1,017
Cash and cash equivalents at the end of the year		354,522	304,310

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

1 GENERAL INFORMATION

New Century Healthcare Holding Co. Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in provision of pediatrics and obstetrics and gynecology specialty services in the People's Republic of China (the "PRC"). The Group also provides hospital consulting services and online healthcare services.

The Company is a limited liability company incorporated in the Cayman Islands on 31 July 2015. The address of its registered office is c/o Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing") on 18 January 2017.

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

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

2.1.2 Historical cost convention

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

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

2.1 Basis of preparation (Continued)

2.1.3 New and amended standards and interpretations adopted by the Group

The Group has applied the following new and amended standards and interpretations for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to HKAS1;
- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (Revised);
- Lease liability in sale and leaseback — Amendments to HKFRS 16; and
- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7.

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

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

2.1 Basis of preparation (Continued)

2.1.4 New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

3.1.1 Market risk

(i) Foreign exchange risk

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

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

As at 31 December 2024 and 2023, most of the financial assets and liabilities of each entity within the Group are denominated in the same currency with their functional currency, except for certain cash and cash equivalent denominated in USD (note 16).

The Group is primarily exposed to changes in RMB/USD exchange rate. As at 31 December 2024, if RMB had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would have been RMB1,401,000 (2023: RMB2,632,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash at banks.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(ii) Fair value interest rate risk

Other than interest-bearing cash and cash equivalents, the Group has no other significant interest-bearing assets or liabilities. The directors of the Company do not anticipate there is any significant impact to variable interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

3.1.2 Credit risk

Credit risk of the Group arises from credit exposures to cash and cash equivalents, restricted cash, trade receivables, other receivables and deposits, and amounts due from related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The credit risk with regards to cash and cash equivalents and restricted cash of the Group is assessed to be not material as the counterparties are primarily state-owned or public listed commercial banks and financial institutions in the PRC.

(i) Impairment of financial assets

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

- Trade receivables,
- Other receivables and deposits, and
- Amounts due from related parties.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was not material.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. For any insurance company with increased credit risk and/or long outstanding balances which are not subject to credit risks, their expected credit losses are evaluated on an individual basis.

The expected credit loss of trade receivables is determined based on historical loss rate of the customers over a period not less than 3 years before 31 December 2024, or by reference to external credit rating of the customers. The Group has identified certain forward-looking macroeconomic data and adjusts the historical loss rate.

Other receivables and deposits

The Group assesses the 12-month expected credit losses of other receivables and deposits upon initial recognition. Once there is a significant increase in credit risk, lifetime expected credit losses shall be assessed (stage 2). Once it's credit impaired (e.g. default), lifetime expected credit losses shall still be assessed (stage 3). Most of other receivables and deposits are at stage 1 as at 31 December 2024 and 2023.

The expected credit loss of other receivables and deposits is determined by reference to external credit rating of the counterparties and adjusted by forward-looking macroeconomic data. For certain counterparties with increased credit risk, their expected credit losses are evaluated on an individual basis.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Amounts due from related parties

The Group assesses the 12-month expected credit losses of amounts due from related parties which are non-trade in nature and lifetime expected credit loss of amounts due from related parties which are trade in nature upon initial recognition.

Once there is a significant increase in credit risk for amounts due from related parties which are non-trade in nature, lifetime expected credit losses shall be assessed (stage 2). Once it's credit impaired (e.g. default), lifetime expected credit losses shall still be assessed (stage 3).

In consideration of different risk characteristics and specific credit risks in each counterparty, the Group assessed expected credit losses of amounts due from related parties on an individual basis. Multiple scenarios that specify the amount and/or time of the cash collections for particular outcomes were applied with estimated probability of those outcomes when evaluating the expected credit losses. Whereafter multiple forward-looking macro-economic scenarios have been incorporated into the determination of expected credit losses for each respective counterparty.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the end of reporting period with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking adjustment factors. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

Significant increase in credit risk (Continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the counterparty
- significant increases in credit risk on other financial instruments of the same counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the counterparty

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and indicator(s) of severe financial difficulty. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

On that basis, the loss allowances as at 31 December 2024 and 2023 are determined as follows for trade receivables, amounts due from related parties and other receivables and deposits:

31 December 2024	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Net carrying Amount *RMB'000*
Trade receivables from insurance companies and government's insurance scheme	2.80%	45,272	(1,269)	44,003
Trade receivables from individual customers	10.95%	2,411	(264)	2,147
Amounts due from related parties	84.51%	169,833	(143,520)	26,313
Other receivables and deposits	20.21%	19,584	(3,957)	15,627
		237,100	(149,010)	88,090

31 December 2023	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit loss *RMB'000*	Net carrying Amount *RMB'000*
Trade receivables from insurance companies and government's insurance scheme	1.11%	49,192	(546)	48,646
Trade receivables from individual customers	19.26%	3,307	(637)	2,670
Amounts due from related parties	84.02%	169,721	(142,598)	27,123
Other receivables and deposits	17.69%	21,886	(3,872)	18,014
		244,106	(147,653)	96,453

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

The loss allowances for trade receivables, amounts due from related parties and other receivables and deposits as at 31 December 2024 and 2023 reconcile to the opening loss allowances as follows:

	2024 *RMB'000*	2023 *RMB'000*
Opening loss allowance as at 1 January	(147,653)	(140,747)
Increase in loss allowance for trade receivables, amounts due from related parties and other receivables and deposits recognised in profit or loss during the year	(5,802)	(8,869)
Receivables written off during the year as uncollectible	4,445	1,963
Closing loss allowance as at 31 December	(149,010)	(147,653)

Impairment losses on trade receivables, amounts due from related parties and other receivables and deposits are presented as net impairment losses within operating profit.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash to meet operating capital requirements. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2024					
Trade payables	29,916	—	—	—	29,916
Accruals and other payables (excluding non-financial liabilities) *(note 22)*	125,724	—	—	—	125,724
Amounts due to related parties	2,088	—	—	—	2,088
Lease liabilities	63,066	31,092	81,530	30,916	206,604
	220,794	31,092	81,530	30,916	364,332
At 31 December 2023					
Trade payables	40,891	—	—	—	40,891
Accruals and other payables (excluding non-financial liabilities) *(note 22)*	134,354	—	—	—	134,354
Amounts due to related parties	7,447	—	—	—	7,447
Lease liabilities	62,286	29,962	88,502	53,538	234,288
	244,978	29,962	88,502	53,538	416,980

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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

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

	As at 31 December	
	2024	2023
The liability-to-asset ratio	45.81%	52.16%

3.3 Fair value estimation

As at 31 December 2024 and 2023, the Group does not have any financial assets or liabilities measured at fair value. And the fair value of financial assets and liabilities of the Group are approximate to their carrying value, as they are in short term.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

(a) Estimated impairment of goodwill and other non-current assets

The Group performed impairment assessment of goodwill at the end of each reporting period to assess whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 38.7.1 and 38.8. And other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable, in accordance with the accounting policy stated in note 38.6, 38.8 and 38.21. The recoverable amounts of each cash generating unit ("CGU") or a group of CGUs have been determined based on the higher of CGU's or a group of CGUs' fair value less costs of disposal ("FVLCD") and value-in-use ("VIU") which require the use of estimates. The determination of recoverable amounts also involves variety of assumptions, such as compound annual growth rate of revenue, compound annual growth rate of costs and operating expenses, long-term growth rate and discount rate. The estimation of recoverable amounts is subject to high degree of estimation uncertainty. Changes in the conditions for these estimates and assumptions can significantly affect the assessed result of goodwill and other non-current assets impairment test.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are described in note 8.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses accounting estimates and judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, financial information of respective counterparty, existing market conditions as well as forward looking estimates at the end of each reporting period.

5 SEGMENT INFORMATION

Mr. Jason ZHOU, in his role as the executive director and chairman of the Company, serves as the chief operating decision-maker (the "CODM") of the Group. Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The CODM considers the business from both the service and product perspectives and reviews the Group's business performance by service line rather than by legal entity. The Group aggregates businesses that have similar economic characteristics, such as: (i) the nature of the products and services; (ii) the nature of the production processes; (iii) the type or class of customers for their products and services; (iv) the methods used to distribute their products or provide their services; and (v) if applicable, the nature of the regulatory environment.

In the view of the CODM, the Group is principally engaged in three distinct segments: (i) pediatric services, (ii) obstetrics and gynecology services, and (iii) others, which are subject to different business risks and economic characteristics.

The Group's reportable segments are as follows:

(a) Pediatrics

Revenue derived from specialised pediatric services is mainly contributed by Beijing New Century Children's Hospital Co., Ltd. ("BNC Children's Hospital"), Beijing New Century Harmony Clinic Co., Ltd. ("BNC Harmony Clinic"), Beijing New Century Women's and Children's Hospital Co., Ltd. ("BNC Women's and Children's Hospital") and Chengdu New Century Women's and Children's Hospital Co., Ltd. ("Chengdu New Century").

(b) Obstetrics and gynecology

Revenue derived from specialised obstetric and gynecologic services is mainly contributed by BNC Women's and Children's Hospital and Chengdu New Century.

5 SEGMENT INFORMATION (Continued)

(c) Others

The Group operates canteens, sell gift and groceries in shops located in its own hospitals. The Group also provided hospital appointment, online consultation services and online products sales to customers. Management group these revenue in others as each of them do not exceed 10% of the total revenue, total profit and total assets of the Group.

For the purposes of monitoring segment performances and allocating resources between segments, segment results represent the profit before tax earned by each segment, without allocation of selling and general and administrative expenses in relation to headquarter, finance income, finance costs, other income, and other losses — net that not directly related to the respective segments, which represent the internally generated financial information regularly reviewed by the CODM.

Assets and liabilities dedicated to a particular segment's operation are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash and cash equivalents, deferred tax assets and other assets that not directly related to the respective segment. Segment liabilities exclude tax payable and other liabilities that not directly related to the respective segment.

No geographical information is presented as most of the Group's revenue is derived from activities in the PRC, and the Group's operations and non-current assets are mainly located in the PRC.

5 SEGMENT INFORMATION (Continued)

(d) Segment information

	Pediatrics *RMB'000*	Obstetrics and Gynecology *RMB'000*	Others *RMB'000*	Intersegment eliminations *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024						
Revenue from external customers	735,843	101,499	9,154	—	—	846,496
Inter-segment revenue	—	—	30,856	(30,856)	—	—
Total revenue	735,843	101,499	40,010	(30,856)	—	846,496
Cost of revenue	(394,740)	(96,108)	(16,792)	6,101	—	(501,539)
Segment results	186,184	(26,095)	10,044	—	—	170,133
Unallocated income					8,136	8,136
Unallocated cost					(36,725)	(36,725)
Profit/(loss) before income tax	186,184	(26,095)	10,044	—	(28,589)	141,544
Income tax expense					(47,762)	(47,762)
Profit for the year						93,782
Others						
Depreciation and amortisation	(37,699)	(12,137)	(787)	—	(1,074)	(51,697)
As at 31 December 2024						
Assets						
Segment assets	322,794	87,895	31,531	—	—	442,220
Goodwill	111,698	12,544	—	—	—	124,242
Unallocated assets					372,672	372,672
Total assets	434,492	100,439	31,531	—	372,672	939,134
Total liabilities	258,893	134,651	8,504	—	28,210	430,258

Except for certain medical equipment purchased as disclosed in Note 6, additions to non-current assets were not material for the year ended 31 December 2024.

5 SEGMENT INFORMATION (Continued)

(d) Segment information (Continued)

	Pediatrics RMB'000	Obstetrics and Gynecology RMB'000	Others RMB'000	Intersegment eliminations RMB'000	Unallocated RMB'000	Total RMB'000
For the year ended 31 December 2023						
Revenue from external customers	818,800	103,975	10,298	—	—	933,073
Inter-segment revenue	—	—	32,380	(32,380)	—	—
Total revenue	818,800	103,975	42,678	(32,380)	—	933,073
Cost of revenue	(419,969)	(94,974)	(19,333)	8,290	—	(525,986)
Impairment losses on non-current assets	—	(23,563)	—	—	—	(23,563)
Segment results	243,499	(50,724)	5,499	—	—	198,274
Unallocated income					4,854	4,854
Unallocated cost					(36,986)	(36,986)
Profit/(loss) before income tax	243,499	(50,724)	5,499	—	(32,132)	166,142
Income tax expense					(34,053)	(34,053)
Profit for the year						132,089
Others						
Depreciation and amortisation	(36,773)	(20,082)	(1,186)	—	(1,941)	(59,982)
As at 31 December 2023						
Assets						
Segment assets	340,854	102,804	34,994	—	—	478,652
Goodwill	111,698	12,544	—	—	—	124,242
Unallocated assets					341,499	341,499
Total assets	452,552	115,348	34,994	—	341,499	944,393
Total liabilities	290,632	154,303	8,747	—	38,952	492,634

Except for the new leases disclosed in Note 7, additions to non-current assets were not material for the year ended 31 December 2023.

5 SEGMENT INFORMATION (Continued)

(e) Disaggregation of revenue from contracts with customers

The Group derives revenue from providing service and transfer of goods over time and at a point in time in the following segments.

For the year ended 31 December 2024	Pediatrics *RMB'000*	Obstetrics and Gynecology *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from external customers				
At a point in time*	735,843	101,499	9,154	846,496

For the year ended 31 December 2023	Pediatrics *RMB'000*	Obstetrics and Gynecology *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from external customers				
At a point in time*	818,800	103,975	10,298	933,073

* Majority of medical services of the Group are provided in a very short period, and the related revenue is categorised as revenue recognised at a point in time. The revenue from "Other" is net of intersegment eliminations.

For the year ended 31 December 2024 and 2023, there was no single external customer which accounted for more than 10% of the Group's revenue.

5 SEGMENT INFORMATION (Continued)

(f) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract liabilities	23,272	27,531
Revenue recognised that was included in the contract liability balance at the beginning of the year	22,522	16,035

Contract liabilities mainly arise from the membership cards purchased by customers while the underlying services are yet to be provided. Major contracts of the Group are short-term contracts and the performance obligation would be provided depends on customer's solely discretion. The Company expects approximately 80% of these remaining obligations under such contracts will be fulfilled within one year and approximately 20% will be fulfilled after one year based on the estimation from management.

(g) Accounting policies of revenue recognition

The Group's revenue is primarily derived from providing medical services to customers, especially in pediatric, obstetric and gynecologic related medical services, and sales of pharmaceuticals and related goods.

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

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

5 SEGMENT INFORMATION (Continued)

(g) Accounting policies of revenue recognition (Continued)

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

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

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

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

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

(i) Provision of medical services

Revenue from providing medical services including pediatrics, obstetrics and gynecology services is recognised at the point when the related services are rendered. Transactions are settled by payment from commercial insurance, government's insurance scheme or directly paid via bank cards, online payment channels or cash by customers.

The Group sells membership cards to customers which entitles them to purchase medical services and pharmaceutical at different discount rates depending on the type of membership cards. The Group initially recognised the total membership fees received from customers as "contract liabilities". After initial recognition, the Group recognises relevant membership fees as revenue at the time when provides services to the membership card holder during the membership period. The contract liabilities are recognised as revenue based on the portion of the consumed discount amount to the total expected discount amount during the whole membership period.

5 SEGMENT INFORMATION (Continued)

(g) Accounting policies of revenue recognition (Continued)

(i) Provision of medical services (Continued)

The Group provides hospital services in package which is accounted as multiple element transactions. The total consideration of the package will be allocated by using a relative standalone selling price basis. The Group also sells stored-value cards to customers which entitles them to offset the payment amount when they purchase pharmaceuticals or accept medical services from the Group. Such consideration will be prepaid by customers and is recognised as advance from customers while the customer has a right to refund the prepayment for the unused service package or unused value amount in the stored-value cards within a given period. See note 22 for details. Therefore, the consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the Group's obligations have been fulfilled.

(ii) Pharmaceutical sales

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

(iii) Others

The Group also operates canteens, sells gift and groceries in shops located in its own hospitals. Revenue is recognised when control of the goods has been transferred, being when the goods are delivered to the customers.

6 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Medical equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment and furniture *RMB'000*	Total *RMB'000*
At 1 January 2023					
Cost	184,386	107,278	7,399	33,359	332,422
Accumulated depreciation and impairment	(97,559)	(68,928)	(5,168)	(23,422)	(195,077)
Net book amount	86,827	38,350	2,231	9,937	137,345
Year ended 31 December 2023					
Opening net book amount	86,827	38,350	2,231	9,937	137,345
Additions	1,681	3,054	375	1,431	6,541
Disposals	—	(1,051)	(25)	(99)	(1,175)
Depreciation charges	(9,776)	(8,888)	(481)	(3,546)	(22,691)
Impairment charges (b)	(21,363)	(2,037)	(7)	(156)	(23,563)
Closing net book amount	57,369	29,428	2,093	7,567	96,457
At 31 December 2023					
Cost	186,066	106,630	7,330	33,262	333,288
Accumulated depreciation and impairment	(128,697)	(77,202)	(5,237)	(25,695)	(236,831)
Net book amount	57,369	29,428	2,093	7,567	96,457
Year ended 31 December 2024					
Opening net book amount	57,369	29,428	2,093	7,567	96,457
Additions	1,690	18,670	1,460	1,628	23,448
Disposals	—	(628)	(15)	(450)	(1,093)
Depreciation charges	(7,948)	(7,473)	(437)	(3,197)	(19,055)
Closing net book amount	51,111	39,997	3,101	5,548	99,757
At 31 December 2024					
Cost	186,777	116,301	6,109	32,800	341,987
Accumulated depreciation and impairment	(135,666)	(76,304)	(3,008)	(27,252)	(242,230)
Net book amount	51,111	39,997	3,101	5,548	99,757

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Depreciation charges

Depreciation charges were expensed in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of revenue	14,301	17,064
Administration expenses	4,326	5,224
Selling expenses	428	403
Total	19,055	22,691

No property, plant and equipment was pledged as collateral under borrowing agreements as at 31 December 2024 (2023: nil).

(b) Impairment charges

For the year ended 31 December 2024, the utilisation rate of certain operating assets of Chengdu New Century was at a lower level. With assistance from an external valuer, the Group performed impairment assessments as at 31 December 2024 on non-current assets, namely property, plant and equipment ("PPE") and right-of-use ("ROU") assets, in relation to the CGU of Pediatric in Chengdu New Century and the CGU of Obstetrics and Gynecology in Chengdu New Century. The Group uses VIU to determine the recoverable amount of each CGU as it is higher than FVLCD. The forecast period of the impairment assessment was determined at 7 years based on the remaining useful life of the principal operating assets of respective CGU in Chengdu New Century.

Based on the impairment assessment result, no impairment loss on these non-current assets of the Pediatric and Obstetrics and Gynecology segments in Chengdu New Century was provided for as at 31 December 2024.

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Depreciation methods and useful lives

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

—	Medical equipment	5–10 years
—	Office equipment and furniture	3–5 years
—	Motor vehicles	4–10 years
—	Leasehold improvements	Shorter of remaining lease term or estimated useful life

See note 38.6 and 38.8 for the other accounting policies relevant to property, plant and equipment.

7 LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets	Properties RMB'000	Equipment RMB'000	Total RMB'000
At 1 January 2023			
Cost	246,143	6,174	252,317
Accumulated depreciation	(96,197)	(1,917)	(98,114)
Net book amount	149,946	4,257	154,203
Year ended 31 December 2023			
Opening net book amount	149,946	4,257	154,203
Additions	19,198	—	19,198
Depreciation	(29,184)	(555)	(29,739)
Closing net book amount	139,960	3,702	143,662
At 31 December 2023			
Cost	243,401	6,174	249,575
Accumulated depreciation	(103,441)	(2,472)	(105,913)
Net book amount	139,960	3,702	143,662
Year ended 31 December 2024			
Opening net book amount	139,960	3,702	143,662
Additions	5,435	—	5,435
Depreciation	(24,961)	(555)	(25,516)
Closing net book amount	120,434	3,147	123,581
At 31 December 2024			
Cost	241,999	6,174	248,173
Accumulated depreciation	(121,565)	(3,027)	(124,592)
Net book amount	120,434	3,147	123,581

Note: for the year ended 31 December 2024 and 2023, the Group disposed certain fully depreciated properties at the contractual maturity date.

7 LEASES (Continued)

(a) Amounts recognised in the statement of financial position (Continued)

Lease liabilities

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current	58,773	56,970
Non-current	127,056	149,103
	185,829	206,073

(b) Amounts recognised in the consolidated statement of comprehensive income

The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	RMB'000	*RMB'000*
Depreciation charges of right-of-use assets		
Properties	24,961	29,184
Equipment	555	555
	25,516	29,739
Interest expense (included in finance costs) *(note 28)*	7,607	8,060
Expense relating to short-term leases (included in cost of revenue, selling expenses and administrative expenses)	2,344	1,773
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	249	574
	10,200	10,407

The total cash outflow for leases in 2024 was RMB35,879,000 (2023: RMB40,389,000).

7 LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various properties and equipment. Rental contracts are typically made for fixed periods of 1 to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment, vehicles and apartments and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

See note 38.21 and 38.8 for the other accounting policies relevant to leases.

8 INTANGIBLE ASSETS

	Medical licenses *RMB'000*	Goodwill *RMB'000*	Software *RMB'000*	Total *RMB'000*
At 1 January 2023				
Cost	286,969	377,939	35,551	700,459
Accumulated amortisation	(59,379)	—	(12,521)	(71,900)
Impairment	(107,879)	(253,697)	(16,975)	(378,551)
Net book amount	119,711	124,242	6,055	250,008
Year ended 31 December 2023				
Opening net book amount	119,711	124,242	6,055	250,008
Additions	—	—	1,315	1,315
Amortisation	(5,257)	—	(2,295)	(7,552)
Closing net book amount	114,454	124,242	5,075	243,771
At 31 December 2023				
Cost	286,969	377,939	36,860	701,768
Accumulated amortisation	(64,636)	—	(14,810)	(79,446)
Impairment	(107,879)	(253,697)	(16,975)	(378,551)
Net book amount	114,454	124,242	5,075	243,771
Year ended 31 December 2024				
Opening net book amount	114,454	124,242	5,075	243,771
Additions	—	—	5	5
Amortisation	(5,226)	—	(1,900)	(7,126)
Closing net book amount	109,228	124,242	3,180	236,650
At 31 December 2024				
Cost	286,969	377,939	36,865	701,773
Accumulated amortisation	(69,862)	—	(16,710)	(86,572)
Impairment	(107,879)	(253,697)	(16,975)	(378,551)
Net book amount	109,228	124,242	3,180	236,650

Note: For the year ended 31 December 2023, the Group disposed certain fully amortised software.

8 INTANGIBLE ASSETS (Continued)

(a) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over their estimated useful lives.

(b) Medical licenses

Medical licenses acquired in a business combination are recognised at fair value at the acquisition date. These medical licenses have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

(c) Impairment tests for goodwill

Goodwill is monitored by the management at each CGU or each group of CGUs level.

A summary of the goodwill allocation is presented below.

	Beginning of year *RMB'000*	Addition *RMB'000*	Impairment *RMB'000*	End of year *RMB'000*
Year ended 31 December 2024				
The group of CGUs of Pediatric in Beijing area (i)	111,698	—	—	111,698
CGU of Obstetrics and Gynecology in Beijing area (i)	12,544	—	—	12,544
	124,242	—	—	124,242

8 INTANGIBLE ASSETS (Continued)

(c) Impairment tests for goodwill (Continued)

	Beginning of year *RMB'000*	Addition *RMB'000*	Impairment *RMB'000*	End of year *RMB'000*
Year ended 31 December 2023				
The group of CGUs of Pediatric in Beijing area (i)	111,698	—	—	111,698
CGU of Obstetrics and Gynecology in Beijing area (i)	12,544	—	—	12,544
	124,242	—	—	124,242

(i) Goodwill arose from acquisition of BNC Women's and Children's Hospital, Beijing New Century Ao-dong Clinic Outpatient Service Co., Ltd. ("BNC Ao-dong Clinic") and Beijing New Century Yide Consultancy Co., Ltd. ("BNC Yide Consultancy")

Goodwill of RMB97,682,000, RMB15,537,000 and RMB11,023,000 arose from the acquisitions of BNC Women's and Children's Hospital, BNC Ao-dong Clinic and BNC Yide Consultancy on 30 November 2015, 16 January 2018 and 9 February 2018, respectively. The goodwill arose from these acquisitions was allocated to the group of CGUs of Pediatric in Beijing area and the group of CGUs of Obstetrics and Gynecology in Beijing area as the directors of the Company expect to benefit from the synergies of the combination.

(ii) Goodwill arose from acquisition of Chengdu New Century

Goodwill of RMB253,697,000 arose from the acquisition of Chengdu New Century on 2 August 2018. Chengdu New Century is principally engaged in the provision of medical services to women and children in Chengdu. The goodwill arose from this acquisition was allocated to its Pediatric CGU and Obstetrics and Gynecology CGU, respectively. A goodwill impairment losses of RMB220,099,000 and RMB33,598,000 were provided in 2020 and 2022, respectively.

8 INTANGIBLE ASSETS (Continued)

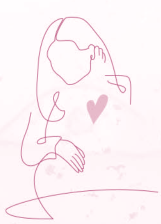
(c) Impairment tests for goodwill (Continued)

The recoverable amount of each CGU or a group of CGUs is determined based on the higher of VIU and FVLCD. The Group uses VIU to determine the recoverable amount of each CGU or group of CGUs as it is higher than FVLCD. As at 31 December 2024, the Group determined these calculations by using cash flow projections which based on financial forecasts approved by management covering five years forecast period. Cash flows beyond the forecast period are extrapolated using the estimated long-term growth rates stated below.

The following table sets out the key assumptions and recoverable amounts based on value-in-use for respective CGUs or group of CGUs which possess goodwill allocated to them as at 31 December 2024 and 2023:

	The group CGUs of Pediatric in Beijing area	
	31 December 2024	31 December 2023
Revenue *(% compound annual growth rate)*	3.90%	1.74%
Costs and operating expenses *(% compound annual growth rate)*	6.50%	6.81%
Long-term growth rate	2.20%	2.50%
Pre-tax discount rate	18.47%	18.01%
Recoverable amount *(RMB'000)*	1,271,744	1,108,024

	The group CGUs of Obstetrics and Gynecology in Beijing area	
	31 December 2024	31 December 2023
Revenue *(% compound annual growth rate)*	6.46%	5.84%
Costs and operating expenses *(% compound annual growth rate)*	3.16%	2.76%
Long-term growth rate	2.20%	2.50%
Pre-tax discount rate	16.01%	15.97%
Recoverable amount *(RMB'000)*	30,654	39,384



8 INTANGIBLE ASSETS (Continued)

(c) Impairment tests for goodwill (Continued)

(1) The compound annual growth rates (CAGRs) of revenue were estimated by analysing the variance between historical financial budgets and actual results; and analyzing the adjustments, including the number of total patients and the average spending per patient, in the estimates made in response to these variances.

(2) The CAGRs of costs and operating expenses were estimated based on approved financial budgets. The decreases of the group CGUs of Obstetrics and Gynecology in Beijing area were mainly attributable to the control on human resource cost.

(3) The long-term growth rates were determined by reference to long term inflation rate and economic growth rate in China.

(4) Pre-tax discount rate applied by the Company was derived from the weighted average cost of capital (the "WACC"). The pre-tax discount rates for the years ended December 31, 2024 and 2023 were similar as there was no significant change on the parameters.

(d) Impact of possible changes in key assumptions

The directors and management have considered and assessed the impact of reasonably possible changes in key assumptions for each of the reporting segment.

(i) The group CGUs of Pediatric in Beijing area and the CGU of Obstetrics and Gynecology in Beijing area

The recoverable amount is estimated to exceed the carrying amount of the group CGUs of Pediatric in Beijing area at 31 December 2024 by RMB1,026,036,000 (2023: RMB876,192,000). The recoverable amount is estimated to exceed the carrying amount of the CGU of Obstetrics and Gynecology in Beijing area at 31 December 2024 by RMB2,508,000 (2023: RMB11,509,000).

Based on the results of the aforesaid impairment assessments, the directors of the Company concluded that no provision for impairment on the goodwill has to be recognised in the CGU of Pediatric, Obstetrics and Gynecology in Beijing area as at 31 December 2024.

Based on the headroom of the impairment assessment of the group CGUs of Pediatric in Beijing area as at December 31, 2024 and December 31, 2023, the directors of the Company believed that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill. For the CGU of Obstetrics and Gynecology in Beijing area, the breakeven point for compound annual growth rate of revenue with other key assumptions remaining the same was 6.38% and the breakeven point for pre-tax discount rate with other key assumptions remaining the same was 17.69%.

8 INTANGIBLE ASSETS (Continued)

(e) Amortisation charges

Amortisation charges were expensed in the following categories in the consolidated statements of comprehensive income:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of revenue	5,964	5,878
Administration expenses	1,122	1,631
Selling expenses	40	43
Total	7,126	7,552

9 SUBSIDIARIES

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

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
				2024	2023	2024	2023
Directly owned:							
New Millennium Investment Co., Ltd.	The BVI, limited liability company	Investment holding in the BVI	50,000 ordinary shares, USD50,000	100%	100%	—	—
NCH Marvel Investment (BVI) Limited	The BVI, limited liability company	Investment holding in the BVI	50,000 ordinary shares, USD50,000	100%	100%	—	—
Indirectly owned:							
New Century Healthcare (International) Co., Ltd. (新世紀醫療(國際)有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary shares, HKD1	100%	100%	—	—
Beijing Jiahua Yihe Management Consulting Co., Ltd. (北京嘉華怡和管理諮詢有限公司)	The PRC, limited liability company(1)	Investment holding and hospital consulting services in the PRC	RMB400,000,000	100%	100%	—	—

9 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
				2024	2023	2024	2023
Indirectly owned: (Continued)							
Beijing New Century Children's Hospital Co., Ltd. (北京新世紀兒童醫院有限公司)	The PRC, limited liability company[(2)]	Operating of hospital in the PRC	RMB20,000,000	65%	65%	35%	35%
Beijing New Century Women's and Children's Hospital Co., Ltd. (北京新世紀婦兒醫院有限公司)	The PRC, limited liability company[(2)]	Operating of hospital in the PRC	RMB45,000,000	100% (i)	100% (i)	—	—
Beijing New Century Harmony Clinic Co., Ltd. (北京新世紀榮和門診部有限公司)	The PRC, limited liability company[(2)]	Operating of hospital in the PRC	RMB3,000,000	100% (i)	100% (i)	—	—
New Century Healthcare (Hong Kong) Co. Limited (新世紀醫療(香港)有限公司) [(3)]	Hong Kong, limited liability company	Investment holding in Hong Kong	1 ordinary shares, HKD1	—	100%	—	—
Zhuhai Jiahua Yihe Medical Investment Co., Ltd (珠海嘉華怡和醫療投資有限公司)	The PRC, limited liability company[(2)]	Investment holding and hospital consulting services in the PRC	RMB200,000,000	100%	100%	—	—
Chengdu New Century Women's and Children's Hospital Co., Ltd (成都新世紀婦女兒童醫院有限公司)	The PRC, limited liability company[(2)]	Operating of hospital in the PRC	RMB30,000,000	85%	85%	15%	15%

9 SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Ownership interest held by the Group (%)		Ownership interest held by non-controlling interests (%)	
				2024	2023	2024	2023
Indirectly owned: (Continued)							
Beijing New Century Wenyu Clinic Outpatient Services Co., Ltd. (北京新世紀溫榆門診部有限公司)	The PRC, limited liability company(2)	Operating of hospital in the PRC	RMB27,000,000	100% (i)	100% (i)	—	—
Qinhuangdao New Century Binhai Outpatient Department Co. Ltd. (秦皇島新世紀濱海門診部有限公司)	The PRC, limited liability company(2)	Operating of hospital in the PRC	RMB1,000,000	100% (i)	100% (i)	—	—
New Century Healthcare Technology (Beijing) Co., Ltd. (新世紀醫療科技(北京)有限公司)	The PRC, limited liability company(2)	Operating of hospital in the PRC	RMB4,000,000	57.5%(ii)	57.5%	42.5%	42.5%

(1) Registered as a wholly foreign owned enterprise under the PRC law.

(2) Registered as a domestic owned enterprise under the PRC law.

(3) Closed subsidiary in 2024.

9 SUBSIDIARIES (Continued)

Some of the Entity's English names are translated for identification purpose only. These companies incorporated in the PRC which do not have official English names.

In addition to the subsidiaries set forth above, the Company has also consolidated Beijing Jiahua Kangming Medical Investment and Management Co., Ltd. ("Jiahua Kangming"), and Beijing Jiahua Yunzhong Management Consulting Co., Ltd. ("Jiahua Yunzhong").

(i) Consolidation of Jiahua Kangming which holds 30% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic, respectively.

Jiahua Kangming is a holding company incorporated in the PRC with limited liability, which is owned by Ms. ZHAO Juan (Mr. Jason ZHOU's spouse) as to 99.0% and by Ms. ZHOU Jie (Mr. Jason ZHOU's sister) as to 1.0% (collectively the "Shareholders of Jiahua Kangming"), and holds 30% interest of BNC Women's and Children's Hospital and BNC Harmony Clinic (the remaining 70% equity interest of each entity is directly held by Beijing Jiahua Yihe Management Consulting Co., Ltd. ("Jiahua Yihe")). The Company's wholly-owned subsidiary, Jiahua Yihe has entered into a series of contractual arrangements (the "Jiahua Kangming Contractual Arrangements") with Jiahua Kangming, the Shareholders of Jiahua Kangming, BNC Women's and Children's Hospital and BNC Harmony Clinic.

The Jiahua Kangming Contractual Arrangements are irrevocable and enable Jiahua Yihe, and ultimately, the Group to:

- Provide to Jiahua Kangming and its affiliated medical institutions, including BNC Women's and Children's Hospital and BNC Harmony Clinic, on an exclusive basis, shareholder's rights and investment management related services and medical institution operation services based on their actual business demand. For return, the Group will receive an annual service fee in an amount equivalent to 30.0% of the annual distributable profits of BNC Women's and Children's Hospital and BNC Harmony Clinic after deducting any loss in prior year and the statutory surplus reserve (if applicable);

- Exercise all of its rights and powers as a shareholder of Jiahua Kangming, BNC Women's and Children's Hospital and BNC Harmony Clinic;

- Obtain an irrevocable and exclusive right to purchase all or any part of equity interest of Jiahua Kangming, all or any part of equity interest of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming. Jiahua Yihe may exercise such options at any time until it has acquired all equity interests and/or all assets of the Jiahua Kangming, all equity interests and/or all assets of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming. In addition, the transfer price of the relevant equity interests and assets shall be the minimum purchase price permitted under PRC law and each of Ms. ZHAO Juan, Ms. ZHOU Jie, Jiahua Kangming, BNC Women's and Children's Hospital and BNC Harmony Clinic will undertake that she/it will return in full the consideration received in relation to such transfer of equity interests or assets to Jiahua Yihe;

9 SUBSIDIARIES (Continued)

(i) Consolidation of Jiahua Kangming which holds 30% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic, respectively. (Continued)

- Obtain a pledge over the entire equity interest in Jiahua Kangming, BNC Women's and Children's Hospital and BNC Harmony Clinic from their equity holders to secure performance of all their obligations and the obligations of BNC Women's and Children's Hospital and BNC Harmony Clinic under the Jiahua Kangming Contractual Arrangements, respectively.

Nevertheless, the Jiahua Kangming Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Jiahua Kangming and the 30% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights to the results, assets and liabilities of Jiahua Kangming and the 30% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming. The Group believes that the Jiahua Kangming Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

In the view of the directors of the Group, the Group could obtain the control over Jiahua Kangming and obtain the 30.0% economic benefits of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming based on the Group has the power over Jiahua Kangming and 30.0% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming, has rights to variable returns from its involvement with Jiahua Kangming and 30.0% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming, and has the ability to affect those returns through its power over Jiahua Kangming and 30.0% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming. Consequently, the Group has consolidated the financial information of Jiahua Kangming and the 30.0% equity interests of BNC Women's and Children's Hospital and BNC Harmony Clinic attributable to Jiahua Kangming in the consolidated financial statements.

Furthermore, in accordance with the Jiahua Kangming Contractual arrangements, the Group also consolidated 100% equity interest of Beijing New Century Wenyu Clinic Outpatient Service Co., Ltd. and Qinhuangdao New Century Binhai Outpatient Department Co. Ltd. which were fully owned by BNC Women's and Children's Hospital directly.

9 SUBSIDIARIES (Continued)

(ii) Consolidation of Jiahua Yunzhong and the 57.5% equity interests of New Century Healthcare Technology.

Jiahua Yunzhong is a company incorporated in the PRC with limited liability, which is owned by Ms. Teng Lan (a senior management of the Group) as to 99.0% and by Mr. Jia Xiaofeng (a senior management of the Group) as to 1.0% (collectively the "Shareholders of Jiahua Yunzhong"), and hold 57.5% interest of New Century Healthcare Technology (Beijing) Co., Ltd ("New Century Healthcare Technology"). The Company's wholly-owned subsidiary, Jiahua Yihe has entered into a series of contractual arrangements (the "Jiahua Yunzhong Contractual Arrangements") with Jiahua Yunzhong, the Shareholders of Jiahua Yunzhong and New Century Healthcare Technology in 2019.

The Jiahua Yunzhong Contractual Arrangements are irrevocable and enable Jiahua Yihe, and ultimately, the Group to:

- Provide to Jiahua Yunzhong and its affiliated institutions, including New Century Healthcare Technology, on an exclusive basis, management and operation related services based on their actual business demand. For return, the Group will receive an annual service fee in an amount equivalent to 100% of the annual distributable profits of Jiahua Yunzhong and 57.5% of the annual distributable profits of New Century Healthcare Technology after deducting any loss in prior year and the statutory surplus reserve (if applicable);

- Exercise all of its rights and powers as a shareholder of Jiahua Yunzhong and New Century Healthcare Technology;

- Obtain an irrevocable and exclusive right to purchase all equity interest of Jiahua Yunzhong, 57.5% equity interest of New Century Healthcare Technology attributable to Jiahua Yunzhong. Jiahua Yihe may exercise such options at any time until it has acquired all equity interests and/or all assets of the Jiahua Yunzhong, 57.5% equity interests and/or the related portion assets New Century Healthcare Technology attributable to Jiahua Yunzhong;

- Obtain a pledge over the entire equity interest in Jiahua Yunzhong and New Century Healthcare Technology from their equity holders to secure performance of all their obligations and the obligations of Jiahua Yunzhong and Ne Century Healthcare Technology under the Jiahua Yunzhong Contractual Arrangements, respectively.

9 SUBSIDIARIES (Continued)

(ii) Consolidation of Jiahua Yunzhong and the 57.5% equity interests of New Century Healthcare Technology. (Continued)

Nevertheless, the Jiahua Yunzhong Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Jiahua Yunzhong and the 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights to the results, assets and liabilities of Jiahua Yunzhong and the 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong. The Group believes that the Jiahua Yunzhong Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

In the view of the directors of the Group, the Group could obtain the control over Jiahua Yunzhong and obtain the 57.5% economic benefits of New Century Healthcare Technology attributable to Jiahua Yunzhong based on the Group has the power over Jiahua Yunzhong and 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong, has rights to variable returns from its involvement with Jiahua Yunzhong and 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong, and has the ability to affect those returns through its power over Jiahua Yunzhong and 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong. Consequently, the Group has consolidated the financial information of Jiahua Yunzhong and the 57.5% equity interests of New Century Healthcare Technology attributable to Jiahua Yunzhong in the consolidated financial statements.

(a) Significant restrictions

Cash and cash equivalents of RMB323,846,000 (2023: RMB248,508,000) are held in mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

9 SUBSIDIARIES (Continued)

(b) Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised statement of financial positions

	BNC Children's Hospital As at 31 December		Chengdu New Century As at 31 December		New Century Healthcare Technology As at 31 December	
	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*
Current						
Assets	233,460	198,325	22,629	29,896	20,316	19,448
Liabilities	(88,287)	(115,869)	(431,555)	(384,738)	(95,046)	(107,368)
Total net current assets/ (liabilities)	145,173	82,456	(408,926)	(354,842)	(74,730)	(87,920)
Non-current						
Assets	41,208	31,825	75,216	89,266	3,290	4,056
Liabilities	(6,640)	(6,644)	(134,341)	(167,464)	(2,222)	(2,953)
Total net non-current assets/ (liabilities)	34,568	25,181	(59,125)	(78,198)	1,068	1,103
Net assets/(liabilities)	179,741	107,637	(468,051)	(433,040)	(73,662)	(86,817)

9 SUBSIDIARIES (Continued)

(b) Non-controlling interests (Continued)

Summarised income statements

	BNC Children's Hospital Year ended 31 December		Chengdu New Century Year ended 31 December		New Century Healthcare Technology Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*
Revenue	462,805	486,345	96,367	98,068	31,023	32,063
Profit/(loss) before income tax	175,543	206,919	(35,464)	(63,429)	13,155	7,331
Income tax (expense)/credit	(43,928)	(51,802)	454	219	—	—
Profit/(loss) for the year	131,615	155,117	(35,010)	(63,210)	13,155	7,331
Total comprehensive income/(loss)	131,615	155,117	(35,010)	(63,210)	13,155	7,331
Total comprehensive income/(loss) attributable to the non-controlling interests	46,065	54,291	(5,252)	(9,482)	5,591	3,116
Dividends paid to the non-controlling interests	20,829	41,537	—	—	—	—

9 SUBSIDIARIES (Continued)

(b) Non-controlling interests (Continued)

Summarised statements of cash flows

	BNC Children's Hospital Year ended 31 December		Chengdu New Century Year ended 31 December		New Century Healthcare Technology Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*
Net cash generated from/(used in) operating activities	136,495	134,368	(19,219)	(22,799)	11,474	4,688
Net cash used in investing activities	(13,290)	(7,053)	(310)	(872)	(21)	(6)
Net cash (used in)/generated from financing activities	(49,667)	(123,062)	14,805	38,272	(6,828)	(10,710)
Net increase/(decrease) in cash and cash equivalents	73,538	4,253	(4,724)	14,601	4,625	(6,028)
Cash and cash equivalents at the beginning of the year	106,457	102,204	19,006	4,405	5,374	11,402
Cash and cash equivalents at the end of year	179,995	106,457	14,282	19,006	9,999	5,374

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Associates	14,090	12,190

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	12,190	12,634
Share of net profit/(loss) of investments accounted for using the equity method	2,265	(80)
Other comprehensive income	94	91
Dividends received	(459)	(455)
At the end of the year	14,090	12,190

(i) Interests in associates

On 7 August 2018, the Group invested 10.1% interest in Chiron Healthcare Holdings Limited ("Chiron Healthcare Group"). The directors of the Group believe that it is appropriate to account for the investment in Chiron Healthcare Group by using the equity method because the Group can nominate one director in the board of directors of Chiron Healthcare Group which demonstrate that the Group has significant influence in Chiron Healthcare Group.

On 7 April 2022, the Group acquired 12.47% equity interests in Beijing Jiahua Yongsheng Medical Investment Management Co., Ltd. ("Jiahua Yongsheng"), a subsidiary of Beijing Jiahua Likang Medical Investment and Management Co., Ltd. ("Jihua Likang"), for a cash consideration of RMB18,700,000. Jiahua Yongsheng is the investment holding company of Qingdao New Century Women's and Children's Hospital Co., Ltd. ("Qingdao New Century"). The directors of the Group believe that it is appropriate to account for the investment in Jiahua Yongsheng by using the equity method because the Group appointed the Chief Executive Officer of Qingdao New Century which demonstrate that the Group has significant influence in the entire business of Jiahua Yongsheng.

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(i) Interests in associates (Continued)

Set out below is the information of the associate.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship	Measurement method	Quoted fair value		Carrying amount	
		2024 %	2023 %			2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Chiron Healthcare Group	Hong Kong	10.1%	10.1%	Associate	Equity method	—*	—*	2,513	2,564
Jiahua Yongsheng	China	12.47%	12.47%	Associate	Equity method	—*	—*	11,577	9,626
Total equity account investments								14,090	12,190

* Private entity — no quoted price available.

(ii) Summarised financial information for associates

Summarised statement of financial position

	Chiron Healthcare Group As at 31 December		Jiahua Yongsheng As at 31 December	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Total current assets	37,605	47,983	38,055	39,944
Total non-current assets	7,686	425	309,632	328,766
Total current liabilities	(17,191)	(19,738)	(289,824)	(316,484)
Total non-current liabilities	(2,527)	(3,817)	(43,211)	(53,220)
Non-controlling interest	696	(529)	—	—
Net assets/(liabilities) attributable to owners	24,877	25,382	14,652	(994)
Net assets/(liabilities)	25,573	24,853	14,652	(994)

10 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

(ii) Summarised financial information for associates (Continued)

Reconciliation to carrying amounts

	Chiron Healthcare Group As at 31 December		Jiahua Yongsheng As at 31 December	
	2024 *RMB'000*	2023 *RMB'000*	2024 *RMB'000*	2023 *RMB'000*
Opening net assets/(liabilities) attributable to owners	25,382	24,861	(994)	2,988
Less: profit/(loss) for the year	3,798	4,657	15,646	(3,982)
Add: profit for the year attributable to non-controlling interests of an associate	(685)	(532)	—	—
Other comprehensive income	929	898	—	—
Dividends paid	(4,547)	(4,502)	—	—
Closing net assets/(liabilities) attributable to owners	24,877	25,382	14,652	(994)
Group's share in %	10.1%	10.1%	12.47%	12.47%
Group's share in RMB	2,513	2,564	1,827	(124)
Goodwill	—	—	17,610	17,610
Impairment	—	—	(7,860)	(7,860)
Carrying amount	2,513	2,564	11,577	9,626
Revenue	218,010	206,733	223,093	176,745
Profit/(loss) for the year	3,798	4,657	15,646	(3,982)

11 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Financial assets		
At amortised cost		
Trade receivables *(note 13)*	46,150	51,316
Other receivables excluding prepayments *(note 14)*	15,627	18,014
Amounts due from related parties *(note 15)*	26,313	27,123
Cash and cash equivalents *(note 16)*	354,522	304,310
	442,612	400,763
Financial liabilities		
At amortised cost		
Trade payables *(note 21)*	29,916	40,891
Accruals and other payables (excluding non-financial liabilities) *(note 22)*	125,724	134,354
Amounts due to related parties *(note 15)*	2,088	7,447
Lease liabilities *(note 7)*	185,829	206,073
	343,557	388,765

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

12 INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Pharmaceuticals	10,576	15,704
Medical consumables	5,075	6,557
	15,651	22,261

The cost of inventories was recognised as expense and included in cost of revenue amounting to RMB128,256,000 for the year ended 31 December 2024 (2023: RMB161,453,000) (note 24).

13 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current assets		
Trade receivables from contracts with customers	47,683	52,499
Less: allowance for impairment of trade receivables	(1,533)	(1,183)
Trade receivables — net	46,150	51,316

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	43,882	45,512
4–6 months	400	1,012
7 months–1 year	2,303	2,619
Over 1 year	1,098	3,356
	47,683	52,499

13 TRADE RECEIVABLES (Continued)

(i) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amounts approximate their fair value.

(ii) Impairment and risk exposure

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

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

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current		
Prepayment for goods and services	4,630	3,285
Employee cash advance	919	1,443
Rental and other deposits	2,029	3,538
Receivables due from e-commercial platforms	4,988	6,192
Others	9,177	7,892
	21,743	22,350
Less: provision for impairment	(3,957)	(3,872)
	17,786	18,478
Non-current		
Prepayment for purchase of PPE and intangible assets	1,284	1,142
Rental and other deposits	2,471	2,821
	3,755	3,963
Less: provision for impairment	—	—
	3,755	3,963

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

15 BALANCES WITH RELATED PARTIES

The relationship between related parties is disclosed in below table and the Group is set out in Note 33.

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amounts due from related parties		
Beijing Jiahua Likang Medical Investment and Management Co., Ltd. (i)	140,468	140,468
Beijing Bairui Kangchen Technology Development Co., Ltd. (ii)	27,463	27,396
Shanghai New Century Pujin Pediatric Clinic Outpatient Service Co., Ltd.	1,850	1,850
Others	52	7
	169,833	169,721
Less: provision for impairment	(143,520)	(142,598)
	26,313	27,123

(i) Amounts due from Jiahua Likang arose from historical hospital consulting services provided by the Group. Such receivables have been defaulted by Jiahua Likang historically and the collection has been stagnated. After considering the possibility of default and loss given default, the loss allowance of RMB114,207,000 was provided for amounts due from Jiahua Likang as at 31 December 2024 (2023: RMB113,496,000).

(ii) Amounts due from Bairui Kangchen represent the loan principals and relevant interests with an annual interest rate at 4.75%. Such loan principals and relevant interests have been defaulted by Bairui Kangchen historically and the collection has been stagnated. Accordingly, after considering the possibility of default and loss given default, loss allowance of RMB27,463,000 was fully provided for amounts due from Bairui Kangchen as at 31 December 2024 (31 December 2023: RMB27,245,000).

The directors of the Company are closely monitoring the financial position and any other financing activities of Jiahua Likang and Bairui Kangchen to further assess the recoverability of amounts due from Jiahua Likang and Bairui Kangchen.

15 BALANCES WITH RELATED PARTIES (Continued)

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amounts due to related parties		
— Trade		
Beijing Children's Hospital, Capital Medical University	46	3,532
Beijing Muhe Jiaye Property Management Co., Ltd.	1,855	2,003
Chengdu Women's and Children's Central Hospital	109	1
	2,010	5,536
— Non-Trade		
Beijing Children's Hospital, Capital Medical University	—	1,895
Others	78	16
	78	1,911
	2,088	7,447

As at 31 December 2024 and 2023, the aging analysis of the amounts due to related parties which are trade in nature based on demand note date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within one year	1,903	5,531
1–2 years	107	5
	2,010	5,536

The amounts due from/to related parties are unsecured, interest-free except those loans to related parties are repayable/payable on demand and denominated in RMB. Their carrying values as at 31 December 2024 and 2023 approximate their fair values.

16 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Restricted cash (i)	—	20,000

(i) As at 31 December 2023, restricted cash represents for deposits in one bank account which was currently restricted as it was still subject to certain internal validation process of the bank. On 2 January 2024, the restriction on that bank account has been released.

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at banks	353,946	302,620
Cash on hand	576	1,690
Cash and cash equivalents	354,522	304,310

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	323,855	248,508
USD	28,024	52,645
HKD	2,643	3,157
	354,522	304,310

17 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary share *USD*
Authorised:		
At 31 December 2023 and 2024 (par value of USD0.0001 for each share)	1,000,000,000	100,000

	Number of ordinary shares	Nominal value of ordinary share *USD*	Equivalent nominal value of ordinary shares *RMB'000*
Issued and paid:			
As at 31 December 2023 and 2024	490,025,000	49,003	335

18 SHARES HELD FOR EMPLOYEE SHARE SCHEME

Pursuant to the board resolution on 28 August 2020, the Company repurchased shares of the Company to set up an employee stock incentive plan. As the 31 December 2024, the Company has repurchased 2,073,500 shares (as at 31 December 2023: 2,073,500 shares). These shares are held by the Company's Employee Share Trust (the "Trust") for the purpose of issuing shares under the Company's employee share scheme. Shares issued to employees are recognised on a first-in-first-out basis. As at 31 December 2024, there was no specific plan approved. Up to the date of this report, no shares were granted under the employee share scheme.

	Number of shares	Nominal value of ordinary share *USD*	Value of shares *RMB'000*
Balance at 31 December 2023 and 2024	2,073,500	207	2,939

19 SHARE PREMIUM AND RESERVES

		Reserves			
	Share premium *RMB'000*	Other reserves *RMB'000*	Merger reserve *RMB'000*	Statutory surplus reserve (a) *RMB'000*	Sub-total *RMB'000*
At 1 January 2023	2,606,495	(112,444)	(1,417,965)	34,108	(1,496,301)
Translation difference	—	(144)	—	—	(144)
At 31 December 2023	2,606,495	(112,588)	(1,417,965)	34,108	(1,496,445)
At 1 January 2024	2,606,495	(112,588)	(1,417,965)	34,108	(1,496,445)
Appropriation to statutory surplus reserves	—	—	—	3,505	3,505
Dividend	(16,608)	—	—	—	—
Translation difference	—	772	—	—	772
At 31 December 2024	2,589,887	(111,816)	(1,417,965)	37,613	(1,492,168)

(a) Statutory surplus reserve

In accordance with the PRC regulations and the articles of association of the companies now comprising the Group, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional. The statutory surplus reverse is appropriated for BNC Children's Hospital and Jiahua Yihe. Before 1 January 2014, the balance of the statutory surplus reserve from BNC Children's Hospital had reached 50% of the share capital, no statutory surplus reserve was appropriated in 2024 (2023: nil). The statutory surplus reserves for Jiahua Yihe and BNC Harmony Clinic were RMB3,298,000 (2023: nil) and RMB207,000 (2023: nil) in 2024, respectively.

20 DIVIDENDS

Pursuant to the shareholders resolution of the Company dated on 22 May 2024, a final dividend amounting to HKD18,523,000 (approximate RMB16,844,000) of HKD0.0378 per fully paid ordinary share was approved. The dividends attributable to shares held by the trustee of the restricted share award scheme and shares held for employee share scheme were eliminated in the consolidated statement of financial position of the Group, dividends of HKD18,264,000 (approximate RMB16,608,000) after elimination was recorded in the consolidated statement of changes in equity of the Group, accordingly. For the year ended 31 December 2024, HKD18,264,000 (approximate RMB16,608,000) of the final dividend was fully paid by the Company.

For the year ended 31 December 2024, a dividend of RMB20,829,000 (2023: RMB41,537,000) was paid to Beijing Children's Hospital, Capital Medical University ("BCH"), a non-controlling shareholder of BNC Children's Hospital, a subsidiary of the Group.

21 TRADE PAYABLES

The ageing analysis, based on demand note date, of the trade payables is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	22,568	30,884
4–6 months	5,602	6,078
7 months–1 year	458	2,667
Over 1 year	1,288	1,262
	29,916	40,891

The carrying amounts of trade payables are denominated in RMB. The carrying amounts approximate their fair values due to their short-term maturities.

22 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Accrued employee benefits	46,125	49,704
Advance from customers (i)	82,250	92,901
Accrued operating expenses	20,553	20,359
Other payables to suppliers of plant and equipment	11,458	9,676
Duty and tax payable other than corporate income tax	2,978	2,700
Dividend payable	984	984
Others	10,479	10,434
	174,827	186,758

(i) Advance from customers

When a customer has a right to obtain refundable prepayment for unused service package within a given period and their advanced deposit in relation to prepaid cards, the Group recognises an advance from customers for the amount of consideration received. See note 5(g) regarding the accounting policy of advance from customers.

23 DEFERRED INCOME TAX

The analysis of deferred income tax is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets:		
— Deferred tax assets to be recovered after more than 12 months	42,852	47,567
— Deferred tax assets to be recovered within 12 months	5,036	10,378
	47,888	57,945
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered after more than 12 months	21,533	59,076
— Deferred tax liabilities to be recovered within 12 months	36,399	5,561
	57,932	64,637
Set-off of deferred tax assets pursuant to set-off provisions	(47,009)	(57,083)
Net deferred tax assets	879	862
Net deferred tax liabilities	10,923	7,554

23 DEFERRED INCOME TAX (Continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Provision for receivables *RMB'000*	Tax losses *RMB'000*	Leases *RMB'000*	Total *RMB'000*
At 1 January 2023	75	5,501	39,000	44,576
Credited/(charged) to the statement of comprehensive income	204	15,138	(1,973)	13,369
At 31 December 2023	279	20,639	37,027	57,945
At 1 January 2024	279	20,639	37,027	57,945
Credited/(charged) to the statement of comprehensive income	93	(5,329)	(4,821)	(10,057)
At 31 December 2024	372	15,310	32,206	47,888

The expiry date of tax losses is as follow:

	As at 31 December	
	2024 *RMB'000*	2023 *RMB'000*
As at 31 December 2024	—	49,184
As at 31 December 2025	59,435	61,709
As at 31 December 2026	63,689	69,079
As at 31 December 2027	188,447	210,563
As at 31 December 2028	60,803	72,867
As at 31 December 2029	73,801	23,463
As at 31 December 2030	30,327	30,327
As at 31 December 2031	22,751	22,751
As at 31 December 2032	7,838	7,838
	507,091	547,781

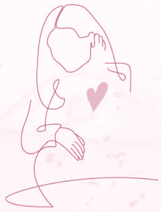
23 DEFERRED INCOME TAX (Continued)

The Group did not recognise deferred tax assets of RMB102,344,000 in 2024 (2023: RMB106,099,000) in respect of tax losses amounting to RMB445,852,000 (2023: RMB465,225,000) which can be carried forward against future taxable income.

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Intangible assets *RMB'000*	Leases *RMB'000*	Total *RMB'000*
Balance at 1 January 2023	30,643	38,361	69,004
Credited to the statement of comprehensive income	(1,555)	(2,812)	(4,367)
Balance at 31 December 2023	29,088	35,549	64,637
Balance at 1 January 2024	29,088	35,549	64,637
Credited to the statement of comprehensive income	(1,761)	(4,944)	(6,705)
Balance at 31 December 2024	27,327	30,605	57,932

The tax rate for the recognition of deferred tax assets and deferred tax liabilities is 25% for the year ended 31 December 2024 (2023: 25%), except for a subsidiary of the Group which is subjected to a preferential tax rate of 15%.



24 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Employee benefits expenses *(note 25)*	345,395	345,750
Cost of inventories and consumables	128,256	161,453
Depreciation and amortisation	51,697	59,982
Consultation fees	54,916	57,791
Utilities, maintenance fee and office expenses	36,886	36,340
Outsourced examination and inspection fees	19,659	11,339
Auditor's remuneration		
— Audit services	3,840	3,700
— Non-audit services	215	415
Rental expenses	2,593	2,347
Other expenses	54,891	50,949
	698,348	730,066

All impairment losses on non-current assets are disclosed in note 26.

25 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages, salaries and bonuses	268,684	274,692
Welfare and other expenses	46,469	42,763
Pension costs — defined contribution plan	30,242	28,295
	345,395	345,750

25 EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Contribution to a pension plan

The employees of the Group in the PRC are members of a state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme. The Group did not have any forfeited contribution for the year ended 31 December 2024 and 2023 in connection with the defined contribution plan operated by local governments.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2023: three) directors whose emoluments are reflected in the analysis shown in note 37. The emoluments payable to the remaining two (2023: two) individuals during the year are as follows:

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Basic salaries, housing allowance, share options, other allowance and benefits in kind	2,088	2,041
Contribution to pension scheme	66	63
Discretionary bonuses	1,336	1,244
	3,490	3,348

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

	Number of individuals Year ended 31 December	
	2024	2023
Emolument bands (in HK dollar)		
HK$1,500,000 to HK$2,000,000	2	2

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

26 IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Impairment losses on property, plant and equipment *(note 6)*	—	23,563

27 OTHER LOSSES — NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	(766)	(720)
Others	(666)	2
	(1,432)	(718)

28 FINANCE COSTS — NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income	4,903	1,784
Net foreign exchange gains	509	1,153
	5,412	2,937
Finance costs		
Interest and finance charges paid/payable for lease liabilities	(7,607)	(8,060)
Others	(496)	(464)
	(8,103)	(8,524)
Finance costs — net	(2,691)	(5,587)

29 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income taxation:		
— PRC corporate income tax	44,410	51,789
Deferred income tax *(note 23)*	3,352	(17,736)
	47,762	34,053

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit before income tax	141,544	166,142
Calculated at a taxation rate of 25%	35,386	41,536
Tax impact of share of profit of an associate	(488)	—
Expenses not tax deductible	508	517
Tax effect of tax losses or temporary differences not recognised	13,756	22,755
Utilisation of previously unrecognised tax losses	(1,634)	(15,146)
Recognition of deferred tax assets for tax losses not recognized in previous year	—	(15,138)
Effects of different tax rates or income tax exemption applicable to different entities of the Group	846	196
Tax super deduction for research and development expenses	(612)	(667)
Income tax expense	47,762	34,053

29 INCOME TAX EXPENSE (Continued)

(a) Cayman Islands income tax

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

(b) PRC Corporate Income Tax

Subsidiaries established and operating in Mainland China are subject to PRC corporate income tax at the rate of 25% except for New Century Healthcare Technology which has been eligible as a High and New Technology Enterprise since December 2019 with preferential tax rate of 15% as set out in PRC Corporate Income Tax Law.

(c) Hong Kong profits tax

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

(d) Withholding tax

As at 31 December 2024, deferred tax liabilities of RMB11,707,000 (2023: RMB5,054,700) have not been recognised for the withholding tax that would be payable on the unremitted earnings of the PRC subsidiaries. Management expects to reinvest such amount in these subsidiaries in the foreseeable future. Unremitted earnings of these subsidiaries as at 31 December 2024 amounted to RMB117,070,000 (2023: RMB50,547,000).

30 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for RSA scheme.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	47,378	84,164
Weighted average number of ordinary shares in issue (in thousands) (i)	483,184	483,184
Basic earnings per share *(in RMB)*	0.10	0.17

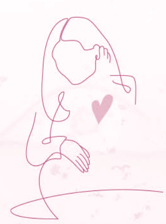
The earnings per share presented above is calculated by using the weighted average number of ordinary shares during the year ended 31 December 2024.

(i) On 25 July 2017, the Company granted 9,000,000 ordinary shares (the "Restricted Shares") to certain employees pursuant to a restricted share award scheme ("RSA scheme"). The Restricted Shares were held by two trustees which are under control by the board the directors of the Company. As at 31 December 2024, except for 4,767,000 shares that were forfeited, all the other shares were vested and exercised. Those forfeited shares were excluded from the calculation of basic earnings per share.

As at 31 December 2024, the Company held 2,073,500 (2023: 2,073,500) shares of the Company to set up an employee stock incentive plan. These shares were not included in the calculation of basic earnings per share as they are not outstanding.

(b) Diluted

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



31 CASH FLOW INFORMATION

(a) Cash generated from operation

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Profit before income tax	141,544	166,142
Adjustments for:		
— Depreciation of property, plant and equipment *(note 6)*	19,055	22,691
— Amortisation *(note 8)*	7,126	7,552
— Depreciation of right-of-use assets *(note 7)*	25,516	29,739
— Loss on disposal of property, plant and equipment *(note 27)*	766	720
— Finance costs — net and others	3,375	5,488
— Share of net (profit)/loss of investments accounted for using the equity method *(note 10)*	(2,265)	80
— Provision for impairment of property, plant and equipment *(note 6)*	—	23,563
— Net impairment losses on financial assets	5,802	8,869
Changes in:		
— Inventories	6,610	2,624
— Trade and other receivables	1,329	(18,609)
— Balances with related parties	(3,509)	4,070
— Trade and other payables	(25,245)	(30,230)
— Restricted cash	20,000	(20,000)
— Contract liabilities	(4,259)	8,051
Cash generated from operations	195,845	210,750

31 CASH FLOW INFORMATION (Continued)

(a) Cash generated from operation (Continued)

In the statements of cash flows, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Net book amount *(note 6)*	1,093	1,175
Loss on disposal of property, plant and equipment	(766)	(720)
Proceeds from disposal of property, plant and equipment	327	455

(b) Non-cash investing and financing activities

Non-cash investing and financing activities include acquisition of right-of-use assets is disclosed in note 7.

31 CASH FLOW INFORMATION (Continued)

(c) Reconciliation of financial liabilities arising from financing activities

	Dividends payable *RMB'000*	Leases *RMB'000*	Total *RMB'000*
Financial liabilities as at 1 January 2023	(2,642)	(217,016)	(219,658)
Cash flows			
— net cash flows from financing activities	1,658	29,794	31,452
— net cash flows from operating activities	—	8,248	8,248
New leases	—	(19,198)	(19,198)
Other changes (i)	—	(7,901)	(7,901)
Financial liabilities as at 31 December 2023	(984)	(206,073)	(207,057)
Cash flows			
— net cash flows from financing activities	16,608	25,848	42,456
— net cash flows from operating activities	—	7,438	7,438
New leases	—	(5,435)	(5,435)
Other changes (i)	(16,608)	(7,607)	(24,215)
Financial liabilities as at 31 December 2024	(984)	(185,829)	(186,813)

(i) For the year ended as at 31 December 2024 and 2023, other changes also include dividends declared, accrued finance cost and disposal to leases.

32 COMMITMENTS

(a) Capital commitments

The following is the details of capital expenditure contracted for but not recognised in the consolidated financial statements.

	As at 31 December 2024 *RMB'000*	2023 *RMB'000*
Contracted but not provided for		
— Property, plant and equipment	973	551
— Intangible assets	52	1,882
	1,025	2,433

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Parent entities

The Company is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			2024	2023
JoeCare Investment Co., Ltd ("JoeCare")	Immediate parent entity	British Virgin Islands	30.78%	30.78%
Century Star Investment Co., Ltd ("Century Star")	Immediate parent entity	British Virgin Islands	1.84%	1.84%

Mr. Jason ZHOU directly held the interests of the Company through JoeCare and Century Star.

As at 31 December 2024, Ms. LIANG Yanqing held 11.78% (2023: 11.78%) interests of the Company through Victor Gains Limited, a company incorporated in the British Virgin Islands. Pursuant to the voting agreement signed on 18 February 2016, Ms. LIANG Yanqing irrevocably agreed to follow Mr. Jason ZHOU's voting directions when exercising the voting rights attached to the shares beneficially owned by her during the term of the voting agreement. Accordingly, Mr. Jason ZHOU was deemed as controlling shareholder of the Company through the power to control 44.40% of interest in the Company.

(b) Subsidiaries

Interests in subsidiaries are set out in note 9.

(c) Key management compensation

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

	Year ended 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Salaries and bonus	12,915	11,489
Contribution to pension plans	309	316
Welfare and other expenses	439	448
Total	13,663	12,253

The salaries and bonus disclosed above include RMB3,571,000 (2023: RMB2,900,000) of bonuses payable which were unpaid as at year end and are included in other payables.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Transactions with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Other parties are also considered to be related if they are subject to common control, significant influence or joint control, controlling shareholder, members of key management and their close family member of the Group are also considered as related parties. The directors of the Company are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
Beijing Children's Hospital, Capital Medical University (首都醫科大學附屬北京兒童醫院)	Significant influence on a subsidiary of the Company
Beijing Muhe Jiaye Property Management Co., Ltd. (北京睦合嘉業物業管理有限公司)	Controlled by Ms. ZHAO Juan, the spouse of the controlling shareholder of the Company
Beijing Bairui Kangchen Technology Development Co., Ltd. (北京柏瑞康辰科技發展有限公司)	Controlled by a shareholder of the Company
Chengdu Women's and Children's Central Hospital (成都市婦女兒童中心醫院)	Significant influence on a subsidiary of the Company
Foshan Chancheng Yihe Clinic Co., Ltd. (佛山市禪城怡和門診部有限公司)	Significant influenced by the controlling shareholder of the Company

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

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Transactions with related parties (Continued)

For the year ended 31 December 2024, the Group provided certain services, such as information technology related services, to its related parties amounting to RMB360,000 (2023: RMB296,000).

The following transactions were service and goods purchase by the Group from its related parties:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Purchase of medical examination services, laboratory test services, and pharmaceuticals		
— Beijing Children's Hospital, Capital Medical University	7,437	3,532
Purchase of cleaning services		
— Beijing Muhe Jiaye Property Management Co., Ltd.	9,679	9,387
Lease payment of hospital premises		
— Chengdu Women's and Children's Central Hospital (i)	10,500	10,500
Purchase of equipment from		
— Foshan Chancheng Yihe Clinic Co., Ltd.	337	54
Other services received from		
— others	16	216
	27,969	23,689

(i) Lease of hospital premises include the rental fee paid to Chengdu Women's and Children's Central Hospital.

33 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(e) Loans to related parties

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loans to other related parties		
Beginning of the period	29,246	29,009
Interest income	67	237
End of the period	29,313	29,246
Less: provision for impairment *(note 15)*	(29,313)	(29,095)
	—	151

(f) Year-end balances arising from sales/purchases of services

Balances with related parties as at 31 December 2024 and 2023 were disclosed in note 15.

(g) Provision of premises by a related party

The Group has established BNC Children's Hospital based on a public-private-partnership arrangement with BCH, a public hospital in Beijing, the PRC. Pursuant to the cooperation agreements, BCH has agreed to provide premises on its allocated land for the business operation of BNC Children's Hospital without extra payments to each other.

34 CONTINGENCIES

The Group has been or used to be named defendants in a number of lawsuits arising in the ordinary course of business. Provision will be made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice from its legal counsels.

35 EVENT OCCURRING AFTER REPORTING PERIOD

Pursuant to the Board resolution on 27 March 2025, the Board resolved to recommend the payment of a final dividend of HK$0.0221 per share for the year ended 31 December 2024, totalling HK$10,835,000, to shareholders of the Company, subject to the approval by the shareholders at the forthcoming annual general meeting.

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries		73,049	73,049
Total non-current assets		73,049	73,049
Current assets			
Cash and cash equivalents		1,558	1,961
Other receivables, deposits and prepayments		227	132
Amounts due from subsidiaries		738,696	736,723
Total current assets		740,481	738,816
Total assets		813,530	811,865
EQUITY			
Equity attributable to owners of the Company			
Share capital		335	335
Shares held for employee share scheme		(2,939)	(2,939)
Share premium	36(a)	2,589,651	2,606,495
Reserves	36(a)	(83,622)	(85,304)
Accumulated losses	36(a)	(1,749,710)	(1,743,460)
Total equity		753,715	775,127
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		58,485	35,484
Accruals, other payables and provisions		1,330	1,254
Total current liabilities		59,815	36,738
Total liabilities		59,815	36,738
Total equity and liabilities		813,530	811,865

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2025 and signed on its behalf:

Jason ZHOU *XU Han*

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share Premium *RMB'000*	Reserves *RMB'000*	Accumulated losses *RMB'000*
At 1 January 2023	2,606,495	(85,514)	(1,738,786)
— Loss for the year	—	—	(4,674)
— Other comprehensive income	—	210	—
At 31 December 2023	2,606,495	(85,304)	(1,743,460)
— Loss for the year	—	—	(6,250)
— Deemed distribution from a subsidiary	—	1,682	—
— Dividends *(note 20)*	(16,844)	—	—
At 31 December 2024	2,589,651	(83,622)	(1,749,710)

37 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors and chief executive emoluments

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

For the year ended 31 December 2024	Fees *RMB'000*	Salaries *RMB'000*	Discretionary bonuses *RMB'000*	Housing allowance *RMB'000*	Welfare and other expenses *RMB'000*	Contribution to a pension plan *RMB'000*	Total *RMB'000*
Executive directors							
Mr. Jason ZHOU (i)	—	2,191	179	—	—	—	2,370
Mr. XU Han	—	1,177	645	50	44	66	1,982
Ms. XIN Hong	—	1,183	645	41	37	55	1,961
	—	4,551	1,469	91	81	121	6,313
Independent non-executive directors							
Mr. WU Guanxiong	180	—	—	—	—	—	180
Mr. SUN Hongbin	180	—	—	—	—	—	180
Mr. JIANG Yanfu	180	—	—	—	—	—	180
Dr. MA Jing	180	—	—	—	—	—	180
	720	—	—	—	—	—	720
	720	4,551	1,469	91	81	121	7,033

37 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors and chief executive emoluments (Continued)

For the year ended 31 December 2023	Fees	Salaries	Discretionary bonuses	Housing allowance	Welfare and other expenses	Contribution to a pension plan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Jason ZHOU (i)	—	2,160	—	—	—	—	2,160
Mr. XU Han	—	1,054	650	47	42	63	1,856
Ms. XIN Hong	—	1,072	694	47	42	63	1,918
	—	4,286	1,344	94	84	126	5,934
Independent non-executive directors							
Mr. WU Guanxiong	100	—	—	—	—	—	100
Mr. SUN Hongbin	100	—	—	—	—	—	100
Mr. JIANG Yanfu	100	—	—	—	—	—	100
Dr. MA Jing	100	—	—	—	—	—	100
	400	—	—	—	—	—	400
	400	4,286	1,344	94	84	126	6,334

(i) Jason ZHOU is also the chief executive.

On 31 July 2015, the Company appointed Mr. Jason ZHOU as the director. On 18 February 2016, the Company appointed Mr. XU Han and Ms. XIN Hong as the directors.

As at 31 December 2024, Mr. WANG Siye, Ms. LI Suyu, Mr. YANG Yuelin and Mr. XIE Qiang were the non-executive directors ("NED") of the Company. For the year ended 31 December 2024, neither emoluments were paid by the Group to the NED nor consideration were paid to the third parties for making available directors' services.

For the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to directors as an inducement to join or upon joining the Group or as compensation for loss of office.

37 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' retirement and termination benefits

None of directors received any retirement and termination benefits during the year ended 31 December 2024 (2023: nil).

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year ended 31 December 2024 (2023: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There is no other loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2024 (2023: nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 December 2024 (2023: nil).

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

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

38.1 Principles of consolidation and equity accounting

38.1.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 38.2).

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

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

38.1.2 Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting (see 38.1.3 below), after initially being recognised at cost.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.1 Principles of consolidation and equity accounting (Continued)

38.1.3 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 38.8.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.1 Principles of consolidation and equity accounting (Continued)

38.1.4 Changes in ownership interests

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

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

38.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the Group
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the subsidiary.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.2 Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38.4 Segment reporting

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

38.5 Foreign currency translation

38.5.1 Functional and presentation currency

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

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.5 Foreign currency translation (Continued)

38.5.2 Transactions and balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within finance income or expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

38.6 Property, plant and equipment

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 38.8).

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.6 Property, plant and equipment (Continued)

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

Construction-in-progress (the "CIP") represents leasehold improvements under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the cost are transferred to leasehold improvement and amortised in accordance with the policy as stated above.

38.7 Intangible assets

38.7.1 Goodwill

Goodwill is measured as described in note 38.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to each of the cash-generating unit ("CGU"), or groups of CGUs, that are expected to benefit from the business combination in which the goodwill arose. Each unit or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

38.7.2 Software

Acquired computer software and mobile software are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage.

Costs associated with maintaining computer and mobile software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.7 Intangible assets (Continued)

38.7.2 Software (Continued)

- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Development expenditures that do not meet these criteria are recognised as an expense as incurred.

38.8 Impairment of non-financial assets

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

38.9 Financial assets

38.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.9 Financial assets (Continued)

38.9.1 Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

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

38.9.2 Recognition and derecognition

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

38.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.9 Financial assets (Continued)

38.9.3 Measurement (Continued)

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognised in "other gains/(losses) — net". Interest income from these financial assets is included in "finance income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) — net" and impairment expenses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of comprehensive income and presented net within "other gains/(losses) -net" in the period in which it arises.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.9 Financial assets (Continued)

38.9.4 Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13 for further details.

38.10 Offsetting financial instruments

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

38.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

38.12 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 13 for further information about the Group's accounting for trade receivables and note 3.1 for a description of the Group's impairment policies.

38.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.14 Share capital

Ordinary shares are classified as equity.

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

38.15 Shares held for employee share scheme

Where the Company purchases the Company's equity instruments (note 18), for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

38.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

38.17 Current and deferred income tax

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

38.17.1 Current income tax

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

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.17 Current and deferred income tax (Continued)

38.17.2 Deferred income tax

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

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax is recognised in the statement of comprehensive income.

38.17.3 Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in technology development). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.18 Employee benefits

38.18.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

38.18.2 Pension obligations

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

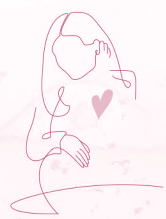
There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

No other defined benefit plan was operated by the Group.

38.19 Provisions

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

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



38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.19 Provisions (Continued)

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

38.20 Earnings per share

38.20.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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

38.20.2 Diluted earnings per share

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

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

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

38.21 Leases

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

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

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

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.21 Leases (Continued)

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

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

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

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

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

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

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

The scope of the lease decreases if the lease is modified to terminate the right of use of one or more underlying assets or to shorten the contractual lease term. For a modification that decreases the scope of the lease, the Group decreases the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognises gain or loss relating to the partial or full termination in the consolidated statement of comprehensive income within “other gains/(losses) — net”.

See note 38.8 for the accounting policies relevant to impairment of leases.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

38.22 Dividend distribution

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

38.23 Interest income

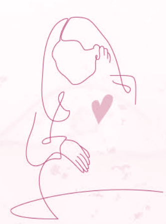
Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial summary

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	846,496	933,073	636,459	632,565	512,785
Profit before income tax	141,544	166,142	(289,853)	(59,147)	(328,747)
Income tax expense	(47,762)	(34,053)	(1,720)	(26,115)	(48,787)
Total comprehensive income	94,554	131,945	(292,924)	(84,972)	(377,128)
Total comprehensive income attributable to:					
– Owners of the Company	48,150	84,020	(299,085)	(101,171)	(370,977)
– Non-controlling interests	46,404	47,925	6,161	16,199	(6,151)

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	939,134	944,393	901,384	1,270,896	1,471,045
Total liability	430,258	492,634	540,033	586,658	659,193
Total equity	508,876	451,759	361,351	684,238	811,852
Equity attributable to:					
– Owners of the Company	553,826	522,284	438,264	737,459	838,633
– Non-controlling interests	(44,950)	(70,525)	(76,913)	(53,221)	(26,781)



Definitions

"AGM"	annual general meeting of the Company;
"Articles of Association"	the articles of association of the Company adopted on December 22, 2016 which became effective on the Listing Date, as amended from time to time;
"Audit Committee"	the audit committee of the Board;
"BCH"	Beijing Children's Hospital, Capital Medical University (首都醫科大學附屬北京兒童醫院), a connected person of the Company on the subsidiary level only due to its 35.0% interest in BNC Children's Hospital;
"BNC Ao-dong Clinic"	Beijing New Century Ao-dong Clinic Outpatient Service Co., Ltd. (北京新世紀奧東門診部有限公司), formerly known as Beijing Meihua Women and Children Clinic Co., Ltd. (北京美華婦兒門診部有限公司), a company incorporated in the PRC with limited liability on May 15, 2014, which was a former wholly-owned subsidiary of the Company;
"BNC Children's Hospital"	Beijing New Century Children's Hospital Co., Ltd. (北京新世紀兒童醫院有限公司), a company incorporated in the PRC with limited liability on December 13, 2002, which is a non-wholly-owned subsidiary of the Company;
"BNC Harmony Clinic"	Beijing New Century Ronghe Outpatient Service Co., Ltd. (北京新世紀榮和門診部有限公司), a company incorporated in the PRC with limited liability on May 30, 2012, which is a wholly-owned subsidiary of the Company;
"BNC Women's and Children's Hospital"	Beijing New Century Women's and Children's Hospital Co., Ltd. (北京新世紀婦兒醫院有限公司), a company incorporated in the PRC with limited liability on January 4, 2012, which is a wholly-owned subsidiary of the Company;
"Board" or "Board of Directors"	the board of Directors of the Company;
"BVI"	the British Virgin Islands;
"Century Star"	Century Star Investment Co., Ltd., a company incorporated in the BVI with limited liability on August 14, 2015 and is wholly-owned by Mr. Zhou;
"CG Code"	Corporate Governance Code as set out in Appendix C1 to the Listing Rules;

Definitions (Continued)

"Chengdu New Century Women's and Children's Hospital"	Chengdu New Century Women's and Children's Hospital Co., Ltd. (成都新世紀婦女兒童醫院有限公司), a company incorporated in the PRC with limited liability, which is a non-wholly-owned subsidiary of the Company;
"Chengdu Women's and Children's Central Hospital"	Chengdu Women's and Children's Central Hospital (成都市婦女兒童中心醫院), a not-for-profit public hospital owned and managed by Chengdu Bureau of Hospital Administration;
"China" or "PRC"	the People's Republic of China; for the purpose of this annual report only, references to "China" or the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong;
"Company"	New Century Healthcare Holding Co. Limited (新世紀醫療控股有限公司), a company incorporated in the Cayman Islands with limited liability on July 31, 2015, the Shares of which are listed on the Main Board of the Stock Exchange;
"Controlling Shareholder(s)"	Mr. Zhou, JoeCare and Century Star;
"Director(s)"	director(s) of the Company;
"Economic Benefits"	all the economic rights and benefits and other similar rights attaching or accruing to (i) the 100% equity interest in Jiahua Kangming held by Ms. Zhao and Ms. ZHOU Jie, and (ii) the 30% equity interest in each of BNC Women's and Children's Hospital and BNC Harmony Clinic held by Jiahua Kangming, on or after the completion of the transactions contemplated under the VIE Acquisition Agreement, to the extent permitted under the applicable laws and regulations;
"Employee Share Scheme"	the restricted share award scheme approved and adopted by the Company on August 28, 2020;
"Framework Property Management and Cleaning Services Agreement"	the framework property management and cleaning services agreement entered into between Jiahua Yihe and Muhe Jiaye on April 12, 2019;
"GMP Certificates"	Certificates of Good Manufacturing Practices for Pharmaceutical Products;
"Group", "our Group", "we" or "us"	the Company and its subsidiaries;
"GSP Certificates"	The Good Supply Practices for Pharmaceutical Products Certificates;
"HKEx"	Hong Kong Exchanges and Clearing Limited;

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC;
"HKFRS"	Hong Kong Financial Reporting Standards;
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong;
"Independent Third Party(ies)"	any individual(s) or entity(ies) who, as far as our Directors are aware, is/ are not connected with the Company or the connected persons of the Company within the meaning ascribed under the Listing Rules;
"IPO"	initial public offering of Shares and listing of the Group on the Stock Exchange on the Listing Date;
"Jiahua Kangming"	Beijing Jiahua Kangming Medical Investment and Management Co., Ltd. (北京嘉華康銘醫療投資管理有限公司), a company incorporated in the PRC with limited liability on December 18, 2015 and is a connected person of the Company;
"Jiahua Likang"	Beijing Jiahua Likang Medical Investment and Management Co., Ltd. (北京嘉華麗康醫療投資管理有限公司), a company incorporated in the PRC with limited liability on April 16, 2009, and is a connected person of the Company;
"Jiahua Yihe"	Beijing Jiahua Yihe Management and Consulting Co., Ltd. (北京嘉華怡和管理諮詢有限公司), a company incorporated in the PRC with limited liability on June 15, 2015 and wholly-owned by the Company;
"Jiahua Yihe Hospitals"	Hospitals, clinics and/or other medical institutions owned, operated, invested and/or managed by Jiahua Yihe at the relevant time (including any future time during the term of the Framework Property Management and Cleaning Services Agreement) or, where the context so requires, any of them;
"JoeCare"	JoeCare Investment Co., Ltd., a company incorporated in the BVI with limited liability on July 16, 2015 and wholly-owned by Mr. Zhou. JoeCare is one of our Controlling Shareholders;
"Latest Practicable Date"	March 27, 2025
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange;
"Listing Date"	the date on which dealings in the Shares first commenced on the Stock Exchange, i.e. January 18, 2017;

Definitions (Continued)

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules;
"Mr. Zhou"	Mr. Jason ZHOU, Chairman of the Board, Chief Executive Officer, an executive Director and one of our Controlling Shareholders;
"Ms. Liang"	Ms. LIANG Yanqing (梁艷清), one of our substantial Shareholders;
"Ms. Zhao"	Ms. ZHAO Juan (趙娟), the spouse of Mr. Zhou;
"Muhe Jiaye"	Beijing Muhe Jiaye Property Management Co., Ltd. (北京睦合嘉業物業管理有限公司), a company incorporated in the PRC with limited liability, a connected person of the Company;
"Nomination Committee"	the nomination committee of the Board;
"Prospectus"	the prospectus dated December 30, 2016 issued by the Company;
"Remuneration Committee"	the remuneration committee of the Board;
"RMB"	Renminbi, the lawful currency of the PRC;
"RSA Scheme"	the restricted share award scheme approved and adopted by the Company on August 29, 2016;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
"Shares(s)"	ordinary share(s) of US$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"State Council"	State Council of the PRC (中華人民共和國國務院);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

Definitions (Continued)

"Tier 1 Cities"	Beijing, Shanghai, Guangzhou and Shenzhen or, where the context so requires, any of them;
"Victor Gains"	Victor Gains Limited, a company incorporated in the BVI with limited liability on February 2, 2010 and wholly-owned by Ms. Liang, and one of our substantial shareholders;
"Voting Agreement"	an agreement entered into between Mr. Zhou and Ms. Liang on February 18, 2016 and renewed on February 17, 2019 and subsequently automatically renewed on February 17, 2022 (pursuant to a renewal agreement entered into between the same parties on March 23, 2022) for a renewed term of three years until February 17, 2025, pursuant to which Ms. Liang irrevocably agreed to follow Mr. Zhou's voting directions when exercising the voting rights attached to the Shares beneficially owned by her during the term of such agreement;
"YoY"	year-on-year; and
"%"	percent.

In this annual report, the terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.