ClouDr Group Limited
智雲健康科技集團*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9955

Annual Report 2024

* For identification purpose only

Contents

Corporate Information

Executive Directors

Mr. Kuang Ming (匡明)
(Chairman and Chief Executive Officer)
Ms. Zuo Yinghui (左穎暉)
(appointed with effect from December 4, 2024)

Non-Executive Director

Mr. Lee Kar Chung Felix (李家聰)
(resigned with effect from June 6, 2024)

Independent Non-Executive Directors

Dr. Hong Weili (洪偉力)
Mr. Zhang Saiyin (張賽音)
Mr. Ang Khai Meng

Audit Committee

Mr. Zhang Saiyin *(Chairperson)*
Dr. Hong Weili
Mr. Lee Kar Chung Felix *(until June 6, 2024)*
Mr. Ang Khai Meng *(with effect from June 6, 2024)*

Remuneration Committee

Dr. Hong Weili *(Chairperson)*
Mr. Kuang Ming
Mr. Zhang Saiyin

Nomination Committee

Mr. Kuang Ming *(Chairperson)*
Dr. Hong Weili
Mr. Zhang Saiyin

Company Secretary

Ms. Fung Wai Sum (馮慧森) *(ACG, HKACG)*

Authorized Representatives

Mr. Kuang Ming
Ms. Fung Wai Sum *(ACG, HKACG)*

Principal Place of Business in the PRC

Rooms 501, 5/F, Building 12
No. 998 Wenyi West Road (Haichuang Yuan)
Wuchang Street, Yuhang District, Hangzhou
Zhejiang Province, China

Principal Place of Business in Hong Kong

5/F, Manulife Place
348 Kwun Tong Road, Kowloon, Hong Kong
(until January 10, 2025)

Room 1910, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay, Hong Kong
(with effect from January 10, 2025)

Registered Office

PO Box 309, Ugland House, Grand Cayman
KY1-1104, Cayman Islands

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Corporate Information

Legal Advisers

As to Hong Kong law
King & Wood Mallesons
13/F Gloucester Tower, The Landmark
15 Queen's Road Central
Central, Hong Kong

As to PRC law
Tian Yuan Law Firm
10/F, Tower B, China Pacific Insurance Plaza
28 Fengsheng Hutong, Xicheng District, Beijing
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road, Wan Chai, Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102, Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Principal Banks

Xiamen International Bank (Beijing Branch)
11/F, China Commerce Tower
No. 5, Sanlihe East Road
Xicheng District
Beijing
PRC

Shanghai Pudong Development Bank Co., Ltd
(Xuhui sub-branch)
No. 589, Jianguoxi Road
Xuhui District
Shanghai
PRC

Hangzhou Bank (Keji sub-branch)
No. 3850, Jiangnan Dadao
Binjiang District, Hangzhou
Zhejiang Province
PRC

Stock Code

9955

Company Website

www.cloudr.cn

Financial Summary

	Year ended December 31		
	2024	2023	Change (%)
	RMB'000	RMB'000	
Revenue	**3,488,094**	3,690,536	(5.5)
Gross profit	**861,672**	909,382	(5.2)
Operating loss	**(376,141)**	(314,242)	19.7
Loss for the year	**(491,390)**	(327,344)	50.1
Adjusted net loss (non-IFRS measure)(1)	**(116,093)**	(75,100)	54.6

	Year ended December 31		
	2024	2023	Change (%)
	RMB'000	RMB'000	
Revenue by product or service type	**3,488,094**	3,690,536	(5.5)
— In-hospital Solution	**2,683,282**	2,873,056	(6.6)
Value Added Solution	**2,115,411**	2,304,597	(8.2)
Subscription Solution (i.e. Targeted Marketing)	**281,903**	467,210	(39.7)
P2M Solution(2)	**285,968**	101,249	182.4
— Out-of-hospital Solution	**804,812**	817,480	(1.5)
Subscription Solution	**57,347**	59,095	(3.0)
Value Added Solution	**591,667**	599,488	(1.3)
P2M Solution	**34,428**	—	N/A
Others	**121,370**	158,897	(23.6)

Note:

(1) We define "adjusted net loss (non-IFRS measure)" as loss for the year and adding back (i) share-based payment expenses, (ii) expense related to subsidiaries' equity financing activities, (iii) change in the carrying amounts of financial instruments issued to investors, (iv) impairment loss recognized on the assets related to certain subsidiaries of proposed disposals and on the assets held for sale.

(2) We define P2M solution as sales of proprietary products of which the Group has ownership or national distribution rights through strategic cooperation with pharmaceutical companies.

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

Business Review and Outlook

Overview

We are the largest digital chronic condition management solution provider in China, in terms of numbers of SaaS (Software as a Service) installations in hospitals and pharmacies, each as of December 31, 2024, and numbers of online prescriptions issued through our services in 2024. As an industry pioneer and leader, the Company has its roots in serving and digitizing major participants in the value chain, including hospitals, pharmacies, pharmaceutical companies, patients and doctors.

We have strong AI capabilities based on massive real medical data we have processed through our hospital SaaS and have obtained through online prescription using pharmacy SaaS networks.

Hospital is of the utmost importance in the China's healthcare value chain, which has extremely high barrier to entry. By December 31, 2024, we have installed our chronic condition management SaaS in more than 2,700 hospitals, which represents more than 40% of top 100 hospitals and more than 20% penetration in tier 3 hospitals. Our hospital SaaS enables hospitals to standardize and optimize diagnosis procedures and improve treatment efficiency and reduce medical errors by automating and standardizing electronic health records, prescriptions, testing results, and other medical data.

On the pharmacy side, by December 31, 2024, we have installed our pharmacy SaaS in 242,650 pharmacies, which represents more than one-third penetration of total pharmacies in China. We issued over one billion prescriptions cumulatively through our internet hospitals, and our maximum number of daily prescriptions exceeded one million in the last quarter of 2024. Our pharmacy SaaS allows every customer, especially chronic condition patients, once they walk into the pharmacy, to have the immediate access to our internet hospitals and get the online diagnosis and prescriptions so they can purchase prescribed drugs in the pharmacy.

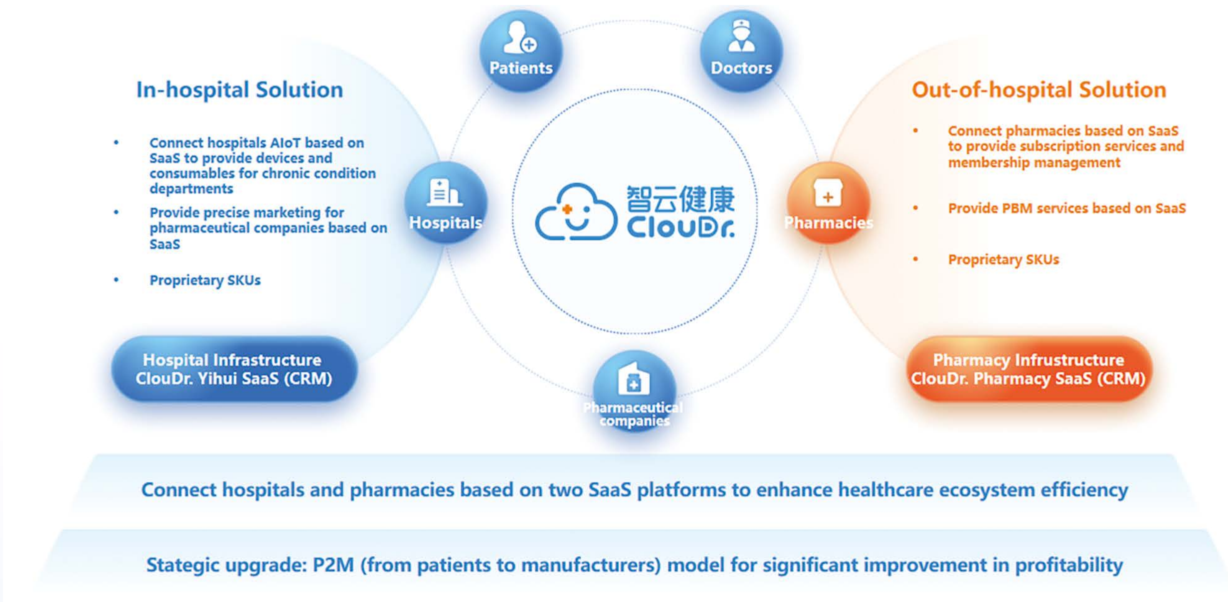
The medical knowledge and insights derived from relevant data have established entity relationships for over 200,000 medicines, essentially covering the majority of chronic diseases. Currently, we have two vertical models, ClouD GPT and ClouD DTx, which respectively excel in physician-patient interactions and medical research. We feed our models with our real case data from high-class hospitals and massive consultation and prescription data from our own internet hospitals to train and enhance their accuracy and applications. Our ClouD GPT model can achieve close to 100% drug usage rationality on a single prescription, and in terms of drug interactions, our model has established rules for compatibility contraindications and multi-drug combinations, setting industry standard for AI-assisted prescription review out of hospitals.

Business Review and Outlook

During the Reporting Period, the ClouD GPT model consistently provided clinical decision support to doctors at hospitals and monetized through digital marketing efforts. In pharmacies, it assisted in prescription review using a "traffic light" mechanism and successfully deployed the first digital employee, resulting in significant savings in manpower and compliance costs for the Company. The ClouD DTx model published seven articles in top international journals, including four in Journal Citation Reports ("**JCR**") first quarter journals and three in JCR third quarter journals. It also helped in indication expansion to Parkinson's disease of our proprietary product Ischelium®.

With an aim of enabling the chronic disease management industry through technologies and improving the efficiency of the healthcare ecosystem, the Company strives to fulfill its responsibilities to increase the accessibility of quality and affordable healthcare services and products to the stakeholders in the healthcare ecosystem, and continues to build digital infrastructure for the chronic condition management industry.

Our integrated in-and out-of-hospital solutions connect hospitals and pharmacies based on our hospital SaaS and pharmacy SaaS to enhance the efficiency of the healthcare ecosystem.



Our integrated in-hospital solution provides: (1) an AI-driven extensive hospital SaaS to assist doctors in diagnosis and treatment and to help enhance the efficiency of doctor education, and as a result, our hospital SaaS can promote drugs in the following two manners: a) rendering targeted marketing services to pharmaceutical companies and b) selling of proprietary services chronic condition related drugs; and (2) a comprehensive chronic condition management solution to hospitals, including hospital SaaS and proprietary AIoT (Artificial Intelligence of Things), and therefore our SaaS has integrated with HIS (Hospital Information Systems) to process massive amount of real medical data in order to enhance hospital productivity.

Business Review and Outlook

Our out-of-hospital solution connects doctors and patients, and provides high-quality and trust-worthy medical services through our AI vertical model ClouD GPT to provide (1) pharmacy SaaS which enables in-store, real-time online consultation, prescription and risk pooling of outpatient services, which we monetize by charging SaaS subscription fees to pharmacies; and (2) sales of proprietary and partnered chronic condition related drugs based on our data insights in pharmacies including information on inventory, sales, and shipments of prescription drugs.

In 2024, the Company implemented a solid transformation of in-hospital solution with continuously improved efficiency and significantly optimized business structure. We planned to reduce the businesses of sales of medical supplies and consumables which have weaker strategic relevance and lower profitability, and focused more on high-value AI-driven "from patients to manufacturers" ("**P2M**") solution. We believe the transformation is for the benefit of long-term healthy growth of the Company, resulting in better resource allocation and positive operating cash flow. In the short term, the transformation will be focused on the P2M strategy to achieve healthy cash flow; in the mid-long term, it will target data assets monetization; and in the long term, we believe the transformation will lead us to achieve a closed-loop of individual chronic condition management by connecting hospital, pharmacy, pharmaceutical companies, patients and payers via healthcare data sharing.

The AI-driven P2M strategy is based on our solid infrastructure in both in-hospital scenarios and out-of-hospital scenarios. Under such strategy, we are able to sell proprietary products of which the Company has ownership, sales rights or other exclusive rights through strategic cooperation with pharmaceutical companies, and we believe this strategy will lead us to the path of profitability. With the steady revenue growth of Ischelium® and the launch of Hetangjing®, our P2M solution has already realized a total revenue of RMB320.4 million and has achieved profitability as of December 31, 2024. We have already become the gateway for industrial enterprises to enter into hospitals and pharmacies based on our broad and in-depth hospital network and pharmacy network. As a result, our digitization capability can connect industrial enterprises with end hospitals and pharmacies, and ultimately bring high-quality products with competitive pricing and high convenience to patients with chronic conditions.

License agreement for iloprost solution for infusion

To expand our P2M pipeline, on June 23, 2024, the Company entered into a license Agreement with Clinect Pty Ltd (as the licensor) and Bluefly Consulting Limited (as the seller), pursuant to which, amongst other things, the Company acquired an exclusive sub-licensable license for the development, manufacturing, marketing, promotion, distribution, and sale of iloprost solution for infusion, in any forms, presentations, strengths, concentrations, delivery technologies, dosages, formulations, package configuration and modalities (the "**Products**") within China (for the purpose of the license agreement only, excludes Taiwan but includes Hong Kong and the Macao Special Administrative Regions).

Business Review and Outlook

The Products developed by the licensor are the only type of generic drug in the world and there is currently no injectable products with the same content in the Chinese market. After being approved and launched, the Products are expected to meet the clinical needs of prostacyclin analogue injectable therapy for patients with severe pulmonary arterial hypertension and New York Heart Association (NYHA) Class IV heart function; improving blood supply in patients with thromboangiitis obliterans (also known as Buerger's disease); and addressing symptoms and improving quality of life of patients with peripheral arterial occlusive disease.

Although the proposed first indication of the Products (pulmonary arterial hypertension) is a rare disease, the market size has exceeded US$12 billion globally. With the publication of the 2021 Pulmonary Arterial Hypertension Treatment Guidelines, awareness, diagnosis rate, and treatment rate in China are expected to increase continuously. It is anticipated that the market will maintain a compound annual growth rate of 30% over the next 5 years.

The Products, given its eligibility for orphan drug designation, will be allowed for expedited review and approval through priority review programs, thereby shortening the time for launch. It is expected that the Products, after launch, will be at a competitive price and help reduce the financial burden on patients in the Chinese market to some extent. Based on the expected market prices, number of patients, and estimated target patients, the revenue scale after the Products' launch is expected to be no less than that of the comparable products in the Chinese market.

The Company believes that the license agreement will broaden the portfolio of the Group's proprietary products, strengthen our research and development capabilities and deepen our strategic cooperation with pharmaceutical companies, which represents a further step to achieve our P2M strategy and is expected to bring additional revenue stream to the Group in the future and contribute to the long-term growth and success of the Group.

For further details of the license agreement, please refer to the announcement of the Company dated June 24, 2024.

During the Reporting Period, the Company updated the classification of its revenue by re-grouping its revenue into: (1) in-hospital solution and (2) out-of-hospital solution. Information that was previously presented under "pharmacy solution" and "individual chronic condition management solution and others" is now combined as "out-of-hospital solution", and information that was previously presented under "individual chronic condition management solution and others" is now presented under "out-of-hospital solution — others" as the revenue from the individual chronic condition management solution is not significant enough to be disclosed separately, as a result of the Company's proactive optimization of its revenue structure. The Company believes that the new classification better reflects the current status and future direction of the business development of the Group.

For the year ended December 31, 2024, our total revenue amounted to RMB3,488.1 million, representing a year-on-year decrease of 5.5%, mainly due to the decrease in value-added solution in both in-hospital solution and out-of-hospital solution as a result from strategic transformation. Our gross profit margin maintained stable with a year-on-year increase of 0.1 percentage points to 24.7%. Due to impairment loss recognized on the assets related to certain subsidiaries of proposed disposals, our net loss for the Reporting Period amounted to RMB491.4 million, representing a year-on-year increase of 50.1%. Due to below-expectation performance of subsidiaries involved in value-added solution at the background of the national centralized procurement using a volumed-based purchase ("**VBP**") (集中帶量採購) policy initiated by the NHSA (國家醫療保障局), our non-IFRS adjusted net loss amounted to RMB116.1 million, representing a year-on-year increase of 54.6%. We continued to serve more patients with chronic conditions, with the average daily online effective prescription volume surpassing 724,000 in 2024. For further details of the disposals of certain of our subsidiaries, please refer to the announcement of the Company dated March 30, 2025.

Business Review and Outlook

In-hospital Solution

We grow our business in hospitals with the "Access, Install, Monetize" model, or the AIM model. This three-prong model outlines our concurrent efforts to access hospitals and establish business relationships, install our hospital SaaS to increase stickiness of hospitals, and seek monetization opportunities through our in-hospital solution.

Launched in 2016, our hospital *ClouDr. Yihui* SaaS was the first of its kind in China to digitize and standardize the in-hospital chronic condition management process. Medical devices such as glucose meters, blood ketone meters and vital sign monitors can be connected to *ClouDr. Yihui* SaaS through our proprietary AIoT devices. During the Reporting Period, we continued to penetrate more hospitals and to deepen our cooperation with existing hospitals.

As of December 31, 2024, 2,738 hospitals had installed *ClouDr. Yihui* SaaS, including 822 Class III public hospitals and 1,140 Class II public hospitals. Additionally, 40 out of the 2,738 hospitals are China's top 100 hospitals.

For our in-hospital solution, we monetize through our value added solution, subscription solution and P2M solution.

The comprehensive value added solution include the SaaS system and hospital supplies, which are primarily related to chronic conditions and can be connected to our hospital SaaS through the proprietary AIoT devices. During the fourth quarter of 2024, we proactively reduced the value-added solution for the reasons that (1) we have already built up strong relationship with hospitals and doctors in the previous years and have tightly bonded with users, so the low-margin medical supply business is no longer our core business; and (2) headwinds from VBP for certain medical consumables impact growth potential. Notwithstanding the above, we continued to expand our hospital SaaS network and strengthen our relationships with hospitals by optimizing AI-driven functions for more precise and customized chronic condition management.

Leveraging our hospital network and hospital SaaS, we offer pharmaceutical companies subscription services, i.e., targeted marketing services, primarily for medicines related to chronic condition management. Our subscription services can help pharmaceutical companies achieve more effective marketing in a cost-saving way. With the advancement of the national medical system reform, there is an increase of pharmaceutical and medical device companies paying more attention to cost reduction and efficiency improvement, thus targeted marketing has greater room to grow continuously.

Under the upgraded P2M strategy, we recorded P2M solution as a new sub-business line since the financial year ended December 31, 2023, which is sales of proprietary products. During the Reporting Period, this sub-business line mainly includes our proprietary Ischelium®, a drug widely recognized by doctors for treating mild vascular dementia and cerebrovascular disease, and Hetangjing® Dapagliflozin Tablets, a first-line medication for improving glycemic control in adult patients with type 2 diabetes. We believe that P2M solution is an upgraded version of targeted marketing, given that we have stronger relationships with pharmaceutical companies and more involvement in the process including but not limited to research and development, manufacturing, sales and marketing, etc.

As of December 31, 2024, we had contracted with 45 pharmaceutical companies to provide them with targeted marketing services, which represented an increase of 15.4% as compared to that as of December 31, 2023, showing that our strong hospital access capability through AI-driven SaaS network has been recognized by more pharmaceutical companies. The total partnered SKUs reached 55 as of December 31, 2024, which represented a decrease of 6.8% as compared to that as of December 31, 2023, mainly due to the impact from VBP. Due to VBP and resource allocation for the ramp-up of P2M solution, revenue from subscription solution decreased during the Reporting Period. The revenue from our subscription solution amounted to RMB281.9 million, representing a decrease of 39.7% as compared to that as of December 31, 2023, whilst the revenue from our P2M solution amounted to RMB286.0 million, representing a significant increase of 182.4% as compared to the year ended December 31, 2023.

Business Review and Outlook

The AI-driven hospital SaaS significantly improved our customer stickiness for monetization opportunities. Our in-hospital solution has allowed us to successfully build deep connections with hospitals and pharmaceutical companies, laying a solid foundation to extend our businesses to out-of-hospital settings. For the year ended December 31, 2024, the number of hospitals that installed our *ClouDr. Yihui* SaaS reached 2,738, representing an increase of 19 hospitals, or 0.7% as compared to the year ended December 31, 2023.

	Year ended December 31		
	2024	2023	Change (%)
	RMB'000	RMB'000	
Revenue			
In-hospital solution	**2,683,282**	2,873,056	(6.6)
Value Added Solution	**2,115,411**	2,304,597	(8.2)
Subscription Solution (i.e. Targeted Marketing)	**281,903**	467,210	(39.7)
P2M Solution	**285,968**	101,249	182.4
Gross profit			
In-hospital solution	**675,928**	793,635	(14.8)
Value Added Solution	**217,556**	283,536	(23.3)
Subscription Solution (i.e. Targeted Marketing)	**250,515**	427,730	(41.4)
P2M Solution	**207,857**	82,369	152.3
Gross margin			
In-hospital solution	**25.2%**	27.6%	(2.4)
Value Added Solution	**10.3%**	12.3%	(2.0)
Subscription Solution (i.e. Targeted Marketing)	**88.9%**	91.5%	(2.6)
P2M Solution	**72.7%**	81.4%	(8.7)

	Year ended December 31		
	2024	2023	Change (%)
Number of hospital that installed our hospital SaaS(1)	**2,738**	2,719	0.7
Subscription Solution — Number of partnered pharmaceutical companies(2)	**45**	39	15.4
Subscription Solution — Number of partnered SKUs(3)	**55**	59	(6.8)

Notes:

(1) Number of hospitals that installed our hospital SaaS is the cumulative total number as of the end date of the respective year.

(2) Number of partnered pharmaceutical companies is the number of pharmaceutical companies to which we provided targeted marketing services during the respective year.

(3) Number of SKUs marketed through targeted marketing services during the respective year.

Business Review and Outlook

Out-of-hospital Solution

Our integrated out-of-hospital solution fulfills chronic condition patients' need for out-of-hospital consultation, prescription services, and insurance services through pharmacy SaaS, pharmacy supplies of medical devices, consumables, pharmaceuticals, insurance products and miscellaneous.

Our pharmacy SaaS, *ClouDr. Pharmacy*, was launched in the first half of 2019. It plays a critical role in our out-of-hospital medical services by empowering pharmacies with in-store, real-time consultation and prescription services for walk-in customers. We currently have two internet hospitals as part of our platform to deliver these services in compliance with relevant regulations. These internet hospitals allow us to provide online consultation and prescription services through our online applications to patients in different provinces across China. We had approximately 106,900 registered doctors and approximately 38.4 million registered users as of December 31, 2024. During the Reporting Period, the number of online prescriptions provided through our services reached 264.4 million, i.e. the average daily online prescription volume surpassed 724,000, representing a significant year-on-year increase of 43%, which proves the high customer recognition of our pharmacy SaaS. We also provide advanced features, such as a new retail function that offers e-commerce solutions on private domain traffic management such as WeChat mini programs, public domain traffic management and inventory management services. Our pharmacy SaaS has also integrated risk pooling of outpatient services in 10 provinces. As of December 31, 2024, 242,650 pharmacies had installed *ClouDr. Pharmacy*, representing an increase of 22,934 pharmacies from that as of December 31, 2023, covering approximately 36% of pharmacies in China.

Leveraging the data insights generated from the pharmacy SaaS prescription services, we effectively connect pharmaceutical companies and pharmacies for pharmacy supplies purchases. The number of transacting customers for our pharmacy supplies amounted to 1,278 customers for the year ended December 31, 2024, representing an increase of 46 customers, or 3.7% as compared to that for the year ended December 31, 2023.

The revenue of our out-of-hospital subscription solution business line amounted to RMB57.3 million, representing a decrease of 3.0% as compared to that for the year ended December 31, 2023, due to market competition. The revenue of our out-of-hospital value-added solution business line amounted to RMB591.7 million, representing a decrease of 1.3% as compared to that for the year ended December 31, 2023, due to the shift of our strategic focus to P2M solution. We added a new business line of P2M solution under Pharmacy Solution, due to its significant contribution during the Reporting Period and its strategic importance in the future. Revenue from the P2M Solution amounted to RMB34.4 million for the year ended December 31, 2024.

Business Review and Outlook

	Year ended December 31		
	2024	2023	Change (%)
	RMB'000	RMB'000	
Revenue			
Out-of-hospital solution	**804,812**	817,480	(1.5)
Subscription Solution	**57,347**	59,095	(3.0)
Value Added Solution	**591,667**	599,488	(1.3)
P2M Solution	**34,428**	—	N/A
Others	**121,370**	158,897	(23.6)
Gross profit			
Out-of-hospital solution	**185,744**	115,747	60.5
Subscription Solution	**56,132**	58,493	(4.0)
Value Added Solution	**55,844**	12,536	345.5
P2M Solution	**20,407**	—	N/A
Others	**53,361**	44,718	19.3
Gross margin			
Out-of-hospital solution	**23.1%**	14.2%	8.9
Subscription Solution	**97.9%**	99.0%	(1.1)
Value Added Solution	**9.4%**	2.1%	7.3
P2M Solution	**59.3%**	—	N/A
Others	**44.0%**	28.1%	15.9

	Year ended December 31		
	2024	2023	Change (%)
Number of pharmacy stores that installed our pharmacy SaaS[(1)]	**242,650**	219,716	10.4
Number of registered users (in millions)[(2)]	**38.4**	31.2	23.2
Number of registered doctors (in thousands)[(3)]	**106.9**	102.6	4.2
Number of online prescriptions (in millions)	**264.4**	184.9	43.0
Subscription Solution — Number of SaaS-paying pharmacy stores	**127,452**	97,671	30.5
Value Added Solution — Number of transacting customers	**1,278**	1,232	3.7
Value Added Solution — Average revenue per transacting customer (in thousands)	**490**	487	0.6

Notes:

(1) Number of pharmacy stores that installed our pharmacy SaaS is the cumulative total number as of the end date of the respective year.

(2) Number of registered users is the cumulative total number as of the end date of the respective year.

(3) Number of registered doctors is the cumulative total number as of the end date of the respective year.

Business Review and Outlook

Significant Events

Significant Events/Recent Developments after the Reporting Period

Award for Polifarma

In January 2025, Polifarma (Nanjing) Pharmaceutical Co., Ltd. ("**Polifarma**"), a subsidiary of the Company, was successfully selected for the 2024 Jiangsu Province "Specialized, Refined, Distinctive and New Small and Medium-sized Enterprise list" as announced by the Industry and Information Technology Department of Jiangsu (江蘇省工業和信息廳), which honors its advanced global-standard quality system, regained production procedures, specialized product features and innovative digital research and development. With the recognition and commendation of the government, Polifarma is committed to becoming a leader in the intelligent pharmaceutical industry to provide patients with safer and more effective drugs.

Adoption of 2025 Share Scheme

On December 11, 2024, the Board proposed to adopt a share scheme under Chapter 17 of the Listing Rules (the "**2025 Share Scheme**"). The resolution for adopting the 2025 Share Scheme was passed in an extraordinary general meeting of the Company held on January 2, 2025. In view of the adoption of the 2025 Share Scheme, on January 21, 2025, the Board resolved to cancel (i) 10,936,061 outstanding RSUs representing 10,936,061 underlying Shares previously granted to 350 award grantees pursuant to the terms of the Pre-IPO Equity Incentive Scheme and (ii) 42,493,300 outstanding award shares representing 42,493,300 underlying Shares previously granted to 350 award grantees pursuant to the terms of the Post-IPO Share Award Scheme. On the same date, the Board resolved to grant 58,680,611 share awards involving 58,680,611 new Shares to award grantees under the 2025 Share Scheme, representing approximately 9.9960% of the total issued Shares as at January 21, 2025. 53,429,361 of such Share Awards involving 53,429,361 new Shares were granted to the award grantees in consideration of the cancellation of the RSUs and award shares previously granted to them respectively and subject to the acceptance by the award grantees. For further details, please refer to the Company's circular dated December 11, 2024 and the announcement dated January 21, 2025.

Issue of Convertible Bonds

On March 10, 2025 (after trading hours), the Company entered into a subscription agreement with certain subscribers and the sole placing agent in relation the issue of convertible bonds in an aggregate principal amount of US$4,500,000 to the subscribers. On March 17, 2025, the issue of convertible bonds with an aggregate principal amount of US$4,500,000 was completed. Based on the initial conversion price of HK$2.10 per conversion share, the convertible bonds can be converted into a total of 16,645,500 conversion shares, representing approximately 2.58% of the existing issued share capital of the Company and approximately 2.51% of the issued share capital of the Company as enlarged by the issue of the conversion shares. The conversion shares will be allotted and issued pursuant to the General Mandate. The Company intends to use the raised net proceeds in the following manner: (1) approximately US$2.25 million for the development of the Group's ordinary business, including P2M pipeline development and pharmacy SaaS (software as a service) expansion, etc.; and (2) approximately US$2.25 million for general working capital purposes. For further details of the issue of convertible bonds, please refer to the Company's announcements dated March 10, 2025 and March 17, 2025.

Business Review and Outlook

Disposal of certain subsidiaries

On March 30, 2025, the Company's subsidiaries Hangzhou Kangsheng Health Management Consultant Co., Ltd. (杭州康晟健康管理諮詢有限公司) ("**Hangzhou Kangsheng**"), Jiangsu Zhiyun Health Management Co., Ltd. (江蘇智雲健康管理有限公司) ("**Jiangsu Zhiyun**") and 91health Shanghai Limited (上海運臻網絡科技有限公司) ("**91health Shanghai**") entered into share transfer agreements with various purchasers for the transfer of the equity interest of certain subsidiaries of the Company. The subsidiaries include Zhejiang Qilian Medicine Co., Ltd. (浙江啓聯醫藥有限公司) ("**Qilian Medicine**"), Jiangsu Xinwange Medical Technology Co., Ltd. (江蘇新萬格醫療科技有限公司) ("**Xinwange Medical**"), Jiangsu Wandi Biotech Co., Ltd. (江蘇萬迪生物科技有限公司) ("**Wandi Biotech**") and Lianyungang Zhenghe Science Equipment Co., Ltd. (連雲港正和科學儀器有限公司) ("**Zhenghe Science Equipment**"), our non-wholly owned subsidiaries and Jiangsu Chengsheng Gene Precise Medical Science Co., Ltd (江蘇成升基因精準醫療科技有限公司) ("**Jiangsu Chengsheng**"), our wholly-owned subsidiary (the "**Disposals**"). The Disposals support our long-term strategies that focuses on: (a) technological improvement of AI-driven SaaS; and (b) P2M pipeline enrichment and monetisation. For further details of the disposals, please refer to the Company's announcement dated March 30, 2025.

In respect of the information contained in the Company's announcement dated March 30, 2025, the Company wishes to supplement further information in relation to the financial effect of the Disposals on the Group. As stated in the announcement, for the disposal of Qilian Medicine, the consideration is equivalent to the net asset value of Qilian Medicine as at December 31, 2024 (proportionate to the equity interest to be transferred to the purchaser) and for the remaining disposals, the consideration is at a slight premium to the net asset value of the relevant subsidiaries as at December 31, 2024 (proportionate to the respective equity interest to be transferred to the respective purchasers). The disposal gain or loss is the differences between the sum of (1) the fair value of the consideration received, (2) the fair value of retained non-controlling investment, and (3) the carrying amount of the non-controlling investment in the former subsidiaries; and the carrying amount of the former subsidiaries. Based on the management's best estimation and currently available information, the disposal gain expected to be recorded by the Group from the Disposals will be nil, RMB1.0 million and RMB0.7 million for the disposal of Qilian Medicine, the disposal of Xinwage Medical and Wandi Biotech and the disposal of Zhenghe Science Equipment and Jiangsu Chengsheng, respectively. The actual gain/loss arising from the Disposals is subject to the final net assets value of the subsidiaries proposed to be disposed at completion.

Business Outlook

We intend to focus on the following key strategies to solidify our leadership position in China's chronic condition management market: (1) continue to solidify our hospital SaaS and pharmacy SaaS infrastructure, (2) continue to build up a strong pipeline for proprietary products under the P2M strategy to drive monetization, (3) continue to invest in product and technology innovation with a focus on medical AI, (4) continue to grow our number of patient and doctor users, and (5) continue to invest in strategic partnership and acquisitions.

In respect of the in-hospital solution, we will continue our hospital-first strategy with the AIM model approach. We will continue to strengthen our value proposition and SaaS network in hospitals by (1) investing in product capabilities and medical know-how to deepen our partnership with hospitals, (2) increasing sales professionals with medical background to expand hospital network and hospital SaaS installation base, and (3) focusing on partnerships with pharmaceutical companies to drive further monetization through in-hospital subscription solution for targeted marketing, and P2M solution, for sales of proprietary chronic condition related drugs, both leveraging our existing hospital infrastructure.

In respect of the out-of-hospital solution, we focus on providing high quality and trust-worthy medical services to our users. We will continue to expand our pharmacy network by increasing SaaS installation base, and enriching our pharmacy product portfolio and services to meet various needs of pharmacies such as offline and online operation, membership management, inventory management, and supply chain. We will continue to implement our P2M strategy to the out-of-hospital solution business to improve business line profitability by leveraging our existing pharmacy infrastructure.

Looking forward, we are well positioned for the growth of the in-and out-of-hospital chronic condition management solutions. The fly wheel effect of our business model will lead to stronger monetization.

Management Discussion and Analysis

Revenues

Our revenues decreased by 5.5% from approximately RMB3,690.5 million for the year ended December 31, 2023 to approximately RMB3,488.1 million for the year ended December 31, 2024. The decrease was primarily attributable to the decrease in value-added solution in both in-hospital solution and out-of-hospital solution as a result of a strategic transformation in our business to support our long-term strategies that focuses on (a) technological improvement of AI-driven SaaS; and (b) P2M pipeline enrichment and monetization.

In-hospital solution. Revenue from the in-hospital solution decreased by 6.6% from approximately RMB2,873.1 million for the year ended December 31, 2023 to approximately RMB2,683.3 million for the year ended December 31, 2024, primarily due to the declined revenue contribution from sales of medical devices and consumables which are of low strategic importance with low margin.

Out-of-hospital solution. Revenue from the out-of-hospital solution decreased by 1.5% from approximately RMB817.5 million for the year ended December 31, 2023 to approximately RMB804.8 million for the year ended December 31, 2024, primarily due to our proactive decision to reduce some low margin value added solution and to focus on pharmacy P2M solution. The installed base of our pharmacy SaaS continued to enlarge to 242,650 pharmacies, representing a 10.4% year-on-year growth, showing our solid leading position in the industry.

Cost of sales

Our cost of sales decreased by 5.6% from approximately RMB2,781.2 million for the year ended December 31, 2023 to approximately RMB2,626.4 million for the year ended December 31, 2024. The extent of the decrease in cost of sales was in line with the extent of the decrease in revenue.

Gross profit and gross margin

As a result of the foregoing, our overall gross profit for the year ended December 31, 2023 and 2024 were approximately RMB909.4 million and approximately RMB861.7 million, respectively, and our overall gross margin for the same periods were 24.6% and 24.7%, respectively. The improvement of our overall gross margin was mainly attributable to the improved gross margin in out-of-hospital solution.

In-hospital solution. Our gross margin for the in-hospital solution decreased from 27.6% for the year ended December 31, 2023 to 25.2% for the year ended December 31, 2024, primarily attributable to the revenue mix between the in-hospital subscription solution and the in-hospital value added solution and the VBP impact on the margin of the value-added solution.

Out-of-hospital solution. Our gross margin for the out-of-hospital solution increased from 14.2% for the year ended December 31, 2023 to 23.1% for the year ended December 31, 2024, primarily due to higher quality growth of the value-added solution of the out-of-hospital business and the launch of P2M solution in pharmacies.

Selling and marketing expenses

Our selling and marketing expenses decreased by 2.2% from approximately RMB828.8 million for the year ended December 31, 2023 to approximately RMB810.5 million for the year ended December 31, 2024, primarily attributable to economies of scale and refined expense management. More than 75.3% of our selling and marketing expenses are people related costs (including share-based payment expenses).

Management Discussion and Analysis

The selling and marketing expense to revenue ratio increased from 21.5% for the year ended December 31, 2023 to 22.3% for the year ended December 31, 2024, due to the decrease of revenue.

Administrative expenses

Our administrative expenses significantly decreased by 31.8% from RMB340.2 million for the year ended December 31, 2023 to RMB232.0 million for the year ended December 31, 2024. The decrease was primarily attributable to the decrease of share-based payment expenses.

The administrative expenses to revenue ratio increased from 3.7% for the year ended December 31, 2023 to 4.0% for the year ended December 31, 2024, due to the decrease of revenue.

Research and development expenses

Our research and development expenses decreased from approximately RMB88.0 million for the year ended December 31, 2023 to approximately RMB75.4 million for the year ended December 31, 2024. The decrease was primarily due to the maturity of our SaaS products which require less research and development investment. The majority of our research and development expenses are AI-related.

The research and development expense to revenue ratio for the year ended December 31, 2023 and for the year ended December 31, 2024 was 2.0% and 2.0%, respectively.

Loss from operations

As a result of the foregoing, our loss from operations increased by 19.7% from approximately RMB314.2 million for the year ended December 31, 2023 to approximately RMB376.1 million for the year ended December 31, 2024. The increase was due to comprehensive results of the decrease of revenue, the increase of impairment loss recognized on the assets related to certain subsidiaries of proposed disposals, and the decrease of operating expenses.

Finance costs

Our finance costs increased by 44.8% from approximately RMB11.5 million for the year ended December 31, 2023 to approximately RMB16.6 million for the year ended December 31, 2024, primarily attributable to higher interest expense resulting from an increase in bank and other loans to support our business expansion.

Change in the carrying amounts of financial instruments issued to investors

We recorded change in the carrying amounts of financial instruments issued to investors of a loss of approximately RMB1.6 million and a loss of approximately RMB13.0 million for the year ended December 31, 2023 and 2024, respectively. The losses were due to the amortized interest expense on the redemption liability of our subsidiaries' equity financing with the redemption rights, which was recognized as financial instruments issued to investors. The increase was mainly due to the recognition of financial instruments issued to investors upon the completion of the equity financing in the fourth quarter of 2024.

Management Discussion and Analysis

Impairment loss on trade receivables and other receivables

We recorded impairment loss on trade receivables and other receivables of approximately RMB116.0 million and RMB10.2 million for the year ended December 31, 2024 and the year ended December 31, 2023 respectively. The change was primarily due to the impairment loss recognized on the assets related to certain subsidiaries of proposed disposals.

Impairment loss recognized on non-current assets and assets held for sale

We recorded impairment loss recognized on non-current assets and assets held for sale of approximately RMB83.5 million and nil for the year ended December 31, 2024 and the year ended December 31, 2023 respectively. The change was primarily as a result of recognizing impairment loss on the assets related to certain subsidiaries of proposed disposals.

Income tax

We recorded income tax expenses of approximately RMB18,000 and RMB2.1 million respectively for the year ended December 31, 2023 and for the year ended December 31, 2024. The change was primarily due to an increase in income tax arising from net profit from certain subsidiaries and consolidated affiliated entities of the Group and the changes of deferred tax liabilities.

Loss for the year

As a result of the foregoing, our loss increased by 50.1% from approximately RMB327.3 million for the year ended December 31, 2023 to approximately RMB491.4 million for the year ended December 31, 2024. The increase was primarily due to impairment loss recognized on the assets related to certain subsidiaries of proposed disposals. For further details of the disposal of certain of our subsidiaries, please refer to the announcement of the Company dated March 30, 2025.

Adjusted Net Loss (Non-IFRS Measure)

To supplement our consolidated financial statements which are presented in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board, we also use adjusted net loss (non-IFRS measure) (defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impact of items such as certain non-cash items and certain transaction costs related to financing activities. We believe that this measure provides useful information to investors in understanding and evaluating the Group's consolidated results of operations in the same manner as they help our management. However, the use of non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards. In addition, the non-IFRS financial measure may be defined differently from similar terms used by other companies.

Management Discussion and Analysis

We define "adjusted net loss (non-IFRS measure)" as loss for the year and adding back (1) share-based payment expenses, (2) expense related to subsidiaries' equity financing activities, (3) change in the carrying amounts of financial instruments issued to investors and (4) impairment loss recognized on the assets related to certain subsidiaries of proposed disposal and on the assets held for sale. The impairment loss recognized on the assets related to certain subsidiaries of proposed disposal and on the assets held for sale is included for the Reporting Period as the loss is one-off in nature and not indicative of our key operational performance.

For the years ended December 31, 2023 and 2024, our adjusted net loss (non-IFRS measure) was approximately RMB75.1 million and RMB116.1 million, respectively.

The following table sets forth the reconciliations of our non-IFRS financial measure for the years ended December 31, 2023 and 2024 to the nearest measure prepared in accordance with IFRS Accounting Standards:

	Year ended December 31	
	2024	2023
	RMB'000	RMB'000
Loss for the year	**(491,390)**	(327,344)
Add:		
Share-based payment related items[(1)]	**130,923**	232,080
Expense related to subsidiaries' equity financing activities[(2)]	**249**	18,574
Change in the carrying amounts of financial instruments issued to investors[(3)]	**13,032**	1,590
Impairment loss recognized on the assets related to certain subsidiaries of proposed disposals and on the assets held for sale[(4)]	**231,093**	—
Adjusted net loss (non-IFRS measure)	**(116,093)**	(75,100)
Adjusted net loss margin (non-IFRS measure) (%)[(5)]	**(3.3)**	(2.0)

Notes:

(1) Share-based payment related items relate to the share awards we offered to our employees, directors and consultants under the pre-IPO equity incentive scheme and post-IPO share award scheme of the Company, which are primarily non-cash in nature and commonly added back to IFRS Accounting Standards measures in calculating similar non-IFRS measures adopted by other companies in our industry.

(2) Expense related to subsidiaries' equity financing activities is commonly added back to IFRS Accounting Standards measures in calculating similar non-IFRS financial measures, primarily because it represents the professional service expense in connection with the subsidiaries' equity financing with the redemption rights granted to investors and only relates to the scale of financing from investors.

(3) Change in the carrying amounts of financial instruments issued to investors represents the amortized interest expense on the redemption liability of our subsidiaries' equity financing with the redemption rights, which was recognized as financial instruments issued to investors. Such change is non-cash in nature.

(4) Impairment loss recognized on the assets related to certain subsidiaries of proposed disposals and on the assets held for sale, which are one-off in nature, and are not indicative of our key operational performance.

(5) Represents adjusted net loss (non-IFRS measure) divided by the total revenue for the year indicated.

Management Discussion and Analysis

Liquidity and capital resource

During the year ended December 31, 2024, we funded our cash requirements principally from capital contribution from shareholders and bank loans. We had cash and cash equivalents of approximately RMB243.4 million and approximately RMB304.8 million as of December 31, 2023 and December 31, 2024, respectively. In addition, we had RMB222.4 million financial assets measured at fair value and RMB5.0 million time deposits with initial term over three months as of December 31, 2024, and those financial assets are short term and for treasury management purposes.

As of December 31, 2024, we had bank and other loans of RMB340.2 million (as of December 31, 2023: RMB235.0 million). Borrowings are classified as current liabilities and non-current liabilities. RMB331.0 million are repayable within one year and RMB9.3 million are payable over one year as of December 31, 2024. The effective annual interest rates of borrowings ranged from 3.15% to 5.6% as of December 31, 2024.

Going forward, we intend to satisfy our liquidity requirements by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the global offering. We currently do not have any plans for material additional external financing and we are in a good cash position.

Significant investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at December 31, 2024) during the year ended December 31, 2024.

Material acquisitions and disposals

On January 12, 2024, the Group entered into a capital increase agreement and a shareholders' agreement with (among others) certain investors in respect of an injection of capital to its indirect non-wholly owned subsidiary, Anhui Zhiyi Huiyun Technology Co., Ltd.* (安徽智醫慧雲科技有限公司) ("**Anhui Zhiyi Huiyun**"), which is principally engaged in the provision of supplies and SaaS services, targeted marketing services to pharmaceutical companies, sale and marketing of products, and other businesses related to chronic condition management. The pre-investment valuation of the entire equity interest of Anhui Zhiyi Huiyun was approximately RMB4.5 billion as of May 31, 2023 based on a market approach. Pursuant to the capital increase agreement, the investors made capital contributions in the aggregate amount of RMB200,000,000 by way of cash contribution in return for approximately 4.26% equity interest in aggregate in the enlarged registered capital of Anhui Zhiyi Huiyun. The capital increase enhanced the cash position of Anhui Zhiyi Huiyun and provided additional source of funds required for the long-term growth of Anhui Zhiyi Huiyun and its subsidiaries. For further details, please refer to the announcement of the Company dated January 12, 2024.

Management Discussion and Analysis

Save as disclosed above and in the announcement of the Company dated March 30, 2025, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures for the year ended December 31, 2024 and up to the date of this announcement.

Pledge of assets

As at December 31, 2024, approximately RMB19.4 million of property, plant and equipment were pledged as security for bank and other loans granted to the Group.

Future plans for material investments or capital asset

As at December 31, 2024, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

The Group monitors capital on basis of the gearing ratio, which is calculated as dividing liabilities excluded financial instruments issued to investors by total assets. As at December 31, 2024, the gearing ratio was 42.1%, as compared with 33.2% as at December 31, 2023. The increase was primarily due to the increase of bank and other loans.

Foreign exchange exposure

During the year ended December 31, 2024, the Group mainly operated in China with most of the transactions settled in Renminbi ("**RMB**"). The functional currency of our Company and the subsidiaries and consolidated affiliated entities operating in China is RMB. Our management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of our group entities. For the year ended December 31, 2024, we had currency translation gain of approximately RMB46,000, as compared with currency translation gain of approximately RMB282,000 for the year ended December 31, 2023. We did not hedge against any fluctuation in foreign currency during the years ended December 31, 2023 and 2024.

Contingent liabilities

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

Indebtedness

As at December 31, 2024, the Group had bank and other loans of RMB340.2 million and lease liabilities of RMB26.4 million, as compared to RMB235.0 million and RMB32.0 million, respectively, as at December 31, 2023.

Employees and remuneration

As at December 31, 2024, the Group had a total of 1,218 employees, of which 408 employees are in Hangzhou, 130 employees are in Shanghai and 680 employees are in other offices in China. The Group also had over 3,024 flexible staffing as of December 31, 2024 to support business penetration into lower tier cities, and to access over 11,000 hospitals and over 242,000 pharmacies.

Management Discussion and Analysis

The following table sets forth the total number of employees by function as at December 31, 2024:

Function	Number of full-time employees
Selling and marketing	1,007
Research and development	86
General and administrative	54
Others[1]	71
Total	**1,218**

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluations for our employees quarterly to provide feedback on their performance. Compensation for our staff typically consists of base salary, a performance-based bonus, and share-based payment for high-performing employees.

The total people related cost incurred by the Group for the year ended December 31, 2024 was approximately RMB842.6 million, as compared to approximately RMB1,007.9 million for the year ended December 31, 2023. The full-time staff cost incurred for the year ended December 31, 2024 was approximately RMB504.4 million as compared to approximately RMB629.4 million for the year ended December 31, 2023. The flexible staffing cost incurred for the year ended December 31, 2024 was approximately RMB338.2 million as compared to approximately RMB378.5 million for the year ended December 31, 2023.

The Company has also adopted a pre-IPO equity incentive scheme, a post-IPO share award scheme and the 2025 share scheme.

We provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Our human resource department schedules online trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these trainings, we ensure that our staff's skillsets remain up-to-date, enabling them to better discover and meet consumers' needs.

[1] The total people related cost and full time staff cost exclude the costs related to the 71 employees in the manufacturing function which are included in the manufacturing cost.

Report of Directors

The Board of the Company is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2024.

Directors

The Directors who held office during the Reporting Period and up to the date of this annual report are:

Executive Directors

Mr. Kuang Ming (匡明) (Chairman and Chief Executive Officer)
Ms. Zuo Yinghui (左穎暉) *(appointed with effect from December 4, 2024)*

Non-Executive Director

Mr. Lee Kar Chung Felix (李家聰) *(resigned with effect from June 6, 2024)*

Independent Non-Executive Directors

Dr. Hong Weili (洪偉力)
Mr. Zhang Saiyin (張賽音)
Mr. Ang Khai Meng

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 38 to 41 of this annual report.

General information

The Company was incorporated in the Cayman Islands on August 24, 2015 as an exempted company with limited liability. The shares of the Company were listed on the Main Board of the Stock Exchange on July 6, 2022.

Principal activities

The Company is an investment holding company. The Group is principally engaged in providing supplies and SaaS to hospitals and pharmacies, digital marketing services to pharmaceutical companies, and online consultation and prescriptions to patients, all centered around chronic condition management.

Analysis of the principal activities of the Group during the Reporting Period is set out in note 1 to the consolidated financial statements.

Results

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 111 of this annual report.

Report of Directors

Business review

A business review of the Group, as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the fiscal year, an indication of likely future development in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Business Review" and "Management Discussion and Analysis" on pages 5 to 21 of this annual report. These discussions form part of this report of Directors. Events affecting the Company that have occurred since the end of the fiscal year are set out in the sections headed "Significant events/ Recent developments after the Reporting Period" in "Business Review and Outlook".

An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends is set out in the "Environmental, Social and Governance Report", which will be published at the same time as the publication of this annual report.

Principal risks and uncertainties

Our operations involve certain risks and uncertainties, which are set out in the section headed "Risk Factors" of the Prospectus. Some of the major risks we face relate to:

- our ability to sustain our revenue growth rate in the future;
- our ability to achieve or maintain profitability;
- our ability to monetize our solutions;
- extensive and evolving legal and regulatory requirements;
- our ability to maintain industry participants' trust in our platform;
- our ability to continue to expand our hospital and pharmacy networks;
- our ability to manage our relationships with third-party suppliers and distributors;
- risks associated with our relationship with pharmaceutical and medical device companies in relation to our product sales and digital marketing services; and
- our ability to attract or retain sufficient users or medical professionals for our individual chronic condition management platform.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Report of Directors

Environmental policies and performance

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. In accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Guide contained in Appendix C2 to the Listing Rules applicable to the financial year ended December 31, 2024, the Company's "Environmental, Social and Governance Report" will be available on our website and the website of the Stock Exchange at the same time as the publication of this annual report.

Compliance with relevant laws and regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

Connected transactions

During the Reporting Period, save as disclosed in this annual report, no related party transaction disclosed in Note 32 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the Reporting Period.

Contractual Arrangements

Background to the Contractual Arrangements

We currently conduct our value-added telecommunication services (through our doctor app, *ClouDr*. *Doctor*, and patient app, *ClouDr*. *Health*), internet hospitals and offline medical institution services and insurance brokerage services through our Consolidated Affiliated Entities in the PRC as the PRC laws, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership, or impose certain qualification requirements on foreign investors, in such businesses. Currently, the PRC laws restrict foreign ownership of value-added telecommunications service providers (in addition to imposing a qualification requirement on the foreign owners) and of medical institutions and internet hospitals.

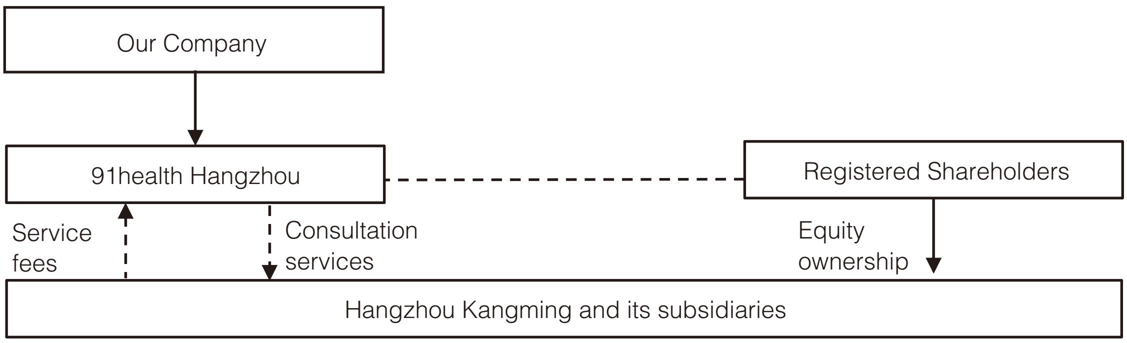
As a result of the restrictions imposed by the PRC laws, the Company is unable to own or hold the entire direct equity interest in our Consolidated Affiliated Entities. We control our Consolidated Affiliated Entities through the Contractual Arrangements entered into with the Consolidated Affiliated Entities and the Registered Shareholders on June 16, 2021. Hence, we do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. During the Reporting Period, the revenue contribution of the Consolidated Affiliated Entities accounted for 1.0% of our Group's total revenue (2023: 2.1%). As at December 31, 2024, the total assets of the Consolidated Affiliated Entities accounted for 1.2% of our Group's total assets (2023: 1.6%).

Report of Directors

Based on the above and as set out in the section headed "Contractual Arrangements" in the Prospectus, the Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our Consolidated Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the 91health Hangzhou and our Consolidated Affiliated Entities; (ii) by entering into exclusive business cooperation agreements with the 91health Hangzhou, being subsidiaries of our Company, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after Listing; and (iii) a number of other companies in the same or similar industries to those in which we operate use similar arrangements to accomplish the same purpose.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

(1) Hangzhou Kangming is held as to 99.2% and 0.8% by Mr. Kuang and Ms. Hu Yue, head of human resources of our Group, respectively.

(2) "——►" denotes direct legal and beneficial ownership in the equity interest.

(3) "- - ►" denotes contractual relationship.

(4) "_ _ _" denotes the control by 91health Hangzhou over the Registered Shareholders and the Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in the Consolidated Affiliated Entities, (ii) exclusive options to acquire all or part of the equity interests in the Consolidated Affiliated Entities and (iii) equity pledges over the equity interests in the Consolidated Affiliated Entities.

Report of Directors

Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 102 to 112 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating some of our operations in China do not comply with PRC laws and regulations relating to the relevant industries, or if these laws and regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe penalties, be forced to relinquish our interests in those operations.

- We rely on Contractual Arrangements to exercise control over a portion of our business, which may not be as effective as direct ownership in providing operational control.

- Any failure by Hangzhou Kangming or the Registered Shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business.

- The Registered Shareholders may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and Consolidated Affiliated Entities or making additional capital contributions to 91health Hangzhou in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that we or our Consolidated Affiliated Entities owe additional taxes, which could negatively affect our financial condition and the value of your investment.

- Our current corporate structure and business operations may be affected by the Foreign Investment Law.

- We may lose the ability to use and benefit from assets held by our Consolidated Affiliated Entities that are critical to the operation of our business if our Consolidated Affiliated Entities go bankrupt or become subject to dissolution or liquidation proceedings.

- If we exercise the option to acquire equity interest of Hangzhou Kangming, this equity interest transfer may subject us to certain limitations and substantial costs.

- If the chops of our PRC subsidiaries or Consolidated Affiliated Entities are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

Report of Directors

Our Group works closely with the Registered Shareholders and our external legal counsels and advisors to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our Board has reviewed the overall performance of and compliance with the Contractual Arrangements;
- our Company has disclosed the overall performance of and compliance with the Contractual Arrangements in our annual reports; and
- our Company has engaged external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of 91health Hangzhou and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Summary of the material terms of the Contractual Arrangements

The Contractual Arrangements which were in place during the Reporting Period, and a description of the specific agreements that comprise the Contractual Arrangements is set out below:

Exclusive Consulting Services Agreement

91health Hangzhou and Hangzhou Kangming entered into an exclusive consulting services agreement on June 16, 2021 and subsequently restated and amended on October 11, 2021 (the "**Exclusive Consulting Services Agreement**"), pursuant to which Hangzhou Kangming agreed to engage 91health Hangzhou as the exclusive provider to Hangzhou Kangming and its subsidiaries of technical consultancy, technical support, and other services which may include (i) provision of advices on business management; (ii) provision of advices on IT system and other technical support; (iii) provision of business development; marketing and promotion; (iv) provision of development, maintenance and upgrade of software and IT system; (v) provision of human resources support; (vi) provision of leasing services to equipment; and (vii) other services requested from time to time.

Without 91health Hangzhou's prior written consent, Hangzhou Kangming shall not, and shall procure its subsidiaries not to, receive services which are identical or similar to the services covered by the Exclusive Consulting Services Agreement from any third party.

In consideration of the services provided by 91health Hangzhou, Hangzhou Kangming shall pay to 91health Hangzhou services fees which is determined by 91health Hangzhou by taking into account such factors as (a) the complexity and difficulty of the services involved, (b) the time taken for the services, (c) the scope of service and its commercial value, and (d) the market reference price for services of similar kinds, and (e) the operation status of Hangzhou Kangming. The service fees shall be paid to 91health Hangzhou by Hangzhou Kangming on such time as agreed by both parties.

Report of Directors

91health Hangzhou has the exclusive and proprietary rights and interest to all intellectual properties, in irrespective of being developed by Hangzhou Kangming or by 91health Hangzhou. Without the prior written consent of 91health Hangzhou, Hangzhou Kangming shall not, and shall procure its subsidiaries not to, transfer, assign, pledge, or by any other means dispose of any of such intellectual properties.

The Exclusive Consulting Services Agreement shall remain effective until, among others, the date on which 91health Hangzhou or the party designated by 91health Hangzhou is formally registered as the shareholder of Hangzhou Kangming, in the case where 91health Hangzhou is permitted by the PRC laws to directly hold the shares of Hangzhou Kangming and 91health Hangzhou and its subsidiaries and affiliates are allowed to engage in the Relevant Businesses being currently operated by Hangzhou Kangming.

Exclusive Purchase Option Agreements

(i) 91health Hangzhou, Hangzhou Kangming and the Registered Shareholders entered into an exclusive purchase option agreement on June 16, 2021 subsequently restated and amended on October 11, 2021 and (ii) each of Yinchuan Zhiyun Internet Hospital, Chengdu Zhiyun Internet Hospital, Tianjin Zhiyun and Yinbang Insurance Brokerage entered into an exclusive purchase option agreement with 91health Hangzhou and Hangzhou Kangming on March 1, 2022 (each a "Exclusive Purchase Option Agreement" and collectively the "**Exclusive Purchase Option Agreements**"), pursuant to which 91health Hangzhou, or its offshore parent company or its directly or indirectly owned subsidiaries was granted an irrevocable and exclusive right by the Registered Shareholders and Hangzhou Kangming to purchase from each of the Registered Shareholders and Hangzhou Kangming all or any part of their respective equity interest in the Consolidated Affiliated Entities and to require the Consolidated Affiliated Entities to transfer any or of its assets to 91health Hangzhou, or its offshore parent company or its directly or indirectly owned subsidiaries. For full details regarding covenants among the Consolidated Affiliated Entities, the Registered Shareholders and Hangzhou Kangming, please refer to the section headed "Contractual Arrangements" in the Prospectus.

The Registered Shareholders and Hangzhou Kangming irrevocably covenanted that unless with prior written consent by 91health Hangzhou, the Registered Shareholders and Hangzhou Kangming shall not sell, transfer, pledge, or otherwise dispose of all or any part of its equity interest in the Consolidated Affiliated Entities.

The purchase price payable by 91health Hangzhou or its designee in respect of the transfer of the entire equity interest and/or the total assets of the Consolidated Affiliated Entities shall be RMB24,000,000, which is equivalent to the principal loan amount under the Loan Agreement (such purchase price may be proportionally adjusted where only part of such interest is purchased), or the minimum price required by competent PRC authorities under PRC laws where such minimum price is above RMB24,000,000 and the Registered Shareholders shall return the purchase price in full to 91health Hangzhou or its designee.

The Exclusive Purchase Option Agreements shall remain effective until, among others, all the equity interest in and/or all assets of the Consolidated Affiliated Entities has been transferred to 91health Hangzhou and/or its designee, and registration has been completed for the change of members.

Report of Directors

Equity Pledge Agreements

(i) 91health Hangzhou, Hangzhou Kangming and the then Registered Shareholders entered into an equity pledge agreement on June 16, 2021 and subsequently restated and amended on October 11, 2021 and (ii) each of Yinchuan Zhiyun Internet Hospital, Chengdu Zhiyun Internet Hospital, Tianjin Zhiyun and Yinbang Insurance Brokerage entered into an equity pledge agreement with 91health Hangzhou and Hangzhou Kangming on March 1, 2022 (each a "Equity Pledge Agreement" and collectively the "**Equity Pledge Agreements**"), pursuant to which, the then Registered Shareholders and Hangzhou Kangming pledged all of their respective equity interests in the Consolidated Affiliated Entities to 91health Hangzhou as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements and all liabilities, monetary debts or other payment obligations arising out of or in relation with the Contractual Arrangements.

Among others things, the Registered Shareholders and Hangzhou Kangming have warranted and undertaken that without 91health Hangzhou's prior written consent, they shall not, or allow all any other part(ies), transfer or otherwise dispose of the pledged shares, or allow creation of any encumbrances thereon.

Upon the occurrence of an event of default (as defined in the Equity Pledge Agreement), 91health Hangzhou may, at any time thereafter, serve a default notice to the Registered Shareholders and Hangzhou Kangming, upon which 91health Hangzhou may (1) demand all the outstanding payment due according to the Exclusive Consulting Service Agreement, and/or (2) exercise its right of pledge according to the Equity Pledge Agreement, or otherwise dispose of the pledged equity interest in accordance with applicable laws. 91health Hangzhou may exercise such right of pledge based on its own independent judgement. The Registered Shareholders and the Consolidated Affiliated Entities have covenanted to unconditionally collaborate with 91health Hangzhou when 91health Hangzhou exercises such right of pledge. 91health Hangzhou shall bear no responsibilities for any direct or indirect loss incurred consequent upon its exercise of such right of pledge.

The Equity Pledge Agreements shall remain effective until, among others, the Consolidated Affiliated Entities and the Registered Shareholders have recorded the release of such pledged shares in the Register of Members and completed relevant deregistration procedure.

Report of Directors

Voting Proxy Agreements

(i) 91health Hangzhou, Hangzhou Kangming and the then Registered Shareholders entered into a shareholder voting rights proxy agreement on June 16, 2021 and (ii) each of Yinchuan Zhiyun Internet Hospital, Chengdu Zhiyun Internet Hospital, Tianjin Zhiyun and Yinbang Insurance Brokerage entered into a voting proxy agreement with 91health Hangzhou and Hangzhou Kangming on March 1, 2022 (each a "Voting Proxy Agreement" and collectively the "**Voting Proxy Agreements**"), pursuant to which each of the then Registered Shareholders and Hangzhou Kangming unconditionally and irrevocably agrees to appoint 91health Hangzhou and/or its designee as their exclusive agent and attorney to act on their behalf on all matters concerning the Consolidated Affiliated Entities and to exercise all of their rights as shareholder of the Consolidated Affiliated Entities.

Pursuant to the Voting Proxy Agreements, 91health Hangzhou is entitled to assign all or part of its rights to any other individuals and/or entities at its sole discretion, without first giving notification to, or seeking prior consent from, the Consolidated Affiliated Entities or Registered Shareholders. As a result of the Voting Proxy Agreements, the Company, through 91health Hangzhou, is able to exercise management control over the activities that most significantly impact the economic performance of the Consolidated Affiliated Entities, including, among others:

(i) to propose, convene and attend shareholders' meetings, and to exercise the minutes and resolutions of such meetings or other legal documents;

(ii) to exercise voting rights vested on the Registered Shareholders and Hangzhou Kangming under the articles of association of the Consolidated Affiliated Entities and the PRC laws (including but not limited to, transfer or disposal of shares and/or assets of the Consolidated Affiliated Entities, dissolution and liquidation of the Consolidated Affiliated Entities, formation of a liquidation committee and approval of liquidation report);

(iii) to execute any and all documents which shall be executed by Registered Shareholders and Hangzhou Kangming and to submit such documents for the purpose of filing to the company registration authority; and

(iv) to exercise any other rights of shareholders provided under PRC laws or the articles of associations of the Consolidated Affiliated Entities.

The Voting Proxy Agreements, shall remain effective until, among others, 91health Hangzhou, and/or its offshore shareholders, and/or its subsidiaries and affiliates are permitted by the PRC laws to directly hold the shares of the Consolidated Affiliated Entities and are allowed to engage in the business being currently operated by the Consolidated Affiliated Entities.

Report of Directors

Loan Agreement

91health Hangzhou and Mr. Kuang entered into a loan agreement dated June 16, 2021, (the "**Loan Agreement**"), pursuant to which 91health Hangzhou agreed to provide a loan of RMB24,000,000 to Mr. Kuang to finance subscription of increased registered capital of Hangzhou Kangming.

The parties agree that the term of the Loan Agreement commences from the date of the agreement and ends on the tenth (10) anniversary since the execution of the Loan Agreement, or on such date as determined by 91health Hangzhou. The loan shall be repaid, among other things, by the transfer of acquired interests under the Loan Agreement from the borrower to 91health Hangzhou or its designee.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between our Group and 91health Hangzhou and/or Consolidated Affiliated Entities during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

For the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2024, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 305 to 309 of the Prospectus. During the Reporting Period, there was no material change in the Contractual Arrangements and/or the circumstances under which the Contractual Arrangements were adopted. During the Reporting Period, the regulatory restrictions that led to the adoptions of the Contractual Arrangements were not removed and hence, none of the Contractual Arrangements had been unwound as a result thereof.

Listing Rules implications and waiver from the Stock Exchange and annual review

For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of 'connected person', our Consolidated Affiliated Entities will be treated as our Company's wholly-owned subsidiaries, and its directors, chief executives or substantial shareholders (as defined in the Listing Rules) and their respective associates will be treated as "connected persons" of our Company. The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company.

Report of Directors

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations. Our Directors also believe that our structure, whereby the financial results of our Consolidated Affiliated Entities are consolidated into our financial statements as if they were our Company's wholly-owned subsidiaries, and all the economic benefits of their business flows to our Group, places our Group in a special position in relation to the connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time (including Consolidated Affiliated Entities) (the "**New Intergroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and independent shareholders' approval requirements.

In respect of the Contractual Arrangements and New Intergroup Agreements, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement to set a term of three years or less under Rule 14A.52 of the Listing Rules, and (iii) the requirement to set annual caps under Rule 14A.53 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the following conditions:

(i) no change without independent non-executive Directors' approval;

(ii) no change without independent Shareholders' approval;

(iii) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

(iv) the Contractual Arrangements may be renewed and/or reproduced without an announcement, circular, or obtaining the approval of our Shareholders (i) upon the expiry of the existing arrangements, (ii) in connection with any changes to the shareholders or directors of, or of their shareholdings in, the Consolidated Affiliated Entities, or (iii) in relation to any existing, new or acquired wholly foreign-owned enterprise or operating company (including branch company) engaging in a business similar or relating to those of our Group, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(v) our Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

Report of Directors

Confirmation from independent non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(i) the transactions carried during the year ended December 31, 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the Reporting Period;

(iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period;

(iv) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group;

(v) the Contractual Arrangements have been entered into on normal commercial terms or better; and

(vi) the Contractual Arrangements have been entered into according to the relevant agreement governing the Contractual Arrangements on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmations from the Company's Independent Auditor

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor, KPMG, was engaged by the Board to report on the Group's continuing connected transactions carried out pursuant to the Contractual Arrangements 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. Based on the work performed, the auditor of the Company confirmed to the Board of Directors that:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(ii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of their equity interests which are not otherwise subsequently assigned or transferred to the Group.

Report of Directors

Major customers

The Group recognizes the importance of maintaining a good relationship with its stakeholders, including Shareholders, employees, suppliers, business partners are key to the Group success. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Our customers include hospital and pharmacy customers who use our in-hospital value added solution and our pharmacy solution, and pharmaceutical companies who use our in-hospital subscription solution; we also have indirect customers who help to distribute our value added solutions to the end customers who are hospitals and pharmacies.

During the Reporting Period, we generated revenue of RMB456.9 million from our largest customer, representing 13.1% of our total revenue during the Reporting Period. During the same period, we generated revenue of RMB1,174.3 million in aggregate from our five largest customers combined, representing 33.7% of our total revenue.

None of the Directors, their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of our five largest customers during the Reporting Period.

Major suppliers

During the Reporting Period, the purchases we made from the largest supplier was RMB203.0 million, representing 6.4% of our total purchases during the Reporting Period. During the same period, the purchases we made from the five largest suppliers combined was RMB748.1 million, representing 23.6% of our total purchases, which was less than 30% of our total purchases.

Pre-emptive rights

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

Tax relief and exemption of holders of listed securities

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

Subsidiaries

Particulars of the Company's subsidiaries are set out in Note 15 to the consolidated financial statements.

Report of Directors

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2024 are set out in Note 11 to the consolidated financial statements.

None of the Company's properties are held for development and/or sale or for investment purposes.

Share capital and shares issued

Details of movements in the share capital of the Company for the Reporting Period are set out in Note 29(c) to the consolidated financial statements.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

Donation

During the Reporting Period, the Group made charitable donations of approximately RMB140,000.

Debenture issued

The Group has not issued any debentures during the Reporting Period.

Equity-linked agreements

Save as disclosed in the section headed "Share Schemes" in this report of Directors, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

Dividend

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2024.

Permitted indemnity

Pursuant to the Articles of Association of the Company and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors since the Listing Date.

Report of Directors

Distributable reserves

As of December 31, 2024, the Company did not have any reserves available for distribution to Shareholders.

Details of movements in the reserves of the Group and the Company during the Reporting Period are set out in the consolidated statement of changes in equity on page 114 and in note 29 to the consolidated financial statements, respectively.

Loans and borrowings

As of December 31, 2024, the Company had bank loans and borrowings of RMB340.2 million. Please refer to the note 25 to the consolidated financial statements for details.

Directors' service contracts

Mr. Kuang, our executive Director, has entered into a service contract with the Company for an initial term of three years with effect from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association).

Ms. Zuo Yinghui, our executive Director, has entered into a service agreement with the Company for a term of three years commencing on December 4, 2024, until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice in writing. Ms. Zuo is subject to retirement as and when required under the Articles of Association.

Each of our independent non-executive Directors has entered into an appointment letter with our Company. The term of appointment shall be for an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date, whichever is sooner (subject to retirement as and when required under the Articles of Association).

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

Directors' interests in transactions, arrangements or contracts of significance

Save as disclosed in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

Report of Directors

Emoluments of Directors and the five highest paid individuals

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee of the Company to formulate remuneration policies.

The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee.

The Directors and the senior management personnel are eligible participants of the Pre-IPO Equity Incentive Scheme and the Post-IPO Share Award Scheme, details of which are set out in the Prospectus, note 28 to the consolidated financial statements and pages 42 to 50 under "Other Information" in this annual report.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in Note 8, Note 32(a) and Note 9, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the Reporting Period, the aggregate amount of remuneration (including wages, salaries, bonuses, defined contribution plans, other social security costs, housing benefits and share-based compensation expenses) for our Directors was approximately RMB11.5 million (as set out in note 8 to the consolidated financial statements).

Directors' interests in competing business

Save as disclosed in this annual report, during the Reporting Period, none of our Directors had any interest in a business which materially competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Contracts with controlling shareholders

Save as disclosed in the Prospectus and in this annual report, to the best knowledge and belief of our Directors, no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the Reporting Period.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

Report of Directors

Auditor

The consolidated financial statements of the Group have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Continuing disclosure obligations pursuant to the Listing Rules

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Directors' rights to acquire shares or debentures

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries, fellow subsidiaries or its holdings companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

Appreciation

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

By order of the Board
Kuang Ming
Chairman, Executive Director and Chief Executive Officer

Hong Kong
March 30, 2025

Directors and Senior Management

Members of our Board

Name	Age	Position(s)	Date of appointment as Director
Directors			
Mr. Kuang Ming (匡明)	44	Founder, executive Director, chairman and chief executive officer	August 24, 2015
Ms. Zuo Yinghui (左穎暉)	49	Executive Director	December 4, 2024
Dr. Hong Weili (洪偉力)	55	Independent Non-executive Director	July 6, 2022
Mr. Zhang Saiyin (張賽音)	45	Independent Non-executive Director	July 6, 2022
Mr. Ang Khai Meng	64	Independent Non-executive Director	July 6, 2022

Executive Directors

Mr. Kuang Ming (匡明), aged 44, is the founder, executive Director, chairman, chief executive officer, chairperson of the Nomination Committee and a member of the Remuneration Committee of the Company. Mr. Kuang is primarily responsible for the overall strategic planning, business direction and research and development initiatives of our Group. Mr. Kuang is currently the legal representative and an executive director and/or general manager of certain subsidiaries of our Group, including Hangzhou Kangsheng, Hangzhou Kangming, 91health Shanghai, Shanghai Kangmeng Health Management Consultation Co., Ltd, Hangzhou Zhiyun Qikang Biomedical Co., Ltd, Shandong Guoyitang Pharmaceutical Chain Co., Ltd, Yinbang Insurance Brokerage, Shenzhen Yinsiubao Technology Co., Limited, 91health Hangzhou, Jiangsu Xinwange Medical Technology Co., Ltd and Guangxi Zhiyun Health Technology Co., Ltd..

Mr. Kuang has over 17 years of experience in healthcare and technology industries in the PRC and the United States. Prior to founding of our Company, Mr. Kuang was a senior strategic marketing manager in APAC at Johnson & Johnson (NYSE: JNJ) between July 2012 and January 2015. From October 2011 to April 2012, Mr. Kuang worked in the US division of Johnson & Johnson. From April 2006 to September 2010, Mr. Kuang served in various technical roles for APAC Business Development at Intel China.

Mr. Kuang received a bachelor's degree in Electrical Engineering from Tongji University in July 2002, and a master's degree in Communication Engineering from Shanghai Jiaotong University in March 2006. He also received a master's degree in Business Administration from Cambridge Judge Business School in March 2012.

Ms. Zuo Yinghui (左穎暉), aged 49, is an executive Director of the Company. Ms. Zuo was appointed as an executive Director of our Company on December 4, 2024. Ms. Zuo previously served as the vice president of the Company since January 2015, primarily responsible for supply chain management and business development. Ms. Zuo is also a supervisor of 上海運臻網絡科技有限公司 (91health Shanghai Limited*, a subsidiary of the Company).

Prior to joining the Group, Ms. Zuo held various positions at Johnson & Johnson (Shanghai) Medical Equipment Co. Ltd, a subsidiary of Johnson & Johnson (a company currently listed on the New York Stock Exchange (stock symbol: JNJ)) from October 1999 to December 2014, with her last role serving as the senior sales operation manager.

Ms. Zuo received a bachelor's degree in English from Shanghai University in PRC in 1997.

Directors and Senior Management

Independent Non-executive Directors

Dr. Hong Weili (洪偉力), aged 55, is an independent non-executive Director, the chairperson of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He is primarily responsible for supervising and providing independent judgement to the Board. He joined our Group in July 2022.

Dr. Hong has extensive experience in finance and investment in both Chinese and overseas financial institutions and capital markets. He was the president and chief research officer of CMC Holdings from November 2016 to September 2018. Prior to joining CMC, he was a partner of the Gopher Asset Management from February 2014 to March 2016, in charge of private equity and venture capital funds of funds and direct investments. Dr. Hong also served as the managing partner of KTB Ventures from April 2008 to April 2012, and the head of business development in ING China from June 2004 to July 2007.

Dr. Hong currently serves as an independent non-executive director of Edianyun Limited (a company listed on the Hong Kong Stock Exchange, stock code: 2416) and an independent director of BingEx Ltd. (a company listed on the Nasdaq Stock Exchange, stock symbol: FLX). From June 2020 to January 2024, Dr. Hong served as an independent director for Chindata Group Holdings Limited (a company listed on the Nasdaq Stock Exchange, stock symbol: CD), and from June 2021 to August 2024, Dr. Hong served as an independet director for Dingdong (Cayman) Limited (a company listed on the New York Stock Exchange, stock symbol: DDL).

Dr. Hong currently serves as a guest professor and a supervisor of the master degree program in the School of Economics of Fudan University; and a guest professor of the Fanhai International School of Finance of Fudan University. He is also the vice chairman of the Global Alumni Association of Fudan University.

Dr. Hong received both of his bachelor's and doctor's degrees in Economics from Fudan University.

Mr. Zhang Saiyin (張賽音), aged 45, is an independent non-executive Director, the chairperson of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee. He is primarily responsible for supervising and providing independent judgement to the Board. He joined our Group in July 2022.

Mr. Zhang served as a director for MINISO Group Holding Limited (a company listed on the New York Stock Exchange, stock symbol: MNSO, and the Stock Exchange, stock code: 9896) from December 2018 to January 2023, and chief financial officer and executive vice president from October 2018 to January 2023. Prior to joining MINISO, Mr. Zhang served as the chief financial officer between June 2015 and July 2017 and multiple finance leadership roles between April 2011 and May 2015 at China Resources Textiles (Holdings) Company Limited and China Resources Fashion (Holdings) Company Limited, both of which are indirectly wholly owned subsidiaries of China Resources (Holdings) Company Limited. From September 2009 to March 2011, Mr. Zhang worked as a manager in the finance department of Shenzhen Jinjia Color Printing Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002191, now renamed as "Shenzhen Jinjia Group Co., Ltd."). Between July 2005 and September 2009, Mr. Zhang served as a senior auditor at Deloitte, Shenzhen branch. He worked at the international financing department of ZTE Corporation (a company listed on the Shenzhen Stock Exchange, stock code: 000063, and the Stock Exchange, stock code: 763) between March 2004 and July 2005.

Mr. Zhang received his bachelor's degree in Accounting from Huazhong Agricultural University in China and his master's degree in Accounting and Finance from University of Birmingham in the United Kingdom. Mr. Zhang is also a fellow of Association of Chartered Certified Accountants.

Directors and Senior Management

Mr. Ang Khai Meng, aged 64, is an independent non-executive Director and a member of the Audit Committee of the Company, primarily responsible for supervising and providing independent judgement to the Board. He joined our Group in July 2022.

Mr. Ang has extensive experience in innovative pharma, generics, biologics, devices, diagnostics, consumables, and consumer health in his 38 years of experience in healthcare industry. He is currently serving as advisor to several companies in China.

In September 2016, Mr. Ang started to serve as the head of China at Roche Diabetes Care. Prior to this, Mr. Ang joined as a vice president of Hospira in July 2011. Mr. Ang also worked as a business director at Vascular Business Unit of Medtronic in January 2007.

Mr. Ang received his bachelor's degree in Science from Australian National University in Australia, in 1984. Mr. Ang received his Master's degree in Business Administration from Ohio State University in the United States, in 1985.

Senior Management

Our senior management team comprises of Mr. Kuang, Ms. Zuo, Ms. Xu Lili and Mr. Li Gang. Please see Mr. Kuang's and Ms. Zuo's biography in the section headed "Executive Directors" in this section above. The senior management (other than our executive Directors) of the Group comprises the following:

Name	Age	Position(s)	Date of appointment
Directors			
Xu Lili (徐黎黎)	44	Chief financial officer	October 2020
Li Gang (李剛)	44	Head of technology department	March 2016

Ms. Xu Lili (徐黎黎), aged 44, has served as the chief financial officer of our Company since October 2020, primarily responsible for overseeing the corporate finance, handling investor relations, and overseeing all the investments and acquisitions of the group.

Ms. Xu has more than 19 years of experience in financial management. From March 2014 to September 2020, Ms. Xu was the chief financial officer and executive director of Tongdao Liepin Group (a company listed on the Stock Exchange, stock code: 6100). Prior to joining Tongdao Liepin Group, Ms. Xu held various leadership positions at General Electric Company (a company currently listed on the New York Stock Exchange, stock symbol: GE), with her last role as the chief financial officer of GE Power Generation Services China, from January 2005 to March 2014.

Ms. Xu also serves as an independent non-executive director of MINISO Group Holding Limited (a company listed on the New York Stock Exchange, stock symbol: MNSO, and the Stock Exchange, stock code: 9896) and an independent director of Yalla Group Limited (a company listed on the New York Stock Exchange, stock symbol: YALA).

Ms. Xu received a bachelor's degree in International Business from Nanjing University in June 2003 and a master of science degree in local Economic Development from the London School of Economics and Political Science in November 2004. Ms. Xu is a public accountant certified by the Board of Accountancy of Washington State of the United States since June 13, 2012.

Directors and Senior Management

Mr. Li Gang (李剛), aged 44, has served as the head of technology department of our Company since March 2016, primarily responsible for the research and development of products and technologies of our Company.

Mr. Li has extensive experience in computer science and technology. Prior to joining our Group, Mr. Li served as a technology expert at Alibaba Group Holding Limited, a company currently listed on the New York Stock Exchange (stock symbol: BABA) and Stock Exchange (stock code: 9988), from July 2010 to June 2015. From June 2007 to June 2010, Mr. Li was a technology manager at Beijing Youjie Xinda Information Technology Co., Ltd.

Mr. Li obtained a bachelor's degree in computer science and technology from Yantai University in Yantai, the PRC, in June 2005.

Company Secretary

Ms. Fung Wai Sum (馮慧森), aged 42, is our company secretary and a senior manager of Company Secretarial Services of Tricor Services Limited (a member of Vistra Group). She was appointed as the joint company secretary of the Company with effect from the Listing Date and acts as the sole company secretary of the Company with effect from December 19, 2023. She is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Fung obtained her bachelor's degree in Business Administration in Operations Management and Economics from The Hong Kong University of Science and Technology in November 2004, and her master's degree in Professional Accounting and Corporate Governance from City University of Hong Kong in November 2008.

Ms. Fung has over 20 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Fung is currently the company secretary of six listed companies on the Stock Exchange, namely our Company, Tongdao Liepin Group (stock code: 6100.HK), Friendtimes Inc. (stock code: 6820.HK), China ZhengTong Auto Services Holdings Limited (stock code: 1728.HK), Greenland Hong Kong Holdings Limited (stock code: 0337.HK) and Migao Group Holdings Limited (stock code: 9879.HK), and the joint company secretary of two listed companies on the Stock Exchange, namely Shenzhen Neptunus Interlong Bio-Technique Company Limited (stock code: 8329.HK) and YSB Inc. (stock code: 9885.HK).

Changes to directors' information

Changes in Director's information is set out below pursuant to Rule 13.51(B) of the Listing Rules:

(1) Dr. Hong Weili, an independent non-executive Director, ceased to serve as an independent director for Chindata Group Holdings Limited (a company listed on the Nasdaq Stock Market, stock symbol: CD) since January 2024 and Dingdong (Cayman) Limited (a company listed on the New York Stock Exchange, stock symbol: DDL) since August 2024. He became an independent non-executive director for BingEx Ltd. (a company listed on the Nasdaq Stock Exchange, stock symbol: FLX) since October 2024.

(2) Mr. Lee Kar Chung Felix resigned as non-executive Director with effect from June 6, 2024. Mr. Ang Khai Meng was appointed as a member of the Audit Committee with effect from June 6, 2024.

Save as disclosed in this annual report, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published interim report.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As far as our Directors are aware, as of December 31, 2024, the interests and short positions of the Directors and the chief executives 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 our 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) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code, to be notified to our Company and the Stock Exchange are set out below:

Name of Director	Nature of interest	Relevant entity	Number of shares	Approximate % interest[1]
Mr. Kuang[2]	Interest in a controlled corporation/ Other/Beneficial owner	Company	135,841,185(L) [3]	23.14%
Ms. Zuo Yinghui	Beneficial owner	Company	3,185,000(L) [3]	0.54%

Notes:

1. The calculation is based on the total number of 587,038,219 Shares in issue as of December 31, 2024.

2. This includes (i) 94,571,580 Shares held by HaoYuan health Limited (formerly known as ClouDr Limited). The entire interest in HaoYuan health Limited is held through a trust which was established by Mr. Kuang (as settlor) and the beneficiaries of which are himself and his family members. Mr. Kuang is deemed to be interested in the Shares held by HaoYuan health Limited; (ii) various voting proxies granted to Mr. Kuang over the Shares of the Company, which in aggregate amount to 39,032,605 Shares. Each of SIG Global China Fund I, LLLP, FORTUNE SEEKER INVESTMENTS LIMITED, Treasure Harvest Investments Limited and Tembusu HZ II Limited (each a "**Proxy Grantor**") has entered into a voting agreement with Mr. Kuang before Listing, pursuant to which each Proxy Grantor granted Mr. Kuang, as their respective attorney, a voting proxy of 50% of the Shares that each Proxy Grantor holds, upon Listing, representing an aggregate of approximately 6.65% voting power in the Company; (iii) 2,000,000 restricted share units granted to Mr. Kuang under the Pre-IPO Equity Incentive Scheme on December 30, 2022 which have not vested yet; and (iv) 237,000 Shares held by Mr. Kuang directly.

3. The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed above, as of December 31, 2024, none of the Directors and chief executives of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code.

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As far as our Directors are aware, as of December 31, 2024, the following persons (other than the Directors and the chief executives of the Company whose interests have been disclosed in this annual report) had an interest or short position 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 pursuant to Section 336 of Part XV of the SFO:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of shares	Approximate % interest[1]
Trident Trust Company (HK) Limited[2]	Trustee	94,874,998(L)	16.16%
Data Vantage Development Limited[3] [4]	Interest in controlled corporations	94,571,580(L)	16.11%
HaoYuan health Limited[3]	Beneficial owner	94,571,580(L)	16.11%
Jeffrey Steven Yass[5]	Interest in controlled corporations	30,529,283(L)	5.20%
Colombus International Holdings, Inc. [5]	Interest in controlled corporations	30,529,283(L)	5.20%
Explorer Partner Corp. [5]	Interest in controlled corporations	30,529,283(L)	5.20%
SIG Global Investments GP, LLC[6]	Interest in controlled corporations	30,529,283(L)	5.20%
SIG Pacific Holdings, LLLP[5]	Interest in controlled corporations	30,529,283(L)	5.20%
SIG Global China Fund I, LLLP[5]	Beneficial owner	30,529,283(L)	5.20%

Notes:

1. The calculation is based on the total number of 587,038,219 Shares in issue as of December 31, 2024.

2. Trident Trust Company (HK) Limited, as trustees of the Hao and Yuan Trust and 91health Incentive Trust, controls (i) (through Data Vantage Development Limited) HaoYuan health Limited, which holds 94,571,580 Shares and (ii) Prime Forest Assets Limited, which holds 303,418 Shares. Trident Trust Company (HK) Limited is therefore deemed to be interested in the Shares in which HaoYuan health Limited and Prime Forest Assets Limited respectively have interest. The interest of HaoYuan health Limited has also been disclosed as the interests of Mr. Kuang in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures".

3. The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

4. Data Vantage Development Limited controls 100% of HaoYuan health Limited (which holds 94,571,580 Shares) and is therefore deemed to be interested in the Shares in which HaoYuan health Limited has interest.

5. Jeffrey Steven Yass controls (i) 100% of Colombus International Holdings, Inc. and (ii) 60.96% of Explorer Partner Corp., which, in turn, controls 58.79% and 1% of SIG Pacific Holdings, LLLP, respectively. SIG Pacific Holdings, LLLP controls 100% of SIG Global China Fund I, LLLP (which holds 30,529,283 Shares). Therefore, each of Jeffrey Steven Yass, Colombus International Holdings, Inc., Explorer Partner Corp. and SIG Pacific Holdings, LLLP is deemed to be interested in the Shares in which SIG Global China Fund I, LLLP has interest.

6. SIG Global Investments GP, LLC controls 100% of SIG Global China Fund I, LLLP (which holds 30,529,283 Shares). Therefore, SIG Global Investments GP, LLC is deemed to be interested in the Shares in which SIG Global China Fund I, LLLP has interest.

7. The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in the Shares.

Save as disclosed herein, as of December 31, 2024, no person, other than the Directors and chief executives whose interests are set out in this annual report, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information

Share Schemes

Our Company has adopted three share schemes, namely the Pre-IPO Equity Incentive Scheme, the Post-IPO Share Award Scheme (terminated on January 2, 2025) and the 2025 Share Scheme (adopted on January 2, 2025). Please refer to the section headed "Statutory and General Information — D. Share Incentive Plans" of Appendix IV to the Prospectus for further details of the Pre-IPO Equity Incentive Scheme and the Post-IPO Share Award Scheme, and the Company's circular dated December 11, 2024 for further details of the 2025 Share Scheme.

Maximum number of Shares available for issue

As of December 31, 2024, the maximum aggregate number of Shares that may be issued in respect of options and awards granted under the Pre-IPO Equity Incentive Scheme and the Post-IPO Share Award Scheme (prior to its termination on January 2, 2025) was 25,440,160 Shares, representing approximately 4.38% of the weighted average number of issued shares of the Company from January 1, 2024 to December 31, 2024.

In view of the adoption of the 2025 Share Scheme, on January 21, 2025, the Board resolved to cancel (i) 10,936,061 outstanding RSUs representing 10,936,061 underlying Shares previously granted to 350 award grantees pursuant to the terms of the Pre-IPO Equity Incentive Scheme and (ii) 42,493,300 outstanding award shares representing 42,493,300 underlying Shares previously granted to 350 award grantees pursuant to the terms of the Post-IPO Share Award Scheme. On the same date, the Board resolved to grant 58,680,611 share awards involving 58,680,611 new Shares to award grantees under the 2025 Share Scheme, representing approximately 9.9960% of the total issued Shares as at January 21, 2025. 53,429,361 of such share awards involving 53,429,361 new Shares were granted to the award grantees in consideration of the cancellation of the RSUs and award shares previously granted to them respectively and subject to the acceptance by the award grantees.

Further, details and relevant breakdowns of each of the share schemes are set out below:

Pre-IPO Equity Incentive Scheme

The Pre-IPO Equity Incentive Scheme was approved and adopted by the Company on August 24, 2015.

Purpose

The purpose of the Pre-IPO Equity Incentive Scheme is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants of the Group and to promote the success of the Company's business by offering these individuals or entities an opportunity to acquire a proprietary interest in the success of the Company.

Eligible participants

Persons eligible to participate in the Pre-IPO Equity Incentive Scheme include an officer, an employee, a director or a consultant employed by the Company (collectively, the "**Service Providers**") or any parent company or subsidiary of the Company or trusts or companies established in connection with any employee benefit plan of the Company for the benefits of the Service Providers but excluding a ten percent owner, who is in the employment of or other contractual relationship with any member of the Group.

Other Information

Maximum number of Shares available for grant and issue

The maximum aggregate number of new Shares issued and may be issued pursuant to all share awards under the Pre-IPO Equity Incentive Scheme is 84,254,735 Shares as of August 24, 2015 that are reserved under the Pre-IPO Equity Incentive Scheme. The grant of RSUs under the Pre-IPO Equity Incentive Scheme will be satisfied with existing Shares held by Prime Forest Assets Limited (a limited liability company incorporated under the laws of British Virgin Islands established for the purpose of holding Shares pursuant to the Pre-IPO Equity Incentive Scheme) and no new Shares will be issued pursuant to grant under the Pre-IPO Equity Incentive Scheme.

The total number of Shares available for grant under the Pre-IPO Equity Incentive Scheme was 1,075,894 Shares as of January 1, 2024 and 1,654,832 Shares as of December 31, 2024.

Limit for each participant

Under the Pre-IPO Equity Incentive Scheme, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant but unvested under the Pre-IPO Equity Incentive Scheme.

Option period

The relevant option agreement shall specify the term of the relevant option; provided, however, that the term shall not exceed 10 years from the date of grant. Subject to the preceding sentence, the scheme administrator in its sole discretion shall determine when an option is to expire.

Vesting Period

The vesting criteria and conditions, and the vesting date are specified in the share award agreement. Details of the vesting period of individual grants are stated in the table below.

Period of the Pre-IPO Equity Incentive Scheme

The Pre-IPO Equity Incentive Scheme commenced on August 24, 2015 and will expire on August 24, 2035. Upon expiry of the Pre-IPO Equity Incentive Scheme, any Pre-IPO Awards that are outstanding shall remain in force according to the terms of the Pre-IPO Equity Incentive Scheme and the applicable award agreement.

Purchase price

The purchase price, if any, shall be determined by the scheme administrator in its sole discretion.

Exercise price

The exercise price shall be set forth in the option agreement to be entered into between the Company and the optionee under the Pre-IPO Equity Incentive Scheme which generally shall not be less than 100% of the fair market value of the Company's shares on the date of grant and such price shall be payable according to the relevant option agreement.

Other Information

Payment for Shares

The consideration to be paid for the Shares to be issued under the Pre-IPO Equity Incentive Scheme, including the method of payment, shall be determined by the Scheme Administrator (and, in the case of an incentive stock option, shall be determined on the date of grant).

Further details of the Pre-IPO Equity Incentive Scheme are set out in the section headed "Statutory and General Information — D. Share Incentive Plans" of Appendix IV to the Prospectus.

Details of the outstanding RSUs granted under the Pre-IPO Equity Incentive Scheme are as follows:

Grantees in category	Role	Date of Grant	Vesting Period	Purchase price (per Share)	Unvested and undelivered RSUs as of January 1, 2024	Granted during the Reporting Period	Vested and delivered during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested RSUs as of December 31, 2024	Weighted average closing price of the Shares immediately before the date of vesting and delivering during the Reporting Period
Directors											
Mr. Kuang	Executive Director and	January 1, 2020	4 years	HK$0.01	5,249,835	–	5,000,000	–	–	249,835	HK$2.61
	Chief Executive Officer	December 30, 2022	4 years	HK$0.01	2,000,000	–	–	–	–	2,000,000	NA
Ms. Zuo	Executive Director	January 1, 2021	4 years	HK$0.01	175,000	–	–	–		175,000	NA
Four highest paid individuals (excluding Mr. Kuang) during the Reporting Period in aggregate[1]		Between 2018 and 2020	4 years	HK$0.01	4,597,715	–	1,520,925	–	–	3,076,790	HK$2.33
		Between 2020 and 2022	4 years	HK$0.01	6,775,000	–	3,915,000	–	–	2,860,000	HK$4.49
Other grantees in aggregate	Other employees	Between 2015 and 2021	Between immediately available and 4 years	HK$0.01 to HK$18.28	5,940,699	–	2,422,189	–	488,000	3,030,510	HK$3.10
		September 1, 2022	4 years	HK$0.01 to HK$3.92	685,000	–	210,750	–	91,250	383,000	HK$2.62
		December 15, 2022	4 years	HK$0.01	72,500	–	32,500	–	–	40,000	HK$3.00
Total					25,495,749	–	13,101,364	–	579,250	11,815,135	

Note:

(1) One of the five highest paid individuals during the Reporting Period was our executive Director and CEO, Mr. Kuang, whose interest in the Pre-IPO Equity Incentive Scheme was disclosed separately in the table.

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme was conditionally adopted by our Company on June 10, 2022. On January 2, 2025, the Post-IPO Share Award Scheme was terminated upon the adoption of the 2025 Share Scheme with the approval of the Shareholders. For further details, please refer to the Company's circular dated December 11, 2024. The following is a summary of the principal terms of the Post-IPO Share Award Scheme.

Other Information

Purpose

The purpose of the Post-IPO Share Award Scheme is to align the interests of Eligible Persons' (as defined below) with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

Eligible Persons

Any individual, being an employee, director (including executive directors, non-executive directors and independent non-executive directors) of any member of the Group or any affiliate of the Group (including nominees and/or trustees of any employee benefit trust established for them), and any officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group (an "Eligible Person" and, collectively "**Eligible Persons**") is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

Award

An Award gives a selected participant a conditional right, when the Award Shares vest, to obtain the Award Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Award Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted (the "**Grant Date**") to the date the Award vests (the "**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

Granting of Awards

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board's delegate(s), to any selected participant other than a Director or an officer of the Company) by way of an award letter ("**Award Letter**"). The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any Director or the chairman of the board of the Company shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of an Award). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant of Shares to connected persons of the Company.

Other Information

Maximum number of Award Shares (which can be satisfied by existing Shares) available for grant

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Award Shares which have been forfeited in accordance with the Post-IPO Share Award Scheme) will not exceed 58,703,821 Shares without Shareholders' approval (the "**Post-IPO Share Award Scheme Limit**") subject to an annual limit of 3% of the total number of issued Shares at the relevant time.

As of January 1, 2024 and December 31, 2024, 38,030,120 Award Shares and 23,785,328 Award Shares were available for grant under the Post-IPO Share Award Scheme, respectively.

Maximum number of new Shares available for issue

The total number of new Shares issued and may be issued pursuant to the Post-IPO Share Award Scheme will not exceed 58,703,821 Shares, representing 10% of the Company's issued share capital upon the Listing (the "**Scheme Mandate**"). During the Reporting Period, no new Share was issued pursuant to the Post-IPO Share Award Scheme. It follows that, as of January 1, 2024 and December 31, 2024, 58,703,821 new Shares were available for issue under the Scheme Mandate. On January 2, 2025, the Post-IPO Share Award Scheme was terminated upon the adoption of the 2025 Share Scheme with the approval of the Shareholders. It follows that, as of the Latest Practicable Date, the Post-IPO Share Award Scheme was no longer in effect.

Consideration and purchase price

The purchase price of Shares awarded or any amount payable on application or acceptance of the Award shall be determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority in its sole discretion.

Limit for each participant

Under the Post-IPO Share Award Scheme, there is no specific limit on the maximum number of shares which may be granted to a single eligible participant but unvested under the Post-IPO Share Award Scheme.

Termination

The Post-IPO Share Award Scheme shall terminate on the earlier of:

(a) the end of the period of ten years commencing on the Listing Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Post-IPO Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Post-IPO Share Award Scheme; and

(b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant under the rules of the Post-IPO Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a selected participant in this paragraph refers solely to any change in the rights in respect of the Awards Shares already granted to a selected participant.

Other Information

Remaining Life of the Post-IPO Share Award Scheme

On January 2, 2025, the Post-IPO Share Award Scheme was terminated upon the adoption of the 2025 Share Scheme with the approval of the Shareholders. For further details, please refer to the Company's circular dated December 11, 2024.

Further details of the Post-IPO Share Award Scheme are set out in the section headed "Statutory and General Information — Share Incentive Plan" of Appendix IV to the Prospectus.

Details of the unvested Award Shares granted under the Post-IPO Share Award Scheme (to be satisfied by existing Shares) are as follows:

Grantees in category	Role	Date of Grant	Vesting Period	Purchase price (per Share)	Unvested and undelivered Award Shares as of January 1, 2024	Granted during the Reporting Period	Vested and delivered during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested Award Shares as of December 31, 2024	Closing price of Shares immediately before the date of grant during the Reporting Period	Fair value of Award Shares at the date of grant during the Reporting Period[1]	Weighted average closing price of the Shares immediately before the date of vesting and delivery during the Reporting Period
Directors													
左穎暉	Executive Director	December 30, 2022	2 years	HK$0.01	30,000	–	–	–	–	30,000	NA	NA	NA
Four highest paid individuals (excluding Mr. Kuang) during the Reporting Period in aggregate [2]		December 30, 2022	4 years	HK$0.01	9,010,000	–	712,500	–	–	8,297,500	NA	NA	HK$5.89
		April 1, 2024	Immediately available	HK$0.01	–	1,300,000	1,000,000		–	300,000	HK$2.60	HK$2.59	HK$2.94
		December 1, 2024	Immediately available	HK$0.01	–	3,200,000	851,042		–	2,348,958	HK$1.31	HK$1.30	HK$2.52
Other grantees in aggregate	Other employees	Between 2022 and 2023	Between immediately available and 4 years	HK$0.01	4,333,701	–	169,211	–	156,250	4,008,240	NA	NA	HK$2.56
		March 1, 2024	Immediately available	HK$0.01	–	2,971,042	2,000,000	–	–	971,042	HK$4.87	HK$4.86	HK$2.60
		April 1, 2024	Between immediately available and 2 years	HK$0.01	–	1,530,000	1,500,000	–	–	30,000	HK$2.60	HK$2.59	HK$2.37
		April 22, 2024	Immediately available	HK$0.01	–	1,500,000	1,500,000	–	–	–	HK$2.42	HK$2.41	HK$2.40
		June 1, 2024	Immediately available	HK$0.01	–	1,500,000	1,500,000	–	–	–	HK$2.67	HK$2.66	HK$2.64
		December 1, 2024	Immediately available	HK$0.01	–	2,400,000	2,400,000	–	–	–	HK$1.31	HK$1.30	HK$1.31
Total					13,373,701	14,401,042	11,632,753	–	156,250	15,985,740			

Notes:

(1) The fair values of the Award Shares granted during the Reporting Period were determined based on the difference between the closing market price of the Company's shares that are publicly traded on the Stock Exchange at the grant date and the price of the RSUs payable by the grantee.

(2) One of the five highest paid individuals during the Reporting Period was our executive Director and CEO, Mr. Kuang, whose has no interest in the Post-IPO Share Award Scheme.

(3) There is no performance target attached to the Award Shares granted during the Reporting Period.

Other Information

2025 Share Scheme

The following sets forth a summary of the principal terms of the 2025 Share Scheme, which was adopted on January 2, 2025.

Purpose

The purpose of the 2025 Share Scheme is (i) to provide the Company with a flexible means of remunerating, incentivizing, retaining, rewarding, compensating and/or providing benefits to Eligible Participants (as defined below); (ii) to align the interests of Eligible Participants with those of the Company and Shareholders by providing such Eligible Participants with the opportunity to acquire shareholding interests in the Company; and (iii) to encourage Eligible Participants to contribute to the long-term growth and profitability of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Eligible Participants

Eligible Participants under the 2025 Share Scheme shall include: (i) employee participants, namely, any person who is an employee (whether full-time or part-time), director or officer of any member of the Group; (ii) related entity participants, being any person who is an employee (whether full-time or part-time), director or officer of a related entity; and (iii) service provider participants (the "**Service Provider Participants**"), being any person providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the scheme administrator and shall include those identified in the circular of the Company dated December 11, 2024 (the Service Provider Participants, employee participants and related entity participants are collectively known as the "**Eligible Participants**").

Awards

Under the 2025 Share Scheme, an award may take the form of a share option or a share award, which shall be funded by award shares. The Company may use treasury Shares to satisfy the exercise of vesting of awards under the 2025 Share Scheme.

Scheme Administration

The 2025 Share Scheme shall be administered by the scheme administrator, being the Board and/or any committee of the Board or other persons to whom the Board has delegated its authority in accordance with the rules of the 2025 Share Scheme.

Maximum number of Award Shares available for grant

The aggregate number of Shares underlying all grants made pursuant to the 2025 Share Scheme will not exceed 58,703,821 Shares, being 10% of the total number of Shares in issue on date of approval of the 2025 Share Scheme (the "**2025 Share Scheme Limit**"). The aggregate number of Shares underlying all grants made to the Service Provider Participants pursuant to the 2025 Share Scheme will not exceed 11,740,764 Shares, being 2% of the total number of Shares in issue on the date of approval of the 2025 Share Scheme (the "**Service Provider Sublimit**")

Other Information

As of January 2, 2025, being the date of the adoption of the 2025 Share Scheme, 58,703,821 Shares were available for grant under the 2025 Share Scheme Limit and 11,740,764 Shares were available for grant under the Service Provider Sublimit. On January 21, 2025, the Board resolved to grant 58,680,611 share awards involving 58,680,611 new Shares to the award grantees under the 2025 Share Scheme, representing approximately 9.9960% of the total issued Shares as at the same date. It follows that, as of the Latest Practicable Date, the total number of Shares available for future grant under the 2025 Share Scheme was 23,211 Shares, and the total number of Shares available for future grant to the Service Provider Participants under the 2025 Share Scheme was 23,211 Shares.

Maximum number of new Shares available for issue

The total number of new Shares which may be issued pursuant to the 2025 Share Scheme will not exceed 58,703,821 Shares, representing 10% of the Company's issued share capital on date of approval of the 2025 Share Scheme. As of the Latest Practicable Date, 58,703,821 new Shares (representing approximately 9.09% of the issued share capital of the Company as of the Latest Practicable Date) were available for issue under the 2025 Share Scheme Limit.

Maximum entitlement of each Eligible Participant

Unless approved by the Shareholders in the manner set out in the 2025 Share Scheme, the total number of Shares issued and to be issued upon exercise of awards granted and to be granted under the 2025 Share Scheme and any other share schemes of the Company to each Eligible Participant (including both exercised and outstanding share options) in any 12 month period shall not exceed 1% of the total number of Shares in issue (excluding any treasury shares). Any further grant of awards to an Eligible Participant which would exceed this limit shall be subject to separate approval of the Shareholders in general meeting with the relevant Eligible Participant and his/her close associates (or associates if the relevant Eligible Participant is a connected person) abstaining from voting.

Issue price for share awards and exercise price of share options

The issue price for awards which take the form of share awards shall be such price determined by the scheme administrator and notified to the grantee in the award letter. For the avoidance of doubt, the scheme administrator may determine the issue price to be at nil consideration.

The scheme administrator shall determine the exercise price for share options in which it shall in any event be no less than the higher of: (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date; and (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date.

Exercise period for share options

The exercise period for share options shall not be longer than 10 years from the grant date. a share option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the tenth anniversary from the grant date.

Vesting period

The scheme administrator may determine the vesting period and specify such period in the award letter. The vesting period of awards funded by new shares may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the rules of the 2025 Share Scheme.

Other Information

Performance Target

The scheme administrator may in respect of each award and subject to all applicable laws, rules and regulations determine such performance targets or other criteria or conditions for vesting of awards in its sole and absolute discretion.

Termination

Subject to the rules of the 2025 Share Scheme, the 2025 Share Scheme shall terminate on the earlier of (a) the 10th anniversary of the date on which the 2025 Share Scheme was adopted; and (b) such date of early termination as determined by the Board, provided that notwithstanding such termination, the 2025 Share Scheme and the rules of 2025 Share Scheme shall continue to be valid and effective to the extent necessary to give effect to the vesting and exercise of any awards granted prior to the termination of the 2025 Share Scheme and such termination shall not affect any subsisting rights already granted to any grantee thereunder.

Remaining life of the scheme

The term of the 2025 Share Scheme is 10 years from the date of adoption unless terminated earlier. The remaining life of the 2025 Share Scheme is approximately 10 years.

Further details of the 2025 Share Scheme, please refer to the Company's circular dated December 11, 2024.

Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, 2,282,700 shares of the Company at an aggregate consideration of approximately RMB12.7 million were purchased by trustee of the Company's share scheme on the Stock Exchange to satisfy share awards to be vested in subsequent periods.

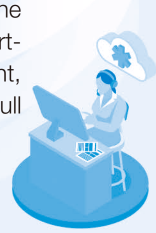
Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries or Consolidated Affiliated Entities purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules). The Company did not hold any treasury shares as defined under the Listing Rules as at December 31, 2024.

Material litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this annual report.

Use of proceeds from the Global Offering

On July 6, 2022, the Shares were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering, after deducting the underwriting fees and other estimated expenses paid and payable by us in connection with the global offering and discretionary incentive fee, were approximately HK$425.7 million. As of the Latest Practicable Date, there was no change in the intended use of proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. To the extent that the net proceeds are not immediately required for the intended purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term deposits in licensed bank(s) only so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. The Board currently expects full utilization of the proceeds by December 31, 2026.



Other Information

Set out below is the status of use of proceeds from the Global Offering as at December 31, 2024:

Purpose	% of use of proceeds	Net proceeds (HK$ million)	Unutilized amount as at December 31, 2023 (HK$ million)	Utilized during the year ended December 31, 2024 (HK$ million)	Unutilized amount as at December 31, 2024 (HK$ million)
Business expansion	60%	255.4	185.7	98.5	87.2
To advance our medical know-how and technology capabilities to reinforce our leadership in the digital healthcare industry	25%	106.4	69.6	41.5	28.1
To broaden our ecosystem through strategic partnerships, investments and acquisitions in other businesses that complement our organic growth strategies	5%	21.3	—	—	—
Working capital and general corporate purposes	10%	42.6	30.2	30.2	—
Total	100%	425.7	285.5	170.2	115.3

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company during the Reporting Period.

Corporate Governance Practices

The Board of the Company is committed to maintaining high corporate governance standards and believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company has adopted the principles and code provisions as set out in the Corporate Governance Code as a basis of our corporate governance practices and complied with the applicable code provisions, save for deviations from code provision C.2.1 as disclosed in the later part of this report.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the growth of its business and to reviewing such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Board of Directors

The Board is responsible for the overall leadership of the Group, oversees the Group's businesses, strategic decisions, monitors performance and takes decisions objectively in the best interest of the Company.

The Board has delegated the authority and responsibilities for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Board regularly reviews the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is devoting sufficient time performing such responsibilities.

Corporate Governance Report

Board Composition

The Board currently comprises five Directors, consisting of two executive Directors and three independent non-executive Directors. The members of the Board of the Company during the Reporting Period are listed as follows:

Executive Directors
Mr. Kuang Ming (匡明) *(Chairperson and Chief Executive Officer)*
Ms. Zuo Yinghui (左穎暉) *(appointed with effect from December 4, 2024)*

Non-executive Director
Mr. Lee Kar Chung Felix (李家聰) *(resigned with effect from June 6, 2024)*

Independent Non-executive Directors
Dr. Hong Weili (洪偉力)
Mr. Zhang Saiyin (張賽音)
Mr. Ang Khai Meng

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

To the best knowledge of the Company, there are no financial, business, family, or other material or relevant relationships among members of the Board.

Chairman and Chief Executive Officer

The positions of chairman of the Board and Chief Executive Officer is held by Mr. Kuang. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and the daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

Code provision C.2.1 of the Corporate Governance Code recommends, but does not require, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kuang performs both the roles of the chairman of the Board and the chief executive officer of the Company. Mr. Kuang is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Kuang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees and three independent non-executive Directors. The Board will reassess the division of the roles of chairman and the Chief Executive Officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Corporate Governance Report

Independent Non-executive Directors

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each of the independent non-executive Directors written annual confirmation in respect of his 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 and remain so as of the date of this annual report.

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

The Board Independence Evaluation Mechanism is available on the website of the Company.

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate. The Board also reviews the implementation and effectiveness of the Mechanism on an annual basis.

During the year ended December 31, 2024, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

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

Appointment and Re-election of Directors

Mr. Kuang, our executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, and are subject to termination in accordance with their respective terms and conditions of the services contract.

Ms. Zuo Yinghui, our executive Director, has entered into a service agreement with the Company for a term of three years commencing on December 4, 2024, until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice in writing. Ms. Zuo is subject to retirement as and when required under the Articles of Association.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date and are subject to termination in accordance with their respective terms and conditions of the appointment letters.

Corporate Governance Report

All Directors will hold office subject to provision of retirement and rotation of directors under the Articles of Association. Pursuant to Article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election, provided that every Director (including those appointed for a specific term) is subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Accordingly, Mr. Kuang and Dr. Hong Weili shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Accordingly, Ms. Zuo Yinghui, who was appointed as an executive Director on December 4, 2024 will retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer herself for re-election as an executive Director at the forthcoming annual general meeting of the Company.

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. Directors of the Board take decisions objectively in the interests of the Company.

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

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

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

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

As regards the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the Company, the Directors update the Board regarding offices held in public companies and organisations, and other significant commitments once every half year.

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

Corporate Governance Report

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his 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.

Ms. Zuo Yinghui, the new executive Director appointed on December 4, 2024, has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 3, 2024. She has confirmed that she has understood her obligations as a Director of the Company.

Directors are encouraged to participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The training records of the Directors for the Reporting Period are summarized as follows:

Name of Director	Attending training, briefings, seminars, conferences and workshops relevant to the Company's industry and business, director's duties and/or corporate governance	Reading news alerts, newspapers, journals, magazines and publications relevant to the Company's industry and business, director's duties and/or corporate governance
Executive Directors		
Mr. Kuang Ming	√	√
Ms. Zuo Yinghui *(appointed with effect from December 4, 2024)*	√	√
Non-executive Director		
Mr. Lee Kar Chung Felix *(resigned with effect from June 6, 2024)*	√	√
Independent non-executive Directors		
Dr. Hong Weili	√	√
Mr. Zhang Saiyin	√	√
Mr. Ang Khai Meng	√	√

Corporate Governance Report

Board Committees

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing specific 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 each of these committees will be revised from time to time to ensure that they continue to meet the needs of the Company and to ensure compliance with the Corporate Governance Code where applicable. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code and the roles and responsibilities delegated to the Audit Committee by the Board.

The Audit Committee comprises three members, namely Mr. Zhang Saiyin, Dr. Hong Weili and Mr. Ang Khai Meng. Each of Mr. Zhang Saiyin, Dr. Hong Weili and Mr. Ang Khai Meng is an independent non-executive Director. Mr. Zhang Saiyin (being our independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise) is the chairperson of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024 and has discussed with the independent auditor, KPMG. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters with senior management members of the Company.

During the Reporting Period, the Audit Committee held two meeting(s), during which matters such as the audit plan for the Reporting Period, the interim and annual financial results and reports, accounting matters related to license-in project and disposal of subsidiaries, effectiveness of the risk management, internal control systems and internal audit function, the implementation status of the internal control's rectification measures and appointment of external auditors and relevant scope of works were discussed.

The Audit Committee also met the external auditor twice without the presence of the executive Director during the Reporting Period.

Remuneration Committee

The Remuneration Committee comprises three members, namely Dr. Hong Weili, Mr. Kuang and Mr. Zhang Saiyin. Mr. Kuang is an executive Director and each of Mr. Zhang Saiyin and Dr. Hong Weili is an independent non-executive Director. Dr. Hong Weili is the chairperson of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management.

During the Reporting Period, the Remuneration Committee held one meeting, during which matters such as the review of the remuneration policy and the remuneration packages of the Directors and senior management of the Company, and making recommendations to the Board in this regard, reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules and the review and recommendation of the grant of share awards to our executive Director and employees of the Company were discussed.

Pursuant to paragraph E.1.5 of the Corporate Governance Code, the remuneration paid to the members of senior management by bands for the Reporting Period is set out below:

Remuneration bands	Number of individuals
Nil to RMB5,000,000	1
RMB5,000,000 to RMB10,000,000	1
RMB10,000,001 or above	2
Total	**4**

Nomination Committee

The Nomination Committee comprises three members, namely Mr. Kuang, Dr. Hong Weili and Mr. Zhang Saiyin. Mr. Kuang is an executive Director and each of Mr. Zhang Saiyin and Dr. Hong Weili is an independent non-executive Director. Mr. Kuang is the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary duties of the Nomination Committee include making recommendations to our Board on the appointment of Directors and management of Board succession, reviewing the Board Diversity Policy, the Nomination Policy, and assessing the independence of the independent non-executive Directors.

During the Reporting Period, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, considering changes in the members of the Board and making recommendations to the Board in this regard, and consider the qualifications of the retiring directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Report

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, details of which will be set out in the section headed "Board Diversity Policy".

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board. The details of which will be set out in the section headed "Director Nomination Policy".

Board Diversity Policy

The Company adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a director of the Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Our Board has a balanced mix of knowledge, skills and experiences, including management, strategic planning, law, finance, investment, innovative pharma, generics, healthcare and technology industries. The Directors obtained degrees in various areas such as electrical engineering, law, economics, accounting and science. The Nomination Committee is responsible for ensuring the diversity of our Board members.

In order to enhance gender diversity of the Board, the Company appointed one female director to join the Board in December 2024. The appointment of Ms. Zuo Yinghui as executive Director means the Company now has one female Director, out of a total of five Directors. While the Board is of the view that it is not necessary for the time being to set a specific timeline for achieving gender diversity, the Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. To develop a pipeline of potential successors to the Board and maintain gender diversity, the Board has adopted and implemented structured recruitment, selection and training programmes at various levels within the Group for the purpose of developing a broader pool of skilled and experienced potential Board members.

The Nomination Committee will review the implementation of the Board Diversity Policy, from time to time and as appropriate but at least once a year, and ensure its effectiveness.

Corporate Governance Report

During the Reporting Period, the Nomination Committee has conducted an annual review of the implementation and effectiveness of the Board Diversity Policy, and believed that the experience and competence of the Directors in all aspects and areas could enable the Company to maintain operation at a high standard, and accordingly has not set other measurable objectives.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Employees' Diversity

The Company is committed to promoting diversity in its workforce, providing an open and inclusive work environment with equal opportunities and protecting the rights of women and minorities. The same approach to gender diversity at the Board level also applies to the Group's workforce, including its senior management. We prohibit any form of harassment or discrimination on the basis of race, colour, age, gender, sexual orientation, gender identity or expression, disability, pregnancy, religion, political affiliation, veteran status, labour union membership, and the discrimination in hiring or employment practices with respect to marital status, promotion, awards or access to training. The Company embraces people of all genders. The Company's recruitment strategy is to hire the right person for the right job, regardless of gender. The Company is committed to providing equal opportunities for its employees in recruitment, training and development, position promotion and remuneration. Workers with the same level of skill and labour proficiency are paid for the same work, regardless of gender, age, ethnicity, disability, region, etc., as long as they can provide the same amount of labour in different ways.

As at December 31, 2024, female employees represented 51% of the total workforce (including senior management). The Company currently does not consider it appropriate to set any specific gender target for its workforce. As an equal opportunity employer, the Company also takes into account other relevant factors in its hiring decisions, and given it already maintains a 51% female representation in the Company's workforce, we consider that the gender ratio of the workforce of the Group is appropriate for its current business model and operational needs. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

Directors' Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

Corporate Governance Report

The Nomination Committee would nominate candidates for directorship. In identifying and assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee may make reference to certain selection criteria, such as reputation for integrity, professional qualifications and skills, accomplishment and experience in the industry, commitment and relevant contribution, diversity in all aspects. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision and succession planning. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

During the Reporting Period, Mr. Lee Kar Chung Felix resigned as a non-executive Director and ceased to be a member of the Audit Committee with effect from June 6, 2024, and Ms. Zuo Yinghui has been appointed as an executive Director with effect from December 4, 2024.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness and the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

Directors' Remuneration Policy

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy for the Company for approval by the Board.

It shall also make recommendations to the Board on the remuneration packages of individual executive Director and senior management. The remuneration of individual executive Director and senior management is determined with reference to factors such as the level of remuneration paid by comparable companies, the time commitment and responsibilities of directors and senior management, and the employment conditions of the Company and its subsidiaries, and to ensure that no director or any of their associates is involved in deciding that director's own remuneration.

Corporate Governance Functions

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

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

Board Meetings and Directors' Attendance Records

Pursuant to the code provision C.5.1 of the Corporate Governance Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. Four Board meetings and one general meeting were held during the Reporting Period. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with the code provision C.5.1 of the Corporate Governance Code.

Corporate Governance Report

The attendance records of each Director at the Board and Board committee meetings and general meeting of the Company held during the Reporting Period are set out below:

	Meetings Attended/Meetings Held during Tenure of Office				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General meeting**
Executive Directors					
Mr. Kuang Ming	4/4	—	1/1	1/1	1/1
Ms. Zuo Yinghui *(appointed with effect from December 4, 2024)*	0/0	—	—	—	0/0
Non-executive Director					
Mr. Lee Kar Chung Felix *(resigned with effect from June 6, 2024)*	1/1	1/1	—	—	0/1
Independent non-executive Directors					
Dr. Hong Weili	4/4	2/2	1/1	1/1	1/1
Mr. Zhang Saiyin	4/4	2/2	1/1	1/1	1/1
Mr. Ang Khai Meng	4/4	2/2	—	—	1/1

Apart from the regular Board meetings, the chairman of the Board also held a meeting with the independent non-executive Directors without the presence of other Director during the Reporting Period.

Risk management and internal control

The Company has adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as financial reporting, information system, internal control, human resources and investment management.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

The Company's internal audit department is responsible for assessing the risks, reviewing the effectiveness of risk management and internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members conducted risk assessment mainly through goal setting, risk identification, risk analysis and evaluation, the supervision and improvement of risk management. They also examined key issues relating to the accounting practices and all material controls, and provided its findings and recommendations to the Audit Committee, and they are required to report to the management to discuss any internal control issues encountered by the Company and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the Audit Committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board, if necessary.

Corporate Governance Report

We endeavour to uphold the integrity of our business by building an internal control system into our daily business operations. Our internal control and risk management systems cover, among others, corporate governance, operations, management, legal matters and finance. Our internal audit department reviewed our internal control system and we have implemented and will continue to implement the relevant suggestions they proposed/propose. There are also ongoing dialogues between the Board and the internal audit department to assess the potential impact of current and emerging risks and their mitigation measures so as to minimize or eliminate potential financial, compliance or other risks to the Company's businesses. Our internal audit department performed a review of the adequacy and effectiveness of the risk management and internal control systems over our major business processes such as segregation of duties, management reviews and controls, etc. The Audit Committee, and ultimately the Board, supervise the implementation of risk management policies. Risks identified will be analysed on the basis of likelihood and impact, and will be properly followed up and mitigated by the Board.

Our Audit Committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

The Board is responsible for the Group's risk management and internal control system and reviews the effectiveness of this system once every year. This system is designed to manage, though not entirely eliminate, the risk of failing to achieve business objectives, and provides a satisfactory, albeit not absolute, assurance against material misrepresentations or losses.

The Board has completed the annual review of the effectiveness of the Group's risk management and internal control system and believes that for the year ended December 31, 2024, (a) the Group has adequate and effective internal audit functions to continuously monitor the success of its risk management and internal control system; and (b) the Group's risk management and internal control systems are effective and adequate.

Whistleblowing and anti-corruption policies

The Company has adopted arrangement to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters.

In addition, the Company has in place an anti-bribery and anti-corruption policy to safeguard against any corruption within our Company and to outline the principles and guidelines that the Company intends to apply to promote and support anti-corruption laws and regulations.

The Audit Committee shall review such arrangement regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

The Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Corporate Governance Report

Inside information

The Company has also put in place a disclosure of information policy for the handling and disclosure of inside information. The policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Further, control procedures have been implemented to ensure that the unauthorized access and use of inside information is strictly prohibited.

Dividend Policy

In accordance with code provision F.1.1 of the Corporate Governance Code, the Company has adopted a dividend policy. According to the dividend policy, payment of dividends depends on a number of factors, including but not limited to: future operations of the Company; general financial condition of the Company; capital requirements of the Company; and any other factors which the Board may consider relevant. Interim dividends may be proposed and/or declared by the Board during a financial year, and any final dividend for a financial year will be subject to the shareholders' approval.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the year ended December 31, 2024.

Directors' Responsibility in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated 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 consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

Corporate Governance Report

Auditor's Remuneration

Set out below is a breakdown of the remuneration paid and payable to the external auditor of the Company, KPMG, in respect of the audit services and non-audit service (tax consultation service) for the Reporting Period.

Service category	**Fees paid/payable** **RMB'000**
Audit services	4,500
Non-audit services	Nil
Total	**4,500**

Company Secretary

Ms. Fung Wai Sum ("**Ms. Fung**") of Tricor Services Limited (a company secretarial services provider, a member of Vistra Group), is the sole company secretary of the Company with effect from December 19, 2023. Ms. Fung's primary contact person at the Company is Ms. Li Zhiran, the Investor Relations Director of the Company.

During the Reporting Period, Ms. Fung has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Communications with Shareholders and Investors Relations

Shareholders' communication policy

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The general meetings of the Company provide a platform for communication between the Board and the Shareholders. The chairman of the Board as well as chairman of each of the audit committee, the remuneration committee and the nomination committee or, in their absence, other members of the respective committees, are available to answer Shareholders' questions at general meetings. The external auditor of the Company is also invited to attend the annual general meetings of the Company to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication and to build a communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website (www.cloudr.cn), where information and updates on the Company's financial information, corporate governance practices, biographical information of the Board and other information are available for public access.

Corporate Governance Report

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Company's shareholder communication policy in respect of the year ended December 31, 2024, including taking into account the up-to-date information about the Company provided on various platforms such as the Company's website, the Company's financial reports published, and conducting of the Company's general meeting as well as announcements and other disclosures published by the Company during the year ended December 31, 2024, and considered all the communications being in-time, sufficient and accurate.

Shareholders' Rights

To safeguard Shareholders' interests and rights, a separate resolution is 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.

Procedures for Shareholders to Convene Extraordinary General Meeting

Pursuant to Article 12.3 of the Articles of Association, general meetings shall be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s).

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

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above.

Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website.

Corporate Governance Report

Putting Forward Enquiries to the Board

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

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

Address:	Rooms 201–2, 2/F No. 998 Wenyi West Road (Haichuang Yuan) Wuchang Street, Yuhang District, Hangzhou Zhejiang Province, China
Email:	cloudrir@91jkys.com

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

Change in Constitutional Documents

During the Reporting Period, the amendments to the Company's Memorandum and Articles of Association has been approved by the Shareholders by way of special resolution at the annual general meeting on June 6, 2024. Saved as disclosed herein, there was no other amendment to the Company's Memorandum and Articles of Association during the Reporting Period. The amended Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

1. About the Report

PRESENTATION OF THE REPORT

This Environmental, Social and Governance (hereinafter referred to as "**ESG**") report is presented electronically in both Traditional Chinese and English.

CURRENCY

Unless specified, the monetary amounts are presented in Renminbi (RMB) in this report.

REPORTING SCOPE

The aim of this report is to provide information regarding the ESG-related performance of ClouDr Group Limited (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "Group", "ClouDr" or "**we**") from 1 January, 2024 to December 31, 2024 ("**Reporting Period**"). In determining the components included in the Report, the Group's senior management has considered the extent of different business activities' impact on the Group's policy, financial, environmental and social performance.

SOURCE OF INFORMATION

The information and data conferred in this report primarily derive from the Company's database, internal statistical reports, and public information, including annual reports of the Company and media releases.

REFERENCE AND PRINCIPLES

This report references the United Nations Sustainable Development Goals (UN SDGs) and the ESG Reporting Guide set out in Appendix C2 to the Listing Rule of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The four disclosure principles of materiality, quantitative, balance, and consistency are also considered in this report.

Materiality: The Board and the senior management reviewed and confirmed the material ESG issues, and the identified material issues were used as the focus for the preparation of this Report.

Quantitative: This Report describes the criteria and methods for calculating the relevant data, as well as the associated assumptions. Key performance indicators ("**KPI(s)**") are provided to establish benchmarks where practicable.

Consistency: The relevant disclosure and statistical methods of the ESG Report are consistent with those used in the 2022 ESG Report without any significant changes.

CONTACT THE GROUP

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to the community and achieving sustainable growth. The Group welcomes comments from stakeholders on our environmental, social and governance policies and performance. Our ESG report can be accessed on www.cloudr.cn, and relevant comments may be sent by email to cloudrir@91jkys.com.

Environmental, Social and Governance Report

2. Statement of the Board

The board of directors (the "**Board**") is responsible for evaluating the Group's environmental, social and governance risks, and ensuring that necessary internal control and risk management frameworks are in place and operating efficiently. The Board is dedicated to incorporating environmental and social aspects into its daily operations and believes that environmental, social, and governance risks are essential to the effective operation of the Group. In order for us to continuously create value for our stakeholders, the Group's corporate governance is essential for ensuring that the ESG topic of the Group is well-considered and incorporated into the business agenda. As the Group's highest governance body, the Board sets the direction of our business strategy as well as the management of our business activities, along with a well-established governance structure in place to govern our corporate behavior. The Board is ultimately in charge of ensuring that the internal control system and ESG risk management are effective.

The Board advises management to regularly assess the key risks and uncertainties the Group faces, participates in the development of risk management strategies, and continuously evaluates the suitability of pertinent risk assessments and strategies. The Board also regularly evaluates the system's operational effectiveness and whether it includes crucial control measures for significant ESG issues. The Group has designated specific staff members to be in charge of gathering all pertinent data for each aspect of the ESG report and preparing it with the assistance of outside experts. Each department provides the Board with regular updates, helps identify and assess risks, such as supply chain management, hazardous wastes from the near-validity drugs, which are related to the Group's businesses, and evaluates the efficiency and suitability of internal control mechanisms. Aside from looking at labor practices, environmental, health and safety, and other environmental, social, and governance issues, assigned employees will also assess the Group's performance.

3. About the Group

We are the largest digital chronic condition management solution provider in China, in terms of numbers of SaaS (Software as a Service) installations in hospitals and pharmacies, each as of December 31, 2024, and numbers of online prescriptions issued through our services in 2024. As an industry pioneer and leader, the Company has its roots in serving and digitizing major participants in the value chain, including hospitals, pharmacies, pharmaceutical companies, patients and doctors.

We have strong AI capabilities based on massive real medical data we have processed through our hospital SaaS and have obtained through online prescription using pharmacy SaaS networks.

Hospital is of the utmost importance in the China's healthcare value chain, which has extremely high barrier to entry. By December 31, 2024, we have installed our chronic condition management SaaS in more than 2,700 hospitals, which represents more than 40% of top 100 hospitals and more than 20% penetration in tier 3 hospitals. Our hospital SaaS enables hospitals to standardize and optimize diagnosis procedures and improve treatment efficiency and reduce medical errors by automating and standardizing electronic health records, prescriptions, testing results, and other medical data.

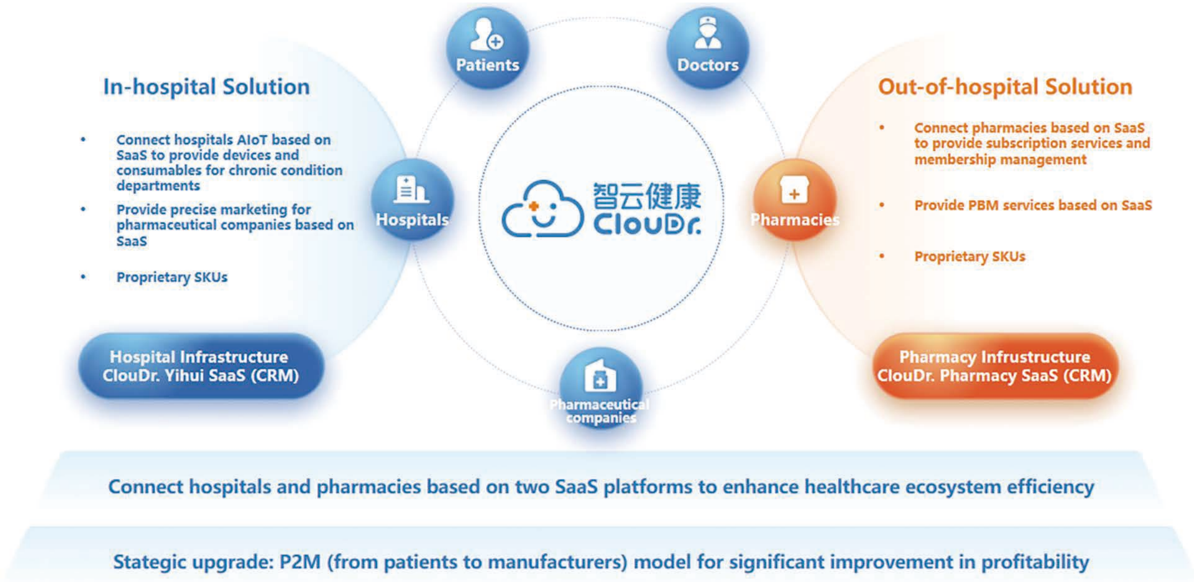
On the pharmacy side, by December 31, 2024, we have installed our pharmacy SaaS in 242,650 pharmacies, which represents more than one-third penetration of total pharmacies in China. We issued over one billion prescriptions cumulatively through our internet hospitals, and our maximum number of daily prescriptions exceeded one million in the last quarter of 2024. Our pharmacy SaaS allows every customer, especially chronic condition patients, once they walk into the pharmacy, to have the immediate access to our internet hospitals and get the online diagnosis and prescriptions so they can purchase prescribed drugs in the pharmacy.

The medical knowledge and insights derived from relevant data have established entity relationships for over 200,000 medicines, essentially covering the majority of chronic diseases. Currently, we have two vertical models, ClouD GPT and ClouD DTx, which respectively excel in physician-patient interactions and medical research. We feed our models with our real case data from high-class hospitals and massive consultation and prescription data from our own internet hospitals to train and enhance their accuracy and applications. Our ClouD GPT model can achieve close to 100% drug usage rationality on a single prescription, and in terms of drug interactions, our model has established rules for compatibility contraindications and multi-drug combinations, setting industry standard for AI-assisted prescription review out of hospitals.

During the Reporting Period, the ClouD GPT model consistently provided clinical decision support to doctors at hospitals and monetized through digital marketing efforts. In pharmacies, it assisted in prescription review using a "traffic light" mechanism and successfully deployed the first digital employee, resulting in significant savings in manpower and compliance costs for the Company. The ClouD DTx model published seven articles in top international journals, including four in Journal Citation Reports ("**JCR**") first quarter journals and three in JCR third quarter journals. It also helped in indication expansion to Parkinson's disease of our proprietary product Ischelium®.

Environmental, Social and Governance Report

With an aim of enabling the chronic disease management industry through technologies and improving the efficiency of the healthcare ecosystem, the Company strives to fulfill its responsibilities to increase the accessibility of quality and affordable healthcare services and products to the stakeholders in the healthcare ecosystem, and continues to build digital infrastructure for the chronic condition management industry.



Our integrated in-and out-of-hospital solutions connect hospitals and pharmacies based on our hospital SaaS and pharmacy SaaS to enhance the efficiency of the healthcare ecosystem.

Our integrated in-hospital solution provides: (1) an AI-driven extensive hospital SaaS to assist doctors in diagnosis and treatment and to help enhance the efficiency of doctor education, and as a result, our hospital SaaS can promote drugs in the following two manners: a) rendering targeted marketing services to pharmaceutical companies and b) selling of proprietary services chronic condition related drugs; and (2) a comprehensive chronic condition management solution to hospitals, including hospital SaaS and proprietary AIoT (Artificial Intelligence of Things), and therefore our SaaS has integrated with HIS (Hospital Information Systems) to process massive amount of real medical data in order to enhance hospital productivity.

Our out-of-hospital solution connects doctors and patients, and provides high-quality and trust-worthy medical services through our AI vertical model ClouD GPT to provide (1) pharmacy SaaS which enables in-store, real-time online consultation, prescription and risk pooling of outpatient services, which we monetize by charging SaaS subscription fees to pharmacies; and (2) sales of proprietary and partnered chronic condition related drugs based on our data insights in pharmacies including information on inventory, sales, and shipments of prescription drugs.

Environmental, Social and Governance Report

In 2024, the Company implemented a solid transformation of in-hospital solution with continuously improved efficiency and significantly optimized business structure. We planned to reduce the businesses of sales of medical supplies and consumables which have weaker strategic relevance and lower profitability, and focused more on high-value AI-driven "from patients to manufacturers" ("**P2M**") solution. We believe the transformation is for the benefit of long-term healthy growth of the Company, resulting in better resource allocation and positive operating cash flow. In the short term, the transformation will be focused on the P2M strategy to achieve healthy cash flow; in the mid-long term, it will target data assets monetization; and in the long term, we believe the transformation will lead us to achieve a closed-loop of individual chronic condition management by connecting hospital, pharmacy, pharmaceutical companies, patients and payers via healthcare data sharing.

The AI-driven P2M strategy is based on our solid infrastructure in both in-hospital scenarios and out-of-hospital scenarios. Under such strategy, we are able to sell proprietary products of which the Company has ownership, sales rights or other exclusive rights through strategic cooperation with pharmaceutical companies, and we believe this strategy will lead us to the path of profitability. With the steady revenue growth of Ischelium® and the launch of Hetangjing®, our P2M solution has already realized a total revenue of RMB320.4 million and has achieved profitability as of December 31, 2024. We have already become the gateway for industrial enterprises to enter into hospitals and pharmacies based on our broad and in-depth hospital network and pharmacy network. As a result, our digitization capability can connect industrial enterprises with end hospitals and pharmacies, and ultimately bring high-quality products with competitive pricing and high convenience to patients with chronic conditions.

During 2024, for environmental aspects, we encouraged serials of measures such as supporting green office work including more frequently using virtual conferencing to reduce the need for travel-related carbon emissions, and the adoption of energy-saving designs and office equipment. Our factory completed the renovation of existing hazardous waste storage facilities and replaced aluminium-plastic packaging machine..Our internet hospitals issued more than 264 million online prescriptions which not only helped millions of people acquire medical services but also saved energy and resources from issuing paper prescriptions and patients commuting to hospitals. Our SaaS systems also helped reduce paper usage from our customers by digitalizing their working process and documentation. We continued to leverage AI technology to facilitate the advancement of green healthcare.

For social aspects, we value our employees and are committed to providing a safe and inclusive workplace. We also provided additional training for our employees to ensure that they have the necessary skills and knowledge to perform their jobs safely and effectively. Guided by the core values of "Customer First, Pursuit of Excellence, Value Creation, and Service to Society," we always place customers at the center and focus on meeting their needs in the chronic disease management industry. We have implemented serials of policies and procedures to ensure that we are conducting our business in a manner that we are responsible for our product and our suppliers are aligned with our governance criterions. We are also committed to giving back to our communities. For instance, we offered multiple rounds of free online healthcare services and joined hands with hospitals and pharmacies across the country to extend high-quality medical and health services to the "last mile"; we donated medical products to certain communities and disaster-stricken areas through our service capabilities.

Moving forward, we will continue to work towards our mission of chronic disease management and digitalization of healthcare services while integrating ESG principles. With the rising demand for and value of chronic disease management and digitalization of the healthcare industry, we will remain committed to the long-term development of medical and health services in the country. We will continue to work towards our ESG goals in the coming years and make a positive impact on the world around us.

Environmental, Social and Governance Report

4. Honors and Awards

February 2024

Awarded as a Demonstration Enterprise for Innovative Development in the Service Industry of Yuhang District

Awarded one of the "Top 50 Digital Economy Enterprises of Yuhang District in 2023"

March 2024

Awarded "2023 Annual Digital Economy Innovation and Development Enterprise"

July 2024

Recognized as an Innovative Small and Medium-sized Enterprise of Jiangsu Province

Recognized as a Nanjing Controlled-Release Drug Development Engineering Technology Research Center

September 2024

Recognized as Jiangsu Province's First Batch of Technology-based Small and Medium-sized Enterprises

Recognized as a Three-Star Cloud Adoption Enterprise of Jiangsu Province in 2024

ClouDr In-Hospital and Out-of-Hospital Intelligent SaaS Systems were successfully selected for the 2023 "Secure and Reliable Demonstration Case List"

October 2024

Recognized as a Headquarters Enterprise of Hangzhou City for 2024

Successfully passed the acceptance of Hangzhou's Major Artificial Intelligence Project

The 14th Public Welfare Festival X ClouDr – Together to Spread the Power of Public Welfare

November 2024

Included in the 2024 "Health China Innovation Practice Cases · AI-Empowered Category" for the project "Intelligent Medical Consultation SaaS"

The ClouDr Pharmacy SaaS Solution was included in the China Digital Development Knowledge Base

The Intelligent Medical Consultation System for Chronic Disease Management won Third Prize in the "Qipu Award — Digital Health"

December 2024

Recognized as a Four-Star Cloud Adoption Enterprise of Jiangsu Province in 2024

Awarded one of the "Top 10 Chinese Intelligent Pharmaceutical Enterprises of 2024"

Recognized as a "Specialized, Refined, Differentiated and Innovative" Small and Medium-sized Enterprise of Jiangsu Province

Awarded the "Most Socially responsible Listed Company" by Zhitong Finance

Recognized as a "Zhejiang Provincial Enterprise Research Institute"

"Knowledge Graph-Based Medical Consultation System Software" selected as a 2024 First Edition Software Product in Zhejiang Province

5. Environmental Aspect

Overview

We adhere to laws and regulations such as the "Environmental Protection Law of the PRC," "Law of the PRC on Energy Conservation," and "Good Supplying Practice" and formed our ESG Policy to manage potential ESG risks related to air and greenhouse gas emissions, discharges into water and land, generation of waste and climate-related issues. We support green operations and encourage carbon reduction behaviors among our employees and leadership team. Our online medical services and electric prescriptions help the whole nation to realize massive savings from carbon emissions and paper usages. We manage medical wastes with the utmost care and work to establish an environmentally friendly company.

Our ESG Policy requests our board, management team and Government Affairs department actively follow the laws, regulations, guidances, industry best-practice updates about ESG management and environment and nature resource and climate-related issues to identify potential significant impact on our business operation and build mitigation plans. To our best knowledge, there was no material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, nor have we identified any material climate-related issues. The resource used by the Group were mainly electricity and water. Given the Group's business nature, the Group believes that the impact directly exerted by its business operation on the environment and natural resources and climate was insignificant at this moment. In addition, following guidance from our ESG Policy, our management team will review and evaluate risks and impacts related to the environment and natural resources and climate-related issues on a yearly basis.

In 2024, our total electricity consumption was 1,757 megawatt hour (MWh), which was 1.44 MWh per employee, representing a decrease of 18% as compared to 1.75 MWh per employee in 2023, due to more efficient seating restructuring which led to a reduction of leased office space. We aim to reduce the electricity consumption per employee by 5% within five years by providing more training and tips for employees, implementing energy-saving measures such as using LED lights in the office and reducing air conditioning usage, and planning to use photovoltaic power generation in the factory to improve energy efficiency.

The water resources used by the Group, excluding the factory, for operation mainly come from municipal running water supply and we have no issue in sourcing water that is fit for the purpose. Because our offices are rented and water resources are provided in shared public areas, we have no statistical data on water consumption and we are unable to set water efficiency targets. However, we have replaced plastic-bottled water to direct drinking systems in the premises. The annual water consumption of the factory is approximately 8,000 tons, mainly for the use of production and employee living.

In 2024, the total packaging materials used for product delivery were approximately 1.9 tons, averaging 4.2 grams per package. This represents a decrease of about 68% compared to the previous year, primarily due to a decrease in the number of products requiring packaging for environmental protection reasons and the adoption of more efficient packaging methods. The average weight per package increased by about 74% compared to the previous year, mainly due to proactive bulk packaging to reduce the use of packaging materials. We aim to explore more efficient packaging methods and environmentally friendly packaging materials to further reduce the use of packaging materials per package by 10%.

Environmental, Social and Governance Report

Green operation

In 2024, our carbon dioxide equivalent emissions were approximately 1,019 tons, which was 0.84 tons per employee (Note: Our office emission is mainly indirect energy emissions (category 2) caused by outsourced electricity. The emissions from our production facility resulted from the use of electricity, water, and steam in the production process, leading to process emissions of greenhouse gases (Category 1).The calculation is checked according to the ESG Guide of Hong Kong Stock Exchange and the Guidelines for Accounting Method and Reporting of Greenhouse Gas Emission from Enterprises issued by the Ministry of Ecology and Environment of the People's Republic of China).

In terms of target setting, we aim to reduce 5% of the carbon dioxide emissions per employee within five years, and we aim to further manage the greenhouse gas emissions such as better utilize the office electricity by turning off lights in a more timely manner and clean and replace facilities in the factory on a regular basis.

Green Operation and Management in Offices

We are committed to sustainability as part of our corporate strategy, and we strive to cultivate a sustainable mindset among our employees and work environment. We have conducted a series of campaigns that aim to reduce waste and carbon emissions of both our Company and our employees, including trash-sorting in all of our offices, water reduction, and carbon emission reduction.

We are also committed to carbon mitigation measures and will continue to explore ways to further improve energy efficiency. In our offices, we have internal policies for when and how air conditioners are to be used, based on temperature and time.

Our ESG Policy encouraged a series of measures to promote environmental-friendly operations in our offices and daily operations. Below are some of the examples:

- We ask our employees to be mindful of the environment when consuming office supplies, such as using double-sided or multiple pages printing and only printing when necessary or re-use paper where practicable;

- We use OA system to digitalize the most of business review processes and internal control processes to promote a paperless office environment and reduce paper consumption;

- In order to maximize office efficiency and minimize energy waste, we use leased offices to maximize office utilization by sharing workspaces for multiple functional teams, advocate for an open office environment and set no separate office even for most of our senior management team;

- We strictly implement the standard of 26°C for air conditioning in summer and 22°C in winter to reduce energy consumption;

- We encourage our employees to commute green by taking more public transportation such as subway;

- We do not allow employees to use high-power electrical appliances such as heaters and hot water kettles in the office;

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- We request employees to turn off display in a timely manner when leaving the workstation and the lighting and air conditioning should be turned off when leaving office or meeting room;
- We sort daily operation wastes in accordance with local regulations and then hand over to a qualified third-party company for disposal; and
- We have established several protocols in our offices in effort to reduce water-usage. For example, we have administrative staff regularly check status of water supply facilities to ensure no water waste and we placed signs to remind our employees to reduce their water usage.

Green Operation and Management at Production Facility

Our group owns a production facility located in Nanjing, primarily engaged in pharmaceutical manufacturing. The production facility obtained Good Manufacturing Practice (GMP) certification from the China National Medical Products Administration in July 2005, successfully passed GMP inspections by the Therapeutic Goods Administration (TGA) of Australia in July 2007, and passed GMP inspections by the Irish Medicines Board (IMB) in June 2009.

The waste generated during the production process mainly consists of waste gas, wastewater, and solid waste. In accordance with the laws of the People's Republic of China on the prevention and control of atmospheric pollution, water pollution, and solid waste pollution, as well as relevant industry standards, our group has established a Waste Management System to systematically control the generation, collection, storage, and transfer of waste, wastewater, and solid waste.

The waste gas generated by our group is mainly dust removal waste gas from the tablet workshop, collected by hood and then enters the dust removal machine for efficient filtration to meet emission standards.

The wastewater generated by our group is treated at the on-site sewage treatment plant and then transferred to the sewage treatment plant after meeting the discharge standards. The sewage network at our production base has been constructed for separate rainwater and sewage, with rainwater discharged through rain outlets into the park's rainwater network.

The solid waste generated by our group mainly includes packaging waste, production waste, and employee domestic waste. All solid waste is stored in designated hazardous waste storage areas and, when reaching a certain quantity, is handed over to qualified disposal units for proper treatment to avoid secondary pollution.

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Online electric prescriptions and digitalization services

In 2024, our internet hospitals issued over 264 million online prescriptions which not only helped millions of people acquired medical services but also saved energies and resources from issuing paper prescriptions and patients commuting to hospitals.

Our SaaS systems have been installed in 2,738 hospitals and 242,650 pharmacy stores which also help to reduce paper usage from our customers and improve their working efficiency by digitalizing their working processes and documentations.

All these efforts can help save energies and resource consumption among the value chain of healthcare services.

Medical wastes management

Our hazardous materials mainly include waste electronic items generated from daily office use and near-validity medical products. In 2024, based on our supply chain related data, we have 12.4 tons of hazardous and waste materials which were handed over to qualified professional institutions for scrap. The non-hazardous wastes mainly include waste paper, cardboard boxes and garbage generated from daily office, which are handed over to the property company for unified classification and treatment. However, because we use shared office building and office wastes processing is included in property service, we have no statistical data on non-hazardous wastes quantity.

In term of the disposal of dangerous waste products with special management regulations, we have formulated the "Management System for Near-Expiration and Non-conforming Drugs and the Management System for Drug Returns" in accordance with the "Good Supplying Practice of Medicines (GSP)", formulated different treatment methods according to the nature of the drugs, regularly concentrated on cleaning up and destroying substandard drugs, strictly controlled the treated wastewater, waste residue, outsourced packaging and other waste, and prevented potential risks such as personal injury incidents and environmental pollution incidents caused by drug leakage. Drugs with a near-expiration period shall be returned to their suppliers or handed over to qualified professional institutions for unified processing according to management regulations.

In terms of setting targets, we aim to reduce the hazardous and non-hazardous wastes by 5% in 5 years. We will more rigorously manage the turnover of our products to further reduce the volume of near-validity medical products.

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6. Social Aspect

6.1 Employment and labor standard

ClouDr adheres to the principles of fairness and justice in the employment of its staff. The Company does not discriminate based on gender, age, ethnicity, nationality, marital or reproductive status, religious beliefs, political stance, or any other factor. Our Human Resources Management Policy also includes corresponding regulations to manage discriminatory behavior. Additionally, the Company provides suitable job positions for disabled individuals. As at December 31, 2024, the Group had a total of 1,218 employees across 96 cities in China, female employees represented 51% of the total workforce. In our senior management team, the female senior management represented 60% of the total senior management team.

ClouDr strictly abides by the Labor Contract Law of the People's Republic of China, Contract Law of the People's Republic of China, and other laws and regulations. The Company prohibits the employment of individuals under the age of 18 and sets strict screening procedures during recruitment and hiring. The Company respects and safeguards the legal rights and interests of each employee. The Human Resources Management Policy specifically outlines employee rest and leave arrangements and holiday benefits. In case of any non-compliance in relation to employment of child labor, we will settle all their salaries, terminate the labor contract with them, and take remedial measures such as escorting the child labor to the guardian office. Meanwhile, employees who hire child labor in violation of regulations will be held accountable in accordance with the law. During the Reporting Period, there were no incidents of child labor or forced labor. Moreover, the Company has established "ClouDr Female Care Ambassadors" and a "Female Employee Care Emailbox" to provide more care and assistance to the female employees.

As at December 31, 2024, the Group had a total of 1,218 employees, comprising 408 employees in Hangzhou, 130 employees in Shanghai, and 680 employees in other offices in China. The Group also had over 3,000 flexible staffing as of December 31, 2024 to support business development activities mostly in lower tier cities.

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Below is an overview of our full-time employee employment and employee turnover during the Reporting Period:

Indicator			Unit	2024
Full-time employee employment	Total number of full-time employees		Person	1,218
	By gender	Female employees	%	51
		Male employees	%	49
	By age	50 or above years old	%	5
		40–49 years old	%	20
		30–39 years old	%	51
		Below 30 years old	%	24
	By region in mainland China	South region	%	22
		North region	%	7
		East region	%	69
		West region	%	2
Full-time employee turnover	Total number of full-time employees leaving office		Person	622
	Full-time employee turnover rate		%	51
	By gender	Female full-time employees	%	46
		Male full-time employees	%	56
	By age	50 or above years old	%	22
		40–49 years old	%	41
		30–39 years old	%	52
		Below 30 years old	%	64
	By region in mainland China	South region	%	42
		North region	%	55
		East region	%	48
		West region	%	54

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6.2 Health and safety

ClouDr cares about the occupational safety and health of its employees. The Company complies with laws and regulations such as the Occupational Disease Prevention and Control Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, and provides a safe and comfortable working environment for all employees. Our Human Resources Management Policy highlight the importance of the health and safety of our employee, and ensure a series of actions to protect employees' health and safety. For instance, the policy clearly stated to reimburse the regular health condition checkup fees of our employees, and to provide health kits in the workplace to ensure the safety and health of employees, and avoid occupational hazards. There have been no work-related deaths or work-related injuries in the past. During the Reporting Period, there were no cases of work-related fatalities and work-related injuries.

We provide supplementary commercial insurance for employees to offer comprehensive medical protection. The Company arranges regular physical examinations for employees to help them effectively cope with diseases and unexpected risks. The Company also actively encourages employees to have a healthy lifestyle and work-life balance. To promote employees' physical and mental health, the Company regularly organizes team-building activities with diverse forms of entertainment to facilitate communication and interaction among employees.

Below is an overview of the health and safety condition of our employees during the past three years (including the Reporting Period):

	Indicator	Unit	2022	2023	2024
Health and safety	Number and rate of work-related employee deaths	%	0	0	0
	Number of workdays lost due to employee work-related injury	Day	0	6	0

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6.3 Employee recruitment and management provisions

The Group's explicit guidelines for hiring and employment practices are as follows: The Company's human resources demand strategy is implemented by the human resources department, and the recruitment process can be carried out by combining internal and external approaches. When submitting a human resource requirement plan, each department must include the job functions of the desired position, the requirements for the candidate, and the person to whom they report.

We choose high potential talents in accordance with the "ClouDr Value", and we are confident that individuals who fit the "ClouDr Value" are capable of performing well in ClouDr for a variety of positions with high development potential.

ClouDr Value

Behavior Value (行為目標)	Strong execution
	Effective collaboration
	Courageous innovation
	High say-do ratio
	Honesty and trustworthy
Task-based Value (業務目標)	Vary by functions and teams

Campus recruiting, social recruitment, internal recruitment, and other recruitment methods are the Group's primary methods of hiring. The Group's hiring policies are as follows: Open recruitment to choose the most qualified candidates; internal employees must have priority under equal circumstances.

6.4 Employee compensation, benefit and activities

The Group will offer employees a compensation and welfare structure that is fair on the inside and competitive externally in the industry to ensure the long-term growth of ClouDr Group Limited. In order to maintain its sustainable competitiveness, the Group will also routinely gather and analyze pertinent compensation data in the target markets. The two types of compensation are cash income and non-cash income. Cash income includes items such as base salaries, bonuses, and so forth. Non-cash income includes items such as social insurance and provident funds, internal company benefits, and so forth. Since the employees joined, the Group has paid their social insurance and provident fund.

Employees receive full compensation for their yearly vacation and full pay for their sick leave when it comes to holiday pay. Employees must be paid for additional sick days based on 80% of the local province's minimum salary for the current year (specific rules that apply only in particular places must be followed). The whole day's pay will be taken out for personal leave. Additionally, the Company will pay the employees' basic salaries throughout their maternity leaves, paternity leaves, maternity check leaves, paternity leaves, paternity leaves, family planning leaves, and public holidays.

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6.5 Talent development and training

ClouDr considers talent development and training as a key task for the Company's growth. The Company continually optimizes and perfects its training system to promote the continuous growth of talents. We believe that the Company's efforts to attract and cultivate talent demonstrate its commitment to investing in its workforce, which can ultimately contribute to the company's long-term success and sustainability.

The Company's training system comprehensively covers courses for different groups, such as the "New Employee Induction Training" and "Middle and Senior Managers Induction Workshop" for new employees, the "New Manager Training Camp" for frontline managers, the "Advanced Leadership Program" for middle and senior managers, as well as corresponding external training courses, and the "CIouDr Employee Charging Station" and "CIouDr Learning Day" to enhance the general skills of all staff.

In 2024, 860 of our full-time employees (including the leaving employees) attended various types of employee development training sessions, details are as below:

	Indicator	**Unit**	**2024**	**Percentage of employees trained**
By gender	Total number of full-time employees trained		860	71%
	Total number of female full-time employees trained		449	72%
	Total number of male full-time employees trained	person	411	69%
By employee type	Total number of ordinary full-time employees trained		803	69%
	Total number of middle management employees trained		48	99%
	Total number of senior management employees trained		9	100%

	Indicator	**Unit**	**2024**
	Total training hours of full-time employees		12,728
	Average training hours of full-time employees		14.8
By gender	Total training hours of female full-time employees		6,502
	Total training hours of male full-time employees		6,226
By employee type	Total training hours of ordinary full-time employees		11,050
	Total training hours of middle management employees	Hour	1,421
	Total training hours of senior management employees		257
By gender	Average training hours of female full-time employees		10.5
	Average training hours of male full-time employees		10.4
By employee type	Average training hours of ordinary full-time employees		9.5
	Average training hours of middle management employees		29.2
	Average training hours of senior management employees		28.5

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While enhancing employees' skills, the Company also provides a smooth career development channel for employees and motivates them to develop comprehensively through promotions, job rotations, and other methods. In the meanwhile, the Company continues to increase its efforts in technology innovation and talent cultivation, actively attracting chief scientists, and successfully obtained a bronze medal through the evaluation of the post-doctoral workstation, which improves the overall talent development level.

6.6 Anti-corruption

We have in place an anti-bribery and anti-corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. In particular, we issued our policy relating to anti-bribery and anti-corruption in January 2021, which provides guidance for staff behavior, and the identification, monitoring and reporting of bribery and corruption events. We keep accurate books and records that reflect the substance of transactions and asset dispositions in reasonable detail. We specifically require that the employees submit all reimbursement requests related to entertainment related fee or gifts presented to third parties on behalf of us in accordance with our expense expenditure policy, and specifically record the reason for the expenditure. These expenses should be recorded in the financial system and marked as promotional gift expenses or entertainment expenses as appropriate. In addition, we require our employees to report and obtain pre-approval of all business courtesy expenses with a value of more than RMB300 per capita or equivalent for our review and supervision. We also require that the payment must not be used for any purpose other than those described in the supporting document. Misleading or incomplete entries in our books and records are not acceptable and subject to disciplinary actions. The payment made in violation of the expense approval process, cash management system or reimbursement system is strictly prohibited. Our finance department regularly monitors the effectiveness and supervises the implementation of the policy, and report to our board of directors the applicability, appropriateness and effectiveness of the policy periodically. Any improvement measures determined by our board of directors should be implemented as soon as possible. In addition, we regularly provide anti-bribery and anti-corruption trainings to all of employees. Our legal and compliance department keeps the training records. Furthermore, we have implemented robust internal control policies with regard to third parties for our business operations, including our customers and suppliers.

We also have a dedicated Anti-Money Laundering Policy. The policy contains the definition and regulatory requirement on the money laundering, and the detailed internal management procedures to identify and protect money laundering, including the payment methods which we do not accept due to the money laundering risk considerations, the red flags of money laundering, the internal training rhythms and internal audit requirements and so on.

During the Reporting Period, there was no material anti-corruption or anti-money laundering concerns raised or identified, and to the best of the knowledge of us, there was not any claims from any third party against us on the anti-corruption or anti-money laundering.

Employee education

We requires all employees to sign an "Integrity Declaration" annually to ensure that their business dealings do not conflict with the interests of the Company and to confirm compliance with relevant laws and regulations.

Employees must also conduct self-monitoring in real-time and regularly receive training from the Company's compliance department. The content of the training include anti-corruption areas such as improper payment, reimbursement standards, channels to raise compliance concerns, etc. The training records and assessment results are included in KPI evaluations.

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To regulate employee hospitality behavior, we have established standards for entertainment, hospitality, and gift-giving based on relevant laws and regulations, business characteristics, and benchmarking against similar companies in the market. These guidance is documented in our Employee Expense Management Policy and Employee handbook and will be updated regularly. Exceeding the standard is generally not allowed, and in special circumstances, approval from the highest level of the Company is required.

Corruption report and investigation

We welcome every employee to communicate with the Company in a timely manner when they encounter integrity concerns about themselves or others.

We provide the highest level of confidentiality for all employee feedback to ensure that relevant information is not leaked. Each employee can contact the compliance department through email at compliance@91jkys.com to raise compliance related concerns anonymously, and the management takes any compliance concerns seriously.

For issues raised by employees, the internal audit team and compliance committee will analyze them one by one with high confidentiality and execute relevant inspection procedures if necessary. As of December 31, 2024, there was no compliance cases raised by employees or compliance related litigation.

During the investigation of fraud and improper business activities, the internal control and internal audit personnel of the Company shall promptly report to the organization management under the following circumstances:

(1) It can be reasonably believed that fraud and improper business activities have occurred and require in-depth investigation;

(2) Fraud and improper business activities have resulted in significant misrepresentations in financial statements disclosed to the public; and

(3) Evidence of criminal clues has been found and should be transferred to judicial authorities for processing.

	Indicator	Unit	2024
Anti-corruption	Number of anti-corruption lawsuits	Cases	0
	Signing rate of Employee Integrity Declaration letter	%	100

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6.7 Supply chain management

Relying on our leading supply chain capabilities and continue effort on enhancing supply chain management system, we have built a mature and effective supplier access and management mechanism. Through a comprehensive supply chain system, we help the development of the industry and promote the improvement of environmental, social and governance capabilities of our supplier partners.

In cooperation with business suppliers, we established an on boarding process that conducts reviews on the needed licenses and qualifications of all suppliers to ensure they all meet the relevant requirements and revisions of national policies and regulations. Suppliers with excellent product quality, reasonable prices, good reputation and good discipline will be included into our qualified supplier database. We also place a strong emphasis on the supply chain's sustainable development and closely monitor the environmental and social performance of our suppliers. In addition to the attention on the quality, operations, products and quality assurance, we also understand the environmental, social, and ethical issues related to our suppliers' businesses and have established minimum standards for pertinent issues to determine whether our suppliers have complied with applicable laws and regulations and other required standards in terms of environmental pollution, health and safety, forced labor, and child labor. We perform negative news search and sample based onsite review during the supplier onboarding process to monitor the ESG aspects of our suppliers. Through the above review process and regular inspections of the environmental and social performance of the suppliers, we minimise the potential environmental and social risks in the supply chain.

The whole procurement process and all procurement activities are managed in a standardized manner. We have formed Know Your Suppliers processes ("**KYS**") and competitive bidding policy and drive procurement process standardization by applying OA system and investing on comprehensive supply chain management systems. We have set up comprehensive supplier inspection and monitoring criteria, focusing on the integrity of supplier qualifications, operational compliance, cost and delivery quality. Our relevant team actively monitors the cooperation status and performance indicators of suppliers and conducts on-site inspections of suppliers' operating sites if necessary. In addition, we provide training on employee responsibility, supplier screening, and anti-fraud for employees involved in the procurement process. As of December 31, 2024, we onboarded 1,023 new suppliers, including 408 indirect sourcing suppliers and 615 direct suppliers.

	Indicator		Unit	2024
Supplier management	Total number of suppliers		Company	1,023
	By supplier type	Direct supplier	Company	615
		Indirect supplier	Company	408
	By region	Suppliers from mainland China	Company	1,019
		Suppliers from Hong Kong, Macau, Taiwan and overseas suppliers	Company	4
	Percentage of suppliers who went through the KYS onboarding processes		%	100

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6.8 Product responsibility

We care about the quality and safety of medical and healthcare products and services to our customers and patients, and we aim to bring digital healthcare to every household. We strictly abide by the relevant laws and regulations and actively keep aligning our internal policies with the requirements of the state and society. By implementing and operating a well-established quality and safety management system, conducting a solid inspection of management processes, products and services in a routine manner, we highly care about the health of our customers and patients, and ensure the products and services that we provide to the greatest extent.

We have a customer service team to handle products and services relating to the customer's complaints. We also built standard processes for the customer complaints by different types of complaints and owners.

We are also committed to protecting data privacy and security. We have established and maintain a strict platform-wide policy on data collection, processing and usage. We sometimes collect data from our online platform users, which are strictly limited to personal information and other data that are necessary for us to provide services to our users. We obtain prior consent from users for all user data we collect, and have adopted stringent policies to ensure that our collection and usage of data is in compliance with the relevant laws and regulations. We do not monetize any of the data we collect. The registration processes require the user to provide consents to allow us to collect, process and use data necessary for providing our services. To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security program. We conduct back up of our operating data on a regular basis offline and in separate and various secured data back-up systems to minimize the risk of data loss. We back up our data on a daily basis in various distributed secured data storage systems to minimize the risk of data loss. We also conduct frequent reviews of our back-up systems to ensure that they function properly and are well maintained. Our detailed protocol for operation and maintenance management, monitor and alert mechanisms, network security management and disaster recovery ensures our operating continuity. We have also established a business continuity plan in case of catastrophic events, such as natural or unnatural disasters that could lead to various business interruptions, such as power failures, network failures, or server power outages. In addition, our maintenance team closely and constantly monitors for common technical issues and the usage of resources such as central processing units and memory and alerts our technical team of unusual technical difficulties. In addition, we have set up an emergency response team to annually conduct disaster recovery drills on important systems and continuously improve our systems. Our back-end security system is capable of handling malicious attacks to safeguard the security of our platform and to protect the privacy of our users.

During the Reporting Period, there were no products recalled by the Group due to safety and health reasons. In addition, no complaints were received about the products and services delivered that could have a material impact on the Group's operations. Furthermore, there had been no material cybersecurity and data protection incidents with respect to data or personal information theft, leakage, damage or loss, or any claim from any third party against us on the ground of infringement of such party's right to data protection as provided by any applicable laws and regulations in mainland China, or other legal proceedings, administrative or governmental proceedings, pending or, to the best of the knowledge of us, threatened against or relating to us.

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Intellectual Property Management

We have designed and adopted strict internal procedures to ensure the protection of our intellectual property rights.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers and suppliers. Our legal department as well as business operation teams examine the contract terms and review all relevant documents for our business operations, including licenses and permits obtained by the counterparties or us to perform contractual obligations and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

We also have in place detailed internal procedures to ensure that our in-house legal department reviews our products and services, including upgrades to existing products, for regulatory compliance before they are made available to the general public. Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consent, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines and ensuring all necessary application, renewals or filings for trademark, copyright and patent registration have been timely made to the competent authorities

Product and Service Compliance Management

1. *Online Hospitals and Medical Services*

We operate several online hospitals and we provide strong medical services to our customers and patients to improve the efficiency of healthcare services. We implemented internal management policies and procedures to strictly follow a series of relevant laws of regulations including below:

"Measures for the Administration of Internet Diagnosis and CI Treatment (for Trial Implementation)," "Measures for the Administration of Online Hospitals (for Trial Implementation)," "Rules for the Regulation of Internet Diagnosis and Treatment (Draft)," "Specifications for the Administration of Remote Medical Services (for Trial Implementation)," "Law on Licensed Medical Practitioners of the PRC," "Notice on Further Promoting the Development and Standard Administration of Online Healthcare Services by the National Health Commission Office," "State Council's Opinions on Promoting the Development of 'Internet Plus Health Care'" and other relevant regulations.

2. *Internet Information and Technology*

We fully understand and support the compliance of internet information and technology. We invested and worked with relevant experts from the industry and government to ensure the information on our platform is secured and well protected. We also provided a series of trainings to employees to promote the culture and ensure the solid execution. We implemented internal management policies and procedures to strictly follow a series of relevant laws of regulations including below:

"Cybersecurity Law of the PRC," "Data Security Law of the PRC," "Personal Information Protection Law of the PRC," "Administrative Measures for National Health Medical Big Data Standard, Safety, and Service (for Trial Implementation)," "Information Security Technology — Personal Information Security Specification (2020 Version)," and other relevant regulations.

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3. Medication and Health Product Management

We provide medication and health products to our pharmacy customers and online customers. We pay great attention to the safety of those products to ensure the healthcare condition of our customers and patients. We implemented internal management policies and procedures to strictly follow a series of relevant laws of regulations including below:

"Food Safety Law of the PRC," "Drug Administration Law of the PRC," "Product Quality Law of the PRC," "Good Supply Practice for Pharmaceutical Products," "Measures for the Administration of Pharmaceutical Operation License," "Administrative Measures for the Supervision and Administration of Circulation of Pharmaceuticals," "Measures Regarding the Administration of Drug Information Service Over the Internet," "Regulations on the Administration of Drugs Containing Stimulants," "Administrative Measures for Toxic Drugs for Medicinal Use," "Notice on the Implementation of Categorized Administration of Prescription Drugs and Non-Prescription Drugs," "Notice of the State Food and Drug Administration (SFDA) on Further Strengthening the Administration of Purchase and Sales of Oral Compound Preparations Containing Narcotic Drugs and Tramadol," "Notice of the SFDA and the National Health and Family Planning Commission (NHFPC) on Strengthening the Administration of Compound Codeine Oral Liquid Preparation," "Notice on Strengthening the Supervision and Administration of Certain Compound Preparations Containing Special Drugs," "Notice of the SFDA, the Ministry of Public Security, and the NHFPC Announcing the Catalogs of Narcotic Drugs and Psychotropic Drugs," "Notice of the SFDA, the State Administration of Traditional Chinese Medicine, the National Health Commission, the National Healthcare Security Administration on Ending the Trials of Traditional Chinese Medicinal Granula," "Regulation on the Control of Narcotic Drugs and Psychotropic Drugs," "Notice of the SFDA on the Cancellation of Registration Certificates for Medicinal Products," "Regulation on the Supervision and Administration of Medical Devices," "Regulation on the Administration of Precursor Chemicals," "Narcotics Control Law of the PRC," "Measures for the Administration of Radioactive Pharmaceuticals," and other relevant regulations.

4. Internal Control System

In terms of compliance, we formulated a total of 125 management regulations and operating procedures, including the Qualified Supplier Management System, the Good Supply Practice Management System, the Internet Hospital Management System, and the Data Management System.

Product and Service Responsibility Management

Through our well-established internal control system and product safety policies, we maintain and monitor the safety and quality of our products and medical services. We rigorously control the risks during the delivery of our healthcare and medical services in order to improve the quality, customer satisfaction and medical service effectiveness. Consequently, we improve the service quality by ensuring the appropriate online medical consultation and prescription services.

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1. *Healthcare Service Quality and Safety*

The expertise and service quality delivered by our internet hospitals is vital to optimizing patients' experience. Therefore, we continuously monitor the risks associated with the healthcare service, and strictly comply with the risk control policy to achieve efficient risk governance, and eventually guarantee the patients' experience and safety.

(a) *Doctor onboarding control and governance mechanism*

We follow a strict qualification evaluation process, quality inspection procedure, and medical service quality control and assurance mechanism.

First, doctors have to hold a registered qualification certificate (except for those still in the training period) before they register on our platform. Those doctors with prescriptive authority also need to provide such certificate. Through real-name authentication, face recognition, verification on qualification certificates and professional titles, we ensure that all the registered doctors meet the qualification requirements. We also follow the requirements of National Health Commission of the People's Republic of China, we register our doctors and put on records with National Health Commission for the multi-sited doctors.

Second, to ensure the effectiveness of the medical services, every prescription processed by our platform will be evaluated by professional pharmacists.

Third, we construct a strict risk control and medical service quality evaluation system. We provide standard trainings to our doctors and conduct regular reviews and evaluations of the professional service provided by them.

(b) *Internet Hospital Management*

We operate several Internet Hospitals, and we strictly follow regulations to ensure the compliance and safety. We have a dedicated team for the internet hospital management including license compliance management, daily operating management and data security management. We periodically review the "Internet Hospital Management" policies and management procedures, and highly responsive to the newly launched regulations and users' feedback. We keep strengthening the compliance monitoring and management.

(c) *Quality control of online medical services*

We provided approximately 264 million online prescriptions in 2024. We highly care about the safety and effectiveness of our online medical services. For every online prescription, we ensure the safety by implementing robust control systems including the doctor management procedures, AI-powered double quality control which is supported by the ClouDr Core Medical Engine, and daily review mechanism.

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2. Healthcare Products Quality and Safety

In 2024, we ensured our products such as medical devices, consumables and drugs are safe and qualified by deploying various quality management policies and procedures. We have a dedicated supply chain team to manage the suppliers onboarding, the product quality and safety, the inventory management, and scrap control management.

(a) Suppliers onboarding control and governance mechanism

We only partner with the suppliers with robust compliance manner and high quality standard. We have a robust Know Your Supplier process to understand the potential suppliers and evaluate the risks. On a regular basis, we refresh the background check of our suppliers to ensure the compliance.

(b) Product quality and safety control

We implement robust quality and safety control procedures in our supply chain. The Quality Control team performs inspections on every batch of products before accepting to our warehouse. The Quality Control team also performs regular check on the products approaching expiration date to ensure every products sold to our customers and patients are with high quality and safety condition.

(c) Scrap control management

For the products which are expired or unqualified, our Quality Control team initiates scrap process. We only partner with professional medication scrap companies to scrap the medication to ensure the compliance and safety of environment and society.

6.9 Responsibilities to customers

As the largest digital chronic condition management solution service provider in China, we serve a large number of To-B customers and To-C individual users/patients, including approximately 2,700 hospitals which installed our hospital chronic condition management SaaS system, more than 242,000 pharmacies which installed our pharmacy SaaS system, more than 107,000 registered doctors and approximately 38 million registered users.

Hospitals

With substantial rising demand for healthcare, China's healthcare industry is undergoing unprecedented supply-side reforms, and the digital systems can support to uplift the healthcare industry efficiency.

ClouDr. Yihui, our hospital SaaS is designed to digitalize chronic condition management to improve hospitals' operational efficiency and treatment effectiveness. It facilitates hospitals in creating and maintaining EMR for their chronic condition patients. It can connect to in-hospital medical AIoT equipment. Because ClouDr. Yihui acts as a "plug-in" or extension of existing Hospital Information System ("**HIS**") and laboratory information systems ("**LIS**"), it can work seamlessly with hospitals' current systems without the need of major revisions to hospitals' systems. With that, our hospital SaaS can replace the manual work previously required by the doctors and nurses, and reduce the manual error risks and associated diagnosis risks.

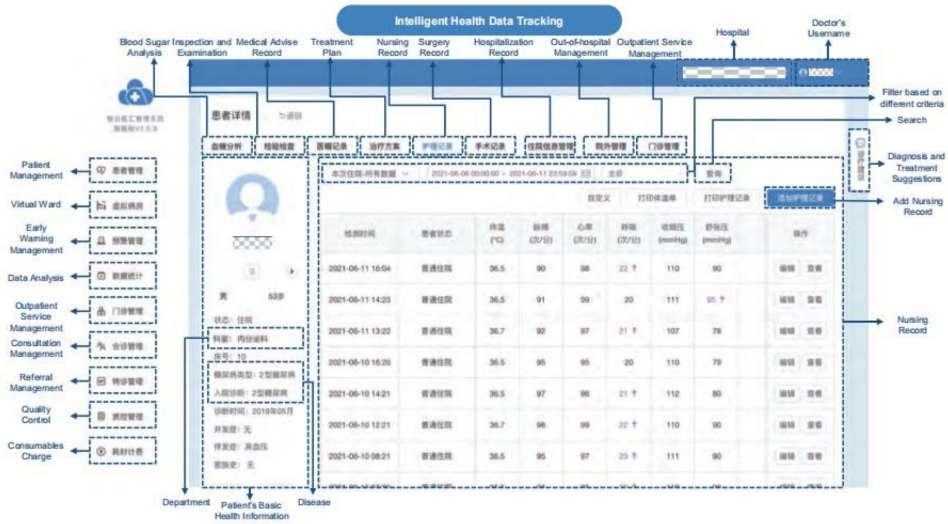
Environmental, Social and Governance Report

Real-time Information Integration

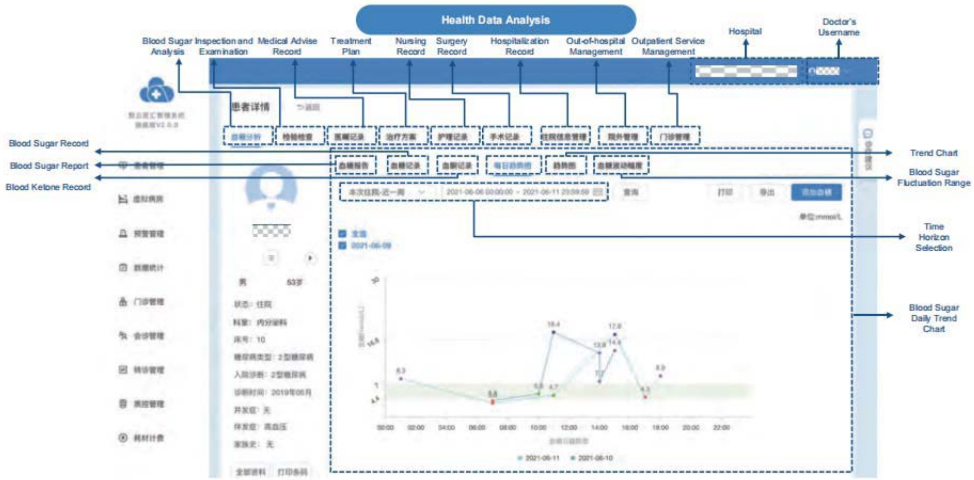
Medical staff checks patient's blood sugar level with our AIoT devices

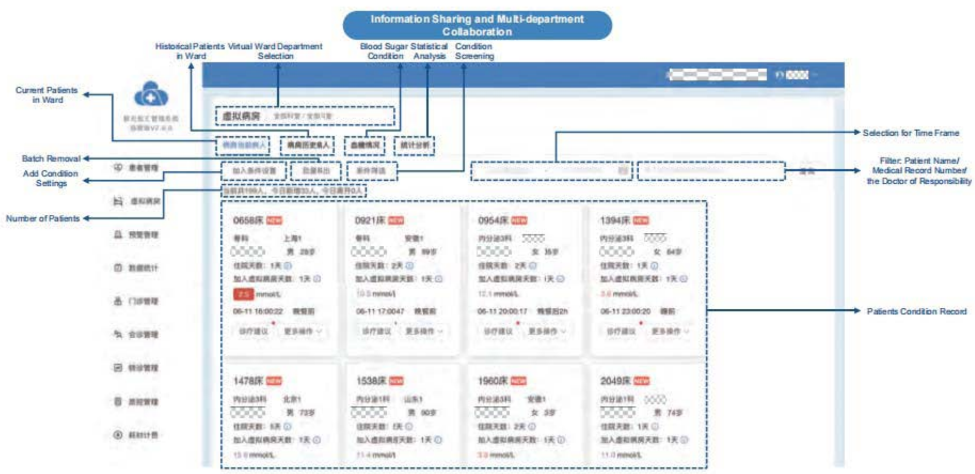
Doctor reviews patient's statistics in real-time on *ClouDr. Yihui*

Intelligent Health Data Tracking



Environmental, Social and Governance Report





Retail Pharmacies

As part of the China healthcare industry unprecedented supply-side reforms, a series of regulations promotes the growth of out-of-hospital healthcare capabilities, and one of those are outflow of prescribed drugs from hospitals to pharmacies. Retail pharmacies now are allowed to sell prescribed drugs with qualified prescriptions. We provide online consultation and prescription services to retail pharmacies through our Pharmacy SaaS. In 2024, our online internet hospitals generated more than 264 million online prescriptions, and the majority of them are generated in the partnered retail pharmacies. More than 99% of the walk-in patients can get remote medical services in the pharmacies within 180 seconds. The SaaS product and internet hospitals support the healthcare industry supply-side reforms and empower retail pharmacies to enhance medical service capabilities.

Communities

With the national target of "Healthy Community 2030", we proactively participated community activities and partnered with communities in multiple cities to build the "ClouDr. Healthcare Stations" which offer free online consultation services to residents in the communities through our platform. We have also set up AI-empowered robots in these stations to allow residents to connect their own medical devices for better consultation results.

Environmental, Social and Governance Report

6.10 Community investment and participation

Social welfare initiatives, in our opinion, are not only the Company's required social responsibility but also essential to its long-term development. We insisted on the continuous development of public welfare undertakings and strives to fulfill social responsibilities.

CIouDr exclusively sponsors the ‘Healthy China Dialogue’ program, helping to raise public awareness of medical science.

In practicing social responsibility and contributing to the enhancement of public health literacy, ClouDr Group plays an active role. We partnered with Xinhua News Agency's Ban Yue Tan and the Wu Jieping Medical Foundation to carefully craft ‘Healthy China Dialogue’-a program featuring interviews with senior experts in the broad healthcare field. Leveraging the strong outreach of national media platforms, the program broadly disseminates authoritative medical and health knowledge to the public.

‘Joint Development, Shared Benefits, Health for All’ is the strategic core of the Healthy China initiative. Against this backdrop, communicating the dynamics of the broad healthcare industry and disseminating health knowledge to the public are particularly essential. The ‘Healthy China Dialogue’ expert health science awareness video series takes an in-depth perspective from the entire healthcare industry chain, featuring carefully arranged one-on-one in-depth interviews with leaders from healthcare authorities, academicians of the two academies, and authoritative hospital experts. Through this format, the program actively addresses public livelihood concerns, comprehensively interprets healthcare industry trends, analyzes promising avenues in internet healthcare, and actively promotes knowledge about cutting-edge technologies and achievements in the medical and health field, as well as healthy lifestyle practices.

This public welfare initiative significantly promotes the development of the healthcare sector and the cultivation of professional talent. It also helps the public gain in-depth understanding of disease prevention and treatment options, contributes to building a healthy community, genuinely enhances the overall health standards of the population, and demonstrates ClouDr Group's social responsibility and active contributions.


半月谈 | 吴阶平医学基金会
健康中国
大家谈
本节目由智云健康特约赞助支持
刘东方
重庆医科大学附属第二医院内分泌科主任
医学博士、教授、主任医师、博士生导师
中国医师协会内分泌专委会全国委员
中国老年学和老年医学糖尿病分会副主任委员
“以患者为中心”的全病程健康管理理念，不仅要评估患者的疾病情况，还需综合考虑社会支持、心理状态等方面。这种全面的评估理念能够帮助患者制定更为个性化的治疗方案，从而提高依从性和治疗效果。
上线时间
2024年11月21日16:00
半月谈快手号
半月谈视频号
半月谈网


半月谈 | 吴阶平医学基金会
健康中国
大家谈
本节目由智云健康特约赞助支持
余能伟
四川省人民医院神经内科副主任（主持工作）
电子科技大学、西南医科大学硕士生导师
第十四批四川省学术和技术带头人
四川省卫生健康领军人才
四川卫健委神经病学学术技术带头人
慢性脑缺血常以头痛、头晕、记忆力下降、情绪波动、手脚麻木等“求救信号”表现出来。对年轻人来说，缓解压力与保持健康生活方式至关重要；对中老年人而言，进行定期体检与科学干预能有效减缓疾病进程。
上线时间
2024年12月4日16:00
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半月谈 | 吴阶平医学基金会
健康中国
大家谈
本节目由智云健康特约赞助支持
王行环
全国政协委员
二级教授、主任医师、博士生导师
国家级中青年人才入选者
武汉大学泌尿外科研究所所长
武汉大学中南医院院长
对“一老一小”群体的关注，应融入国家经济社会发展的全过程中，贯彻到各项工作的所有方面、各个环节。不仅限于医学，还涉及政治、经济、文化和社会生活等诸多领域，更是关乎整个国家的未来。
上线时间
2024年9月
半月谈快手号
半月谈视频号
半月谈网


半月谈 | 吴阶平医学基金会
健康中国
大家谈
本节目由智云健康特约赞助支持
岳君秋
湖北省肿瘤医院病理科主任
医学博士，主任医师，硕士生导师
湖北省抗癌协会肿瘤病理专委会主任委员
中国抗癌协会肿瘤病理专委会常委
中国抗癌协会皮肤肿瘤专委会常委
中国研究型医院学会病理学专委会常委
目前，病理学仍面临着重视程度不够的问题。这既需要得到多个部门政策方面的支持，也需要病理医生转变自身思维方式，从临床角度出发，为患者提供更优质的服务。
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Environmental, Social and Governance Report

Crossing Mountains and Seas, Heading to South of the Clouds — ClouDr's Aid and Public Welfare Donation Event

On July 4, 2024, the Company, in collaboration with the Beijing Yuanmeng Charity Foundation (the "**Yuanmeng Foundation**"), launched the "Crossing Mountains and Seas, Heading to South of the Clouds" — Yuanmeng "Rural Healthcare" Charity Event and Donation Kick-off Ceremony at the Beijing Liaison Office of the Chuxiong Yi Autonomous Prefecture People's Government (the "**Chuxiong Prefecture Beijing Office**"). At the donation kick-off ceremony, the Yuanmeng Foundation, together with ClouDr, donated digital health management software and medical equipment, including a semi-automatic biochemistry analyzer, dynamic electrocardiogram (ECG) machine, and slit-lamp microscope, to the Fawo Central Health Center in Wuding County, Chuxiong Prefecture, helping the center enhance its information management level and improve patient experience. This donation is not only strong support for the healthcare services in Chuxiong Prefecture but also a profound expression of care for the health and well-being of the local people. The digital health management software and medical equipment donated by ClouDr will significantly advance the digitalization of the Fawo Central Health Center in Wuding County, enhance the efficiency and quality of medical services, and allow more patients to enjoy efficient and convenient healthcare services.

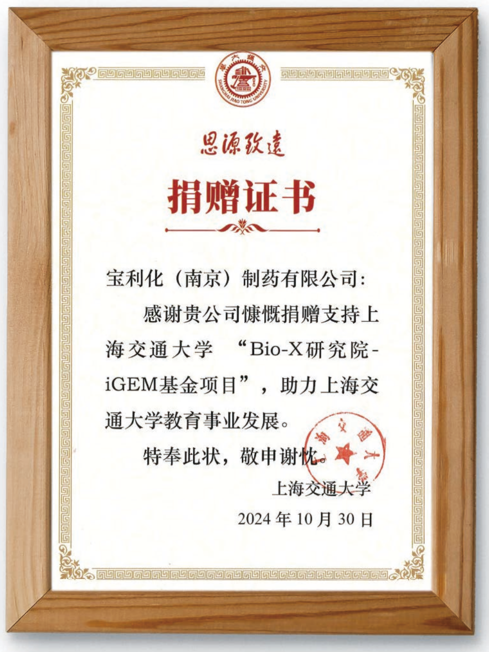
Environmental, Social and Governance Report

ClouDr Supports Jiao Tong University iGEM Participation and Youth Research Development

In the journey towards promoting sustainable social development, the Company has consistently upheld its commitment to social responsibility and innovation, actively supporting education and scientific research. In 2024, the Group's subsidiary, Polifarma (Nanjing) Pharmaceutical Co., Ltd. ("**Polifarma**"), donated RMB40,000 to the Shanghai Jiao Tong University Education Development Foundation to support the Bio-X Institute team's participation in the 2024 International Genetically Engineered Machine Competition (iGEM).

As a premier academic competition in the field of synthetic biology, iGEM brings together top research talent from leading universities around the world. It serves as a vital platform for technological innovation and talent development. This donation not only demonstrates strong support for the growth of young scientific researchers but also reflects the Company's firm commitment to investment in research and talent cultivation. By supporting the Shanghai Jiao Tong University team in showcasing China's scientific strength on the international stage, the Company highlights its proactive role in advancing life sciences and synthetic biology.

The Company will continue to fulfill its social responsibilities through concrete actions, support scientific innovation and talent development, contribute to global health efforts, and drive sustainable social progress.



Environmental, Social and Governance Report

Appendix: Content Index for Reporting Guide

Environmental, Social and Governance Reporting Guide		Report content
A: Environmental		
A1 Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspect — Overview
A1.1	The types of emissions and respective emissions data.	Overview; Green operation
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Green operation
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Medical wastes management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Medical wastes management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Green operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Medical wastes management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green operation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Aspect — Overview
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Aspect — Overview
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Aspect — Overview
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Aspect — Overview
A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Aspect — Overview
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Aspect — Overview

Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide		Report content
B: Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and labor standard
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment and labor standard
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and labor standard
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
B2.2	Lost days due to work injury.	Health and safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent development and training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent development and training
B3.2	The average training hours completed per employee by gender and employee category.	Talent development and training

Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide		Report content
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and labor standard; Employee recruitment and management provisions
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and labor standard; Employee recruitment and management provisions
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and labor standard; Employee recruitment and management provisions
Operating Practices		
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply chain management
B5.1	Number of suppliers by geographical region.	Supply chain management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Management
B6.4	Description of quality assurance process and recall procedures.	Product responsibility
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility

Environmental, Social and Governance Report

Environmental, Social and Governance Reporting Guide		Report content
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment and participation
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment and participation
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment and participation

Independent Auditor's Report

Independent auditor's report to the shareholders of
ClouDr Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ClouDr Group Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 110 to 197, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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 IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**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 are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Expected credit loss allowance for trade receivables

Refer to notes 18 and 30(a) to the consolidated financial statements and the accounting policies in note 2(l)(i).

The Key Audit Matter

As at 31 December 2024, the Group's gross trade receivables amounted to RMB728,269,000, which represented approximately 26% of the total assets of the Group. Management assessed the expected credit loss ("**ECL**") of the trade receivables and an allowance of RMB44,771,000 was made against the trade receivables as at 31 December 2024.

According to the Group's past experience, the loss patterns for different customers are not significantly different. Therefore, the trade receivables are not segmented when calculating the loss allowance.

The Group's loss allowance for trade receivables is measured at an amount equal to lifetime ECL based on management's estimated loss rates. The estimated loss rates take into account the aging of the trade receivables balances, historical default rates, current market conditions and forward-looking information. Such assessment involves management judgement and estimation.

We identified the ECL allowance for trade receivables as a key audit matter because the assessment of the loss allowance requires the exercise of management judgement which is inherently subjective.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance for trade receivables included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of managements' key internal controls relating to credit control procedures and the estimation of the credit loss allowance;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;
- assessing whether items in the trade receivable ageing report were categorised in the appropriate ageing bracket by comparing the individual items in the trade receivable ageing report with the underlying goods delivery notes, on a sample basis;
- obtaining an understanding of the key data and assumptions that management uses in its implementation of the ECL model, including the historical default data used in management's estimated loss rates;
- assessing the appropriateness of management's assessment that no segmentation of the trade receivables is required and management's estimates of loss allowance by examining the information used by management to derive such assessment and estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; and
- re-performing the calculation of the loss allowance as at 31 December 2024 based on the Group's ECL allowance policies.

Independent Auditor's Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgement 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 group 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 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 Yeung Ka Chun.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Expressed in Renminbi ("**RMB**"))

	Note	2024 RMB'000	2023 RMB'000
Revenue	*4*	**3,488,094**	3,690,536
Cost of sales		**(2,626,422)**	(2,781,154)
Gross profit		**861,672**	909,382
Other income and loss, net	*5*	**(3,874)**	43,559
Selling and marketing expenses		**(810,546)**	(828,760)
Administrative expenses		**(231,996)**	(340,200)
Research and development expenses		**(75,396)**	(88,042)
Impairment loss on trade receivables and other receivables		**(116,001)**	(10,181)
Loss from operations		**(376,141)**	(314,242)
Finance costs	*6(a)*	**(16,641)**	(11,494)
Change in the carrying amounts of financial instruments issued to investors		**(13,032)**	(1,590)
Impairment loss recognized on non-current assets and assets held for sale		**(83,508)**	—
Loss before taxation		**(489,322)**	(327,326)
Income tax	*7*	**(2,068)**	(18)
Loss for the year		**(491,390)**	(327,344)
Attributable to:			
— Equity shareholders of the Company		**(516,409)**	(323,065)
— Non-controlling interests		**25,019**	(4,279)
Loss for the year		**(491,390)**	(327,344)
Loss per share	*10*		
Basic and diluted (RMB)		**(0.89)**	(0.60)

The notes on pages 117 to 197 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Loss for the year		**(491,390)**	(327,344)
Other comprehensive income for the year (after tax)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of: foreign operations		**3,746**	5,880
Total comprehensive income for the year		**(487,644)**	(321,464)
Attributable to:			
— Equity shareholders of the Company		**(512,663)**	(317,185)
— Non-controlling interests		**25,019**	(4,279)
Total comprehensive income for the year		**(487,644)**	(321,464)

The notes on pages 117 to 197 form part of these financial statements.

Consolidated Statement of Financial Position

(Expressed in Renminbi)

		At 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Non-current assets			
Property, plant and equipment	*11*	**143,245**	207,962
Intangible assets	*12*	**202,206**	250,532
Goodwill	*13*	**72,209**	86,469
Financial assets measured at fair value through profit or loss ("**FVPL**")	*16*	**40,372**	40,000
Other non-current assets	*14*	**89,531**	56,798
		547,563	641,761
Current assets			
Financial assets measured at FVPL	*16*	**222,354**	346,721
Inventories	*17*	**169,386**	298,134
Trade and bills receivables	*18*	**727,577**	814,751
Prepayments, deposits and other receivables	*19*	**302,045**	571,623
Restricted bank deposits	*20*	**6,313**	23,700
Time deposits with initial term over three months	*20*	**5,000**	5,000
Cash and cash equivalents	*20*	**304,802**	243,375
Assets held for sale	*21*	**559,162**	—
		2,296,639	2,303,304
Current liabilities			
Trade payables	*22*	**173,832**	233,249
Other payables and accrued expenses	*23*	**423,495**	361,514
Contract liabilities	*24*	**70,827**	71,412
Bank and other loans	*25*	**330,962**	220,023
Lease Liabilities	*26*	**13,122**	13,679
Financial instruments issued to investors	*27*	**214,622**	201,590
Liabilities held for sale	*21*	**126,369**	—
		1,353,229	1,101,467
Net current assets		**943,410**	1,201,837
Total assets less current liabilities		**1,490,973**	1,843,598

Consolidated Statement of Financial Position

(Expressed in Renminbi)

	Note	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Non-current liabilities			
Bank and other loans	*25*	**9,279**	15,000
Lease liabilities	*26*	**13,254**	18,349
Deferred tax liabilities		**35,756**	44,943
		58,289	78,292
NET ASSETS		**1,432,684**	1,765,306
CAPITAL AND RESERVES			
Share capital	*29(c)*	**391**	391
Reserves	*29(d)*	**1,453,356**	1,824,939
Total equity attributable to equity shareholders of the Company		**1,453,747**	1,825,330
Non-controlling interests		**(21,063)**	(60,024)
TOTAL EQUITY		**1,432,684**	1,765,306

Approved and authorized for issue by the board of directors on 30 March 2025.

Kuang Ming
Director

Zuo Yinghui
Director

The notes on pages 117 to 197 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000 Note 29	Treasury share reserve RMB'000 Note 29	Capital reserve RMB'000 Note 29	Share-based payments reserve RMB'000 Note 28	Other reserve RMB'000 Note 29	Exchange reserve RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total deficit RMB'000
Balance at 1 January 2023		391	(40,328)	11,282,763	393,614	2,546	(197,722)	(9,591,916)	1,849,348	32,027	1,881,375
Changes in equity for 2023:											
Loss for the year		–	–	–	–	–	–	(323,065)	(323,065)	(4,279)	(327,344)
Other comprehensive income		–	–	–	–	–	5,880	–	5,880	–	5,880
Total comprehensive income		–	–	–	–	–	5,880	(323,065)	(317,185)	(4,279)	(321,464)
Acquisitions of non-controlling interests in a subsidiary	29(d)(ii)	–	–	(19,735)	–	–	–	–	(19,735)	(5,265)	(25,000)
Non-controlling interests arising from acquisition of subsidiaries	31	–	–	–	–	–	–	–	–	84	84
Transfer of shares of subsidiaries to non-controlling interests	29(d)(ii)	–	–	–	–	–	–	–	–	6,382	6,382
Issuance of shares of a subsidiary to non-controlling interests	27	–	–	289,973	–	–	–	–	289,973	(89,973)	200,000
Recognition of redemption liabilities for the redemption rights	27	–	–	(200,000)	–	–	–	–	(200,000)	–	(200,000)
Capital injection into a subsidiary by non-controlling interests		–	–	–	–	–	–	–	–	1,000	1,000
Equity-settled share-based payment	6(b)	–	–	–	232,080	–	–	–	232,080	–	232,080
Restricted shares vested and delivered	28	–	26,165	201,156	(236,472)	–	–	–	(9,151)	–	(9,151)
Balance at 31 December 2023		391	(14,163)	11,554,157	389,222	2,546	(191,842)	(9,914,981)	1,825,330	(60,024)	1,765,306
Balance at 1 January 2024		**391**	**(14,163)**	**11,554,157**	**389,222**	**2,546**	**(191,842)**	**(9,914,981)**	**1,825,330**	**(60,024)**	**1,765,306**
Changes in equity for 2024:											
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(516,409)**	**(516,409)**	**25,019**	**(491,390)**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**3,746**	**–**	**3,746**	**–**	**3,746**
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**3,746**	**(516,409)**	**(512,663)**	**25,019**	**(487,644)**
Termination of acquisitions of non-controlling interests in a subsidiary	29(d)(ii)	**–**	**–**	**19,735**	**–**	**–**	**–**	**–**	**19,735**	**5,265**	**25,000**
Non-controlling interests arising from acquisition of subsidiaries	31	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,793**	**3,793**
Disposal of subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(416)**	**(416)**
Capital injection into a subsidiary by non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,300**	**5,300**
Equity-settled share-based payment	6(b)	**–**	**–**	**–**	**130,923**	**–**	**–**	**–**	**130,923**	**–**	**130,923**
Restricted shares vested and delivered	28	**–**	**12,308**	**230,364**	**(252,250)**	**–**	**–**	**–**	**(9,578)**	**–**	**(9,578)**
Balance at 31 December 2024		**391**	**(1,855)**	**11,804,256**	**267,895**	**2,546**	**(188,096)**	**(10,431,390)**	**1,453,747**	**(21,063)**	**1,432,684**

The notes on pages 117 to 197 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash used in operations	*20(b)*	**(141,482)**	(137,489)
Income tax paid		**(6,909)**	(2,941)
Net cash used in operating activities		**(148,391)**	(140,430)
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		**(76,800)**	(123,029)
Proceeds from disposal of property, plant and equipment		**1,560**	7,122
Acquisition of subsidiaries, net of cash acquired		**764**	(4,883)
Disposal of subsidiaries, net of cash disposed		**482**	—
Advances to third parties and staffs		**(6,329)**	(11,300)
Proceeds from repayment of advances to third parties and staffs		**11,218**	3,900
Payment for acquisition of non-controlling interest		**—**	(3,500)
Net proceeds from sales of financial assets measured at FVPL	*30(d)*	**134,069**	55,349
Placement of time deposits with original maturity over three months		**—**	(5,000)
Proceeds from disposal of time deposits with original maturity over three months		**—**	50,000
Advances to non-controlling interest of the Group		**(2,100)**	(20,620)
Proceeds from repayment of advances to non-controlling interest of the Group		**4,005**	13,620
Net cash generated from/(used in) investing activities		**66,869**	(38,341)

Consolidated Cash Flow Statement

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Proceeds from issuance of the financial instruments to investors		**10,000**	190,000
Proceeds of investment deposits from investors		**24,970**	20,000
Capital injection from non-controlling interest in a subsidiary		**5,300**	1,000
Proceeds from bank and other loans	*20(c)*	**650,164**	392,313
Repayment of bank and other loans	*20(c)*	**(508,645)**	(352,955)
Repayment of advance from non-controlling interest of the Group		**(1,000)**	(4,241)
Advance from third parties and staffs	*20(c)*	**12,284**	—
Repayment of advance from third parties and staffs	*20(c)*	**(3,749)**	(13,432)
Interest expense paid	*20(c)*	**(14,162)**	(9,083)
Payment of capital element of lease liabilities	*20(c)*	**(13,970)**	(14,217)
Payment of interest element of lease liabilities	*20(c)*	**(1,255)**	(1,077)
Payment for purchase of treasury shares	*29(d)(i)*	**(7,962)**	(7,083)
Issuance cost of convertible redeemable preferred shares and the financial instruments issued to investors		**(3,990)**	(29,411)
Net cash generated from financing activities		**147,985**	171,814
Net increase/(decrease) in cash and cash equivalents		**66,463**	(6,957)
Cash and cash equivalents at 1 January	*20(a)*	**243,375**	249,674
Effect of foreign exchange rate changes		**365**	658
Cash and cash equivalents at 31 December		**310,203**	243,375
Analysis of balance of cash and cash equivalents:			
Cash and cash equivalents	*20(a)*	**304,802**	243,375
Cash and cash equivalents included in assets classified as held-for-sale	*21*	**5,401**	—

The notes on pages 117 to 197 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

ClouDr Group Limited (the "**Company**") was incorporated in the Cayman Islands on 24 August 2015 as an exempted company with limited liability under the Companies Act (As Revised) (as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, "**the Group**") are principally engaged in providing supplies to hospitals and pharmacies, digital marketing services to pharmaceutical companies, online consultation and prescriptions to patients and software as a service ("**SaaS**") to hospitals and pharmacies.

On 6 July 2022 (the "**Listing Date**"), the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board ("**IASB**"), and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— Investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures (see note 2(f)) and;

— derivative financial instruments (see note 2(g)).

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(k)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

The Group recorded a net operating cash outflow of RMB148,391,000 for the year ended 31 December 2024 and an operating loss of RMB376,141,000. The Group intend to implement various strategies to improve the Group's operating cash flows and achieve operating profits. In addition, the directors of the Company have reviewed the Group's cash flow forecast for the next twelve months ending 31 December 2025 prepared by the management. In view of the above factors, the directors of the Company consider that the Group will have sufficient working capital to meet its operation requirement for the next twelve months from 1 January 2025, and thus believes that the Group's preparation of the financial statements on a going concern basis is appropriate.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("**2020 amendments**") and amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("**2022 amendments**")

- Amendments to IFRS 16, *Leases — Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

2 MATERIAL ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, Presentation of financial statements (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions. The amendments do not have a material impact on these financial statements.

Amendments to IFRS 16, Leases — Lease liability in a sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: disclosures — Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or (s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)).

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

(i) Subsidiaries controlled through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its value-added telecommunication services, internet hospitals and offline medical institution services and insurance brokage services (the "**Relevant business**") in the PRC through certain PRC operating entities, whose equity interests are held by certain management members of the Group and certain investors of the Company ("**Nominee Shareholders**"). The Group signed Contractual Arrangements (the series of contractual arrangements entered into between, among others, 91health Hangzhou Limited (a wholly foreign-owned enterprises or "**the WFOE**") and Hangzhou Kangming Information Technology Co., Ltd., Mr. Kuang Ming and Ms. Hu Yue) with the PRC operating entity. The Contractual Arrangements include exclusive consulting services agreement, exclusive purchase option agreement, equity pledge agreement, voting proxy agreement and loan agreements, which enable the Group to:

- govern the financial and operating policies of the PRC operating entity;
- exercise equity holder voting rights of the PRC operating entity;
- receive substantially all of the economic interest returns generated by the PRC operating entity in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entity at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entity's payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control the entity. As a result, it is presented as entity controlled by the Group.

(ii) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

(ii) Business combinations (continued)

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.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(l)).

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(w)(ii)), foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

— fair value through other comprehensive income (FVOCI)-recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in other comprehensive income (OCI). When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Other investments in securities (continued)

(i) ***Non-equity investments*** (continued)

— FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(ii) ***Equity investments***

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made, for a particular investment at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income.

(g) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(l)):

— right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(j)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment recognized in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

—	Plants and buildings	20–40 years
—	Electronic and production equipment	3–10 years
—	Office Equipment	3–6 years
—	Motor vehicles	3–5 years
—	Leasehold improvement	1–5 years
—	Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(l)). Expenditure on internally generated goodwill and brands is recognized in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss. The estimated useful lives for the current and comparative periods are as follows:

—	Patents	10 years
—	Software	2–10 years
—	Exclusive right	2–5 years
—	License	2–5 years
—	Customer relationship	5–10 years
—	Pharmaceutical distribution rights	20 years
—	Technology and know-how	20 years

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Intangible assets (other than goodwill) (continued)

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

The patent useful life is determined based on the period of validity of patent protected by the relevant laws after considering the period of the economic benefits to the Group, technical obsolescence and estimates of useful lives of similar assets.

The software useful lives are determined to be the shorter of the period of contractual rights or estimated period during which such software can bring economic benefits to the Group considering the different purposes, usage of the software and technological obsolescence.

The customer relationship useful lives are determined with reference to each acquired business existing contract based on contract expiring dates, historical trend of termination or renewal rate and to the useful lives of customer relationships used by the industry peers. The pharmaceutical distribution rights useful lives are determined with reference to the current pharmaceutical economic benefits situations, estimated market prospects and pharmaceutical renewal cycle, economic life of similar pharmaceutical in the industry. The technology and know-how useful lives are determined based on the periods of validity of technology or the period of the economic benefits to the enterprise after considering the useful lives of similar technologies and the market condition.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(j) Leased assets (continued)

As a lessee (continued)

The right-of-use asset recognized when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(l)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(k) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on financial assets measured at amortized cost (including trade and bills receivables, other receivables, and cash and cash equivalents, restricted bank deposits and time deposits).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates where the effect is material:

— trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Credit losses and impairment of assets (continued)

(i) ***Credit losses from financial instruments*** (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Credit losses and impairment of assets (continued)

(i) ***Credit losses from financial instruments*** (continued)

Significant increases in credit risk (continued)

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the group on terms that the group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganization; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(l) Credit losses and impairment of assets (continued)

(i) ***Credit losses from financial instruments*** (continued)

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) ***Impairment of other non-current assets***

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 2(l)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(l)(i)).

(p) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(n)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)(i)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(q) Trade and other payables

Trade and other payables are initially recognized at fair value. Trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Redemption liabilities

A contract that contains an obligation for the Group to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability even if the Group's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest expense being included in change in the carrying amounts of financial instruments issued to investors.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 2(y).

(t) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(t) Employee benefits (continued)

(ii) Share-based payments

Restricted shares

The difference between the granted price and the fair value of the restricted shares granted to employees is recognized as an employee cost with a corresponding increase in share-based payments reserve within equity. The fair value of the restricted shares is measured at date of grant by reference to the market price of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total difference between the granted price and the fair value of the restricted shares is spread over the vesting period, taking into account the probability that the restricted shares will be vested. The equity amount is recognized in the share-based payments reserve until either the option is exercised (when it is included in the amount recognized in capital reserve) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(u) Income tax (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognized is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (continued)

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(l)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Revenue and other income (continued)

(i) ***Revenue from contracts with customers*** (continued)

The Group recognize revenues from contracts with customers by major products or services line as follows:

(a) *Sales of hospital supplies, pharmacy supplies and chronic condition products*

Revenue from sales of hospital supplies, pharmacy supplies and chronic condition products is recognized at the point in time when control of the asset is transferred to customer, generally on acceptance of the pharmaceutical products and medical devices by the customer.

(b) *Providing digital marketing services*

Digital marketing services involve provision of professional medical marketing services to the pharmaceutical and medical device companies. The revenue is generally recognized when the services are rendered and completed.

(c) *Providing hospital SaaS and pharmacy SaaS*

The Group provides hospitals with SaaS products and integrated solutions that deliver digitalized clinic care for patients in-hospital. The pharmacy SaaS solutions facilitate pharmacies with customer and resource management, such as in-store online consultation and prescription services for customers. The Group charges hospital/pharmacy a subscription fee with respect to the software offerings. Typical SaaS product contracts has terms of one year. The subscription fee is recognized over the contract period.

(d) *Premium membership services*

The Group provides instant, professional care for chronic conditions and other health management services for individuals through its integrated chronic condition management platform. The Group charges individual members annual membership fees based on membership tiers and service packages. The Membership fee is recognized over the service period.

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Revenue and other income (continued)

(i) ***Revenue from contracts with customers*** (continued)

(e) Others

Others includes rendering insurance brokerage service and advertisement agent services.

— Providing insurance brokerage service

The Group sells the consumer healthcare packages of different insurance companies to individual consumers on a retail basis or to corporate customers for the benefit of their employees on a wholesale basis, as an agent through its insurance brokerage service. The commission fees are generally charged as a percentage of premiums paid by the policyholder depending on the product category and terms of contract companies. The revenue is generally recognized when the healthcare packages are sold and effective and the Group has a present right to payment from the insurance companies since the Group has fulfilled its performance obligation to sell healthcare packages on behalf of the insurance companies.

— Providing advertisement agent services

Revenue from advertisement agent services is primarily derived from commissions received for assisting advertising clients in obtaining advertising time on media platforms. When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Group. The revenue is generally recognized when the Group's advertising clients obtain the advertising time on media platforms.

(ii) ***Interest income***

Interest income is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(w) Revenue and other income (continued)

(iii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

— an investment in equity securities designated as at FVOCI;

— a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

— qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

2 MATERIAL ACCOUNTING POLICIES (continued)

(x) Translation of foreign currencies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (continued)

(z) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Expected credit losses for receivables

The credit losses for trade receivables and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 30(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may make additional loss allowances in future periods.

(b) Impairment of non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2(l)(ii). At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than goodwill) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in accordance with the accounting policy stated in Note 2(l)(ii). The recoverable amounts of cash-generating units have been determined based on the higher of the cash-generating units' fair value less costs to sell and its value in use. These calculations require the use of estimates which are disclosed in Note 11 and Note 13.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue from contracts with customers

(i) Disaggregation of revenue

The Group's products and services portfolio consists essentially of: (i) sales of hospital supplies, providing hospital SaaS, and providing digital market service to pharmaceutical companies, which all center around the demands of the end hospital customers, collectively as "In-hospital solution"; (ii) sales of pharmacy supplies and providing pharmacy SaaS, sales of chronic condition products to individual customers, providing premium membership services and insurance brokerage services and others, collectively as "Out-of-hospital solution".

The Group categorised above products or services portfolio into four solutions or products, patient to manufacturer products, value added solutions, subscription solutions, individual chronic condition management solution and others. Details as below:

— Patient to manufacturer ("**P2M**") solutions include sales of pharmaceutical products to hospitals and pharmacies of which the Group had ownership or national distribution rights through strategic cooperation with pharmaceutical companies;

— Value added solutions include sales of hospital supplies excluding the sales of pharmaceutical products included in the P2M solutions, pharmacy supplies and providing hospital SaaS;

— Subscription solutions include providing digital marketing services and pharmacy SaaS;

— Others include sales of chronic condition products to individual customers, providing premium membership services, insurance brokerage services and others.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Revenue from contracts with customers (continued)

(i) ***Disaggregation of revenue*** (continued)

Disaggregation of revenue from contracts with customers by type of customer is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Type of goods or services:		
In-hospital		
Value added solution	**2,115,411**	2,304,597
P2M solution	**285,968**	101,249
Subscription solution	**281,903**	467,210
Out-of-hospital		
Subscription solution	**57,347**	59,095
P2M solution	**34,428**	—
Value added solution	**591,667**	599,488
Others	**121,370**	158,897
	3,488,094	3,690,536
Timing of revenue recognition:		
Point in time	**3,430,747**	3,628,125
Over time	**57,347**	62,411
	3,488,094	3,690,536

The Group's customers with whom transactions have exceeded 10% of the Group's revenue during the year are set out below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Customer A	**456,908**	732,283

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Revenue from contracts with customers (continued)

(ii) Revenue that expected to be recognized in the future arising from contracts in existence as at the end of the year

The following table includes the aggregated amount of the transaction price allocated to the remaining unsatisfied performance obligations under the Group's existing contracts. This amount represents revenue expected to be recognized in the future when the Group satisfies the remaining performance obligations, which is expected to occur over the next 1 year to 2 years after the respective year.

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Pharmacy SaaS	**37,954**	40,671

(b) Segment reporting

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews on the operating results of the Group as a whole, the Group has determined that it only has one operating segment during the year.

5 OTHER INCOME AND LOSS, NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants	**23,163**	29,871
Interest income	**905**	2,056
Fair value gains on financial assets measured at FVPL	**5,050**	11,450
Gain on disposal of subsidiaries	**416**	—
Impairment loss on prepayments	**(31,699)**	—
Foreign exchange gain	**46**	282
Others	**(1,755)**	(100)
	(3,874)	43,559

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

		Year ended 31 December	
	Note	**2024 RMB'000**	2023 RMB'000
Interest expenses	*20(c)*	**14,191**	9,705
Interest on lease liabilities	*20(c)*	**1,255**	1,077
Other financial cost		**1,195**	712
		16,641	11,494

(b) Staff costs

		Year ended 31 December	
	Note	**2024 RMB'000**	2023 RMB'000
Salaries, wages and other benefits		**355,251**	377,911
Contributions to defined contribution retirement plan *(note (i))*		**18,235**	19,390
Equity-settled share-based payment expenses	*28*	**130,923**	232,080
		504,409	629,381

Note:

(i) Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments where the subsidiaries are registered. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the scheme to fund the retirement benefits of the employees. There are no forfeited contributions for the defined contribution retirement scheme as the contributions are fully vested to the employees upon payment to the scheme.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 LOSS BEFORE TAXATION (continued)

(c) Other items

		Year ended 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Amortisation of intangible assets	*12*	**48,796**	67,250
Depreciation expenses	*11*	**52,744**	40,929
Write down of inventories	*17*	**35,404**	1,487
Auditors' remuneration			
— audit services		**4,500**	4,500
— non-audit services		**—**	203
Issuance cost of the financial instruments issued to investors		**249**	18,574
Cost of inventories	*17*	**2,565,680**	2,661,341

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current tax expense		
Provision for PRC income tax for the year	**1,944**	5,570
Under/(over)-provision in respect of prior years	**3,893**	(1,070)
Deferred tax expense		
Reversal of temporary differences	**(3,769)**	(4,482)
	2,068	18

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(489,322)**	(327,326)
Notional tax calculated *(note (i))*	**(122,331)**	(81,831)
Different tax rates in foreign tax jurisdictions *(notes (ii) and (iii))*	**19,630**	14,250
Tax effect of non-deductible expenses	**23,962**	35,636
Tax effect of additional deduction from qualified research and development costs *(note (iv))*	**(18,114)**	(11,569)
Tax effect of utilisation of tax losses previously unrecognized	**(15,662)**	(15,812)
Tax effect of deductible temporary differences not recognized	**65,958**	3,771
Tax effect of unrecognized tax losses	**44,732**	56,643
Under/(over)-provision in respect of prior years	**3,893**	(1,070)
	2,068	18

Notes:

(i) The subsidiaries of the Group established in the Mainland China (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25%, except for the following subsidiaries:

According to the PRC income tax law and its relevant regulations, entities that qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income less than RMB3,000,000) and a preferential income tax rate of 5% (for taxable income less than RMB1,000,000) in 2024 and 2023. Certain subsidiaries of the Group were qualified as small and low profit enterprise and entitled preferential income tax rate for the years ended 31 December 2024 and 2023.

Hangzhou Kangsheng Health Management Consultant Co., Ltd. ("**Kangsheng**"), Polifarma (Nanjing) Co., Ltd. ("**Polifarma**") and Jiangsu Chengsheng Gene Precision Medical Technology Co., Ltd ("**Jiangsu Chengsheng**") obtained the qualification as a high-tech enterprise. Kangsheng was entitled to a preferential income tax rate of 15% from 2024 to 2027, Polifarma and Jiangsu Chengsheng were entitled to a preferential income tax rate of 15% from 2023 to 2026.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions.

(iii) The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made, as the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax during the years ended 31 December 2024 and 2023.

(iv) Effective from 1 January 2023, an additional 100% of qualified research and development expenses incurred by the Group is allowed to be deducted from taxable income under the PRC income tax law and its relevant regulations.

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(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(c) Deferred tax assets not recognized

As at 31 December 2024, the Group has unused tax losses of approximately RMB2,138,371,000 (2023: RMB1,894,000,000) available for offset against future profits. No deferred tax assets have been recognized in respect of the tax losses due to the unpredictability of future profits streams.

As at 31 December 2024, Kangsheng, Polifarma and Jiangsu Chengsheng's tax losses of approximately RMB1,377,304,000 (2023: RMB1,197,000,000) will expire in 10 years from the dates they were incurred, if unused. The tax losses of the other companies in the Group of approximately RMB761,067,000 (2023: RMB697,000,000) will expire in five years from the dates they were incurred, if unused.

8 DIRECTORS' EMOLUMENTS

	Year ended 31 December 2024						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (note (a)) RMB'000	Total RMB'000
Executive directors							
Kuang Ming	–	1,460	800	40	2,300	6,636	8,936
Zuo Yinghui *(note(b))*	–	786	200	56	1,042	395	1,437
Non-executive director							
Lee Kar Chung Felix *(note(b))*	–	–	–	–	–	–	–
Independent non-executive directors							
Hong Weili *(note(b))*	365	–	–	–	365	–	365
Zhang Saiyin *(note(b))*	365	–	–	–	365	–	365
Ang Khai Meng *(note(b))*	365	–	–	–	365	–	365
	1,095	2,246	1,000	96	4,437	7,031	11,468

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(Expressed in Renminbi unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS *(continued)*

	Year ended 31 December 2023						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (note (a)) RMB'000	Total RMB'000
Executive director							
Kuang Ming	–	1,471	800	51	2,322	15,135	17,457
Non-executive director							
Lee Kar Chung Felix *(note(b))*	–	–	–	–	–	–	–
Independent non-executive directors							
Hong Weili *(note(b))*	360	–	–	–	360	–	360
Zhang Saiyin *(note(b))*	360	–	–	–	360	–	360
Ang Khai Meng *(note(b))*	360	–	–	–	360	–	360
	1,080	1,471	800	51	3,402	15,135	18,537

Notes:

(a) These represent the estimated value of restricted share units granted to the directors under the Pre-IPO equity incentive plan or Post-IPO share award scheme. The value of these restricted share units are measured according to the Group's accounting policies for share-based payment transactions and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of restricted share units are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of restricted share units granted, are disclosed in note 28.

(b) Lee Kar Chung Felix was appointed as non-executive director of the Company on 21 May 2021 and resigned on 6 June 2024. Hong Weili, Zhang Saiyin and Ang Khai Meng were appointed as independent non-executive director of the Company on 6 July 2022. Zuo Yinghui was appointed as executive director of the Company on 4 December 2024.

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

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(Expressed in Renminbi unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is a director of the Company for the year ended 31 December 2024, whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, allowance and benefit in kind	**5,681**	4,708
Discretionary bonuses	**1,079**	2,697
Retirement scheme contributions	**350**	281
Share based payment expenses	**60,673**	119,275
	67,783	126,961

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December	
	2024	2023
	Number of individuals	Number of individuals
HKD0 — HKD1,000,000	**—**	—
HKD6,000,001 — HKD6,500,000	**1**	—
HKD21,000,001 — HKD21,500,000	**1**	—
HKD23,000,001 — HKD23,500,000	**1**	—
HKD23,500,001 — HKD24,000,000	**1**	—
HKD24,000,001 — HKD24,500,000	**—**	1
HKD25,000,001 — HKD25,500,000	**—**	1
HKD42,000,001 — HKD42,500,000	**—**	1
HKD49,000,001 — HKD49,500,000	**—**	1

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB516,409,000 (2023: RMB323,065,000) divided by the weighted average number of ordinary shares in issue of 580,306,000 during the year (2023: 540,820,000).

The calculation of the weighted average number of ordinary shares for the years ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December	
	2024 Number of shares '000	2023 Number of shares '000
Issued ordinary shares at 1 January	**563,870**	523,126
Effect of equity instruments vested and delivered *(note 28)*	**18,441**	18,846
Effect of treasury shares repurchased *(note 29(d)(iii))*	**(2,005)**	(1,152)
Weighted average number of ordinary shares for the year	**580,306**	540,820

(b) Diluted loss per share

The restricted share units (note 28) were excluded from the calculation of diluted loss per share because their effect would have been anti-dilutive. The diluted loss per share is the same as the basic loss per share for the years ended 31 December 2024 and 2023.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Plant and Buildings RMB'000	Electronic and production equipment RMB'000	Office Equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:								
At 1 January 2023	13,367	77,941	3,943	5,063	14,217	–	58,500	173,031
Additions	28,861	58,078	317	1,085	7,083	1,752	17,952	115,128
Addition through acquisition of subsidiaries *(note 31)*	–	251	79	–	234	–	398	962
Transfer from CIP	–	–	–	–	632	(632)	–	–
Disposals	–	(3,692)	(103)	(535)	–	–	(9,766)	(14,096)
At 31 December 2023 and 1 January 2024	42,228	132,578	4,236	5,613	22,166	1,120	67,084	275,025
Additions	22,720	18,550	3,854	1,303	5,606	563	20,860	73,456
Addition through acquisition of subsidiaries *(note 31)*	–	10	6	–	–	–	–	16
Transfer from CIP	–	–	–	–	388	(388)	–	–
Disposal of subsidiaries	–	(147)	(74)	–	(317)	–	–	(538)
Reclassified to assets held for sale *(note 21)*	–	(101,213)	(4,419)	(3,166)	(8,152)	(1,295)	(9,640)	(127,885)
Disposals	–	(2,366)	(35)	(270)	–	–	(22,414)	(25,085)
At 31 December 2024	64,948	47,412	3,568	3,480	19,691	–	55,890	194,989
Accumulated depreciation:								
At 1 January 2023	–	(11,485)	(1,435)	(1,795)	(10,660)	–	(10,279)	(35,654)
Charge for the year	(427)	(17,427)	(569)	(1,217)	(6,826)	–	(14,463)	(40,929)
Written back on disposals	–	2,179	97	422	–	–	6,822	9,520
At 31 December 2023 and 1 January 2024	(427)	(26,733)	(1,907)	(2,590)	(17,486)	–	(17,920)	(67,063)
Charge for the year	(1,173)	(28,608)	(1,088)	(1,460)	(4,370)	–	(16,045)	(52,744)
Eliminated on disposal of subsidiaries	–	6	5	–	28	–	–	39
Reclassified to assets held for sale *(note 21)*	–	38,684	832	1,531	5,497	–	3,313	49,857
Written back on disposals	–	1,167	16	98	–	–	16,886	18,167
At 31 December 2024	(1,600)	(15,484)	(2,142)	(2,421)	(16,331)	–	(13,766)	(51,744)
Accumulated impairment loss:								
At 1 January 2024	–	–	–	–	–	–	–	–
Impairment loss for the year *(note (iii))*	–	(28,441)	(314)	(839)	(1,110)	(116)	(6,154)	(36,974)
Reclassified to assets held for sale *(note 21)*	–	28,441	314	839	1,110	116	6,154	36,974
At 31 December 2024	–	–	–	–	–	–	–	–
Net book value:								
At 31 December 2024	63,348	31,928	1,426	1,059	3,360	–	42,124	143,245
At 31 December 2023	41,801	105,845	2,329	3,023	4,680	1,120	49,164	207,962

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(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of carrying amount (continued)

Notes:

(i) Additions to right-of-use assets were RMB20,860,000 for the year ended 31 December 2024 (2023: RMB18,350,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements and the fair value of land use rights acquired through acquisition of a subsidiary.

As of 31 December 2024, certain of the Group's property, plant and equipment are pledged as collaterals for the Group's bank and other loans. Further details are set out in note 25.

(ii) The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets	**16,045**	14,463
Interest on lease liabilities *(note 6(a))*	**1,255**	1,077

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 26, respectively.

(iii) Impairment test

Impairment loss was mainly recognized in respect of the cash-generating units ("**CGUs**"), Jiangsu Xinwange Medical Technology Co., Ltd. ("**Jiangsu Xinwange**") and Zhejiang Qilian Medicine Co., Ltd. ("**Zhejiang Qilian**"), during the year ended 31 December 2024. Due to the under-performance of production and operation of these entities, the Group identified an impairment indicator of its property, plant and equipment, intangible assets and goodwill and performed an impairment assessment of the related assets based on their estimated recoverable amounts.

The recoverable amounts of these CGUs are estimated using the present value of future cash flows based on the financial budgets approved by management covering a five-year period, and pre-tax discount rates of 12.7% and13.1% for Jiangsu Xinwange and Zhejiang Qilian, respectively. Future cash flows during the forecast period for the CGUs are based on several key assumptions, including the expected sales growth rate during the five-year period and expected long term growth rate. The forecasted sales growth rates are between -40.5% and 2.0%, -49.9% and 2.0% for Jiangsu Xinwange and Zhejiang Qilian, respectively. The forecasted long-term growth rates are 2.0% for both entities.

As a result of the assessment, the Group recognized an impairment loss of RMB36,974,000 on the property, plant and equipment, RMB15,922,000 on intangible assets and RMB14,368,000 on goodwill. The property, plant and equipment, intangible assets and goodwill attributable to these subsidiaries have been reclassified to assets held for sale (see note 21).

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(Expressed in Renminbi unless otherwise indicated)

12 INTANGIBLE ASSETS

	Patent RMB'000	Software RMB'000	Exclusive right RMB'000	License RMB'000	Customer relationship RMB'000	Pharmaceutical distribution rights RMB'000	Technology and know-how RMB'000	Total RMB'000
Cost:								
At 1 January 2023	418	12,693	278,663	35,365	73,040	74,500	36,400	511,079
Additions	–	2,419	–	–	–	–	–	2,419
Addition through acquisition of subsidiaries *(note 31)*	–	96	–	–	–	–	–	96
Disposal	–	(134)	(12,000)	(5,126)	–	–	–	(17,260)
At 31 December 2023 and 1 January 2024	418	15,074	266,663	30,239	73,040	74,500	36,400	496,334
Additions *(note (i))*	–	873	22,000	–	–	–	–	22,873
Reclassified to assets held for sale *(note 21)*	–	(1,098)	(4,180)	–	(42,240)	–	–	(47,518)
At 31 December 2024	418	14,849	284,483	30,239	30,800	74,500	36,400	471,689
Accumulated amortisation:								
At 1 January 2023	(174)	(6,293)	(134,548)	(29,435)	(12,899)	(288)	(152)	(183,789)
Charge for the year	(42)	(3,780)	(43,773)	(5,930)	(8,448)	(3,457)	(1,820)	(67,250)
Disposal	–	111	–	5,126	–	–	–	5,237
At 31 December 2023 and 1 January 2024	(216)	(9,962)	(178,321)	(30,239)	(21,347)	(3,745)	(1,972)	(245,802)
Charge for the year	(42)	(1,350)	(33,404)	–	(8,067)	(3,457)	(2,476)	(48,796)
Reclassified to assets held for sale *(note 21)*	–	365	4,180	–	20,570	–	–	25,115
At 31 December 2024	(258)	(10,947)	(207,545)	(30,239)	(8,844)	(7,202)	(4,448)	(269,483)
Accumulated impairment loss:								
At 1 January 2024	–	–	–	–	–	–	–	–
Impairment loss for the year *(note 11 (iii))*	–	–	–	–	(15,922)	–	–	(15,922)
Reclassified to assets held for sale *(note 21)*	–	–	–	–	15,922	–	–	15,922
At 31 December 2024	–	–	–	–	–	–	–	–
Net book value:								
At 31 December 2024	160	3,902	76,938	–	21,956	67,298	31,952	202,206
At 31 December 2023	202	5,112	88,342	–	51,693	70,755	34,428	250,532

Note:

(i) During the year ended 31 December 2024, the Group entered into an agreement with independent third parties, pursuant to which, the Group agreed to acquire exclusive right for certain drug at consideration of RMB22,000,000.

13 GOODWILL

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost:		
At 1 January	**88,722**	88,233
Acquisitions through business combinations *(note 31)*	**149**	489
Reclassified to assets held for sale *(note 21)*	**(14,409)**	—
At 31 December	**74,462**	88,722
Accumulated impairment loss:		
At 1 January	**(2,253)**	(2,253)
Impairment loss *(note 11 (iii))*	**(14,368)**	—
Reclassified to assets held for sale *(note 21)*	**14,368**	—
At 31 December	**(2,253)**	(2,253)
Carrying amount:		
At 31 December	**72,209**	86,469

Impairment tests for goodwill

For purpose of impairment testing, goodwill was allocated to respective cash-generating units (CGUs) representing the lowest level within the Group at which the relevant goodwill is monitored for internal management purpose and not larger than operating segment. The significant CGUs and allocated goodwill are set out as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Polifarma	**37,870**	37,870
Hangzhou Zhimin Pharmaceutical Chain Co., Ltd. ("**Hangzhou Zhimin**")	**18,692**	18,692
Yinbang Insurance Brokerage Co., Ltd. ("**Yinbang Insurance**")	**8,033**	8,033
Zhejiang Xiening Medicine Co., Ltd. ("**Zhejiang Xiening**")	**5,650**	5,650
Zhejiang Qilian	**—**	6,015
Jiangsu Xinwange	**—**	8,337

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13 GOODWILL (continued)

Impairment tests based on fair value less costs of disposal calculations

As at 31 December 2024 and 2023, the recoverable amounts of the CGU of Hangzhou Zhimin were determined based on fair value less costs of disposal calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 15.3% and 15.5% respectively.

Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate at 2.0% in 2024 (2023: 2.0%). The cash flows and discount rate reflect assumptions that market participants would use when pricing the relevant CGUs. Key assumptions include estimated sales growth rate and discount rate. The management determined these key assumptions based on past performance and expectation on market development.

The sensitivity analysis on the CGU, Hangzhou Zhimin demonstrates no goodwill impairment required. If estimated sales growth rate decreased 2.82% or discount rate increased 3.65% and all the other variables were held constant, the CGU remaining headroom will be removed.

Impairment tests based on value-in-use calculations

As at 31 December 2024 and 2023, the recoverable amounts of the CGUs, Yinbang Insurance, Zhejiang Xiening and Polifarma were determined based on value-in-use calculations ("**VIU**"). Jiangsu Xinwange and Zhejiang Qilian were reclassified to assets held for sale in 2024 and the impairment tests were performed when the impairment indicators were noted (see note 11(iii)). These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates.

Key assumptions in the value-in-use calculations of the above CGUs as at 31 December 2024 and 2023 are set out as follows:

	At 31 December 2024		
	Yinbang Insurance	Zhejiang Xiening	Polifarma
Long-term growth rate	**2.0%**	**2.0%**	**2.0%**
Pre-tax discount rate	**21.1%**	**12.9%**	**15.6%**

	At 31 December 2023				
	Jiangsu Xinwange	Yinbang Insurance	Zhejiang Qilian	Zhejiang Xiening	Polifarma
Long-term growth rate	2.0%	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	13.2%	22.2%	12.8%	13.0%	15.5%

With regard to the assessment of the VIU of the above CGUs, the directors of the Company believe that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts as at 31 December 2024 and 2023.

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(Expressed in Renminbi unless otherwise indicated)

14 OTHER NON-CURRENT ASSETS

The other non-current assets mainly represent prepayments for the amounts already paid to acquire the property, plant and equipment and intangible assets as at 31 December 2024 and 2023.

15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest		
Company name	**Place of incorporation and business/ Date of Incorporation/ Kind of legal entity**	**Particulars of issued/ paid-up capital**	**Held by the subsidiaries**	**Held by the Company**	**Principal activities**
Directly held					
ClouDr Group HK Limited	Hong Kong 4 September 2015 Limited liability company	HKD1	100%	–	Investment holding
Indirectly held					
91health Shanghai Limited 上海運臻網絡科技有限公司*	PRC 24 November 2015 Limited liability company	USD6,500,000	–	100%	Sale of products
Hangzhou Kangsheng Health Management Consultant Co., Ltd. 杭州康晟健康管理諮詢有限公司*	PRC 9 December 2014 Limited liability company	RMB10,100,000	–	100%	Provision of SaaS services, digital marketing services, sale and marketing of products
Shanghai Kangmeng Health Management Consultation Co., Ltd. 上海康檬健康管理諮詢有限公司*	PRC 22 January 2015 Limited liability company	RMB5,000,000	–	100%	Provision of digital marketing services
Chongqing Medical Public Creditability Medicine Wholesale Co., Ltd. 重慶醫藥公信網藥品批發有限公司*	PRC 13 July 2015 Limited liability company	RMB12,650,000	–	51%	Sales of pharmaceutical products and medical devices

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 INVESTMENTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation and business/ Date of Incorporation/ Kind of legal entity	Particulars of issued/ paid-up capital	Proportion of ownership interest Held by the subsidiaries	Proportion of ownership interest Held by the Company	Principal activities
Polifarma (Nanjing) Co., Ltd. 寶利化 (南京) 製藥有限公司*	PRC 8 February 2002 Limited liability company	RMB90,351,902.78	–	62%	Production and sales of pharmaceutical products
Held through Contractual Arrangements					
Hangzhou Kangming Information Technology Co., Ltd. 杭州康明信息技術有限公司*	PRC 11 December 2020 Limited liability company	RMB24,000,000	–	100%	Provision of internet and e-commerce services
Yinchuan Zhiyun Internet Hospital Co., Ltd. 銀川智雲互聯網醫院有限公司*	PRC 12 July 2017 Limited liability company	Nil	–	100%	Providing pharmacy SaaS solution
Yinbang Insurance Brokerage Co., Ltd. 銀邦保險經紀有限公司*	PRC 5 September 2011 Limited liability company	RMB50,000,000	–	100%	Distribution of insurance companies' products

* The official name of this entity is in Chinese. The English name is for identification purpose only.

All companies comprising the Group have adopted 31 December as their financial year end date.

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(Expressed in Renminbi unless otherwise indicated)

16 FINANCIAL ASSETS MEASURED AT FAIR VALUE THOUGH PROFIT OR LOSS

The Group

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current		
Unlisted equity instrument *(note (i))*	**40,372**	40,000
Current		
Financial products issued by financial institutions		
— Wealth management products *(note (ii))*	**47,093**	46,650
— Fund management products *(note (iii))*	**175,261**	300,071
	222,354	346,721

The Company

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Financial products issued by financial institutions		
— Wealth management products *(note (ii))*	**47,093**	46,650
— Fund management products *(note (iii))*	**93,978**	149,078
	141,071	195,728

Notes:

(i) In November 2023, the Group acquired 20% equity interest in Wuhu Jingxin Digital Creative Industry Investment Fund ("**Wuhu Jingxin**"), for the consideration of RMB40,000,000. The directors consider the investment is for financing purpose and designated as a financial asset at fair value through profit or loss.

The analysis on the fair value measurement of the above financial assets is disclosed in note 30(d).

(ii) The Group and the Company invested in the wealth management products from a trust management company registered in Hong Kong. As of 31 December 2024, the investment objectives were mainly to invest in cash and cash equivalents, government bonds and related financial instruments and other money market instruments.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 FINANCIAL ASSETS MEASURED AT FAIR VALUE THOUGH PROFIT OR LOSS (continued)

The Company (continued)

Notes: (continued)

(iii) As of 31 December 2024, the investments represented the Group's and the Company's investment in certain fund portfolios issued by certain fund companies registered in Cayman Islands. As of 31 December 2024, the investment objectives of these funds were mainly to invest in cash and cash equivalents, government bonds, notes, monetary fund, structured deposits and other money market instruments.

During the period ended 30 March 2025 post to the financial statements date, the Group has redeemed its partial investments in the fund management products and the cash proceeds as received amounted to approximately USD18,790,000 (equivalent to approximately RMB133,816,000).

The financial products have expected annual rates of return ranging from 1.15% to 5.08% (2023: from 1.14% to 5.71%). Considering the contractual cash flows do not qualify for solely payments of principal and interest due to the variable returns, the investment has been accounted for as financial assets measured at fair value through profit or loss. The analysis on the fair value measurement of the above financial assets is disclosed in note 30(d).

17 INVENTORIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Finished goods	**169,386**	298,134

The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Carrying amount of inventories sold	**2,530,276**	2,659,854
Write down of inventories	**35,404**	1,487
	2,565,680	2,661,341

The write down of inventories is due to expiry of medicines and the decrease of inventories net realizable value.

18 TRADE AND BILLS RECEIVABLES

	At 31 December 2024 RMB'000	2023 RMB'000
Trade receivables	**728,269**	838,304
Less: Loss allowance	**(44,771)**	(35,053)
	683,498	803,251
Bills receivables	**44,079**	11,500
	727,577	814,751

(a) Ageing analyses

At the year ended 31 December 2024 and 2023, the ageing analysis of trade and bills receivable, based on the date revenue is recognized and net of loss allowance, of the Group are as follows:

	At 31 December 2024 RMB'000	2023 RMB'000
Within 3 months	**486,031**	609,653
4 to 6 months	**175,150**	103,080
7 to 12 months	**38,814**	85,282
Over 12 months	**27,582**	16,736
	727,577	814,751

All the trade and bills receivables are expected to be recovered within one year. Further details on the Group's credit policy and credit risk are set out in note 30(a).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 TRADE AND BILLS RECEIVABLES (continued)

(b) Impairment of trade receivables

Movement in the loss allowance account in respect of trade receivables during each reporting period is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Balance at 1 January	**35,053**	43,463
Impairment losses recognized	**45,789**	12,720
Reclassified to assets held for sale *(note 21)*	**(34,719)**	—
Write-off	**(1,352)**	(21,130)
At the end of the year	**44,771**	35,053

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Prepayments for inventories and services	**119,854**	262,185
Deposits	**120,078**	157,865
Amounts due from third parties *(note (i))*	**37,028**	49,379
Purchase rebate with suppliers	**9,721**	24,372
Value-added tax recoverable	**16,365**	42,152
Amounts due from staffs *(note (i))*	**9,268**	8,283
Investment receivable from an investor in a subsidiary financing	**—**	10,000
Prepayment for the repurchase of the Company's shares	**2,385**	7,083
Amounts due from non-controlling interest of the Group *(note (i))*	**3,750**	7,000
Others	**9,323**	12,632
	327,772	580,951
Less: loss allowance *(note (ii))*	**(25,727)**	(9,328)
	302,045	571,623

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Group (continued)

Notes:

All of the prepayments, deposits and other receivables are expected to be recovered and recognized as expenses within one year.

(i) Amounts due from third parties, staffs and non-controlling interest of the Group were non-trade and unsecured.

(ii) The Group determines the expected credit losses for other receivables and deposits by assessment of probability of default, loss given default and exposure at default. During the year ended 31 December 2024, the Group recognized impairment loss of RMB71,603,000 on the other receivables and deposits, of which RMB66,073,000 has been reclassified to the assets held for sale (see note 21). As at 31 December 2024, the loss allowance balance represents the loss allowance for other receivables and deposits of RMB14,228,000 (2023: RMB9,328,000) and for prepayments of RMB11,499,000.

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
The Group		
Cash at bank and on hand	**316,115**	272,075
Less: Time deposits with initial term over three months	**5,000**	5,000
Less: restricted bank deposits	**6,313**	23,700
Cash and cash equivalent	**304,802**	243,375
The Company		
Cash at bank and on hand	**128**	27

The restricted bank deposits mainly used for the bank loan deposits as of 31 December 2024.

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(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(b) Reconciliation of loss before taxation to cash used in operations

	Note	2024 RMB'000	2023 RMB'000
Loss before taxation		**(489,322)**	(327,326)
Adjustments for:			
Impairment loss on trade receivables and other receivables under expected credit loss model		**116,001**	10,181
Write down of inventories	*6(c)*	**35,404**	1,487
Depreciation	*6(c)*	**52,744**	40,929
Amortisation	*6(c)*	**48,796**	67,250
(Gain)/loss on disposal of property, plant and equipment		**(172)**	67
Impairment loss recognized on non-current assets and assets held for sale		**83,508**	—
Impairment loss on prepayments		**31,699**	—
Gain on disposal of subsidiaries		**(416)**	—
Change in the carrying amount of financial instruments issued to investors		**13,032**	1,590
Issuance cost of the financial instruments issued to investors	*6(c)*	**249**	18,574
Interest expense	*6(a)*	**14,191**	9,705
Interest on lease liabilities	*6(a)*	**1,255**	1,077
Fair value gains on financial assets measured at FVPL	*5*	**(5,050)**	(11,450)
Equity-settled share-based payment expenses	*6(b)*	**130,923**	232,080
Changes in working capital:			
Increase in inventories		**(84,970)**	(73,641)
Increase in trade and bills receivables, prepayments and other receivables		**(181,770)**	(119,766)
Increase/(decrease) in trade and other payables and accrued expenses		**75,614**	(10,752)
Decrease in contract liabilities		**(585)**	(28,164)
Decrease in restricted bank deposits	*20(a)*	**17,387**	50,670
Cash used in operations		**(141,482)**	(137,489)

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other loans RMB'000 *(note 25)*	Lease Liabilities RMB'000 *(note 26)*	Other payables and accrued expenses RMB'000 *(note 23)*	Financial instruments issued to investors RMB'000 *(note 27)*	Total RMB'000
At 1 January 2024	235,023	32,028	9,952	201,590	478,593
Changes from financing cash flows:					
Proceeds from bank and other loans	650,164	–	–	–	650,164
Repayment of advance from non-controlling interest of the Group	–	–	(1,000)	–	(1,000)
Repayment of advances from third parties and staffs	–	–	(3,749)	–	(3,749)
Advance from third parties and staffs	–	–	12,284	–	12,284
Proceeds from the issuance of financial instruments to investors	–	–	–	10,000	10,000
Repayment of bank and other loans	(508,645)	–	–	–	(508,645)
Interest expenses paid	(14,162)	–	–	–	(14,162)
Payment of capital element of lease liabilities	–	(13,970)	–	–	(13,970)
Payment of interest element of lease liabilities	–	(1,255)	–	–	(1,255)
Total changes from financing cash flows	127,357	(15,225)	7,535	10,000	129,667
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	20,860	–	–	20,860
Investment receivable from an investor in a subsidiary financing	–	–	–	(10,000)	(10,000)
Changes in the carrying amount of financial instruments issued to investors	–	–	–	13,032	13,032
Interest expenses *(note 6(a))*	14,191	1,255	–	–	15,446
Addition through acquisition of subsidiaries *(note 31)*	3,670	–	–	–	3,670
Reclassified to Liabilities held for sale *(note 21)*	(40,000)	(7,014)	–	–	(47,014)
Disposal	–	(5,528)	–	–	(5,528)
Total other changes	(22,139)	9,573	–	3,032	(9,534)
At 31 December 2024	340,241	26,376	17,487	214,622	598,726

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(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other loans RMB'000 *(note 25)*	Lease Liabilities RMB'000 *(note 26)*	Other payables and accrued expenses RMB'000 *(note 23)*	Financial instruments issued to investors RMB'000 *(note 27)*	Total RMB'000
At 1 January 2023	192,543	30,839	27,625	–	251,007
Changes from financing cash flows:					
Proceeds from bank and other loans	392,313	–	–	–	392,313
Advances from a non-controlling shareholder of the Group	–	–	–	–	–
Repayment of advance from a non-controlling shareholder of the Group	–	–	(4,241)	–	(4,241)
Repayment of advances from third parties and staffs	–	–	(13,432)	–	(13,432)
Proceeds from the issuance of financial instruments to investors	–	–	–	190,000	190,000
Repayment of bank and other loans	(352,955)	–	–	–	(352,955)
Interest expenses paid	(9,083)	–	–	–	(9,083)
Payment of capital element of lease liabilities	–	(14,217)	–	–	(14,217)
Payment of interest element of lease liabilities	–	(1,077)	–	–	(1,077)
Total changes from financing cash flows	30,275	(15,294)	(17,673)	190,000	187,308
Other changes:					
Increase in lease liabilities from entering into new leases during the year	–	17,952	–	–	17,952
Investment receivable from an investor in a subsidiary financing	–	–	–	10,000	10,000
Changes in the carrying amount of financial instruments issued to investors	–	–	–	1,590	1,590
Interest expenses *(note 6(a))*	9,705	1,077	–	–	10,782
Addition through acquisition of subsidiaries *(note 31)*	2,500	398	–	–	2,898
Disposal	–	(2,944)	–	–	(2,944)
Total other changes	12,205	16,483	–	11,590	40,278
At 31 December 2023	235,023	32,028	9,952	201,590	478,593

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Lease rentals paid in operating cash flows	**3,629**	2,974
Lease rentals paid in financing cash flows	**15,225**	15,294

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21 DISPOSAL GROUP HELD FOR SALE

During 2024, pursuant to a resolution passed by the Company's Board of Directors, the Group has committed to a plan to dispose partial equity interests in Jiangsu Xinwange, Lianyungang Zhenghe Scientific Instrument Co., Ltd., Jiangsu Chengsheng, Jiangsu Jiutai Pharmaceutical Co., Ltd. and all equity interests in Zhejiang Qilian (collectively, the "**Target Companies**"). The disposals have also been approved by the shareholders of the Target Companies. Accordingly, corresponding assets and liabilities associated with the Target Companies have been reclassified as held for sale and are presented separately in the consolidated statement of financial position. Efforts to sell the disposal group have started and a sale is expected by 2025.

As at 31 December 2024, the disposal group was measured at the lower of carrying amount and fair value less costs to sell and comprised the following assets and liabilities.

	2024 RMB'000
Property, plant and equipment	24,851
Intangible assets	6,481
Inventories	191,749
Trade and bills receivables	137,211
Prepayments, deposits and other receivables	193,469
Cash and cash equivalents	5,401
Assets held for sale	559,162
Trade payables	(53,582)
Other payables and accrued expenses	(20,353)
Contract liabilities	(2)
Bank and other loans	(40,000)
Lease Liabilities	(7,014)
Deferred tax liabilities	(5,418)
Liabilities held for sale	(126,369)

Impairment losses of RMB16,244,000 for write-downs of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognized during the year ended 31 December 2024. The fair value for the disposal group was measured by reference to its agreed dispose prices and expected losses on receivables due from held for sales assets group.

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22 TRADE PAYABLES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Payables for inventories and services	**173,832**	233,249

All of the trade payables are expected to be settled within one year or are repayable on demand.

The aging analyses of trade payables, based on the transaction date, are as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**165,762**	228,721
More than 1 year	**8,070**	4,528
	173,832	233,249

23 OTHER PAYABLES AND ACCRUED EXPENSES

The Group

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Salary and welfare payables	**69,866**	72,104
Payables for flexible staffs	**175,580**	156,276
VAT payable and other tax payables	**19,926**	16,087
Payables for acquiring of subsidiaries, non-controlling interest and exclusive rights	**2,917**	21,500
Investment deposits received from investors	**44,970**	20,000
Refund liabilities	**35,594**	16,570
Amounts due to non-controlling interest of the Group	**50**	1,050
Amounts due to third parties and staffs	**17,437**	8,902
Payables for issuance cost of convertible redeemable preferred shares and financial instruments issued to investors	**–**	3,741
Payables for property, plant and equipment	**–**	6,514
Deposits and others	**57,155**	38,770
	423,495	361,514

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 OTHER PAYABLES AND ACCRUED EXPENSES (continued)

The Company

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Payables for issuance cost of convertible redeemable preferred shares and financial instruments issued to investors	**–**	3,541
Deposits and others	**4,113**	2,234
	4,113	5,775

All of the other payables and accrued expenses are expected to be settled or recognized as income within one year or are repayable on demand.

24 CONTRACT LIABILITIES

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Sales of pharmaceuticals, consumables, medical devices and miscellaneous	**32,873**	30,741
Providing services	**37,954**	40,671
	70,827	71,412

Contract liabilities primarily arises from relates to the considerations received from customers before the Group satisfying performance obligations. It would be recognized as revenue upon the rendering of goods and services.

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25 BANK AND OTHER LOANS

Analysis of the carrying value of bank and other loans is as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Bank loans		
— Guaranteed by the Company	**129,439**	—
— Guaranteed by a subsidiary of the Group	**63,000**	145,191
— Guaranteed by a subsidiary of the Group and trade receivables *(note (i))*	**59,500**	—
— Guaranteed by patent *(note (ii))*	**14,750**	—
— Guaranteed by related parties of a subsidiary of the Group	**5,000**	—
— Guaranteed by a subsidiary of the Group and related parties	**—**	34,900
— Guaranteed by a subsidiary of the Group, related parties and trade receivables	**—**	30,059
— Guaranteed by plant	**—**	10,000
— Guaranteed by related parties	**—**	5,000
— Unsecured	**64,500**	—
	336,189	225,150
Other loans from third parties:		
— Secured by the Group's manufacturing equipment *(note (iii))*	**4,052**	4,481
— Secured by trade receivables	**—**	5,392
Total	**340,241**	235,023

Notes:

(i) As at 31 December 2024, these bank loans were guaranteed by 91health Shanghai Limited and trade receivables with an aggregating amount of RMB80,503,000.

(ii) As at 31 December 2024, these bank loans were secured by pharmaceutical patent.

(iii) As at 31 December 2024, these loans were secured by the Group's manufacturing equipment with an aggregating amount of RMB19,397,000.

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26 LEASE LIABILITIES

As at 31 December 2024 and 2023, the lease liabilities were repayable as follows:

	At 31 December			
	2024		2023	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**13,122**	**14,304**	13,679	15,058
After 1 year but within 2 years	**8,138**	**9,480**	9,095	9,967
After 2 years but within 5 years	**5,116**	**5,539**	9,254	9,995
	13,254	**15,019**	18,349	19,962
	26,376	**29,323**	32,028	35,020
Less: total future interest expenses		**(2,947)**		(2,992)
Present value of lease liabilities		**26,376**		32,028

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27 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

The Group

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Redemption liabilities	**214,622**	201,590

The movements of the redemption liabilities during the year ended 31 December 2024 are set out below:

	Redemption liabilities	
	2024	2023
	RMB'000	RMB'000
At 1 January	**201,590**	—
Grant of redemption right in a subsidiary financing	**—**	200,000
Changes in the carrying amount of redemption liabilities	**13,032**	1,590
At 31 December	**214,622**	201,590

The Group's subsidiary, Anhui Zhiyi Huiyun Technology Co., Ltd. ("**Anhui Zhiyi Huiyun**"), conducted a round of financing by issuing registered capital to investors and the investors were granted a right to put back to the Group the registered capital acquired upon specified contingent events including but not limited to failure to complete the qualified initial public offerings before 31 December 2028, and material breach of terms of the agreements entered into with the financing investors, which is beyond the control of the Group.

The redemption price is the investment amount paid by the investors with redemption rights, plus an annual simple interest rate of 6.5% on the investment amount for the period commencing from the relevant payment date of investment amount to the date on which the investors receive payments for redemption, and deducting any dividends distributed.

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28 EQUITY-SETTLED SHARE-BASED PAYMENT

(a) Pre-IPO equity Incentive plans

The Group granted share-based awards to qualified directors and employees pursuant to the 2015 Global Share Plan ("**the Plan**"), which was adopted in August 2015. The qualified participants of the Plan are required to satisfy certain vesting service for the entitlement. The share options granted are generally vested on the grant date or over a one-year period on condition that employees remain in service without any performance requirements or four-year period on condition that employees remain in service without any performance requirements, under which an employee is entitled to vest in 25% of his option grants annually thereafter of completed service. Options granted typically expire in 10 years from the respective grant dates.

In July 2021, the Company appointed Prime Forest Assets Limited ("**Prime Forest**") as the holding company to hold the ordinary shares of the Company on trust for "the Plan", according to which the options previously granted to relevant employees and directors that are not cancelled and forfeited as of 6 August 2021 were replaced by Restricted Share Units ("**RSUs**", collectively with options as "**equity instruments**"). There were no modification of terms or conditions when converted to RSUs which had increased the fair value of the equity instruments granted and such arrangement was accounted for as the continuance of the original share options. Accordingly, there were no financial impact as a result of such replacement.

The Group recognise share-based payments expenses in its consolidated statements of profit or loss based on RSUs ultimately expected to vest.

The number and weighted average exercise prices movements of RSUs during 2024 are as follows:

	Year ended 31 December 2024	
	Weighted average exercise price RMB	Number of equity instruments '000
Outstanding at the beginning of the year	0.17	25,496
Vested and delivered during the year	0.07	(13,102)
Forfeited during the year	2.85	(579)
Outstanding at the end of the year	0.14	11,815

28 EQUITY-SETTLED SHARE-BASED PAYMENT (continued)

(a) Pre-IPO equity Incentive plans (continued)

The number and weighted average exercise prices movements of RSUs during 2023 are as follows:

	Year ended 31 December 2023	
	Weighted average exercise price RMB	Number of equity instruments '000
Outstanding at the beginning of the year	0.23	61,565
Vested and delivered during the year	0.25	(35,549)
Forfeited during the year	1.65	(520)
Outstanding at the end of the year	0.17	25,496

The grant date fair value of the share-based payment was determined based on the difference between the closing market price of the Company's shares that are publicly traded on the Stock Exchange at the grant date and the price of the RSUs payable by the grantee.

Pursuant to a board resolution in October 2022 and an announcement to employees in December 2022, certain level employees' exercise price of RSUs were waived which resulted in an incremental fair value of RSUs. The incremental fair value is the difference between the fair values as measured immediately before and after the modification. The Group recognise the incremental fair value over the remaining modified vesting period, of which RMB5,900,000 was recognized in 2024 (2023: RMB11,700,000).

The RSUs outstanding as at 31 December 2024 and 2023 had weighted average remaining contractual life of 6.33 years (2023: 6.92 years), respectively.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

28 EQUITY-SETTLED SHARE-BASED PAYMENT (continued)

(b) Post-IPO share award scheme

The Post-IPO share award scheme was adopted on 10 June 2022. Under the Post-IPO share award scheme, the restricted share units ("**RSUs**") granted by the Company are subject to pro rata vesting over a four-year period, with one-fourth of such RSUs vesting on each anniversary of the date of the grant, or two-year period, with one-second of such RSUs vesting on each anniversary of the date of the grant, subject to the grantees continuing to be employed by, or continuing to provide services to, the Group on the applicable vesting date or vested on the grant date.

The expiration date for subscription of the RSUs is 10 years from the grant date.

The number and weighted average exercise prices movements of RSUs during 2024 are as follows:

	Year ended 31 December 2024	
	Weighted average exercise price RMB	Number of RSUs '000
Outstanding at the beginning of the year	0.01	13,374
Vested and delivered during the year	0.01	(11,633)
Forfeited during the year	0.01	(156)
Granted during the year	0.01	14,401
Outstanding at the end of the year	0.01	15,986

28 EQUITY-SETTLED SHARE-BASED PAYMENT (continued)

(b) Post-IPO share award scheme (continued)

The number and weighted average exercise prices movements of RSUs during 2023 are as follows:

	Year ended 31 December 2023	
	Weighted average exercise price RMB	Number of RSUs '000
Outstanding at the beginning of the year	0.01	13,093
Vested and delivered during the year	0.01	(7,300)
Forfeited during the year	0.01	(184)
Granted during the year	0.01	7,765
Outstanding at the end of the year	0.01	13,374

The grant date fair value of the share-based payment was determined based on the difference between the closing market price of the Company's shares that are publicly traded on the Stock Exchange of Hong Kong at the grant date and the price of the RSUs payable by the grantee. The weighted average grant date fair value of these RSUs granted in 2024 is RMB2.32 per share unit (2023: RMB6.95). The remaining contract life of these RSUs are 8.48 years (2023: 9.02 years).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity for the years ended 31 December 2024 and 2023 are set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual component of equity are set out below:

The Company

	Share capital RMB'000	Treasury share reserve RMB'000	Capital reserve RMB'000	Share-based payments reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	391	(40,328)	11,281,763	393,614	2,546	(47,582)	(7,090,546)	4,499,858
Changes in equity for 2023:								
Total comprehensive income for the year	–	–	–	–	–	145,324	3,690	149,014
Equity-settled share-based payment *(note 6(b))*	–	–	–	232,080	–	–	–	232,080
Restricted share units vested and delivered *(note 28)*	–	26,165	201,156	(236,472)	–	–	–	(9,151)
Balance at 31 December 2023	**391**	**(14,163)**	**11,482,919**	**389,222**	**2,546**	**97,742**	**(7,086,856)**	**4,871,801**
Changes in equity for 2024:								
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**55,915**	**(2,254,153)**	**(2,198,238)**
Equity-settled share-based payment *(note 6(b))*	**–**	**–**	**–**	**130,923**	**–**	**–**	**–**	**130,923**
Restricted share units vested and delivered *(note 28)*	**–**	**12,308**	**230,364**	**(252,250)**	**–**	**–**	**–**	**(9,578)**
Balance at 31 December 2024	**391**	**(1,855)**	**11,713,283**	**267,895**	**2,546**	**153,657**	**(9,341,009)**	**2,794,908**

(b) Dividends

The directors of the Company did not propose any declaration of dividend for the years ended 31 December 2024 and 2023.

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(Expressed in Renminbi unless otherwise indicated)

29 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

Authorized

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 August 2015.

As of 31 December 2024 and 2023, the authorized share capital of the Company was USD100,000 divided into 1,000,000,000 ordinary shares of a nominal or par value of US$0.0001 each.

(i) Issued share capital

	2024		2023	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**587,038,219**	**391**	587,038,219	391

(d) Nature and purpose of reserves

(i) Treasury share reserve

The treasury share reserve represents the shares held by employee share trust, Prime Forest Assets Limited ("**Prime Forest**"), controlled by the Company for the equity settled share-based payment plan (note 28). As the Company has power to govern the relevant activities of Prime Forest and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the equity settled share-based payment plan, the directors of the Company consider that it is appropriate to regard Prime Forest as a branch of the Company.

(ii) Capital reserve

The capital reserve comprises: a) the capital contribution from the equity holders of the Group's subsidiaries; b) the excess of the total proceeds received from the Company share issuance over the total par value of shares issued; c) the reserve resulted from transactions with the Group's non-controlling interests and d) amounts in relation to the initial recognition of the redemption liabilities.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share option and the difference between the granted price and the fair value of the ordinary shares (note 28) granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in note 2(t)(ii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in note 2(x).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder 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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with good credit standing, for which the Group considers having low credit risk. Deposits, amounts due from third parties and non-controlling interest of the Group, purchase rebate with suppliers, amounts due from staffs of the Group, investment receivable from an investor in a subsidiary financing and others have been classified as other receivables. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs unless there is a significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default. As at 31 December 2024 and 2023, in view of the nature of these balances and historical settlement record, the Group considers that the provision of ECL allowance for these assets was appropriate.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The receivables from the five largest debtors at 31 December 2024 and 2023 represented 28% and 26% of the total trade receivables respectively, while 11% and 10% of the total trade receivables were due from the largest single debtor respectively.

Individual credit evaluations are performed on all customers who have high credit risk such as litigation issues. These evaluations focus on the customers' past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The Group will normally grant credit term of 0–270 days to its customers.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	At 31 December 2024					
	Gross carrying amount RMB'000	Provision on individual basis RMB'000	Carrying amount after individual provision	ECL rates	ECLs RMB'000	Loss allowance RMB'000
Current (not past due)	490,861	(215)	490,646	0.7%	(3,606)	(3,821)
0–3 months past due	94,646	(427)	94,219	2.7%	(2,555)	(2,982)
4–6 months past due	109,735	(2,719)	107,016	8.7%	(9,309)	(12,028)
7–9 months past due	7,814	–	7,814	28.0%	(2,185)	(2,185)
10–12 months past due	9,072	(3,836)	5,236	72.2%	(3,778)	(7,614)
More than 1 year past due	16,141	–	16,141	100.0%	(16,141)	(16,141)
	728,269	(7,197)	721,072		(37,574)	(44,771)

	At 31 December 2023					
	Gross carrying amount RMB'000	Provision on individual basis RMB'000	Carrying amount after individual provision	ECL rates	ECLs RMB'000	Loss allowance RMB'000
Current (not past due)	665,838	–	665,837	0.9%	(5,780)	(5,780)
0–3 months past due	126,223	–	126,223	4.9%	(6,223)	(6,223)
4–6 months past due	25,113	(220)	24,893	17.8%	(4,433)	(4,653)
7–9 months past due	7,619	(268)	7,351	64.1%	(4,714)	(4,982)
10–12 months past due	2,660	(81)	2,579	96.3%	(2,483)	(2,564)
More than 1 year past due	10,851	(1,208)	9,643	100.0%	(9,643)	(10,851)
	838,304	(1,777)	836,526		(33,276)	(35,053)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities of the Group's non-derivative financial liabilities as at 31 December 2024 and 2023, which are based on:

— contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay; and

— expected undiscounted cash flows provided to the Group's key management personnel and the date the Group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank and other loans	344,029	356	9,341	–	353,726	340,241
Trade payables	173,832	–	–	–	173,832	173,832
Other payables and accrued expenses	423,495	–	–	–	423,495	423,495
Lease liabilities *(note 26)*	14,304	9,480	5,539	–	29,323	26,376
	955,660	9,836	14,880	–	980,376	963,944

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at 31 December
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank and other loans	224,795	5,340	10,032	–	240,167	235,023
Trade payables	233,249	–	–	–	233,249	233,249
Other payables and accrued expenses	361,514	–	–	–	361,514	361,514
Lease liabilities *(note 26)*	15,058	9,967	9,995	–	35,020	32,028
	834,616	15,307	20,027	–	869,950	861,814

In addition to the above, the Group was also exposed to liquidity risk arising from the financial instruments issued to investors at 31 December 2024, the payment terms of which are further disclosed in Note 27.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, financial products issued by financial institutions, bank and other loans and lease liabilities. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition. The Group's interest rate risk profile as monitored by management is set out in below.

The following table details the interest rate profile of the Group's financial assets and liabilities as at 31 December 2024 and 2023.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

(i) Interest rate risk profile

	31 December 2024		31 December 2023	
	Weighted average interest rate %	RMB'000	Weighted average interest rate %	RMB'000
Fix rate borrowings:				
Lease liabilities	4.34%	(26,376)	4.80%	(32,028)
Bank and other loans	3.83%	(340,241)	4.15%	(235,023)
		(366,617)		(267,051)
Variable rate instruments:				
Cash at bank		304,802		243,375
Restricted bank deposits		6,313		23,700
Financial assets measured at FVPL		222,354		346,721
		533,469		613,796
Net exposure		166,852		346,745

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points (2023: 100 basis points) in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated losses by approximately RMB3,996,000 (2023: decreased/increased RMB4,641,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured as at 31 December 2024 and 2023 on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) *Financial assets and liabilities measured at fair value* (continued)

Fair value hierarchy (continued)

The following table presents the Group's financial assets that are measured at fair value at the year ended 31 December 2024 and 2023:

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Unlisted equity instrument	**40,372**	–	–	**40,372**
Wealth management products	**47,093**	–	–	**47,093**
Fund management products	**175,261**	–	–	**175,261**

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Unlisted equity instrument	40,000	–	–	40,000
Wealth management products	46,650	–	–	46,650
Fund management products	300,071	–	–	300,071

For the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) ***Financial assets and liabilities measured at fair value*** (continued)

Information about Level 3 fair value measurements

(aa) Financial assets at FVPL

The Group has a team headed by the finance manager performing valuation for the equity instrument and financial products issued by financial institutions which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the head of finance department. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the head of finance department. External valuation experts will be involved when necessary.

Below is a summary of significant unobservable inputs to the valuation of the equity instrument and financial products issued by financial institutions together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation techniques	Significant unobservable inputs
Unlisted equity instrument	Asset-based approach	discount for lack of marketability
Financial products issued by financial institutions	Discounted cash flow method	expected return rate

If the discount for lack of marketability of the Group's unlisted equity instrument had been 5% higher/lower, loss before income tax for the year ended 31 December 2024 would have been approximately RMB200,000 higher/lower.

The other financial assets measured at FVPL were investment in wealth management products and investment in fund management products that usually held from several days up to one year. The increase of estimated weighted average expected return rates will lead to the higher fair value of the financial products. If the estimated weighted expected average return rates had increased/decreased by 0.5% with all other variables held constant, the Group's loss before income tax for the years ended 31 December 2024, would have been approximately RMB924,396 and RMB924,396 lower/higher respectively (2023: RMB1,877,032 and RMB1,877,032).

(Expressed in Renminbi unless otherwise indicated)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) *Financial assets and liabilities measured at fair value* (continued)

Information about Level 3 fair value measurements (continued)

(aa) Financial assets at FVPL (continued)

The movements for the years ended 31 December 2024 and 2023 in the balance of Level 3 fair value measurements are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Unlisted equity instrument and financial products issued by financial institutions *(note 16)*:		
At January 1	**386,721**	423,501
Additions in investments	**71,884**	60,603
Redemptions of investments	**(205,953)**	(115,952)
Effect of foreign exchange rate changes	**5,024**	7,119
Net realised and unrealised gains recognized in profit or loss during the year *(note 5)*	**5,050**	11,450
At 31 December	**262,726**	386,721

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost were not materially different from their fair values as at 31 December 2024 and 2023.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 ACQUISITION OF SUBSIDIARIES

(a) Business combination

(i) 2024 business combination

In 2024, the Company acquired 70% equity interest of Beijing Jiarun Oude Technology Co., Ltd. The acquisition expanded the Group's medicines distribution business.

The following table summarises the total consideration transferred, and the total fair value of assets acquired, and liabilities assumed for the one business acquisition at related acquisition dates in 2024:

	Identifiable assets acquired and liabilities assumed RMB'000
Property, plant and equipment *(note 11)*	16
Cash and cash equivalents	8,092
Trade receivables	2,712
Inventories	13,465
Prepayments and other receivables	316
Trade payables	(248)
Other payables and accrued expenses	(8,039)
Bank and other loans	(3,670)
Net identifiable assets and liabilities	12,644
Less: Non-controlling interests	3,793
Add: Goodwill arising from the acquisition *(note 13)*	149
Total consideration	9,000
Satisfied by:	
Cash consideration	9,000

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 ACQUISITION OF SUBSIDIARIES (continued)

(a) Business combination (continued)

(i) ***2024 business combination*** (continued)

Analysis of the cash flows in respect of the acquisitions is as follows:

	Year ended 31 December 2024 RMB'000
Cash paid by the Group	7,328
Less: Cash and cash equivalents acquired	8,092
Net cash inflow in respect of the acquisition	764

Since the acquisition dates in 2024, the subsidiary contributed RMB36,060,000 to the Group's revenue and RMB631,000 to the consolidated profit for the year ended 31 December 2024. If the acquisitions had occurred on 1 January 2024, consolidated revenue and consolidated loss for the year ended 31 December 2024 would have been RMB3,491,101,000 and RMB491,337,000 respectively.

(ii) ***2023 business combination***

In 2023, the Company complete two acquisitions, including 70% equity interest of Jiangsu Jiutai Pharmaceutical Co., Ltd. ("**Jiangsu Jimuta**") and 60% equity interest of Zhejiang Xiesheng Traditional Chinese Medicine Co., Ltd. ("**Zhejiang Xiesheng**"). The two acquisitions expanded the Group's medicines distribution business and pharmaceutical business.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 ACQUISITION OF SUBSIDIARIES (continued)

(a) Business combination (continued)

(ii) ***2023 business combination*** (continued)

The following table summarises the total consideration transferred, and the total fair value of assets acquired, and liabilities assumed for the two business acquisitions at related acquisition dates in 2023:

	Identifiable assets acquired and liabilities assumed RMB'000
Intangible assets *(note 12)*	96
Property, plant and equipment *(note 11)*	962
Cash and cash equivalents	337
Trade receivables	4,164
Inventories	1,171
Prepayments and other receivables	1,410
Trade payables	(4,003)
Other payables and accrued expenses	(1,044)
Lease liabilities	(398)
Bank and other loans	(2,500)
Net identifiable assets and liabilities	195
Less: Non-controlling interests	84
Add: Goodwill arising from the acquisition *(note 13)*	489
Total consideration	600
Satisfied by:	
Cash consideration	600

Analysis of the cash flows in respect of the acquisitions is as follows:

	Year ended 31 December 2023 RMB'000
Cash paid by the Group	600
Less: Cash and cash equivalents acquired	337
Net cash outflow in respect of the acquisition	263

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 ACQUISITION OF SUBSIDIARIES (continued)

(a) Business combination (continued)

(ii) 2023 business combination (continued)

Since the acquisition dates in 2023, the two subsidiaries contributed RMB72,457,487 to the Group's revenue and RMB482,267 to the consolidated profit for the year ended 31 December 2023. If the acquisitions had occurred on 1 January 2023, consolidated revenue and consolidated loss for the year ended 31 December 2023 would have been RMB3,901,068,949 and RMB274,050,253 respectively.

The acquisition-related costs were not significant and had been charged to general and administrative expenses in the consolidated statements of comprehensive income for the year ended 31 December 2024 and 2023.

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other emoluments	**6,098**	5,096
Discretionary bonuses	**1,589**	3,147
Retirement scheme contributions	**262**	272
Share based payment expenses	**47,705**	94,968
	55,654	103,483

Total remuneration is included in "staff costs" (see note 6(b)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

32 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transaction with related parties

In addition to the transactions disclosed elsewhere in the consolidated financial statements, the Group has entered into the following material related party transactions during the years ended 31 December 2024 and 2023:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Sales to a subsidiary of a non-controlling shareholder of the Group	**8,024**	25,585
Purchase from a subsidiary of a non-controlling shareholder of the Group	**2,680**	1,872
Acquisitions of non-controlling interests in a subsidiary	**—**	25,000
Advances to non-controlling interest of the Group	**2,100**	20,620
Repayment of advance to non-controlling interest of the Group	**4,005**	13,620
Advance to key management personnel	**245**	950
Advance from key management personnel	**12,284**	—
Repayment of advance from non-controlling interest of the Group	**1,000**	4,241

32 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Balances with related parties

The outstanding balances arising from the above transactions as at the end of each of the years ended 31 December 2024 and 2023 are as follows:

The Group

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Trade in nature:		
Trade payables for a subsidiary of a non-controlling shareholder of the Group	**–**	394
Trade receivables for a subsidiary of a non-controlling shareholder of the Group	**–**	22,327

	At 31 December 2024 RMB'000	At 31 December 2023 RMB'000
Non-trade in nature:		
Amounts due from key management personnel	**1,195**	950
Amounts due to key management personnel	**12,284**	—
Amounts due from non-controlling interest of the Group	**3,750**	7,000
Amounts due to non-controlling interest of the Group	**50**	22,550

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investments in subsidiaries	*15*	**1,060,949**	936,751
Receivable due from subsidiaries		**1,596,929**	3,745,126
		2,657,878	4,681,877
Current assets			
Financial assets measured at fair value through profit or loss	*16*	**141,071**	195,728
Cash and cash equivalents	*20*	**128**	27
		141,199	195,755
Current liabilities			
Financial liabilities at FVPL		**56**	56
Other payables and accrued expenses	*23*	**4,113**	5,775
		4,169	5,831
NET ASSETS		**2,794,908**	4,871,801
Capital and reserves			
Share capital	*29(c)*	**391**	391
Reserves	*29(d)*	**2,794,517**	4,871,410
TOTAL EQUITY		**2,794,908**	4,871,801

Approved and authorized for issue by the board of directors on 30 March 2025

Kuang Ming
Director

Zuo Yinghui
Director

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

As disclosed in note 21, pursuant to a resolution passed by the Company's Board of Directors and the Target Companies' shareholders in 2024, the Group has committed to a plan to dispose the equity interest in the Target Companies. The Group has been agreed the transaction prices with the acquirers. On 30 March 2025, the Group has entered into the transfer agreements with the acquirers, pursuant to which, among other things, the Group conditionally agreed to transfer, and the acquirers conditionally agreed to receive, the equity interests of the Target Companies. Upon completion of the conditions stipulated in the agreements, the Group will loss the control on the Target Companies and will not continue to consolidate the financial statements of the Target Companies.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 December 2024

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2024 and which have not been adopted in the these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, *Financial instruments and IFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Five-Year Financial Summary

Condensed consolidated statements of comprehensive income

	Years ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**3,488,094**	3,690,536	2,988,056	1,756,731	839,123
Gross profit	**861,672**	909,382	792,100	570,024	232,756
Operating loss	**(376,141)**	(314,242)	(591,563)	(695,911)	(836,682)
Loss before income tax	**(489,322)**	(327,326)	(1,693,643)	(4,155,507)	(2,897,855)
Loss for the year	**(491,390)**	(327,344)	(1,692,221)	(4,153,193)	(2,896,889)

Condensed consolidated balance sheets

	As at 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**547,563**	641,761	585,966	226,421	154,795
Current assets	**2,296,639**	2,303,304	2,248,462	2,281,732	1,532,547
Total assets	**2,844,202**	2,945,065	2,834,428	2,508,153	1,687,342
Non-current liabilities	**58,289**	78,292	69,036	19,159	12,812
Current liabilities	**1,353,229**	1,101,467	884,017	9,644,125	5,067,748
Total liabilities	**1,411,518**	1,179,759	953,053	9,663,284	5,080,560
Total equity/(deficit)	**1,432,684**	1,765,306	1,881,375	(7,155,131)	(3,393,218)

Definitions

"91health Hangzhou"	91health Hangzhou Limited* (杭州智雲匯醫科技有限公司), a wholly foreign owned enterprise established in the PRC on December 30, 2020 and a wholly-owned subsidiary of our Company
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China and for the purposes of this annual report only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Chengdu Zhiyun Internet Hospital"	Chengdu Zhiyun Internet Hospital Co., Ltd.* (成都智雲互聯網醫院有限公司), a company incorporated in the PRC on June 18, 2021 and a subsidiary of our Company
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	ClouDr Group Limited (formerly known as 91health Group Limited), an exempted company with limited liability incorporated in the Cayman Islands on August 24, 2015
"Consolidated Affiliated Entity(ies)"	collectively, Hangzhou Kangming and its subsidiaries, Chengdu Zhiyun Internet Hospital and Tianjin Zhiyun, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
"Contractual Arrangement(s)"	the series of contractual arrangements entered into entered into between, among others, 91health Hangzhou, Hangzhou Kangming and its subsidiaries, and the Registered Shareholders, as detailed in the section headed "Contractual arrangements" in the Prospectus
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Director(s)"	the director(s) of our Company
"FVTPL"	fair value through profit or loss
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined and described in the Prospectus
"Group", "we" or "us"	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hangzhou Kangming"	Hangzhou Kangming Information Technology Co., Ltd.* (杭州康明信息技術有限公司), a company established in the PRC with limited liability on December 11, 2020 and a Consolidated Affiliated Entity
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
"Latest Practicable Date"	April 22, 2025, being the latest practicable date for ascertaining certain information in this annual report before its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

Definitions

"Listing Date"	July 6, 2022, the date on which the Shares were listed on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Kuang"	Mr. Kuang Ming (匡明), our founder, executive Director, chairman and chief executive officer
"Post-IPO Share Award Scheme"	the post-IPO share award scheme approved and adopted by our Company on June 10, 2022
"Pre-IPO Equity Incentive Scheme"	the pre-IPO equity incentive scheme approved and adopted by our Company on August 24, 2015
"Prospectus"	the prospectus of the Company dated June 23, 2022
"Registered Shareholders"	the registered shareholders of Hangzhou Kangming from time to time; the current registered shareholders are identified in the section headed "Contractual Arrangements" of the Prospectus
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of China
"SaaS"	software as a service
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	Ordinary share(s) in the share capital of our Company, currently with a par value of US$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Tianjin Zhiyun"	Tianjin Zhiyun Comprehensive Clinic Co., Ltd.* (天津智雲綜合門診有限公司), a company established in the PRC with limited liability on March 26, 2021, and a Consolidated Affiliated Entity
"United States" "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"Yinbang Insurance Brokerage"	Yinbang Insurance Brokerage Co., Ltd.* (銀邦保險經紀有限公司), a company established in the PRC with limited liability on September 5, 2011 and a Consolidated Affiliated Entity
"%"	per cent

* The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this annual report are translations from their Chinese names and are for identification purposes only.