



卓正医疗
Distinct HealthCare

卓正医疗控股有限公司

Distinct Healthcare Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 02677.HK

2025 ANNUAL REPORT

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Corporate Information

Board of Directors

Executive Directors

Mr. WANG Zhiyuan (*Chairman and Chief Executive Officer*)
Mr. SHI Yi

Non-executive Directors

Mr. CAO Shaoshan
Mr. ZHANG Xiangdong
Mr. WEI Guoxing
Ms. CHEN Xiaohong
Mr. HAO Rui

Independent non-executive Directors

Ms. CHEN Rui
Mr. WANG Yonggang
Mr. WANG Gaofei
Dr. GAO Pingyang

Audit Committee

Dr. GAO Pingyang (*Chairperson*)
Ms. CHEN Rui
Mr. CAO Shaoshan

Remuneration Committee

Mr. ZHANG Xiangdong (*Chairperson*)
Dr. GAO Pingyang
Mr. WANG Yonggang

Nomination Committee

Mr. WANG Zhiyuan (*Chairperson*)
Mr. WANG Gaofei
Ms. CHEN Rui

Joint Company Secretaries

Ms. LIU Yixuan
Ms. WONG Wing Yee

Authorised Representatives

(for the purpose of the Listing Rules)

Mr. WANG Zhiyuan
Ms. WONG Wing Yee

Hong Kong Legal Advisor

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

Compliance Adviser

Haitong International Capital Limited
Suites 3001-3006 and 3015-3016
One International Finance Centre
No.1 Harbour View Street
Central
Hong Kong

Auditor

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

Registered Office

Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Headquarters and Principal Place of Business in the PRC

Floor 4, Tower A
Wanrong Building, Gongye 4th Rd
Nanshan District, Shenzhen
PRC

Principal Place of Business in Hong Kong

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Principal Share Registrar and Transfer Office

Campbells Corporate Services Limited
Floor 4, Willow House, Cricket Square
Grand Cayman KY1-9010
Cayman Islands

Hong Kong Share Registrar

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

Principal Banks

Citibank N.A., Hong Kong Branch
China Merchants Bank Co., Ltd.
Shenzhen Wanggu Sub-branch

Company Website

www.distinctclinic.com

Stock Code

2677

Chairman's Statement

To our Shareholders and Stakeholders,

2025 was a pivotal year for Distinct HealthCare to adapt to external shifts and activate internal growth momentum. Guided by our core philosophy of Evidence-Based Medicine and Whole Person Care, we addressed challenges including the impact of AI on traditional and online clinical services, declining birth rates, and weakened consumer confidence, delivering high-quality and steady growth for the year. During the year, the Company recorded total revenue of RMB1,064.5 million, representing a year-over-year increase of 11.1%, of which revenue from in-person health services (excluding contributions from acquisitions) reached RMB911.9 million, achieving a year-over-year organic growth of 16.0%. Adjusted operating profit (a non-IFRS measure) stood at RMB40.2 million, surging 224.1% year-over-year. In early 2026, the Company listed on the Main Board of The Stock Exchange of Hong Kong Limited, marking a new chapter of development.

Users' trust remains the core driver of our growth. Over the past year, we continued to expand our team of high-caliber, full-time doctors and strictly adhered to the principles of Evidence-Based Medicine and the baseline of quality and safety. While scaling our services, we consistently delivered on and reinforced our brand promise, further strengthening our user reputation. Consequently, our Net Promoter Score (NPS) increased from 86.2 in 2024 to 87.3 in 2025.

To activate long-term growth momentum, we are actively advancing innovations in our service models, business models, and AI applications. Our three "One-stop Healthcare Service Institutions" – located in Shenzhen, Guangzhou, and Chengdu – have performed robustly, validating the commercial potential and scalability of the model. Built around high-frequency family health needs, we continued to refine our multi-specialty service capabilities, recording rapid growth in Health Management, Physical Therapy, and Mental Health services. Concurrently, we actively leveraged AI technology to enhance internal operational efficiency, integrating it deeply into user service scenarios. From AI-enabled appointment processing and 24/7 intelligent customer service, to AI + Customer Relationship Management (CRM), and AI-supported post-visit follow-ups, digitalization has not only achieved a significant improvement in operational efficiency but also extended our high-quality care across the entire pre- and post-consultation value chain.

Looking ahead, we will focus on three core strategies:

- (1) Accelerating the upgrade of Initial Standard Institutions into One-stop Healthcare Service Institutions, driving revenue growth and enhancing profitability.
- (2) Piloting Subscription-based Health Services centered on innovative drugs and nutritional supplements to capture new user demographics.
- (3) Building a Personalised AI Health Assistant. Leveraging our multi-specialty data and diverse service scenarios, we aim to create a unique service experience for our users.

I would like to extend my sincere gratitude for the unwavering trust of our users, the long-term support of our shareholders, and the dedication of all Distinct HealthCare doctors and staff. As we look to the future, I am honored to continue our shared journey. Anchored by our guiding theme of “activating growth momentum by forging an exceptional reputation built on service excellence”, we remain committed to bringing high-quality healthcare experiences to a broader user base.

Chairman and Chief Executive Officer

WANG Zhiyuan

Hong Kong

March 25, 2026

Financial Highlights

	Year ended December 31,			
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Operating results				
Revenue	1,064,529	958,578	690,435	473,184
Gross profit	267,040	226,003	133,502	43,980
Gross profit margin (%)	25.1%	23.6%	19.3%	9.3%
Net profit/(loss)	131,449	80,227	(353,245)	(221,522)
Earnings/(loss) per share attributable to ordinary equity holders of the Company (RMB)				
– Basic	9.68	6.01	(25.14)	(15.45)
– Diluted	0.31	(0.83)	(25.14)	(15.45)

	As of December 31,			
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial position				
Total assets	1,336,429	1,325,323	1,118,675	1,100,442
Total equity	(1,601,053)	(1,759,425)	(1,761,329)	(1,404,726)
Total liabilities	2,937,482	3,084,748	2,880,004	2,505,168

Management Discussion and Analysis

Business Review

China's healthcare service market is entering a new stage characterized by the deep integration of quality enhancement and digitalization. Consumer demand is rapidly evolving from one-off basic medical services towards personalized, omni-scenario, and long-cycle health management, presenting the industry with new opportunities for high-quality growth.

As a leading brand in high-quality, digitally enabled healthcare services, Distinct Healthcare continues to build on an annual fee-based family membership model grounded in evidence-based medicine and whole-person care. Leveraging an integrated online-offline ecosystem, we provide multi-specialty services that align with consumers' move from basic consultations to higher-quality care.

The year 2025 was a period of exploration for us to identify and activate new growth drivers in response to the evolving external macro-environment. Guided by our strategic focus of "Build Service Excellence," we remained firmly grounded in our core strength of providing high-quality healthcare services while intensifying our demand-side focus. We advanced our strategy through initiatives including facility upgrades, enhancing the user-centric mindset of our medical teams, building the competitiveness of our core service offerings, and developing our artificial intelligence ("AI") and digital capabilities. These efforts resulted in solid organic growth. Concurrently, we continued to accumulate experience and hone our team's capabilities in mergers and acquisitions integration, laying a solid foundation for our future development.

During the Year 2025, we deepened our understanding of customer needs, strengthened our customer relationship framework and converted trust into loyal membership, supporting long-term retention. Member accounts and new members grew steadily, while new-customer-to-member conversion and membership renewal rates remained high, evidencing a healthy membership ecosystem and the effectiveness of our demand-side focus. Word-of-mouth referrals remained our primary user acquisition channel. Our Net Promoter Score ("**NPS**") rose year-on-year from 86.2 to 87.3; selling and marketing expenses as a percentage of revenue were 1.5%, remaining low at industry levels. This underscores our brand strength and scalable user acquisition efficiency, providing a firm base for quality user growth.

For the year ended December 31, 2025, we delivered solid growth. Revenue was RMB1,064.5 million, up 11.1% year-on-year, of which revenue from in-person healthcare services, excluding contributions from acquisitions was RMB911.9 million, up 16.0% year-on-year organically. Gross profit was RMB267.0 million, up 18.2% year-on-year; gross margin improved from 23.6% in 2024 to 25.1%.

Profitability and cash flow also improved as we entered an initial phase of scaled profitability and recorded steady growth in operating cash flow. Adjusted operating profit (a non-IFRS measure) in 2025 was RMB40.2 million, up 224.1% year-on-year; adjusted operating profit margin increased from 1.3% in 2024 to 3.8% in 2025. Net cash generated from operating activities in 2025 was RMB211.2 million, up 23.3% year-on-year.

Note: NPS (Net Promoter Score) is used to measure the likelihood of customers recommending a business or service to others. NPS is generated by surveys where users score our healthcare services on a rating scale of 0-10. Users' responses of nine or 10 are considered "promoters." Users' responses of six or less are considered "detractors." NPS is calculated by subtracting the percentage of respondents who are detractors from the percentage who are promoters.

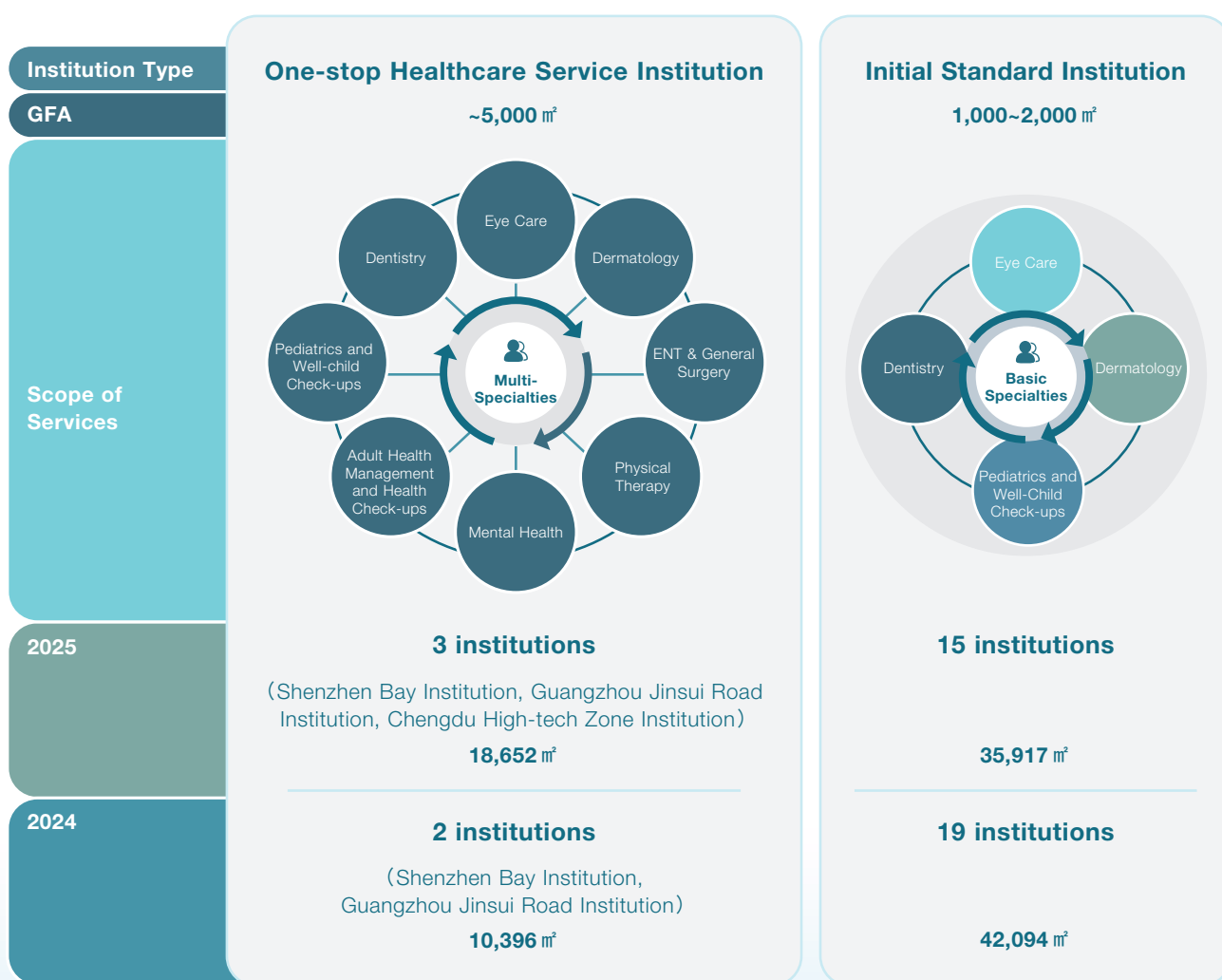
Management Discussion and Analysis

Network Upgrading: One-stop Healthcare Service Institution as a Mid-term Growth Driver

In 2025, through the continuous exploration and optimization of our business model, we focus on the upgrade of existing institutions and the optimization of specialty offerings as our core initiatives. We aim to unlock the mid-term growth potential of individual institutions, thereby creating new, replicable, and sustainable drivers for growth.

As of December 31, 2025, we operated 18 multi-specialty institutions in Mainland China. We classify our network into One-stop Healthcare Service Institutions and Initial Standard Institutions. We are steadily upgrading Initial Standard Institutions into One-stop Healthcare Service Institutions by expanding gross floor area and enhancing specialty service offerings to comprehensively meet families' multi-specialty healthcare needs.

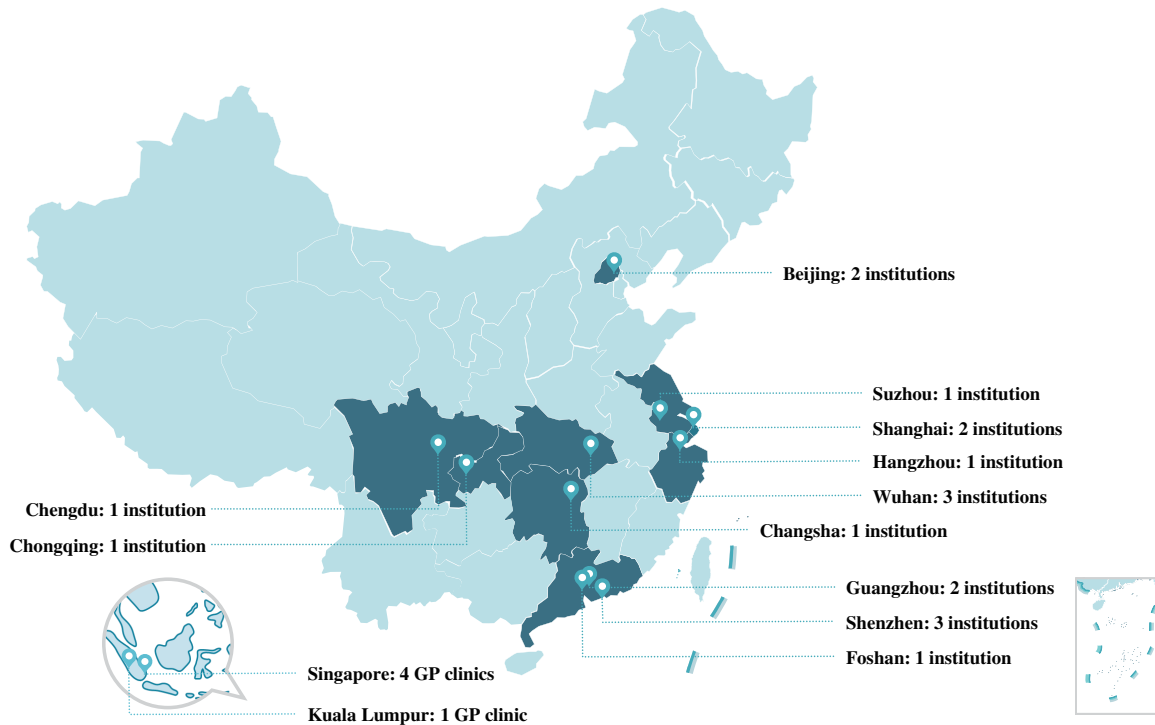
Institution Types and Numbers (Mainland China)



Notes:

- To optimize the supply of services, the Guangzhou Zhujiang New Town Institution was relocated in the second half of 2025 and merged and upgraded with the Guangzhou Jinsui Road Institution. After upgrading, the floor area of the Guangzhou Jinsui Road Institution exceeds 8,000 square meters.
- The Chengdu High-tech Zone Institution completed its expansion in the fourth quarter of 2025 and was upgraded to a One-stop Healthcare Service Institution.

Geographic Distribution of Institutions



Note: Besides our network in mainland China, as of December 31, 2025, we operated four GP clinics in Singapore and one GP clinic in Kuala Lumpur, Malaysia respectively.

Our One-stop Healthcare Service Institutions, are larger facilities of approximately 5,000 sq.m. or more, equipped with commonly used family specialties. These institutions provide one-stop family care – covering pediatrics and well-child check-ups, dentistry, eye care, dermatology, adult health management and health check-ups, and physical therapy – serving multiple family members across the life cycle. The one-stop institution allows families to address multiple needs in a single visit, saving time and improving convenience. As new family healthcare needs arise, our high service quality and long-term trust with families reinforce their choice of our services, supporting higher visit frequency and long-term retention.

One-stop Healthcare Service Institutions have become a key growth driver. In 2025, revenue and visit growth at these institutions were primary contributors to growth at regional levels as potential continued to be realised.

Institution Type (Mainland China)	Year ended December 31,	
	2025	2024
One-stop Healthcare Service Institutions		
Revenue (RMB'000)	376,595	162,977
Patient visits	286,860	108,348
Average spending per patient visit (RMB)	1,313	1,504
Initial Standard Institutions		
Revenue (RMB'000)	596,913	702,816
Patient visits	526,700	604,756
Average spending per patient visit (RMB)	1,133	1,162

Note: Guangzhou Zhujiang New Town Institution was relocated and merged with Guangzhou Jinsui Road Institution in the second half of 2025. The revenue and patient visits of One-stop Healthcare Service Institutions in 2025 included the full-year revenue and patient visits of Guangzhou Zhujiang New Town Institution.

Management Discussion and Analysis

Region	City Tier	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Shenzhen	Tier-One	258,097	231,406
Guangzhou	Tier-One	197,751	181,897
Beijing	Tier-One	88,558	67,579
Shanghai	Tier-One	60,062	44,719
Chengdu	New Tier-One	99,931	87,715
Suzhou	New Tier-One	51,117	40,894
Changsha	New Tier-One	40,432	35,940
Hangzhou	New Tier-One	37,909	31,090
Wuhan	New Tier-One	102,357	116,812
Chongqing	New Tier-One	21,899	18,079
Foshan	Tier-Two	15,395	9,662
Overseas	N/A	6,908	6,571
Total In-person Healthcare Services		980,416	872,364

Note: Wuhan Dragon World was merged into our Group since March 2024. In 2025, we carried out a comprehensive consolidation in terms of service positioning, IT-system, personnel and etc. From August 2025, Wuhan Pleiades Children's Hospital gradually suspended national medical insurance coverage.

Our Shenzhen Bay Institution is a benchmark case for the upgrade to the One-stop Healthcare Service Institution format. Since completing its upgrade in the fourth quarter of 2023, both annual revenue and patient visits have increased steadily, validating the growth potential of our upgrade model. In 2025, the Shenzhen Bay Institution recorded in-person healthcare service revenue of RMB149 million, up 28.8% year-on-year; patient visits were 102 thousand, up 25.4% year-on-year.

As we develop the One-stop Healthcare Service Institution network, we remain user-centric, aligning with the natural extension of family healthcare needs, optimising specialty mix and the care experience, and maintaining a balanced, coordinated distribution of specialties rather than relying on any single specialty or service to drive growth. In 2025, revenue and visit contributions across specialties remained broadly balanced, reflecting the stability of our integrated multi-specialty capabilities. In 2025, based on user needs, we began to scale two emerging specialties – physical therapy and mental health – systematically refining service offerings and service processes. Revenue in these two specialties increased by 146.5% and 119.8%, respectively, year-on-year.

Management Discussion and Analysis

	Year ended December 31,	
	2025	2024
Revenue (RMB'000)		
Pediatrics and Well-child Check-ups	191,968	203,194
Dentistry	169,921	148,450
Eye Care	118,606	83,644
Dermatology	216,539	190,022
ENT & General Surgery	93,215	88,010
Adult Health Management and Health Check-ups	153,635	135,773
Physical Therapy	17,794	7,218
Mental Health	11,489	5,228
Others	7,249	10,825
Total In-person Healthcare Services	980,416	872,364
Total Patient Visit		
Pediatrics and Well-child Check-ups	245,232	247,467
Dentistry	153,611	134,514
Eye Care	132,099	98,961
Dermatology	63,004	56,996
ENT & General Surgery	66,723	62,312
Adult Health Management and Health Check-ups	122,144	107,975
Physical Therapy	16,994	6,994
Mental Health	9,399	3,696
Others	22,405	11,376
Total	831,611	730,291
Average Spending Per Patient Visit (RMB)		
Pediatrics and Well-child Check-ups	783	821
Dentistry	1,106	1,104
Eye Care	898	845
Dermatology	3,437	3,334
ENT & General Surgery	1,397	1,412
Adult Health Management and Health Check-ups	1,258	1,257
Physical Therapy	1,047	1,032
Mental Health	1,222	1,415
Others	324	952
Total	1,179	1,195

Management Discussion and Analysis

As of December 31, 2025, the penetration rates of our active members in dentistry, eye care, dermatology and physical therapy (defined as the proportion of active members at year-end who had visited the relevant department at least once in the preceding 12 months) were 36.7%, 34.4%, 9.9%, and 2.5%, respectively. To drive cross-specialty member flow, we have designed signature services for each specialty to encourage cross-specialty member engagement. For example, dental cleaning and IPL (Intense Pulsed Light) treatments in dermatology have begun to demonstrate their potential as signature services. With the continued expansion of our One-stop Healthcare Service Institution network, the further refinement of our signature services, and the deepening of our cross-specialty member engagement, we believe we are well-positioned to benefit from cross-specialty flow and member lifetime value in the future.

Membership Management: Leveraging Membership Programme as a Foundation to Build a Full Life-cycle Service Model

To better serve users and strengthen long-term engagement, we launched the annual fee-based Distinct Membership Programme in December 2020. The initial annual fee is RMB299 per member account and the renewal fee is RMB169 per account. Each account covers up to six family members and offers discounts on in-person and online medical services, member-exclusive packages and dedicated concierge support.

Members remain at the centre of our model, and the membership system has become a core growth engine. As of December 31, 2025, we had 117,551 active member households, with revenue from member households accounting for 73.6% of total revenue.

In 2025, we drove new-customer conversion to membership through scenario-based service design and other approaches. The number of new member households for the year reached 36,286, with a new-customer-to-member conversion rate of approximately 79.7%. We have consistently relied on word-of-mouth referrals as our primary user acquisition channel and have diversified sources of new users through exploratory “2B2C” strategy (serving enterprise clients to drive growth in consumer members).

Membership renewal rate continued to increase, reflecting recognition and trust in our services. In 2025, the renewal rate was 67.9%, up 2.7 percentage points from 65.2% in 2024, sustaining a high level of retention.

	Year ended December 31,	
	2025	2024
Number of Members and Revenue Contribution		
Number of active member households	117,551	108,052
Proportion of revenue contributed by members	73.6%	72.5%
Number of new members	36,286	34,960
Conversion and Retention of Members		
New member conversion rate	79.7%	79.7%
Membership renewal rate	67.9%	65.2%

Management Discussion and Analysis

Notes:

1. *Number of active members represents the number of member households in active membership period as of the end of the relevant year;*
2. *The number of new members represents the number of new members converted from new customers for the first visit, excluding employee welfare members and new members reactivated from existing members during the 2021 membership system reform;*
3. *New member conversion rate represents the proportion of new members converted from new customers for the first visit;*
4. *Membership renewal rate represents the number of Distinct membership accounts that were due to expire during the relevant periods and were renewed before or three months after the respective expiration dates as a percentage of the total number of Distinct membership accounts that were due to expire during the relevant periods.*

We also monitor whether members choose us for a broader range of medical decisions over time. Since the launch of our membership program, we have built a robust membership data platform and conduct cohort analysis to assess the long-term attractiveness of our services and the persistence of member engagement.

Over the past three years, average annual spending per active member household has continued to rise. For the 2023 cohort of new members, average annual spending per household was RMB3,016 in 2023 and increased to RMB5,866 in 2025. This suggests retained members are either visiting more frequently or choosing us for more complex, trust-intensive needs, demonstrating significant potential for long-term value realisation.

Average Annual Spending per Active Member Household (RMB)	Year ended December 31,		
	2023	2024	2025
New member households enrolled in for 2023	3,016	4,509	5,866
New member households enrolled in for 2024		3,475	4,823
New member households enrolled in for 2025			3,813

Notes:

1. *Average Annual Spending per Active Member Household represents the average annual spending per active member household, generated in each subsequent calendar year, by the cohort of members acquired in a specific year and who remain active.*

Management Discussion and Analysis

AI Empowerment: Embedding AI Across the User Journey to Improve Efficiency and User Experience

In 2025, we deepened the use of AI across operations and customer touchpoints, embedding it in appointment management, customer service, post-visit follow-ups and customer relationship management to improve efficiency and enhance the user experience.

In terms of operational efficiency:

- AI-enabled appointment processing: AI assisted in reviewing 77% of bookings, with a 79% AI approval rate. Average processing time per batch was reduced from 5 minutes to 1.5 minutes, improving the booking experience and confirmation timeliness while significantly reducing manual workload for customer support.
- Intelligent customer service: We rolled out AI call-to-ticket transcription, Voice of Customer (“**VOC**”) insight tools and outbound analytics for membership renewals, reducing manual time spent on audio review and note-taking and enabling management to shift from case-by-case handling to scaled insights and strategy optimisation. Our AI assistant launched in the third quarter of 2025 on our mini-program and now handles about 20% of online enquiries 24/7, easing pressure on human agents.
- AI+customer relationship management (“**CRM**”): AI automatically identifies follow-up needs arising from clinical instructions (e.g., return visits, examinations and reminders) and creates tasks in the CRM, enabling “care team + AI” collaboration. In 2025, the system covered four major scenarios – dermatology, eye care, insurance and general – and achieved full recording of clinical instructions in the system with closed-loop follow-up. During the Reporting Period, AI created 84% of patient recall tasks; the return-visit rate within 60 days after task creation increased from 46% to 52%. These processes are now managed in a controllable, traceable and continuously optimisable loop, reducing frontline workload and embedding AI in lean operations and long-term customer management.

In terms of user experience:

We extended high-quality care into the post-visit services through AI-enabled follow-ups, as an important driver of engagement. In November 2025, we launched AI-supported post-visit follow-ups, providing efficient, high-quality follow-up services to nearly 10,000 users per month. This enables full-cycle service coverage, strengthens engagement and brand equity, and – together with our one-stop model and membership system – forms a virtuous cycle.

Quality Assurance: Reinforcing Medical Quality and Safety as a Core Brand Strength

Medical quality and patient safety are the foundation of our services and of our sustainable growth. We consistently uphold medical quality as our baseline, focusing on three key dimensions: building our doctor team, implementing rigorous quality control, and optimizing the service experience. This approach solidifies our core safeguards for quality and safety, continuously enhancing the long-term trust of our target customer base.

Our doctor team is central to our competitiveness. During the Reporting Period, we continued to enhance doctors recruitment, development and retention. Our full-time doctors increased from 379 as of December 31, 2024 to 399 as of December 31, 2025.

Management Discussion and Analysis

We maintain high recruitment standards. On average, our doctors have about 15 years of practice after licensure, and around 73% previously served at top-tier Class III Grade A hospitals before joining us.

Most doctors graduated from leading medical schools, including Peking Union Medical College, Peking University Health Science Center, Sun Yat-sen University Zhongshan School of Medicine, Sichuan University West China School of Medicine and Tongji Medical College of Huazhong University of Science and Technology. As of December 31, 2025, approximately 89% of our full-time doctors held a master's degree or above, with an average age of 40. Supported by a structured development framework and clear career paths, we have been able to maintain a high doctor retention rate, and our full-time doctor turnover rate was 2.9% in 2025, remaining low at industry levels, underpinning the stability and consistency of care quality.

We continue to anchor our practice in evidence-based medicine and provide doctors with access to the UpToDate clinical decision support platform for real-time global evidence and best practices. At the head office level, our medical executive committee further refined the Patient Safety Alert (“PSA”) reporting system. In 2025, through structured PSA reporting and automation (including PSA and early-warning bots), we lowered reporting thresholds and improved record completeness; through regional/specialty PSA dashboards and regular case-sharing, we strengthened reviews and the implementation of corrective measures to form a closed-loop quality management system. In-person visits increased from 730,291 in 2024 to 831,611 in 2025, up 14% year-on-year, with a PSA incidence rate of only 0.079%, and there were 3 Grade III PSA incidents, a decrease of 7 incidents from 2024, indicating overall stable quality performance.

On service experience, we continued to improve patient experience through institutionalised, refined management. In 2025, the medical executive committee provided ongoing coaching to strengthen user-centric thinking among doctors and deepened soft- and hard-skill training for medical staff, covering pain management in dentistry and gynaecology, comfort-focused treatments in dermatology, and customer-needs identification in pediatrics and well-child check-ups, internal medicine and eye care. These measures supported further NPS gains and continued to reinforce our reputation among target customers.

Organisational Development: Optimising Structure and Developing Talent for Sustainable Expansion

In 2025, aligned with our long-term strategy, we continued to optimise our organisational structure and talent pipeline, clarified accountabilities and enhanced organisational capabilities to support sustainable expansion.

We established specialty-level coordination teams at headquarter level to set specialty strategies, integrate resources, deepen competitive insights and improve internal resource allocation. We also clarified roles and responsibilities across head office, regions and operating units, establishing an efficient structure in which head office sets business strategy while regions manage teams. Concentrating core management functions at head office supports more precise and efficient decision-making and improves overall operating efficiency and effectiveness.

Note: Doctor turnover rate is calculated by dividing the number of doctors who resigned during the relevant period by the sum of the number of doctors who left us during the relevant period plus the number of doctors at the end of that period.

Management Discussion and Analysis

On talent, we developed and rolled out the “Distinct Leadership Model”, assessing and selecting talent across six dimensions – self-motivation, user-centricity, cognitive diversity, execution effectiveness, cross-team collaboration and team development. Through talent mapping, we strengthened team-development mindsets among the core management team and launched company-wide high-potential programmes and routine coaching for future leaders. This ensures a strong pipeline of management talent for frontline expansion and meets staffing needs as we open new operating units and grow the business.

Future Development and Strategies

We will focus on the following priorities to drive sustainable, high-quality growth:

Accelerating the Expansion of One-Stop Healthcare Service Institution Network to Unlock Multi-Specialty Care Advantages

We will accelerate upgrades of Initial Standard Institutions into One-stop Healthcare Service Institutions, with a focus on Suzhou, Changsha, Shenzhen, Wuhan and Beijing in 2026.

At the specialty level, we will continue to refine signature service offerings and enrich high-frequency service portfolios. Each specialty will develop high-quality, cost-effective signature services to drive cross-specialty flow among members and acquire new users. We will also deepen membership management through product optimisation, on-site experience design and end-to-end customer follow-up to further improve cross-specialty flow among members.

We will enhance capabilities around user needs:

- For Children: strengthen subspecialties and build multidisciplinary team (MDT) capabilities in four areas – allergy, growth and development, developmental and behavioural paediatrics, and child psychology.
- For Adults: target the grey hair cohort aged 45-55 and build integrated health management across five modules – health check-ups and chronic disease management; psychology and sleep; anti-aging and perimenopause management; nutrition and weight control; and sports and rehabilitation – to innovate care models and build a reputation for distinctive services.

Pilot Subscription-based Health Services to Broaden Our User Base

We will launch two categories of subscription-based health services: “innovative drugs + medical services” and “nutritional supplements + health data monitoring”. For “innovative drugs + medical services”, based on innovative medications, we will provide an integrated solution combining in-person consultations, online consultations, CRM management and AI empowerment, initially focusing on weight management, sleep and allergy, with subsequent expansion to blood lipids and gout management. In parallel, we plan to offer personalised nutritional supplement subscriptions based on users’ dietary habits and health data monitoring, targeted for launch in the fourth quarter of 2026.

Build a Personalised AI Health Assistant to Transform the Healthcare Experience

We will leverage the trend toward scenario-based AI adoption in healthcare to automatically consolidate and generate long-horizon, cross-age and cross-specialty health records for all family members. This will help families monitor health trends, key milestones and potential risks, establish a data-driven, comprehensive view of health, and provide evidence-based, proactive intervention suggestions – delivering a new AI + healthcare experience:

- AI + 360-degree health data assessment: integrate our records with user-uploaded external medical records and apply advanced AI analytics for continuous updates and longitudinal tracking to identify early risk trends and generate personalised insights and interventions;
- Family care scheduling: generate an intelligent health calendar that integrates return-visit reminders, well-child checks, dental reviews and other items, with personalised suggestions based on each family member's health stage;
- AI + personalised health advice: draw on users' health data and AI long-term memory to deliver more precise, tailored advice when users seek guidance through the AI interface.

In AI research and development, we have partnered with a top university to design and build a multi-agent architecture, now in testing and optimisation. Using “AI-empowered Follow-ups” as the pilot scenario, we have begun single-blind physician trials to validate effectiveness. The project addresses key challenges in multi-agent design, patient health record retrieval, trusted external knowledge sourcing and medical knowledge graph construction. It will be applied to AI follow-up scenarios to materially improve the accuracy and completeness of AI responses and the handling of complex issues, laying the groundwork for truly conversational AI interactions with customers.

We plan to roll out a next-generation, co-developed electronic medical record (EMR) system in 2026 through a transformation programme structure. The new system will standardise and integrate care process management, with an AI-native, data-driven core architecture, will support flexible configuration and AI-enabled workflows across diagnosis, treatment, follow-up and operations. By leveraging a highly customisable platform to tailor to diverse, personalised clinical and management scenarios, we aim to continuously enhance care quality and operating efficiency, providing a robust digital foundation for the Group's long-term development.

Principal Risks and Uncertainties

The Company's business, operating performance and the implementation of its strategies may be affected by various risks and uncertainties. The management focused on, among others: (i) changes in regulatory policies and compliance requirements in the healthcare services industry; (ii) risks relating to medical quality and patient safety incidents; (iii) recruitment and retention of key physicians and management talent; (iv) the impact of shifts in the consumption environment on demand for certain self-pay medical services; (v) the ramp-up progress of newly upgraded institutions and emerging specialties; and (vi) market acceptance, regulatory parameters and execution risks associated with new businesses in subscription-based health services.

Financial Review

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue	1,064,529	958,578
Cost of revenue	(797,489)	(732,575)
Gross profit	267,040	226,003
Selling expenses	(16,105)	(15,956)
Administrative expenses	(218,044)	(264,452)
R&D expenses	(3,996)	–
Net impairment losses on financial assets	(1,932)	(1,282)
Other income	1,463	1,282
Other (losses)/gains-net	(647)	7,528
Finance costs-net	(10,034)	(8,023)
Fair value gain of convertible redeemable preference shares	118,182	128,797
Fair value gain on remeasurement of previously held equity interest in subsidiaries at the acquisition date	–	5,990
Share of results of associates	–	(143)
Income tax (expense)/benefit	(4,478)	483
Profit for the year	131,449	80,227

1. Revenue

The Group's revenue was primarily derived from in-person healthcare services, tele-healthcare services, membership programs, and off-network healthcare services. The Group's revenue increased by 11.1% from RMB958.6 million in 2024 to RMB1,064.5 million in 2025, which was attributable to the growth in revenue from in-person healthcare services, primarily driven by both organic growth and external expansion.

In terms of organic growth, the refined multi-specialty operations of the healthcare service institutions have driven steady growth in member households and paid patient visits, which contributed to a 16.0% increase in the revenue from in-person healthcare services in 2025. With regard to external expansion, in line with the Group's overall business model and strategic choices, Wuhan Pleiades Children's Hospital gradually suspended national medical insurance coverage from August 2025 and formally withdrew from "national medical insurance designated healthcare institutions" in January 2026. Such strategic adjustment resulted in a decrease in revenue during the Reporting Period. Meanwhile, the Group is advancing the business integration between Wuhan Zhuojian Clinic and Wuhan Pleiades Children's Hospital. The gross floor area of a single site will be expanded from 5,754 square meters to 6,855 square meters, with completion expected in August 2026 to enhance the capability to provide one-stop healthcare services.

Management Discussion and Analysis

The following table sets forth the breakdown of our revenue by business segments for the Reporting Period.

	Year ended December 31,			
	2025		2024	
	Revenue	Percentage	Revenue	Percentage
	RMB'000	of revenue	RMB'000	of revenue
		%		%
Healthcare services				
– In-person healthcare services ⁽¹⁾	980,416	92.1	872,364	91.1
– Tele-healthcare services ⁽²⁾	22,225	2.1	22,960	2.4
– Membership programs ⁽³⁾	22,365	2.1	22,372	2.3
– Off-network healthcare services ⁽⁴⁾	30,786	2.9	32,830	3.4
<i>Subtotal</i>	1,055,792	99.2	<i>950,526</i>	<i>99.2</i>
Others⁽⁵⁾	8,737	0.8	8,052	0.8
Total	1,064,529	100.0	958,578	100.0

Notes:

(1) Representing revenue generated from our healthcare service institutions.

(2) Representing revenue generated from our tele-healthcare service platform.

(3) Representing revenue generated from annual membership fees.

(4) Representing revenue generated from on-campus and corporate healthcare management services and medical concierge and escort services.

(5) Primarily comprising the sales of healthcare products. The healthcare products we offer primarily include (i) skincare items, (ii) oral health products, (iii) nutritional supplements, and (iv) eye and nose care products.

2. Cost of Revenue

The cost of revenue of the Group primarily consisted of employee salary and benefit expenses, depreciation and amortization, pharmaceuticals, medical consumables, and other costs. It increased by 8.9% from RMB732.6 million in 2024 to RMB797.5 million in 2025. The growth in cost of revenue was mainly attributable to the corresponding increases in employee salaries and benefits expenses, as well as costs of pharmaceuticals and medical consumables, which were consistent with the expansion of the Group's business scale.

Management Discussion and Analysis

3. Gross Profit and Gross Profit Margin

	Year ended December 31,			
	2025		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Healthcare services				
– In-person healthcare services	230,287	23.5	190,927	21.9
– Tele-healthcare services	5,735	25.8	4,974	21.7
– Membership programs	20,878	93.4	20,922	93.5
– Off-network healthcare services	5,038	16.4	4,835	14.7
<i>Subtotal</i>	261,938	24.8	221,658	23.3
Others	5,102	58.4	4,345	54.0
Total	267,040	25.1	226,003	23.6

The Group's gross profit increased by 18.2% from RMB226.0 million in 2024 to RMB267.0 million in 2025. The overall gross profit margin increased by 1.5 percentage points from 23.6% in 2024 to 25.1% in 2025. The increase was primarily due to the improved gross profit margin of in-person healthcare services, which was mainly attributable to our enhanced operating efficiency and greater economies of scale we enjoyed due to the increased number of patient visits.

4. Selling Expenses

The Group's selling expenses consisted of employee salary and benefit expenses, promotion and marketing expenses, and other expenses. It remained relatively stable at RMB16.0 million in 2024 and RMB16.1 million in 2025.

5. Administrative Expenses

The Group's administrative expenses consisted of employee salary and benefit expenses, depreciation and amortization, listing expenses, consulting fees, and other expenses. It decreased by 17.5% from RMB264.5 million in 2024 to RMB218.0 million in 2025, mainly due to: (i) a decrease of RMB38.4 million in share-based compensation expenses; and (ii) a decrease of RMB8.5 million in listing expenses in connection with the Global Offering.

6. R&D Expenses

The Group's R&D expenses mainly consisted of employee salary and benefit expenses for the R&D team as well as third-party cooperation fees. The Group has implemented separate project-based accounting, with total R&D expenses of approximately RMB4.0 million in 2025. These expenses mainly related to the Group's ongoing integration of AI into appointment management, customer service, post-visit follow-ups and CRM, so as to enhance operational efficiency and user experience.

7. Net Impairment Losses on Financial Assets

The Group's net impairment losses on financial assets primarily consisted of the impairment losses on trade and other receivables. It increased from RMB1.3 million in 2024 to RMB1.9 million in 2025, mainly due to an increase in trade receivables, which was in line with the increase in revenue derived from direct billing settlement.

8. Other Income

The Group's other income primarily consisted of government subsidies and individual income tax handling fee refunds. It remained relatively stable at RMB1.3 million in 2024 and RMB1.5 million in 2025.

9. Other (Losses)/Gains – Net

The Group's other (losses)/gains primarily consisted of (i) fair value gains from bank financial products, representing short-term investments in certain financial instruments issued by commercial banks; (ii) fair value losses from investment in listed equity securities; (iii) net gains on modification and early termination of leases, representing the disposal gains or losses resulting from the termination of certain leases as a result of our relocation or closure of certain healthcare service institutions as recognized in accordance with the relevant accounting policies; (iv) net losses on disposal of property, plant and equipment and intangible assets; (v) forfeiture of deposits and compensation from early termination of certain leases as a result of our relocation or closure of certain healthcare service institutions; and (vi) exchange gains.

The Group's net other losses in 2025 primarily consisted of: (i) a gain of RMB8.5 million from bank wealth management products; (ii) a loss of RMB4.2 million from investments in listed equity securities; (iii) a net loss of RMB5.2 million arising from the termination of leases, disposal of unamortized renovations, forfeiture of lease deposits and compensation due to the relocation, expansion or closure of operations of one clinic each in Wuhan, Beijing and Guangzhou; and (iv) an exchange gain of RMB0.4 million resulting from foreign exchange fluctuations.

10. Finance Costs – Net

The Group's finance income primarily included interest income from bank deposits, while the finance costs mainly consisted of interest expenses on lease liabilities and interest expenses on loans from non-controlling shareholders of subsidiaries. The net finance costs increased by 25.1% from RMB8.0 million in 2024 to RMB10.0 million in 2025, mainly due to the combined effects of the following factors: (i) a decrease of RMB6.1 million in interest income from bank deposits, primarily due to a shift of funds into higher-yielding bank wealth management products during the Reporting Period, which reduced the balance of bank deposits; (ii) a decrease of RMB3.8 million in interest expenses on lease liabilities, benefiting from the decline in real estate rental costs; and (iii) the interest expenses on shareholder loans provided by non-controlling shareholders of subsidiaries were fully settled in October 2024.

Management Discussion and Analysis

11. Fair Value Gain of Convertible Redeemable Preference Shares

The Group's fair value gain of convertible redeemable preference shares decreased from RMB128.8 million in 2024 to RMB118.2 million in 2025. The decrease was primarily due to the changes in the Company's credit risk and equity value, the probability of liquidation and redemption. The convertible redeemable preference shares were automatically converted into ordinary Shares upon the Listing and accounted for as an increase in share capital and share premium.

12. Income Tax (Expense)/Benefit

The Group's income tax (expense)/benefit consisted of current income tax and deferred income tax. For the year ended December 31, 2025, the income tax expense was RMB4.5 million, compared to the income tax benefit of RMB0.5 million for the year ended December 31, 2024. The increase in income tax expense was primarily due to the improved operational profitability, leading to higher taxable income.

13. Profit for the Year

As a result of the foregoing, the Group's net profit increased by 63.8% from RMB80.2 million in 2024 to RMB131.4 million in 2025.

14. Non-IFRS Measures

To supplement the consolidated financial statements of the Group presented in accordance with IFRS, the Company has presented adjusted net profit, adjusted operating profit, and adjusted EBITDA as non-IFRS measures, which are not required by or presented in accordance with IFRS. The Company believes that adjusted financial measures provide useful information to the Shareholders and potential investors to understand and evaluate the consolidated statement of profit and loss of the Group and assist the management of the Company in its decision making. The Company believes that by eliminating the effects of items that it believes are not indicative of the Group's operating performance, such adjusted financial measures assist the management of the Company and investors to evaluate the financial and operating performance of the Group for different periods on a comparable basis. However, these non-IFRS measures should not be considered independently or as a substitute for financial information prepared and presented in accordance with IFRS. Shareholders and potential investors should not independently evaluate such adjusted results or regard it as a substitute for, or comparable to, performance reported or forecasted by other companies, as they may use similar terms with different meanings. In addition, these non-IFRS measures have their limitations as analytical tools and may differ from similar measures used by other companies.

Management Discussion and Analysis

The table below sets forth the reconciliation of our non-IFRS measures presented in accordance with IFRS for the years indicated:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net profit	131,449	80,227
Adjustments:		
Fair value gain of convertible redeemable preference shares	(118,182)	(128,797)
Share-based compensation expenses	—	38,362
Listing expenses	12,381	20,908
Non-IFRS adjusted net profit	25,648	10,700
Operating profit/(loss)	27,779	(46,877)
Adjustments:		
Share-based compensation expenses	—	38,362
Listing expenses	12,381	20,908
Non-IFRS adjusted operating profit	40,160	12,393
Non-IFRS adjusted operating profit	40,160	12,393
Adjustments:		
Depreciation of property, plant and equipment	60,415	59,794
Depreciation of right-of-use assets	71,545	74,040
Amortization of intangible assets	968	2,001
Non-IFRS adjusted EBITDA	173,088	148,228

Management Discussion and Analysis

15. Liquidity and Capital Resources

The Group's principal use of cash was for upgrading and expansion of our healthcare service network, establishment and acquisition of healthcare service institutions, as well as other working capital needs. As of December 31, 2025, the total amount of cash and cash-like items reached RMB535.1 million, representing an increase of RMB53.2 million compared to RMB481.9 million in the same period in 2024. In particular, the Group's cash and cash equivalents and time deposits with an initial term over three months were RMB324.8 million and RMB10.9 million, respectively. In addition, the Group also held financial assets at fair value through profit or loss of RMB199.4 million.

16. Cash Flows

The table below sets forth specific figures from the Group's consolidated cash flow statements for the years indicated.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	211,248	171,338
Net cash (used in)/generated from investing activities	(80,396)	85,982
Net cash used in financing activities	(111,891)	(150,253)
Cash and cash equivalents at the beginning of the year	307,970	198,327
Exchange (losses)/gains on cash and cash equivalents	(2,085)	2,576
Cash and cash equivalents at the end of the year	324,846	307,970

17. Gearing Ratio

The gearing ratio is calculated by dividing the total bank loans and other borrowings by the total equity as at the end of the year. As of December 31, 2024 and December 31, 2025, the Group's total cash and cash equivalents and time deposits with initial terms of over three months are greater than other interest-bearing liabilities and gearing ratio is therefore not applicable.

18. Indebtedness

As at December 31, 2025, lease liabilities decreased by RMB50.3 million to RMB289.0 million, mainly due to the lease payments we made.

As at December 31, 2025, convertible redeemable preference shares decreased by RMB149.8 million to RMB2,261.3 million, mainly due to the fair value change of convertible redeemable preference shares caused by a change in the Company's equity value.

19. Significant Investments, Material Acquisitions and Disposals

During the year ended December 31, 2025, the Group subscribed for certain wealth management products issued by China Guangfa Bank Co., Ltd. (“CGB”), the value of which at fair value through profit or loss accounted for 5% or more of the Group’s total assets as at December 31, 2025:

Name of bank	Principal Amount RMB’000	Fair value as at December 31, 2025 RMB’000	Performance/ gain for year 2025 RMB’000	Size relative to the Company’s total assets %
CGB	115,250	115,502	252	8.6%

All of the aforesaid bank wealth management products subscribed by the Group are structured deposit products, which refer to deposits embedded with financial derivatives. Such products allow investors to obtain corresponding returns on the basis of assuming certain risks by being linked to the fluctuations of financial market indicators such as interest rates, exchange rates, indices, or the credit status of the entities. The Group considers that the aforesaid bank wealth management products generate better returns than the nominal interest provided by ordinary bank accounts.

Save as otherwise disclosed, the Group did not make any significant investments (for the purpose of Appendix D2 of the Listing Rules), acquisitions or disposals of any subsidiaries, associated companies or joint ventures for the year ended December 31, 2025.

20. Contingent Liabilities

As at December 31, 2025, the Group did not have any material contingent liabilities.

21. Capital Commitments

As at December 31, 2025, the Group had capital commitments contracted but not yet provided for of RMB2.9 million, which were primarily related to the purchase of property, plant and equipment.

22. Pledge of Assets

As at December 31, 2025, the Group has not pledged or charged any assets.

23. Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in Mainland China and the majority of its transactions were settled in Renminbi, the functional currency of the Company’s primary subsidiaries. The Group is exposed to foreign currency risk as a result of certain monetary assets and liabilities being denominated in non-functional currencies. The Group currently does not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

24. Employees

As at December 31, 2025, the Group had 1,724 full-time employees in total, including 399 full-time doctors, and 675 other medical professionals. In strict compliance with the relevant labour laws, the Group enters into individual employment contracts with its employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labour market, the Group provides various incentives and benefits to its employees. The Group invests in continuing education and training programs, including internal and external training, for its management staff and other employees to upgrade their skills and knowledge. The Group also provides employees with competitive salaries and opportunities to participate in share incentive schemes. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

25. Significant Events After the Reporting Period

On January 12, 2026, the Company entered into a shareholder resolution, pursuant to which one of the redemption events of the convertible redeemable preference shares was updated to the occurrence of the Company's failure to consummate a qualified IPO prior to March 31, 2027 and as a result, the convertible redeemable preference shares will not have cash flow impact to the Group for at least the next twelve months from December 31, 2025. On February 6, 2026, the Company completed its listing on Main Board of the Stock Exchange of Hong Kong Limited. Upon the Listing, all preference shares have been automatically converted into ordinary shares.

Save for the above, there were no material subsequent events that took place after December 31, 2025.

Directors and Senior Management

Directors

Executive Directors

Mr. WANG Zhiyuan (王志遠), aged 45, is our executive Director, founder, chairman of our Board and chief executive officer. He founded our Group as our chief executive officer in April 2012. He was appointed as our Director in February 2014, and was redesignated as an executive Director and further appointed as the chairman of our Board on April 22, 2024. He is responsible for making key corporate decisions and overall management of our Group.

Prior to founding our Group, Mr. Wang had extensive experience in the financial industry. From April 2004 to April 2011, he worked at and last served as a vice president of Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司). From April 2011 to the first half of 2012, he worked at and last served as a vice president of JP Morgan Securities (Asia Pacific) Limited.

Mr. Wang obtained his bachelor's degree in information science with a minor in computer software from Peking University (北京大學) in Beijing in July 2001. He further obtained his master's degree in analysis, design and management of information systems from the London School of Economics and Political Science in England in November 2002.

Mr. SHI Yi (施翼), aged 45, is our executive Director, co-founder and executive vice president. He co-founded our Group as our executive vice-president in April 2012. He was appointed as our Director in August 2023, and was redesignated as an executive Director on April 22, 2024. He is responsible for human resources management and daily operation of healthcare services of our Group.

Mr. Shi has more than 19 years of experience in strategic planning, sales and marketing. From August 2002 to October 2005, he worked as a strategic planning analyst and sales and marketing manager at LG Electronics (China) Co., Ltd. (樂金電子(中國)有限公司), a company principally engaged in the provision of electronics, mobile communications and home appliances. From January 2010 to the first half of 2012, he worked as a senior strategic analysis manager and senior product manager at Tencent Technology (Shenzhen) Co., Ltd. (騰訊科技(深圳)有限公司), a company principally engaged in the development and operation of instant messaging and social platforms.

Mr. Shi obtained his bachelor's degree in international economics with a minor in computer software from Peking University (北京大學) in Beijing in July 2002.

Directors and Senior Management

Non-executive Directors

Mr. CAO Shaoshan (曹少山), aged 55, is our non-executive Director. He joined our Group as our Director in February 2014, and was redesignated as a non-executive Director on April 22, 2024. He is responsible for providing professional opinion to our Board.

Mr. Cao has more than 15 years of experience in capital markets. Prior to June 2009, he served as an executive director of China International Capital Corporation Limited (中國國際金融有限公司). Since July 2009, Mr. Cao has served as the founding partner and chairman of Orizon Capital Group Limited (河山國際資本集團有限公司), a company principally engaged in real estate private equity fund management and corporate management consultancy. Since December 2017, he has worked as a general manager at Beidou Guoxin Fund Management (Beijing) Co., Ltd. (北斗國信基金管理(北京)有限公司), a company principally engaged in venture capital fund management. From July 2020 to January 2026, he has served as an independent non-executive director of Leader Education Limited (立德教育股份有限公司), a company listed on the Stock Exchange (stock code: 1449) and principally engaged in the provision of formal higher education services.

Mr. Cao obtained his bachelor's degree in English language from the Beijing Foreign Studies University (北京外國語大學) (formerly known as the Beijing Foreign Languages Institute (北京外國語學院)) in Beijing in July 1993. He further obtained his master's degree in business administration (MBA) from the University of Virginia Darden School of Business in Virginia in May 2000. He obtained his certified diploma in accounting and finance from The Association of Chartered Certified Accountants (特許公認會計師公會) in March 1997.

Mr. ZHANG Xiangdong (張向東), aged 48, is our non-executive Director. He joined our Group as our Director in February 2014, and was redesignated as a non-executive Director on April 22, 2024. He is responsible for providing professional opinion to our Board.

Mr. Zhang has more than 21 years of experience in management. In June 2003, he co-founded Sungy Mobile Ltd (廣州市久邦數碼科技有限公司), a company previously listed on the Nasdaq Stock Market (stock symbol: GOMO) and principally engaged in the provision mobile internet products and services. He served as president and director until October 2014. From September 2014 to May 2023, he served as the chief executive officer of Qibai (Beijing) Technology Development Co., Ltd. (柒佰(北京)科技發展有限公司), a company principally engaged in the design and sale of bicycles. Since April 2014, he has served as an independent non-executive director of Linekong Interactive Group Co., Ltd. (藍港互動集團有限公司), a company listed on the GEM of the Stock Exchange (stock code: 8267) and principally engaged in the development and publishing of internet content.

Mr. Zhang obtained his bachelor's degree in information management from Peking University (北京大學) in Beijing in July 1999.

Directors and Senior Management

Mr. WEI Guoxing (魏國興), aged 39, is our non-executive Director. He joined our Group as our Director in August 2017, and was redesignated as a non-executive Director on April 22, 2024. He is responsible for providing professional opinion to our Board.

Mr. Wei has more than 12 years of experience in private equity investment, venture capital and investment management. Since June 2012, he has worked at and is currently serving as a partner and member of the venture capital investment committee of Shenzhen Tiantu Capital Management Center (Limited Partnership) (深圳天圖資本管理中心(有限合夥)), a company principally engaged in private equity fund management and an indirect wholly-owned subsidiary of Tian Tu Capital Co., Ltd. (深圳市天圖投資管理股份有限公司), a company listed on the Stock Exchange (stock code: 1973). From December 2023 to March 2025, he has served as a non-executive director of Nayuki Holdings Limited (奈雪的茶控股有限公司), a company listed on the Stock Exchange (stock code: 2150) and principally engaged in the operation of a premium modern teahouse chain.

Mr. Wei obtained his bachelor's degrees in biology and economics from Peking University (北京大學) in Beijing in July 2009. He further obtained his master's degree in business management from Peking University in July 2012. He further obtained his master's degree in finance from the University of Hong Kong (香港大學) in Hong Kong in November 2012.

Ms. CHEN Xiaohong (陳小紅), aged 56, is our non-executive Director. She joined our Group as our Director in September 2019, and was redesignated as a non-executive Director on April 22, 2024. She is responsible for providing professional opinion to our Board.

Ms. Chen has extensive experience in investment. Since March 2014, she has served as the founding and managing partner of H Capital, a company principally engaged in financial advice and investment management. Since August 2020, she has served as an independent director and then an independent non-executive director of KE Holdings Inc. (貝殼控股有限公司), a company listed on the Stock Exchange (stock code: 2423) and principally engaged in an integrated online and offline platform for housing transactions and services.

Ms. Chen obtained her bachelor's degree in history from Peking University (北京大學) in Beijing in July 1992. She further obtained her master's degree in library service from Rutgers, The State University of New Jersey in New Jersey in May 1994.

Directors and Senior Management

Mr. HAO Rui (郝瑞), aged 43, is our non-executive Director. He joined our Group as our Director in August 2021, and was redesignated as a non-executive Director on April 22, 2024. He is responsible for providing professional opinion to our Board.

Mr. Hao has more than 16 years of experience in investment. From September 2008 to November 2011, he worked as a strategy consultant at Accenture (China) Co., Ltd. Beijing Branch (埃森哲(中國)有限公司北京分公司), a consulting firm. Before April 2013, he worked as an associate at Jefferies Hong Kong Limited (富瑞金融集團香港有限公司), a company principally engaged in investment banking. From March 2018 to July 2019, he served as a director of Cheetah Mobile Inc. (北京獵豹移動科技股份有限公司), a mobile internet company listed on the New York Stock Exchange (stock symbol: CMCM). From May 2018 to February 2023, he served as a director of Better Life Commercial Chain Share Co., Ltd (步步高商業連鎖股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002251) and principally engaged in the provision of commodity retail services. From December 2018 to October 2020, he served as a director of MINISO Group Holding Limited (名創優品集團控股有限公司), a company listed on the Stock Exchange (stock code: 9896) and the New York Stock Exchange (stock symbol: MNSO) and principally engaged in the global retail of lifestyle products. From March 2022 to November 2023 prior to its listing, he has also served as a director of XtalPi Holdings Limited (晶泰控股有限公司) (formerly known as QuantumPharm Inc.) (stock code: 2228). Since April 2013, he has joined Tencent. He is currently the managing director of Tencent Investment, the investment department of Tencent Holdings Limited.

Mr. Hao obtained his master's degree in engineering from the Beijing University of Posts and Telecommunications (北京郵電大學) in Beijing in April 2008.

Independent Non-executive Directors

Ms. CHEN Rui (陳銳), aged 50, is our independent non-executive Director on February 6, 2026. She is responsible for providing independent advice and judgment to our Board.

Ms. Chen has more than 16 years of experience in financial management, investment management and M&A consulting. From June 2003 to October 2005, she worked as an associate in the Asia investment banking department of Citigroup Global Markets Asia Limited (花旗環球金融亞洲有限公司). From November 2005 to July 2009, she worked at and last served as a vice president in the CF Asia – China Coverage (HK) division of Deutsche Bank (德意志銀行). From August 2009 to June 2011, she served as an executive director of Zhong De Securities Company Limited (中德證券有限責任公司), an investment bank. From August 2011 to December 2013, she worked at and last served as the managing director of ICBC International Holdings Limited (工銀國際控股有限公司), an investment bank. From January 2014 to February 2019, she served as the managing partner and a member of the investment decision committee of China Growth Capital Management (Beijing) Co, Ltd. (華創匯才投資管理(北京)有限公司), a venture capital firm, where she was primarily responsible for fund financing and annual reporting, post-investment management, human resources, and financial management.

Ms. Chen graduated in international finance from the Renmin University of China (中國人民大學) in Beijing in July 1997. She further obtained her master's degree in business administration (MBA) from the Texas A&M International University in Texas in December 2000.

Directors and Senior Management

Mr. WANG Yonggang (王詠剛), aged 50, is our independent non-executive Director on February 6, 2026. He is responsible for providing independent advice and judgment to our Board.

Mr. Wang has more than 19 years of experience in software development and artificial intelligence. From March 2006 to September 2016, he worked as a staff software engineer at Google Information Technology (China) Co., Ltd. (谷歌信息技術(中國)有限公司), a company principally engaged in the provision of search engines and other software services. From September 2016 to October 2022, he served as the chief technology officer and executive dean of the AI Institute of Sinovention Works (Beijing) Enterprise Management Limited (創新工場(北京)企業管理股份有限公司), a company principally engaged in investment and incubation in high-tech fields. Since October 2022, he has served as the chief executive officer and chairman board of directors of Beijing SeedV Technology Co., Ltd. (北京芒種星球科技有限公司), a company principally engaged in the R&D of multi-modal AI models and animation and video applications.

Mr. Wang obtained his bachelor's degree in science and technology information from Peking University (北京大學) in Beijing in July 1998.

Mr. WANG Gaofei (王高飛), aged 47, is our independent non-executive Director on February 6, 2026. He is responsible for providing independent advice and judgment to our Board.

Mr. Wang has more than 24 years of experience in business management. From August 2000 to October 2004, he worked as a technology developer at Stone Richsight Information Technology Co., Ltd. (四通利方信息技術有限公司), a company principally engaged in the provision of technical services and Internet information services. From November 2004 to October 2008, he worked as a general manager in the SINA wireless division of Beijing New Media Technology Information Company (北京新潮訊捷信息技術有限公司), a company principally engaged in the provision of technical services. Since November 2008, he has held various positions in Weibo Corporation, a leading social media platform listed on the Stock Exchange (stock code: 9898) and the Nasdaq Stock Market (stock symbol: WB). He has served as its chief executive officer and a director since February 2014 and August 2020, respectively. Since June 2021, he has served as an independent director of DiDi Global Inc, a company previously listed on the New York Stock Exchange (stock symbol: DIDI) and delisted in June 2022.

Mr. Wang obtained his bachelor's degree in computer science and technology from Peking University (北京大學) in Beijing in July 2000. He further obtained his executive master's degree in business administration (EMBA) from Peking University in Beijing in July 2010.

Directors and Senior Management

Dr. GAO Pingyang (高平陽), aged 46, is our independent non-executive Director on February 6, 2026. He is responsible for providing independent advice and judgment to our Board.

Dr. Gao has more than 17 years of experience in teaching. From July 2008 to June 2020, he worked as an assistant professor and then an associate professor at the University of Chicago Booth School of Business. Since June 2020, he has worked as a professor and later associate dean at the Business School of the University of Hong Kong (香港大學). Since November 2023, he has served as an independent non-executive director of Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司), a city commercial bank listed on the Stock Exchange (stock code: 1216). He has served as an independent non-executive director of Bloks Group Limited, a company listed on the Stock Exchange (stock code: 325), since December 2024. Since February 2025, he has served as an independent non-executive director of The People's Insurance Company (Group) of China Limited, which is listed on the Stock Exchange (stock code: 1339). During his tenure as an independent non-executive director these listed companies, Dr. Gao has been responsible for reviewing financial statements and accounting policies, overseeing external and internal audit work and internal controls, making recommendations on the appointment and replacement of external auditors, and reviewing and approving annual and interim financial statements through regular board and committee deliberations. Through these responsibilities, Dr. Gao has gained substantial practical knowledge and extensive experience in supervising financial reporting, internal controls and other accounting-related matters of listed issuers, and has acquired the accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules.

Dr. Gao obtained his bachelor's degree in accounting from the Renmin University of China (中國人民大學) in Beijing in July 2002. He further obtained his master's degree in finance from Peking University (北京大學) in Beijing in June 2004. He further obtained his doctor's degree in accounting from Yale University in the United States in December 2008.

Senior Management

Mr. WANG Zhiyuan and Mr. SHI Yi, executive Directors of our Company, are also members of our senior management team. Please refer paragraph headed "Executive Directors" in this section for their biographies.

Mr. ZHOU Fang (周方), aged 48, joined our Group as our co-founder and the chief public affairs officer in August 2015. He is responsible for overseeing operational compliance and government-related and public affairs of our Group.

Mr. Zhou has more than 25 years of experience in media, government and business management-related work. From July 1999 to January 2007, he worked at and last served as the deputy head of the business news center of the Guangzhou Daily Group (廣州日報報業集團), a newspaper media company. From February 2007 to April 2011, he served as the deputy director of the news and information department, and then a secretary at the Secretariat of the General Affairs Office of Guangzhou Municipal People's Government (廣州市人民政府辦公廳秘書處). From April 2011 to March 2015, he served as the dean and legal representative of the Guangzhou Urban Planning & Design Survey Research Institute (廣州市城市規劃勘測設計研究院), a research institute principally engaged in urban planning, architectural design, surveying and mapping, municipal engineering design and construction management.

Mr. Zhou obtained his bachelor's degree in Chinese linguistics from Peking University (北京大學) in Beijing in July 1999.

Directors and Senior Management

Dr. ZHU Yan (朱岩), aged 44, joined our Group as our co-founder and executive vice president in November 2012. He is responsible for daily operation of healthcare services of our Group.

Dr. Zhu has more than 21 years of experience in the medical field. From August 2003 to July 2012, he worked at Peking Union Medical College Hospital (北京協和醫院).

Dr. Zhu obtained his bachelor's degree in clinical medicine from the Cheeloo College of Medicine, Shandong University (山東大學齊魯醫學院) (formerly known as the Shandong University School of Medicine (山東大學醫學院)) in Shandong in June 2003. He further obtained his master's degree in internal medicine from Peking Union Medical College (北京協和醫學院) in Beijing in July 2012.

Dr. LI Tao (李陶), aged 44, joined our Group in November 2012 and was appointed as our chief medical officer in January 2021. He is responsible for the development of medical professionals and overseeing medical quality and patient safety in our Group.

Dr. Li has extensive experience in the medical field. Prior to joining our Group, he worked as a medical adviser at Merck Serono Ltd. (默克雪蘭諾有限公司), a company principally engaged in the R&D of pharmaceuticals.

Dr. Li obtained his bachelor's degree in basic health science from the Peking University Health Science Center (北京大學醫學部) in Beijing in July 2005. He further obtained his master's degree in oncology from the Peking Union Medical College (北京協和醫學院) in Beijing in July 2008.

Mr. ZHAO Tianbin (趙天斌), aged 43, joined our Group as our chief technology officer in October 2020. He is responsible for the development and implementation of information and data technology in our Group.

Mr. Zhao has extensive experience in software development and project management. Prior to March 2012, he worked at SeaChange International Inc., a company listed on the Nasdaq Stock Market (stock symbol: SEAC) and principally engaged in the provision of software and hardware services. From May 2012 to February 2018, he successively worked as a technical program manager at A2Z Development Center, Inc. (a subsidiary of Amazon.com, Inc., a company listed on the Nasdaq Stock Market (stock symbol: AMZN) and principally engaged in the provision of software services), and then worked at Aceso Interactive Inc, a company principally engaged in software and hardware for medical services. From March 2018 to August 2020, he worked at and last served as the chief technology officer of 11 Health & Technologies Inc., a company principally engaged in smart medical devices and digital medical services.

Mr. Zhao obtained his bachelor's degree in computer science from Zhejiang University (浙江大學) in Zhejiang in June 2004.

Directors and Senior Management

Ms. QIU Yanliu (丘艷柳), aged 39, joined our Group as our deputy financial controller in July 2017, and was promoted to the position of financial controller in January 2020. She is responsible for overseeing financial reporting and financial management of our Group.

Ms. Qiu has more than 13 years of experience in accounting. From October 2011 to June 2017, she worked as a manager at Ernst & Young Hua Ming Certified Public Accountants' Firm (Special General Partnership) Shenzhen Branch (安永華明會計師事務所(特殊普通合夥)深圳分所), an accounting firm.

Ms. Qiu obtained both her bachelor's degree and master's degree in economics majoring in finance from the South China University of Technology (華南理工大學) in Guangzhou in July 2008 and June 2011, respectively. She has been certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since February 2018.

Joint Company Secretaries

Ms. LIU Yixuan (劉亦軒), aged 33, joined our Group as Investor Relation Director in June 2024. She was appointed as our joint company secretary in March 2025. She is responsible for investor relation management of our Group. Prior to joining our Group in June 2024, she worked at investment banking division of China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2018 to May 2024, specializing in the medical and pharmaceutical sectors. Her last position was vice president of the investment banking division. Ms. Liu obtained her bachelor's degree in Economics from Fudan University in Shanghai in July 2015. She further obtained her master's degree in Finance and Economics from the dual degree programme offered by Peking University and The Chinese University of Hong Kong in Beijing and Hong Kong in July 2018. She became a chartered financial analyst (CFA) charterholder in August 2021.

Ms. WONG Wing Yee (黃詠儀) was appointed as a joint company secretary of our Company on April 22, 2024. She is currently serving as a manager of corporate services of Vistra Corporate Services (HK) Limited. She is responsible for providing company secretarial services to listed companies and private companies. Ms. Wong has over eight years of experience in the corporate services industry. Prior to joining Vistra Corporate Services (HK) Limited in September 2022, she worked as a secretary at an international corporate services provider. Ms. Wong obtained her bachelor's degree in Chinese from Lingnan University (嶺南大學) in Hong Kong in November 2015. She has been an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) in Hong Kong and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom since June 2022.

Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended December 31, 2025.

Company's Culture

The Board firmly believes that corporate culture drives our long-term sustainable growth. With the core philosophy of "Returning to the essence of healthcare", we continued to execute the following culture framework:

- Vision: To become the most respected medical institution.
- Mission: To provide high-quality, full-lifecycle healthcare services for patients; To provide a platform for our employees that offers sustainable development and realizes their self-worth.
- Values: Customer Priority, Integrity and Honesty, Continuous Learning, Team Spirit, Value Creation.

All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Company has established a multi-tiered incentive and communication system to deepen the influence of corporate culture. The Company has set up an annual awards system covering various positions including doctors, nurses, assistants, medical technicians and functional staff. In 2025, the Company recognized 29 Outstanding Employees and 6 Excellent Teams, with recognition categories covering core operational indicators such as "Excellent Reputation", "Customer Service" and "Medical Quality Control", and presented the awards during the Company's anniversary celebration. The Company also implemented an "Good Job Card" instant incentive mechanism to continuously stimulate the vitality of frontline services. A total of 259 Good Job Cards were awarded during the year, integrating the "Customer Priority" value into daily operations.

Relying on internal newsletters and other internal channels, the Company regularly documented and shared employees' real service cases to promote cross-departmental understanding and collaboration, and convey a positive and open corporate culture to all employees. For details of the Company's achievements during the Reporting Period, please see the section headed "Management Discussion and Analysis" in this annual report. The Board believes that the Company's existing business model is in line with the Company's objective.

The Board considers that the the corporate culture and the vision, mission, values and strategy of the Group are aligned.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code* as its own code to govern its corporate governance practices.

The CG Code was not applicable to the Company for the Reporting Period, as the Company had not been listed on the Stock Exchange as at December 31, 2025. Since the Listing Date and up to the date of this annual report, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code, other than disclosed below:

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. WANG Zhiyuan (“**Mr. Wang**”) is the chairman of the Board and the chief executive officer of the Company. With extensive experience in the financial industry and having served in the Company since its founding, Mr. Wang is in charge of making key corporate decisions and overall management of the Group. The Board considers that vesting the roles of the chairman of the Board and the chief executive officer of the Company in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and the Group’s senior management, which comprises experienced and diverse individuals. The Board currently comprises two executive Directors, five non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, in the opinion of the Board, the Company has complied with the relevant code provisions contained in the CG Code since the Listing Date and up to the date of this annual report.

The Board will continue to review and monitor the corporate governance practices of the Company with an aim of maintaining a high standard of corporate governance.

* *The amendments to the CG Code effective on July 1, 2025 will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after July 1, 2025.*

The Board of Directors

Board composition

The Board consists of two executive Directors, namely Mr. Wang Zhiyuan and Mr. Shi Yi, five non-executive Directors, namely Mr. Cao Shaoshan, Mr. Zhang Xiangdong, Mr. Wei Guoxing, Ms. Chen Xiaohong and Mr. Hao Rui, and four independent non-executive Directors, namely Ms. Chen Rui, Mr. Wang Yonggang, Mr. Wang Gaofei and Dr. Gao Pingyang. The overall management and supervision of the Company’s operation and the function of formulating overall business strategies were vested in the Board. Save as disclosed in this annual report, there is no any relationship (including, financial, business, family or other material/relevant relationship(s)) between the Board members.

Since the Listing Date, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The four independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. 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. As at 31 December 2025, the Board comprised 11 Directors, including two executive Directors, five non-executive Directors and four independent non-executive Directors. Their names and biographical details are set out in the "Directors and Senior Management" section of this Report.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended December 31, 2025 in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 123 to 128 of this annual report.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has provided an annual written confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Appointment, re-election and removal of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for an initial term of three years commencing from the Listing Date, subject to renewal after expiry of the then current term, but shall not exceed nine years for independent non-executive Directors. Such term is subject to his or her retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The retiring Directors shall be eligible for re-election. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

Compensation of Directors and Senior Management

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of Directors and the top five highest paid individuals are set out in notes 39 and 7 to the consolidated financial statements. During the Reporting Period, no emoluments were paid by the Group to any Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. For the year ended December 31, 2025, none of the Directors has waived or agreed to waive any emoluments.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by the Group to or on behalf of any of the Directors.

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills.

Prior to the Listing, each of the Directors has attended the training courses conducted by the legal adviser of the Company on July 11, 2024 for Dr. Gao Pingyang and on April 22, 2024 for the other Directors, respectively. The content of such training was related to the duties of directors and the on-going obligations of listed companies and each of the Directors understood his/her obligations as a director of a listed issuer.

During the year ended December 31, 2025, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

Board meetings

Code provision C.5.1 of Part 2 of the CG Code stipulates that 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 communications. Apart from regular Board meetings, the Chairman should at least annually hold meeting with the independent non-executive Directors without the presence of other Directors under the code provision C.2.7 of Part 2 of the CG Code.

Corporate Governance Report

Due to the fact that the Company was listed on February 6, 2026, there had not been (i) regular board meetings at approximately quarterly intervals; or (ii) any meeting held by the chairman with the independent non-executive Directors without the presence of other Directors during the Reporting Period.

The Board intends to meet at least four times per year in the future, and the Chairman intends to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors.

A tentative schedule for regular Board meetings will be provided to the Directors at the beginning of the year. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors will be given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

Board independence

There are established mechanisms that independent views and inputs are available to the Board. The Board currently comprises four independent non-executive Directors and being more than one-third of the Board, which meets with the independent requirements under the Listing Rules. In assessing suitability of the potential candidates of independent non-executive Directors, the Nomination Committee will review their qualification, skills, knowledge, independent views and having regard to the nomination policy and the board diversity policy of the Company. Nomination Committee of the Company also assessed the time commitment devoted by and independence of independent non-executive Directors annually. External independent professional advice is also available to all Directors (including independent non-executive Directors) whenever deemed necessary. During the year ended December 31, 2025, the Board reviewed and considered the implementation of above mechanisms were effective.

Board Committees

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs since the Listing Date. Due to the fact that the Company was listed on February 6, 2026, there had not been any committees meeting held during the Reporting Period.

Audit Committee

The Company established the audit committee in compliance with Rules 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Audit Committee consists of one non-executive Director, Mr. Cao Shaoshan and two independent non-executive Directors, Dr. Gao Pingyang and Ms. Chen Rui, with Dr. Gao Pingyang as the chairperson. Dr. Gao Pingyang is appropriately qualified under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

The Company established the remuneration committee in compliance with Rule 3.25 of the Listing Rules with terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of Part 2 of the CG Code.

The Remuneration Committee consists of one non-executive Director, Mr. Zhang Xiangdong and two independent non-executive Directors, Dr. Gao Pingyang and Mr. Wang Yonggang, with Mr. Zhang Xiangdong as the chairperson.

Nomination Committee

The Company established the nomination committee in compliance with Rule 3.27A of the Listing Rules with written terms of reference in compliance with Appendix C1 to the Listing Rules. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's gender, skills, age, professional experience, knowledge, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Company has adopted a nomination policy, which is incorporated in the terms of reference of the Nomination Committee and sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Director.

The Nomination Committee consists of one executive Director, Mr. Wang Zhiyuan and two independent non-executive Directors, Mr. Wang Gaofei and Ms. Chen Rui, with Mr. Wang Zhiyuan as the chairperson.

Model Code for Securities Transactions

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing and, upon specific enquiries of all the Directors, each of them has confirmed that he/she complied with all applicable code provisions under the Model Code since the Listing Date and up to the date of this annual report.

As required by the Company, relevant officers and employees of the Company who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities, are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company since the Listing Date and up to the date of this annual report.

Corporate Governance Report

Remuneration Payable to Members of Senior Management

Pursuant to code provision E.1.5 of Part 2 of the Corporate Governance Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended December 31, 2025 is set out below:

Remuneration band	Number of members of senior management
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	4

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix C1 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above as at the date of this report.

Risk Management and Internal Control

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage, rather than eliminate, the risks of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Group acknowledges the respective responsibilities of the Board and the management in respect of such risk management and internal control systems.

- The Board is responsible for evaluating and determining the nature and extent of risks that the Group is willing to take in achieving its strategic objectives, and for ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board should also oversee management in the design, implementation and monitoring of such systems on an ongoing basis, and ensure the effectiveness of the risk management and internal control systems of the Group and its subsidiaries is reviewed at least annually.
- The management is responsible for the design, implementation and monitoring of the risk management and internal control systems, and should provide a confirmation to the Board on the effectiveness of such systems.

Risk management

The Group has established a risk management system framework at the group level through the following efforts, guiding the conduct of risk assessment work and continuous risk monitoring activities:

- **Establishment of the risk management organizational structure:** The Group has established a risk management organizational structure that runs through all levels, including the decision-making level (the Board of Directors and the Audit Committee), the executive level (the Group Headquarters, regions and various affiliated units) and the supervision level (the Group's internal audit function). It has also divided risk management responsibilities and clarified the risk management responsibilities and risk information reporting lines at each level.
- **Formulation of risk assessment standards:** Based on the Company's business nature, operating characteristics, strategic objectives and the management's risk appetite, the Group has established risk assessment standards applicable to the Company, covering dimensions such as strategy, finance, operations, personnel, compliance and reputation. Using mutually confirmed assessment methods and standards, the Group assesses the risks that are most likely to affect the achievement of the Group's objectives.
- **Establishment of risk management process:** The Group has established a risk management process with key steps including risk identification, risk assessment, risk response, risk monitoring, reporting and improvement, forming a closed loop to conduct continuous monitoring and management of risks. Specifically, guided by the Company's operating objectives, it identifies the risk factors affecting the achievement of such operating objectives and assesses the likelihood of occurrence and potential impact of each specific risk; sorts out and records the existing specific risk response measures; and continuously monitors and assesses changes in risks and adjusts the response measures in a timely manner.

Corporate Governance Report

On the basis of the establishment of the above-mentioned risk management system, the management, with the assistance of an external consulting firm, carried out the identification, assessment and response work of major risks (including environmental, social and governance risks) within the Group's main business scope during the current year, and reported the assessment results to the Audit Committee.

Internal control

The Group has established an internal control system applicable to the Group with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework. The control system includes a mature organizational structure that clearly defines the powers and responsibilities of each department to protect the Group's assets and the interests of Shareholders.

As an important component of risk management, the Group's internal control system is formulated based on various risks faced by the Group. The Company's management is responsible for designing, implementing and maintaining the effectiveness of the internal control system, while the Board of Directors and the Audit Committee are responsible for overseeing whether the internal control measures implemented by the management are appropriate and effectively executed.

To strengthen the management's responsibility for the Company's internal control system and ensure the management's confirmation of the effectiveness of the internal control system, the management of each operating department conducted self-assessments and confirmations on the internal control of the business departments under their charge during the current year, and the confirmation results have been reported to the Audit Committee.

The Group has established an internal audit function, which is responsible for overseeing the management's efforts in the establishment of risk management and internal control systems, and monitoring the management's implementation of appropriate measures.

The Group has also established an Anti-Fraud Committee, which is responsible for formulating anti-fraud management systems, guiding and supervising the Group's anti-fraud work, and making decisions on major anti-fraud incidents. The Group's anti-fraud management system clarifies the prohibited behaviors of employees in terms of business ethics and anti-corruption, and requires all employees to declare potential conflicts of interest. At the same time, public channels such as a reporting hotline and email have been set up to facilitate the Group's employees and other parties having business dealings with the Company (such as customers and suppliers) to report known or suspected violations of applicable laws, regulations or other company policies in a confidential and anonymous manner. The Anti-Fraud Committee is responsible for organizing the acceptance and investigation of reported incidents and taking appropriate measures. In addition, the Group continuously conducts anti-fraud publicity and training for all employees through offline or online courses, and promotes a culture of integrity in the workplace internally.

Review of risk management and internal control systems

The Board, through the Audit Committee, conducted a comprehensive review of the risk management and internal control systems of the Group and its subsidiaries for the year ended December 31, 2025. The work included the establishment of the risk management system, the 2025 annual risk assessment and the review of internal controls over key business processes. The review covered the 2025 financial year and the Group's principal businesses, addressing all material control aspects including financial, operational and compliance controls. It also considered changes in the nature and extent of significant (including environmental, social and governance risks) and the Company's ability to respond to changes in its business and external environment. The Board is of the view that the Group's risk management and internal control systems are appropriate and effective.

Auditor's Remuneration

A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 123 to 128.

Details of the fees paid/payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers for the year ended December 31, 2025 are set out in the table below:

Services rendered for the Company	Fees paid and payable <i>RMB'000</i>
Audit service	2,300
Non-audit service	880

Joint Company Secretaries

Directors have access to the services of the joint company secretary to ensure that the board procedures are followed. The current joint company secretaries of the Company are Ms. Liu Yixuan and Ms. Wong Wing Yee. Ms. Wong is a manager of corporate services of Vistra Corporate Services (HK) Limited and the main contact person of Ms. Wong in the Company is Ms. Liu.

The Company was not listed on the Stock Exchange for the year ended December 31, 2025. The joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules for the year ending December 31, 2026. Nevertheless, for the year ended December 31, 2025, Ms. Wong has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

All Directors may have access to the advice and services of the joint company secretaries on corporate governance and routine Board matters.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two calendar months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meeting

There are no provisions under the Articles of Association and the Cayman Islands Companies Act regarding procedures for Shareholders to put forward proposals at a general meeting. Shareholders who wish to submit a proposal may request the Company to convene a general meeting in accordance with the procedure set out in the preceding paragraph, to consider the matters specified in the request.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing at the Company's principal place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong or by email at ir@distinctclinic.com. The Company will not normally deal with verbal or anonymous enquiries.

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

Communication with Shareholders and Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To promote effective communication, the Company maintains a website at www.distinctclinic.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

No general meeting was held after the Listing. The procedures for shareholders to convene and put forward proposals at an AGM or EGM (including election of a person other than a Director of the Company as a director) are available on the Company's website or on request to Ms. Liu Yixuan.

The Board has reviewed the implementation of the shareholders' communication policy of the Company. Taking into account the variety of existing channels for communication and participation, the Company is of the view that its shareholders' communication policy was effectively conducted since the Listing Date and up to the date of this annual report.

Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out our objectives and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and other qualities. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Nomination Committee is responsible for reviewing the diversity of our Board. It will assess the Board's composition from time to time and evaluate the effectiveness of the policy.

Our Directors have a balanced mix of knowledge and skills, including but not limited to finance, investment, software development, artificial intelligence, sales and marketing, and teaching. They obtained degrees in various majors, including but not limited to business administration, economics, finance, computer science, engineering, biology, and history. Furthermore, the Board possesses members spanning a wide range of ages. In terms of board diversity, the Board sets a target of having at least 10% female members and the Company currently has 2 female Directors, representing 18.2% of the Board members. The Company considers that the gender diversity is achieved in respect of the Board and plans to maintain the female director ratio at current level after taking into account of various factors in its context. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the Nomination Committee of our Company will assess the Board composition regularly.

Director Nomination Policy

The Company has adopted a director nomination policy. When evaluating and determining the candidates of Directors, the Nomination Committee of the Company and the Board of Directors shall consider the following factors: personal characters, professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willing to devote sufficient time to fulfill the duties of the Directors and members of the special committees of the Board of Directors; whether their appointment is in compliance with the requirements of the Listing Rules (including the independence requirements of independent non-executive Directors); whether their appointment is in compliance with the Company's Board diversity policy and any measurable targets adopted by the Nomination Committee of the Company to diversify the members of the Board.

Corporate Governance Report

According to the director nomination policy:

- the ultimate responsibility for selection and appointment of Directors rests with the entire Board;
- the Nomination Committee of the Company shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders for election of Directors at a general meeting either to fill up a casual vacancy or as an addition to the Board;
- assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee of the Company would reference, among others, the candidates' reputation for integrity, professional qualifications and skills, accomplishment and experience, commitment in respect of available time and relevant interest, independence of proposed independent Directors, and diversity in all aspects;
- and the Nomination Committee of the Company shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Gender Diversity

Our Company will continue our efforts to promote gender diversity in the recruitment of middle and senior staff so that our management includes a wide range of genders, thereby allowing a diverse group of potential successors . As of December 31, 2025, the Group had seven senior executives, of whom six were male and one was female. As of December 31, 2025, the Group had 1,724 employees of which 223 (12.9%) were male and 1,501 (87.1%) were female. For further details of gender ratio and employee category, please refer to the disclosure in the "Environmental, Social and Governance Report".

The Board believes that the Company has achieved gender diversity among its employees and has not adopted any plan or measurable target for gender diversity as of the date of the annual report and is not aware of any factors or circumstances that would make it more challenging or less relevant for the Group to achieve gender diversity among its employees.

Anti-Corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Board/the Audit Committee.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Audit Committee.

Dividend Policy

While achieving steady performance growth, we have always prioritized sharing the Company's development outcomes with our shareholders. Under our dividend policy, the issue of payment of dividends is deliberated by the Board annually, having regard to various factors (e.g., Company's actual and expected financial performance, cash flow situation, future business plans, expected working capital requirements, distributable reserves and retained earnings of the Group, general economic conditions that may have an impact on the business performance of the Company and other factors as the Board deems appropriate).

Any declaration and distribution of dividends must comply with the articles of association of the Company and the applicable Cayman Companies Law. The Company further noted that the dividend payments also depend on the availability of dividends received from its subsidiaries in China, which are subject to restrictions under applicable regulations and accounting standards in China.

Changes in Constitutional Documents

The ninth amended and restated Memorandum and Articles of Association of the Company were adopted on 23 December 2025. The ninth amended and restated Memorandum and Articles of Association are available on the websites of the Company and the Stock Exchange.

Save as disclosed above, there is no other change in constitutional documents of the Company during the Reporting Period.

Environmental, Social and Governance Report

About This Report

Report Introduction

This is the first Environmental, Social and Governance (“ESG”) Report published by Distinct Healthcare Holdings Limited (“**Distinct Healthcare**”, the “**Group**”, the “**Company**” or “**we**”). Prepared in accordance with principles of objectivity, fairness and transparency, this Report fairly presents the Group’s management strategies, practices and performance in environmental, social and governance aspects during 2025. It aims to facilitate effective communication with stakeholders and systematically address their expectations and demands.

Report Scope and Boundary

The disclosure scope of this Report is consistent with the financial information disclosure scope of the Company’s 2025 Annual Report.

This Report covers the period from January 1, 2025 to December 31, 2025 (the “**Reporting Period**”). Certain contents trace back to prior years and cover the first quarter of 2026.

Basis of Preparation

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* set out in *Appendix C2* to the Listing Rules of The Stock Exchange of Hong Kong Limited (the “**HKEX**”).

The Report complies with the reporting principles of materiality, quantification, balance and consistency. The Company discloses stakeholder identification and engagement processes, and establishes a materiality matrix and key topics. Based thereon, the Company quantitatively discloses key performance indicators and presents a comprehensive and fair review of its ESG performance.

Sources of Information

Information and cases in this Report are mainly derived from the Company’s official documents, statistical reports and financial reports. The Company confirms that this Report contains no false records or misleading statements and accepts responsibility for the authenticity, accuracy and completeness of its contents.

Report Confirmation and Approval

This Report was confirmed by management and approved by the Board of Directors on March 25, 2026.

Access to the Report

The electronic version of this Report is available on the HKEX website (www.hkexnews.hk).

Board ESG Statement

The Board of Directors is the top decision-making and governing body for ESG matters of Distinct Healthcare. It is fully responsible for overseeing and identifying environment-related, social-related and climate-related risks and opportunities affecting the Group, formulating and adopting the Group's ESG policies and objectives, reviewing the Group's performance against ESG objectives annually, and revising the ESG strategy appropriately where material deviations from objectives are identified. The Board continuously reviews ESG-related materials of all departments to ensure full oversight of ESG matters.

We are committed to building a sustainable business and attach great importance to environmental, social and governance matters. We integrate sustainability and other ESG factors into all aspects of our operations. On the one hand, we embed ESG considerations into our healthcare services. On the other hand, we continuously strengthen our social responsibility system, uphold environmental accountability, and promote green office and low-carbon practices. We believe our policies are sufficient to ensure compliance with all health, safety, social and environmental protection regulations.

Statement from the Board of Directors

Since our founding in 2012, Distinct Healthcare has practiced full evidence-based medicine, and committed to providing high-quality healthcare services to the public. We have grown into the third largest private mid- and high-end comprehensive healthcare service provider in China, with a network covering major economically developed cities. Going forward, leveraging our core strengths of centralization, standardization and digitalization, we will continue to expand our service footprint through organic growth and strategic expansion. With higher-quality and accessible healthcare experiences, we will honor our long-term commitments to patients, employees and society and create sustainable health value.

Prudent Governance for Steady Growth

We deeply integrate sustainability into corporate governance, build a Board-led ESG governance structure, and enhance compliance and risk management mechanisms. Through regular stakeholder surveys to identify material topics, we continuously advance risk management, internal control and business ethics to achieve steady and sustainable development.

Excellent Quality for Trusted Care

We focus on our AI strategy, increase investment in technological innovation, and launch intelligent diagnosis and treatment services to enrich high-quality healthcare offerings. We build a full-process medical quality system, strictly protect patient privacy, practice responsible marketing, and continuously enhance service quality and customer trust.

Outstanding Environmental Protection for Eco-Sustainability

We actively address climate change, strengthen environmental management, promote energy conservation and emission control, and adopt green office practices to reduce carbon emissions and resource consumption and improve green operations.

Empowering People for Shared Success

Upholding a people-oriented philosophy, we provide competitive remuneration and benefits, foster a fair, inclusive and healthy workplace, and support the mutual growth of employees and the Company.

Social Contribution for Inclusive Health

We promote green supply chain development, strengthen full-lifecycle supplier management, deepen industry cooperation, and actively participate in public welfare to drive industrial synergy and social sustainability.

Looking ahead, we will continue to deepen our sustainability strategy and work with stakeholders to build a more sustainable health ecosystem.

1 Prudent Governance for Steady Growth

Distinct Healthcare upholds integrity as its core operating philosophy and continuously builds governance safeguards for long-term steady development. We establish and refine corporate governance mechanisms and the ESG governance structure, improve the risk management system, and strictly adhere to high-standard business ethics to achieve sustainable and stable growth.

1.1 Corporate Governance

Distinct Healthcare strictly complies with the *Corporate Governance Code* set out in *Appendix C1* to the HKEX Listing Rules and applicable laws and regulations of its operating jurisdictions. It has established a systematic and clearly defined management structure, and continuously improves its governance framework and rules of procedure to enhance corporate governance standards.

The Board of Directors acts as the governance core, overseeing strategic planning, implementation and major decisions, and promoting effective strategy delivery in the best interests of the Company. The Board continuously reviews operating performance, financial conditions, internal control and risk management to enhance professional governance capabilities. The Company has established the Audit Committee, Remuneration Committee and Nomination Committee, which operate under their respective terms of reference approved by the Board.

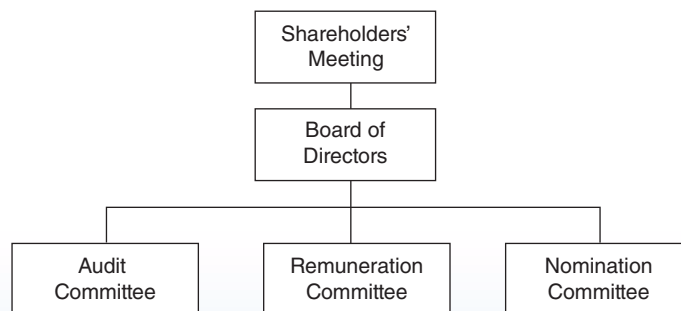


Figure: Corporate Governance Structure Chart

In addition, the Company has established and improved regular meeting mechanisms to ensure that the general meeting of shareholders, the Board of Directors and its special committees can effectively perform review, supervision and decision-making functions. Regular governance meetings at all levels are held to ensure transparency, effectiveness and sustainable development capacity.

Environmental, Social and Governance Report

Table: Frequency of Corporate Governance Meetings

Meeting Level	Frequency
General Meeting	At least once a year
Board of Directors	At least four times a year
Audit Committee	At least twice a year
Remuneration Committee	At least once a year
Nomination Committee	At least once a year

Board Independence

The Board attaches great importance to independence and diversity to enhance supervision efficiency and decision-making quality, and protect the long-term interests of all shareholders. In 2025, the Board comprises 11 Directors, including 2 Executive Directors, 5 Non-executive Directors and 4 Independent Non-executive Directors, with independent directors accounting for 36%.

Table: Composition of the Board of Directors

Name	Position	Role and Responsibilities
Wang Zhiyuan	Executive Director, Founder, Chairman of the Board and Chief Executive Officer	Responsible for key corporate decisions and overall management of the Group
Shi Yi	Executive Director, Co-Founder and Executive Vice President	Responsible for human resource management and daily operation of healthcare services
Cao Shaoshan	Non-executive Director	Provides professional advice to the Board
Zhang Xiangdong	Non-executive Director	Provides professional advice to the Board
Wei Guoxing	Non-executive Director	Provides professional advice to the Board
Chen Xiaohong	Non-executive Director	Provides professional advice to the Board
Hao Rui	Non-executive Director	Provides professional advice to the Board
Chen Rui	Independent Non-executive Director	Provides independent advice and judgment to the Board
Wang Yonggang	Independent Non-executive Director	Provides independent advice and judgment to the Board
Wang Gaofei	Independent Non-executive Director	Provides independent advice and judgment to the Board
Gao Pingyang	Independent Non-executive Director	Provides independent advice and judgment to the Board

Environmental, Social and Governance Report

Board Diversity Policy

The Board regards continuous diversity development as a positive factor for sustainable growth. The Board has adopted the *Board Diversity Policy*. When evaluating and selecting director candidates, the Nomination Committee comprehensively considers diversity factors including gender, age, language, cultural and educational background, professional qualifications, skills, knowledge structure, industry and regional experience, and length of service.

Currently, directors possess diverse professional backgrounds covering finance, investment, software development, artificial intelligence, sales and marketing, and education, continuously enhancing strategic decision-making and governance efficiency. To improve gender diversity, the Company actively increases female representation. During the Reporting Period, the Board includes 2 female members.

Board Remuneration Management

Executive Directors and senior management receive a comprehensive remuneration package including fixed salary, performance-based incentives and long-term equity incentives, and are covered by a full social security system. Remuneration for Non-executive Directors and Independent Non-executive Directors matches their responsibilities and is determined based on their contributions to the Board and committees, reflecting the value of supervision and strategic guidance.

1.2 ESG Governance

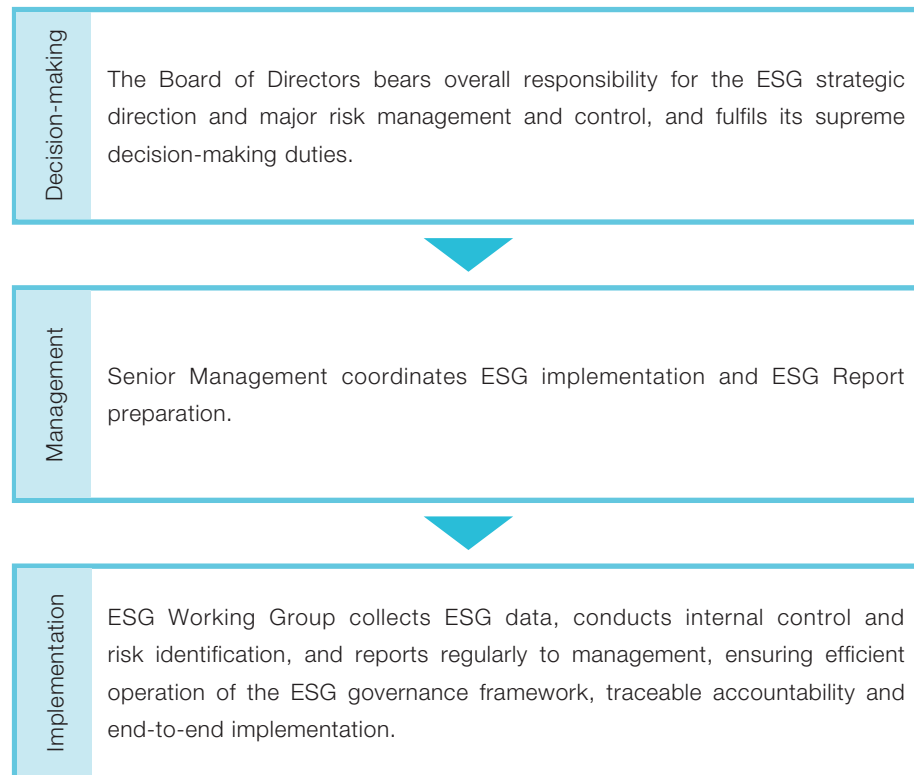
Distinct Healthcare attaches great importance to an ESG-oriented sustainable development strategy and systematically integrates ESG factors into strategic decision-making and business operations. During the Reporting Period, the Company continuously improved the ESG management system, optimized stakeholder engagement mechanisms, and conducted materiality assessments to ensure effective identification and response to key ESG issues, aiming to create higher social, brand and market value.

1.2.1 ESG Management System

The Company continuously improves the ESG management system and systematically enhances ESG governance capabilities. To ensure effective top-down implementation and supervision, the Company is establishing a three-tier governance structure: the Board of Directors, management and the ESG Working Group, with clear responsibilities at each level to drive sustainable development.

Environmental, Social and Governance Report

Table: Distinct Healthcare ESG Governance Structure



1.2.2 Stakeholder Engagement

The Company actively builds long-term, trust-based and win-win relationships with stakeholders. It strengthens communication through diversified channels including regular disclosure, questionnaires and special meetings, shares sustainable development progress, listens to expectations and suggestions, and promotes coordinated creation of economic, social and environmental value.

Table: Stakeholder Topics and Communication Channels

Stakeholder	Expectations and Demands	Communication Methods	Response Measures
Shareholders & Investors	<ul style="list-style-type: none"> Stable investment returns Enhancement of corporate value Protection of shareholder rights Accurate and transparent information disclosure 	<ul style="list-style-type: none"> Annual general meetings Financial reports Corporate website Public announcements 	<ul style="list-style-type: none"> Hold general meetings Issue periodic and interim announcements Host performance briefings

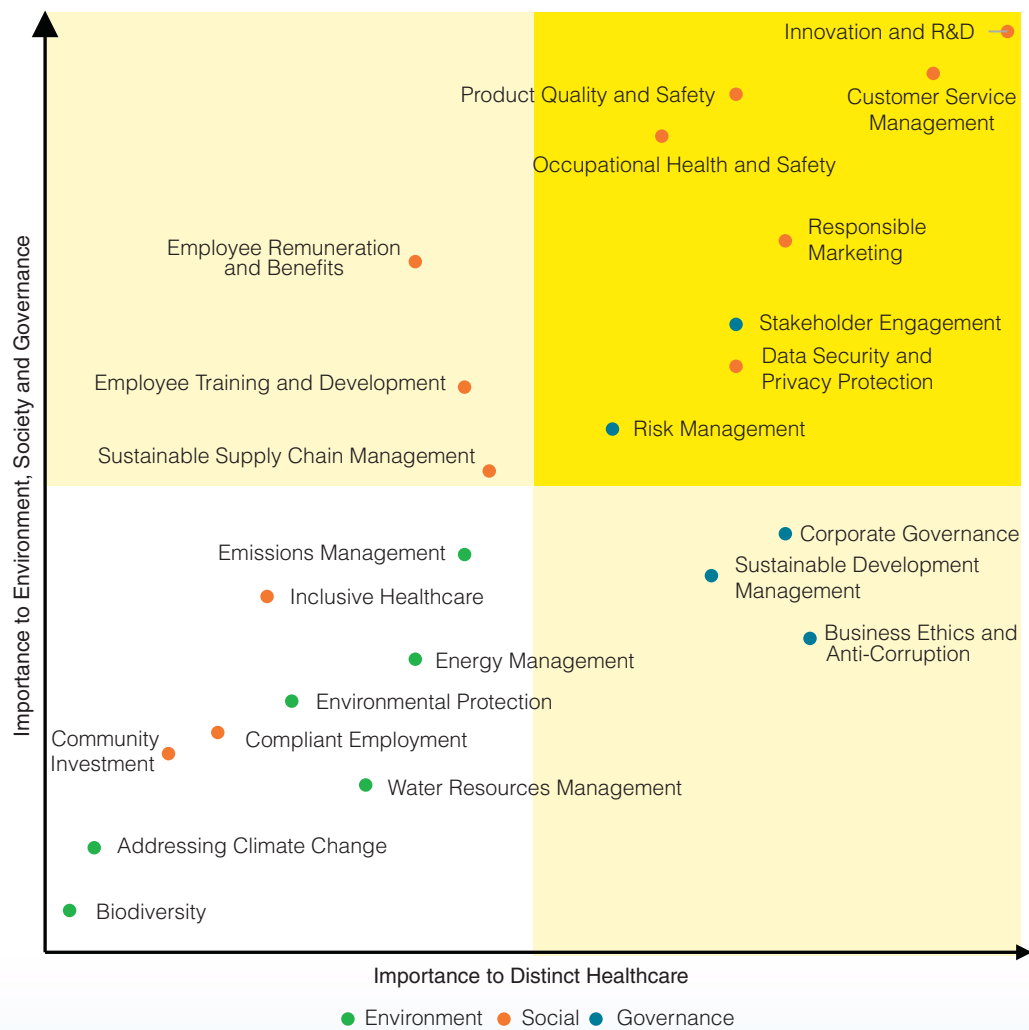
Environmental, Social and Governance Report

Stakeholder	Expectations and Demands	Communication Methods	Response Measures
Board & Senior Management	<ul style="list-style-type: none"> • Corporate strategy • Financial conditions • Risk management 	<ul style="list-style-type: none"> • Board meetings • Information disclosure • Corporate website • Announcements 	<ul style="list-style-type: none"> • Strengthen online interaction • Conduct offline activities
Customers	<ul style="list-style-type: none"> • Medical expertise and quality control • Customer privacy protection • Healthcare equity • Protection of Patients' and Their Families' Rights and Interests 	<ul style="list-style-type: none"> • Optimized cooperation platforms • Questionnaires • Satisfaction surveys • On-site visits 	<ul style="list-style-type: none"> • Improve diagnosis and treatment quality • Develop key medical specialties • Strengthen regional integration and medical alliances • Conduct patient satisfaction surveys
Employees	<ul style="list-style-type: none"> • Safe and healthy workplace • Fair remuneration and benefits • Open communication channels • Employee compensation and benefits 	<ul style="list-style-type: none"> • Questionnaires • Interviews • Meetings • Training • Company annual/quarterly/monthly meetings 	<ul style="list-style-type: none"> • Promote corporate culture • Ensure workplace health and safety • Conduct employee satisfaction surveys • Maintain open communication • Enhance employee benefits
Government & Regulators	<ul style="list-style-type: none"> • Tax compliance • Operational transparency • Compliance with laws and regulations • Occupational health and safety 	<ul style="list-style-type: none"> • Visits • Information disclosure • Regulatory briefings • On-site and off-site supervision 	<ul style="list-style-type: none"> • Mandatory or voluntary disclosure • Legal and compliant operations • Improved performance and tax payment • Implementation of national strategies
Suppliers & Partners	<ul style="list-style-type: none"> • Fair competition • Business ethics and integrity • Win-win cooperation • Internal control and whistleblowing • Long-term stable cooperation 	<ul style="list-style-type: none"> • Public procurement information • On-site visits • Ongoing communication • Audits • Strategic cooperation • Digital management systems 	<ul style="list-style-type: none"> • Establish supplier management mechanisms • Maintain supplier databases • Strengthen communication and collaboration
Community & Public Welfare	<ul style="list-style-type: none"> • Environmental protection • Inclusive healthcare • Ethics 	<ul style="list-style-type: none"> • ESG Reports 	<ul style="list-style-type: none"> • Drive employment and local economic development

1.2.3 Materiality Assessment

The Company conducts regular ESG materiality assessments to clarify priorities and respond to stakeholder needs. In 2025, based on corporate strategy, peer benchmarking, domestic and overseas policy research, stakeholder engagement, expert opinions and industry trends, the Company identified 23 material ESG topics and ranked them by importance to form the annual materiality matrix.

Table: Distinct Healthcare ESG Materiality Matrix



Environmental, Social and Governance Report

1.3 Risk Management

A sound risk management system is critical to long-term stable development. Distinct Healthcare has established a clear risk governance structure to strengthen proactive identification, assessment and response to risks. It also enhances internal control to support high-quality development amid industry changes.

1.3.1 Risk Control

The Company integrates risk prevention and control into corporate governance and operations. It has established a comprehensive risk management system consisting of the Board, senior management, Audit Committee, risk management officers and functional departments, conducting multi-level risk management to reduce operational risks.

Table: Distinct Risk Management Structure

Body	Responsibilities
Board of Directors	<ul style="list-style-type: none">Oversee implementation of risk management policies
Senior Management (CEO)	<ul style="list-style-type: none">Establish and maintain comprehensive risk management systemDefine risk strategy, policies, appetite, tolerance and frameworkEnsure the Company's operations are in full compliance with laws and regulationsApprove the risk management framework and provides relevant guidance to the senior management
Other Senior Management	<ul style="list-style-type: none">Implement the risk management strategies and policies formulated by the CEOImplement risk strategies develop risk identification, assessment, control, monitoring and reporting proceduresIdentify operational risks and implements corresponding control measures, as well as disseminates risk policies across all departmentsReport material risks to CEO
Audit Committee	<ul style="list-style-type: none">Supervise operational risksAssist the Board in providing independent opinions on financial reporting, internal control and risk managementOversee audit processes and fulfill relevant duties delegated by the Board
Risk Officers & Departments	<ul style="list-style-type: none">Implement risk policiesConduct risk identification, assessment, monitoring and reportingOperate risk framework and prepare regular reports

Meanwhile, the Company has built a full-chain compliance system covering operational qualification, personnel, services and information security through pre-review, dynamic monitoring and regular training.

Environmental, Social and Governance Report

Table: Distinct Compliance Management

Type	Requirements
Operational Qualification Compliance	<ul style="list-style-type: none"> • Verify venue qualifications including property rights and fire safety • Complete all licenses before opening • Legal review of all permits for new or acquired clinics
Personnel Compliance	<ul style="list-style-type: none"> • Valid medical practitioner and nurse certificates with registration • Mandatory 3-day pre-job training and shadowing for new doctors • Monthly specialty meetings and clinical discussions attended by all doctors within the specialty
Service Compliance	<ul style="list-style-type: none"> • Obtain valid medical institution practice licenses for all clinical specialties operated at each clinic • Hold valid Class I, II and III medical device registration certificates for all care products sold, and ensure all relevant distributors and manufacturers possess corresponding qualifications for medical device operation and production
Information Security Compliance	<ul style="list-style-type: none"> • Core systems with customer data pass Class III Cybersecurity Certification

1.3.2 Internal Control

The Company recognizes that a sound internal control system supports stable operations. It has improved the internal control framework overseen by the Board and supervised by the Audit Committee, and conducts regular internal control reviews and special audits. Identified improvements are promptly rectified and reviewed to optimize processes.

1.4 Business Ethics

Distinct Healthcare adheres to high business ethics standards. It has established a robust anti-corruption and anti-fraud system, conducts regular integrity training, and implements a whistleblower protection mechanism to foster a transparent and fair operating environment.

1.4.1 Business Ethics Management

The Company complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other regulations. It has adopted the *Anti-Money Laundering and Counter-Terrorist Financing Measures* and the *Anti-Fraud Management Rule*, with supporting the reporting and declaration processes. It promotes integrity requirements in the *Employee Handbook* to establish a full-process anti-fraud system.

No corruption-related litigation cases (initiated or concluded) were identified during the Reporting Period.

Meanwhile, the Company regularly conducts anti-corruption training to strengthen the integrity awareness and compliance capabilities of all employees. We have launched anti-corruption training courses including anti-fraud management system training and conflict of interest declaration training. We also require 37 employees in relevant positions to sign the *Declaration of Potential Conflicts of Interest* on an annual basis and conduct annual self-review procedures on integrity and compliance.

Environmental, Social and Governance Report

During the Reporting Period, the Company organized training on integrity development and anti-corruption, covering 1,652 employees. Neither the Company nor its employees was involved in any corruption-related litigation during the Reporting Period.

1.4.2 Whistleblower Protection

The Company maintains a safe and credible internal oversight system. It has established an Anti-Fraud Committee and a Whistleblowing Panel to enforce whistleblowing procedures in the *Anti-Fraud Management Rule*, providing secure channels for staff to report violations. The Company protects whistleblower identities to ensure fair and timely handling.

Zero tolerance is applied to retaliation against whistleblowers, complainants or investigators. Serious cases will result in termination of employment and legal action.

2 Excellent Quality for Trusted Care

As a leading high-quality, digital healthcare brand, Distinct Healthcare upholds “returning to the essence of healthcare” and drives innovation to deliver premium services.

2.1 Innovation and R&D

Distinct Healthcare attaches great importance to promoting the R&D of innovative healthcare services based on users’ health needs. Faced with the new opportunities brought by artificial intelligence, the Company continuously optimizes and improves its innovative R&D system, constantly launches innovative diagnosis and treatment models, advances the work of intellectual property protection. In addition, the Company pays attention to the frontier development trend of the industry and actively explores new opportunities in the medical service industry.

2.1.1 R&D System

Distinct Healthcare focuses on the development trends of family long-cycle health management and smart healthcare industries, and has established a comprehensive R&D and innovation system. The Company has formulated rules such as the *Distinct Healthcare Software R&D Process Management Specifications* and the *Project Approval Process for Major Software R&D Projects* to ensure the smooth progress of R&D projects and support the R&D team to carry out their work efficiently.

In 2025, Distinct Healthcare focused on its digital-intelligent transformation strategy by establishing an “AI Technology Breakthrough Team” to comprehensively seize product development opportunities under the advancement of artificial intelligence. To ensure that R&D innovations are accurately implemented at the clinical frontlines, the Company promoted an in-depth co-creation mechanism, deeply integrating product development outcomes with frontline business units. We appointed product development liaisons within the highest decision-making bodies of each department and deployed R&D engineers to gather requirements in real-world settings, thereby strengthening pilot implementation and feedback collection for R&D products.

At the same time, upholding the philosophy of talent-driven innovation, we are committed to building a high-quality R&D team. We continuously introduce key talents in algorithm and AI application development, and through initiatives such as internal technical sharing sessions and AI application competitions, we consistently empower medical service R&D efficiency with AI technology. Additionally, the Company engages in in-depth collaborations with universities to establish an industry-academia-research ecosystem, thereby continually expanding R&D talent resources. In the future, the Company will continue to be guided by user needs and user experience, steadily increase investment in innovative R&D talent, strengthen technology transfer and product iteration, and promote the synergistic upgrade of technology, products, and services.

Case: Distinct Healthcare Participates in CAAI Frontier Forum

In October 2025, Distinct Healthcare was invited to attend the 2025 CAAI Frontier Forum on Embodied Intelligence and Smart Healthcare. During the forum, the Company's Chief Technology Officer delivered a keynote speech entitled *"Adapting Teaching Methods to Circumstances: AI Transformation Practices in Private Medical Institutions"*, systematically sharing the Company's practical paths and innovative achievements in empowering medical scenarios with artificial intelligence technologies. This participation further facilitated the in-depth integration of embodied intelligence technology and medical services, demonstrating Distinct Healthcare's leading role in promoting the implementation of "AI + Healthcare" scenarios and exploring new models of smart healthcare, and providing practical examples for the upgrading of medical service models and the construction of a health ecosystem.



Figure: Sharing at the CAAI Frontier Forum

2.1.2 Innovative Diagnosis and Treatment

To continuously meet customers' demand for high-quality and personalized medical services, Distinct Healthcare has launched a variety of innovative diagnosis and treatment services to provide customers with full-cycle health management and steadily enhance their sense of health gain and satisfaction.

Table: Distinct Healthcare Innovative Services

Personal Doctor Service	Personalized full-cycle health management with dedicated online and offline privileges for one-stop care.
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In addition, with regard to supporting diagnosis and treatment services, relying on the in-depth application of artificial intelligence technologies in business scenarios, we have launched a series of intelligent auxiliary diagnosis and treatment services. This has continuously improved the intelligence level and quality of healthcare services, and comprehensively strengthened our ability to provide high-quality, accessible, and precise medical services in the AI era.

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Table: AI-enabled Service Achievements

AI-enabled appointment processing and Intelligent customer service	It provides 7×24-hour online consultation and efficient human-AI collaborative intelligent appointment verification, optimizes service processes, significantly improves the AI customer service independent resolution rate, shortens the appointment verification cycle from 5 minutes to 1.5 minutes, and enhances customer experience and operational efficiency.
Digital Child Health Records	It upgrades traditional paper manuals to standardized electronic medical records, greatly improves the efficiency of medical care collaboration and customer experience, marking an important milestone in specialty digitalization.
AI + CRM	AI automatically identifies follow-up items arising from clinical instructions (e.g., return visits, examinations and reminders) and creates tasks in the CRM, enabling “care team + AI” collaboration. In 2025, the system covered four major scenarios – Dermatology, Eye Care, Insurance and General – and achieved 100% entry of instructions with closed-loop follow-up. During the Reporting Period, AI created 84% of patient recall tasks; the return-visit rate within 60 days after task creation increased from 46% to 52%. These processes are now managed in a controllable, traceable and continuously optimisable loop, reducing frontline workload and embedding AI in lean operations and long-term customer management.
AI-Assisted Prescription Review	Adopting the strategy of “strict machine review plus manual verification”, it greatly improves review efficiency and unifies quality control standards while unlocking the professional productivity of pharmacists.
AI-enabled Follow-up	We extended high-quality care into the post-visit services through AI-enabled follow-ups, as an important driver of engagement. In November 2025, we launch AI-supported post-visit follow-ups, and providing efficient, high-quality follow-up services to nearly 10,000 users per month. This enables full-cycle service coverage, strengthens engagement and brand equity, and – together with our one-stop model and membership system – forms a virtuous cycle.
Omnichannel Communication Analysis	It uses AI to conduct full semantic analysis and quality control of doctor-patient interactions, realizing the transformation of service quality management from manual sampling to data-driven supervision.

Future, the Company will build an AI-enabled personal health data hub to drive R&D toward “data assetization” and “management intelligence.” We will achieve transparent health services, precise decision-making, and proactive health intervention, completing the model upgrade from traditional diagnosis and treatment to full-cycle health management.

2.1.3 Intellectual Property Protection

Distinct Healthcare places intellectual property protection at the core of its innovative development and is committed to establishing a sound and rigorous intellectual property protection system. The Company strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and other laws and regulations, and has formulated internal policies including the *Distinct Healthcare Intellectual Property Management Policy* to strictly administer its intellectual property-related activities.

In addition, we continuously promote the responsible management and procedural standardization of intellectual property. The Administrative Department of the Company, as the leading department for intellectual property management, takes full responsibility for the full life cycle management of intellectual property rights, including ownership definition, application and registration, protection and maintenance, usage management, licensing and authorization, and transfer and disposal. To strengthen the standardized and refined management of intellectual property assets, the company has established a complete trademark management ledger and dynamically carries out the registration, maintenance, and value management of core intellectual property assets such as software copyrights and patents according to business development needs. This effectively improves the systematicness and compliance of intellectual property management and supports the sustainable development and innovation capacity building of the enterprise.

Trademark Usage Rules

Differentiated and localized management of logos and brand names shall be implemented according to usage scenarios (clinics/e-commerce) and regions (China, Singapore, Malaysia, etc.).

Trademark Application Rules

Overall planning shall be adopted for protection by category, including brand, clinic and e-commerce. Applications are mainly business-oriented and driven by copyright protection needs, with high-priority classes clearly defined, such as medical treatment, health food, cosmetics, etc.

Figure: Distinct Healthcare Trademark Management Rules

As of the end of the Reporting Period, we had 90 registered trademarks, 5 software copyrights, 8 work copyrights. Application for 31 trademarks and 2 patents are in process.

2.1.4 Industry Ecosystem Development

Distinct Healthcare actively participates in industry ecosystem development and continuously promotes the standardization and regulation of healthcare services. The Company deeply engages in medical development, shares cutting-edge technological innovation achievements, and organizes professional seminars and industry exchange activities to facilitate open collaboration in technologies and service models.

Case: Distinct Healthcare held Doctors' Academic Annual Conference

In 2025, Distinct Healthcare held a total of 8 doctors' academic annual conferences, with a total of 513 participants. Covering multiple key disciplines, the conferences addressed various needs including clinical practice, interdisciplinary collaboration, brand communication and business strategies, so as to enhance the professional competence of the medical team and the overall competitiveness of the medical institution. The topics of the specialized sessions included setting discipline development goals, TED-style frontier sharing, regional MDT construction, price system optimization, customer reputation improvement and service process reengineering, which comprehensively promoted knowledge exchange and sharing across the industry.



Distinct Healthcare Doctors' Academic Annual Conference

2.2 Attentive Services

Distinct Healthcare takes medical quality as the core of medical service management, continuously improves the quality of medical services, and provides customers with professional diagnosis and treatment experiences. Meanwhile, we fully protect customers' private data, adhere to transparent and responsible marketing practices, and deliver attentive, efficient, and reliable full-cycle health services to customers.

2.2.1 Medical Service Standards

Distinct Healthcare provides one-stop family care that leverages an integrated online-offline ecosystem. With a full range of specialties including pediatrics and well-child check-ups, dentistry, eye care, dermatology, adult health management and health check-ups, and physical therapy, we are able to service multiple family members across the life cycle.



Figure: Distinct Healthcare Service Model

Distinct Healthcare continuously promotes the development of its medical service quality management system. The Company has formulated the *Surgery Admission Rule*, *Grading Nursing Rule*, and *Specifications for Writing and Management of Outpatient Medical Records of Distinct Healthcare*, which standardize and refine the management of key links in medical services and integrate quality management requirements into all critical stages of care delivery.

During the year, focusing on the core goal of “improving medical quality and ensuring patient safety”, the Company implemented various measures to monitor medical quality risks, including dynamic identification, quantitative assessment, and closed-loop tracking of historical issues, to ensure the stable operation of the medical quality system and drive continuous improvement of medical quality.

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Table: Distinct Healthcare Quality Risk Management Measures

Dynamic and Multi-dimensional Monitoring System	
Indicator Dynamic Management	Distinct Healthcare has established a full-process quality control dashboard system covering medical services, including core modules such as nosocomial infection management, nursing quality, and key quality indicators of clinical departments, realizing real-time data updates and synchronization to fully support the visual management and continuous improvement of medical quality.
Indicator Multi-Dimensional Monitoring	The identification scope fully covers key areas such as infection control, sterilization biological monitoring, and equipment & consumable management. Specific monitoring frequencies are set for different medical items such as dental water, endoscopes, and surgical instruments to ensure timely risk identification.
Data-Driven Identification	By integrating dashboard data, managers can grasp the details, target pass rates, and actual achievement status of each indicator in real time. Relying on the built-in automatic early-warning mechanism, abnormal indicator data can be instantly sent to relevant persons in charge of infection control and medical quality management, enabling early detection and early intervention of problems. The risk identification model has been transformed from “passive reporting” to “active monitoring”, comprehensively enhancing the foresight and response efficiency of medical quality and safety control.

Comprehensive Management Including Quantitative Scoring, Attribution Analysis, Rectification and Continuous Tracking

Unannounced Inspections	On the basis of daily quality management, unannounced inspections are carried out. Standardized scoring models and data analysis methods are adopted to quantitatively assess risks of each diagnosis and treatment unit, ensuring the comparability of risk levels and the priority of rectification.
Quantitative Scoring System	A dimensional weighted scoring method is adopted to assign corresponding scores to different quality risks. By setting indicator upper limits and target pass rates, scores of each dimension are directly calculated to intuitively reflect risk control levels.
Attribution and Tracking Evaluation	Macroscopic statistics of annual patient safety incidents are conducted from overall, regional, and medical specialties dimensions, with in-depth analysis from attribution dimensions. Combined with specific issues, continuous tracking and evaluation of historical key issues are carried out to judge the effectiveness of rectification measures, forming a closed-loop management system of “identification – assessment – rectification – re-evaluation”.

Distinct Healthcare deeply integrates medical process optimization, intelligent tool identification, and data visualization technologies to build a full-process medical quality management system covering pre-prevention, in-process control, and post-improvement, comprehensively enhancing the foresight, accuracy, and closed-loop management capability of quality management.

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Optimize the Reporting Process

- Integrate the patient safety incident reporting process and embed AI-assisted tools to automatically organize fragmented information into logically rigorous attribution analyses, significantly reducing manual collation time.

Build a Knowledge Shared-Base

- Share typical safety incidents, compile attribution analyses and rectification suggestions into standardized documents, push them to relevant specialties or medical staff, and design online assessments to ensure personnel master relevant knowledge.

Equipment Monitoring and Intelligent Early Warning

- Connect physical monitoring records of equipment such as autoclaves, use AI algorithms to automatically identify abnormal data and trigger an early warning mechanism, promptly notify relevant personnel for handling, and realize proactive risk intervention.

Data Analysis and Visualization Platform

- Distinct Healthcare has established a medical safety incident monitoring dashboard and built an automated data aggregation and intelligent analysis platform, which supports multi-dimensional customized data scopes and flexibly generates statistical analysis reports and visual charts. This helps managers at all levels grasp the real-time and dynamic status of medical quality and safety operations, comprehensively improves risk early warning capabilities and decision-making response efficiency, and effectively safeguards patient safety and the sustainability of medical services.

Table: Distinct Healthcare Quality Management Improvement Initiatives

2.2.2 Customer Service Experience

Distinct Healthcare attaches great importance to customer service experience and puts customer satisfaction first. We systematically standardize the process of acceptance, assignment, handling, and closed-loop management of customer complaints and suggestions to ensure timely response, standardized disposal, and traceable results. The Company has established multiple channels to extensively collect customer feedback and carry out special rectification for feedback issues to continuously improve service quality and customer trust.

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Table: Distinct Healthcare Customer Feedback Channels

WeChat Work	400 Service Hotline
Post-treatment Follow-up	Mini Program Online Customer Service
Weibo/Xiaohongshu/Official Accounts	Clinic Telephone
NPS & CSAT Callback Surveys	Member Annual Survey Questionnaires
WeChat Mini Program/APP Feedback Portal	In-clinic QR Code Feedback
Special Customer Interviews	...

Meanwhile, we have established a hierarchical response mechanism for customer complaints to ensure timely registration, accurate assignment, and efficient handling of complaints. Hierarchical management achieves dual guarantees of response speed and handling quality, continuously improving customer experience and service governance.

In addition, we conduct regular customer satisfaction surveys and optimize service processes and medical experience accordingly. We distribute NPS questionnaires or visit satisfaction questionnaires to all individual customers, covering dimensions such as condition management experience, appointment services, doctor-patient communication, willingness to recommend, process smoothness, and service responsiveness.

For institutional clients, we systematically conduct key scenario surveys covering service experience, including willingness to recommend, process smoothness, and service responsiveness, to comprehensively evaluate customer satisfaction. Meanwhile, we have established a customer satisfaction improvement mechanism covering three levels: service awareness, professional capability, and value extension, achieving a value upgrade from “customer satisfaction” to “customer trust,” and continuously promoting service quality optimization and customer value enhancement.

In 2025, the Company collected 31,102 valid questionnaires on medical visit satisfaction from individual customers, with an overall customer satisfaction rate of 97.8%; 6,619 NPS questionnaires from individual customers, with an NPS score of 87.3%; and the overall satisfaction rate of institutional customer surveys reached 95%.

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Table: Distinct Healthcare Institutions Customer Satisfaction Enhancement Mechanism

Service Awareness	Various docking methods and information synchronization mechanisms are established to ensure that customers receive timely responses when encountering problems at any stage and build trust with customers.
Professional Capability	The professionalism of medical services is transformed into customer-perceived touchpoints. A standardized service journey is formed from the smoothness of the reception process, clarity of medical communication, to convenience of environmental guidance. Meanwhile, differentiated service contents are formulated for customers from different channels to ensure high-quality delivery of every service.
Value Extension	Regularly review cooperation data, explore potential customer needs, and create incremental value for customers.

2.2.3 Patient Privacy Protection

Distinct Healthcare has always regarded patient privacy protection as the lifeline of information security governance. We strictly comply with the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and other laws and regulations, and formulate internal rules such as the *Patient Privacy Protection* and the *Specifications for Account Permission Management of Core Operating Rule* to protect customer privacy to the greatest extent.

We publicly display and sign the *Privacy Agreement* with customers on the WeChat Mini Program, strictly following the "Principle of Least Privilege". Through refined Role-Based Access Control (RBAC), patients' full rights to know and choose regarding the collection, storage, and use of their personal data are fully protected.

During the year, Distinct Healthcare integrated cutting-edge technologies and management frameworks to develop a series of customer privacy protection measures, turning data security management capabilities into a solid foundation for customer trust. As of the end of the Reporting Period, no customer privacy leakage incidents occurred.

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Table: Distinct Healthcare Privacy Protection Measures

Compliance Certification and Filing	<ul style="list-style-type: none"> • Class III Cybersecurity Certification Annual Review: In 2025, the Company’s core operating systems successfully passed the national Class III Cybersecurity Certification, proving that the Company has national-level security protection capabilities against attacks and leaks. • Advancement of Algorithm Filing: In 2025, the Company initiated the national algorithm filing for AI-assisted diagnosis and treatment applications. By early 2026, the relevant algorithms had officially obtained regulatory approval, marking that the transparency and safety of the Company’s algorithm logic have been recognized by regulators.
Strict Technical Protection	<ul style="list-style-type: none"> • Physical & Network Isolation: All cloud service resources of the Company are deployed in secure zones. Except for the front-end customer interaction interface, back-end services and core databases are strictly physically isolated between internal and external networks, allowing only authorized access, effectively blocking external network attack paths. • Full-chain Encrypted Transmission: All data transmission adopts HTTPS encryption protocol to ensure the confidentiality and integrity of data in transit.
Multi-dimensional Privacy Anonymization Technology	<ul style="list-style-type: none"> • Automated Anonymization Tools: For key customer identity information, standardized automatic anonymization tools are applied for de-identification. In scenarios such as AI model invocation and product & research analysis, the system automatically disconnects the association between medical record texts and identity fields, realizing “usable but unrecognizable” data. • External Collaboration Risk Control: In product and research cooperation with external institutions, all transmitted data are strictly de-identified to ensure that third parties cannot reversely trace customer identities through data association.
Full-staff Security Awareness Closed Loop	<ul style="list-style-type: none"> • NDA & Compliance Assessment: All employees and external partners of the Company must sign Non-Disclosure Agreements (“NDA”). • Training & Access: In 2025, the Company conducted company-wide information security training. All employees must pass special examinations, building a solid internal information security cultural defense line.

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2.2.4 Responsible Marketing

Distinct Healthcare strictly complies with the *Advertising Law of the People's Republic of China*, the *Basic Medical and Health Care and Health Promotion Law of the People's Republic of China*, the *Regulations on the Administration of Medical Institutions*, the *Measures for the Administration of Internet Information Services*, the *Measures for the Administration of Medical Advertisements*, and other laws and regulations. It has formulated internal management rules such as the *Brand and Marketing Management Standards* to ensure that all product and service promotions are conducted within a legal and compliant framework, eliminating any exaggerated or false information.

Table: Distinct Healthcare Responsible Marketing Principles

Authenticity Principle	All product functions, service effects, data citations, honors, and qualifications stated in promotional materials must be supported by conclusive evidence and facts.
Compliance First Principle	Materials for major marketing projects and daily promotional content must undergo pre-review by the legal and compliance department to ensure that the form and content of activities comply with laws and regulations.
Moderate Commitment Principle	Marketing wording and commitments must be based on the actual capabilities of products or services, avoiding over-commitment or unrealistic customer expectations.

Distinct Healthcare attaches great importance to the strict review and continuous optimization of marketing content. It consistently monitors and reviews user feedback, organizes regular meetings to review customer complaint cases and learn from outstanding marketing practices in the industry. Through practical cases, the Company enhances its user-centric awareness and capabilities, and continues to provide customers with responsible marketing content and services.

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In addition, the Company regularly organizes “Responsible Marketing and Advertising Law Compliance” training for all content planners, customer service personnel, and marketing staff. The training covers interpretation of the latest regulations, analysis of typical cases, internal red-line clauses of the Company, regulatory requirements for self-media and social media platforms, and guidelines for compliant wording, ensuring frontline personnel understand and abide by the law and avoid illegal promotions.

Case: Full-process Standardized Practice of Distinct Healthcare “Double 11” Special Promotion

In the third quarter of 2025, Distinct Healthcare planned and implemented a large-scale “Double 11” themed promotion, integrating the concept of responsible marketing throughout the entire process.

- Planning stage: Conduct pre-compliance review of the promotion plan, strictly avoiding absolute terms such as “most” and “No.1” to ensure truthful, accurate, and verifiable promotional content;
- Pre-event: Collect and submit all images, texts, videos, landing pages, etc., to the compliance department for unified review, realizing standardized control of content and form;
- During the event: Establish a multi-channel monitoring mechanism to track social media and customer service feedback in real time, and promptly respond to and handle relevant inquiries and complaints.

Through a systematic and closed-loop management process, the campaign not only achieved business objectives but also fully fulfilled the Company’s commitment to authentic, transparent, and responsible marketing.

3 Outstanding Environmental Protection for Eco-Sustainability

Distinct Healthcare has always promoted green development with a high sense of environmental responsibility, continuously improving its environmental management system, strictly controlling pollutant emissions, and taking concrete actions to reduce the impact of its operations on the environment. We actively promote resource conservation and efficient utilization, proactively address climate-related risks and opportunities, pay attention to the impact on ecosystems in business operations, and help promote the green and sustainable development of the medical industry.

3.1 Environmental Management

Distinct Healthcare strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Regulations on the Administration of Medical Wastes*, and other laws and regulations, also has formulated and implemented internal environmental management rules including the *Implementation Rules for Medical Waste Management* and the *Procedures for Disinfection, Monitoring and Sampling of Sewage Treatment Equipment*, and strictly classifies and handles medical waste as well as regulates sewage discharge. No environmental violations occurred during the Reporting Period.

We fully integrate environmental factors into corporate governance considerations. The Board of Directors of the Company is the highest decision-making body for environmental management matters, fully responsible for overseeing and identifying environment-related risks and opportunities of the Company.

3.2 Resource Utilization

Efficient resource utilization is a key part of environmental management. Distinct Healthcare reduces operational energy consumption by implementing energy management measures and actively promotes green practices in the office environment to reduce energy and resource consumption and fulfill environmental responsibilities.

3.2.1 Energy Management

Distinct Healthcare strictly follows the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Regulations on the Administration of Pollution Discharge Permits*, and other laws and regulations, and has formulated a series of environmental management, energy conservation, and emission reduction measures. Meanwhile, based on the actual business situation, we continuously revise and improve internal rules, strictly manage energy and resource utilization, and continuously improve resource use efficiency.

Table: Energy and Resource Management Initiatives

-
- Regularly monitor energy use and resource consumption
 - Promote water-saving equipment renovation
 - Post water-saving signs in the workplace to raise employees' water conservation awareness
-

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During the Reporting Period, the Energy Usage Details of Distinct Healthcare are as follows:

Category	Item	Unit	2025 Data
Energy Use	Gasoline Consumption	Liters	1,440
	Electricity Consumption	kWh	4,261,131.83
Water Use	Total Water Consumption	Tonnes	46,750.75

3.2.2 Green Office

Distinct Healthcare fully promotes the green office concept at its operating locations. The Company has launched a series of initiatives to advance green office practices, turning the sustainability concept into perceptible and participatory daily actions.

Use of Online Systems

- Encourage the use of online systems to collect patients' pre-consultation data and reduce the use of paper documents.

Recycling of Reusable Paper

- Set up waste paper bins to collect single-sided used paper and other reusable paper.

Promotion of Waste Sorting

- Promote proper waste sorting, provide recycling facilities, and conduct regular waste disposal.

Sending Energy-Saving Reminders

- Disseminate energy-saving reminders to staff, and ensure all indoor lights, electronic devices and air conditioning are promptly switched off upon departure from offices and medical facilities.

Figure: Distinct Healthcare Green Office Initiatives

3.3 Addressing Climate Change

Distinct Healthcare has established an emergency response plan system for extreme climate change to comprehensively address physical risks brought by extreme weather events. In the event of extreme natural weather, the Company promptly responds to the policy guidelines of government agencies in the operating locations, prioritizing the safety and health of employees. For major operational impacts such as asset damage and supply chain disruptions caused by extreme climates, the Company quickly activates emergency response and disaster preparedness mechanisms. Through resource allocation, business continuity planning, and multi-level collaborative linkage, the negative impact of climate change on the continuity of medical services and operational stability is minimized, effectively enhancing climate resilience and demonstrating the Company's firm commitment to sustainable development and social responsibility.

4 Empowering People for Shared Success

Distinct Healthcare adheres to a people-oriented development philosophy. We strictly comply with the principles of compliant employment, safeguard employees' rights and interests, and provide a safe and healthy working environment for employees. Meanwhile, the Company supports employee growth through a systematic training system and sound promotion channels to achieve common development of the enterprise and its employees.

4.1 Compliant Employment

Distinct Healthcare upholds a diverse, equal, and inclusive employment philosophy, strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, and other labor laws and regulations, earnestly safeguards employees' legitimate rights and interests, adheres to post orientation and equal pay for equal work in compensation and promotion, eliminates all forms of discrimination, and strives to build a fair and harmonious workplace.

4.1.1 Employee Employment

We strictly abide by the principle of legal employment and explicitly prohibit the employment of child labor and all forms of forced labor. In the recruitment process, the Company requires all applicants to provide valid identity certificates to the human resources department and complete background checks before employment to confirm their legal employment qualifications. If any applicant is found to have violated labor laws and regulations, the Company will immediately terminate the employment relationship and take corresponding measures in accordance with regulations.

In the recruitment process, Distinct Healthcare adheres to the principles of openness, equality, competition, and merit-based selection. Through multiple channels such as campus recruitment, social recruitment, and internal referrals, we extensively attract outstanding talents, continuously optimize the talent structure, and provide solid talent support for enterprise development. As of the end of the Reporting Period, the number of full-time doctors had increased to 399.

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Table: 2025 Employee Profile of Distinct Healthcare

Classification	Type	Headcount
Gender	Male	223
	Female	1,501
Age	Under 30	519
	30-50	1,169
	51 or above	36
Region	China (including HK, MO, TW)	1,702
	Outside China	22
Employment Type	Senior Management	7
	Middle Management	23
	Non-management	1,694
Total		1,724

No incidents of child labor or forced labor occurred during the Reporting Period.

4.1.2 Employee Rights and Interests

Distinct Healthcare strictly complies with the *Social Insurance Law of the People's Republic of China* and other relevant laws and regulations, adheres to a fair, transparent, and sustainable employee rights protection mechanism. Through a market-competitive compensation system and a comprehensive non-statutory welfare system, we effectively enhance employees' sense of gain and belonging, fully demonstrating the enterprise's respect for employee value and long-term commitment.

We continuously optimize the compensation management system through job value evaluation, market compensation benchmarking, etc., and strictly eliminate discriminatory compensation arrangements. Meanwhile, we conduct regular supervision through internal audits to ensure employee compensation matches job responsibilities and performance. In 2025, Distinct Healthcare optimized the compensation structure for frontline positions, introduced a more refined workload accounting mechanism, and directly linked employee compensation to key performance factors such as work content, task difficulty, and service quality. This measure effectively strengthened the rationality and fairness of compensation incentives, earnestly protected employees' legitimate rights to remuneration based on work, and fully reflected the Company's respect and recognition of employees' value contributions.

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On the basis of statutory benefits, Distinct Healthcare further enriches non-statutory benefits and care arrangements to comprehensively support employees' work and life. The Company legally pays social insurance and housing fund for all employees, provides supplementary commercial insurance, and establishes an enterprise annuity for the physician group to support long-term security for employees. Meanwhile, we strictly implement statutory leave, provide exclusive benefits for festivals and birthdays, and award honorary benefits to long-serving employees in tribute to their long-term companionship and contributions. In addition, we continuously improve employees' medical security and build a full-process health welfare system covering prevention, diagnosis, treatment, and rehabilitation to effectively enhance employee care.

Case: Annual Physical Examination and Influenza Vaccine

In 2025, Distinct Healthcare provided annual physical examinations for employees and arranged free influenza vaccinations in autumn and winter, covering all costs, strengthening disease prevention and protecting employees' health.

4.2 Occupational Health and Safety

Distinct Healthcare has always taken employee health and safety as a key management focus for sustainable development. We strictly comply with national laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on Work-Related Injury Insurance*, the *Regulations on the Administration of Medical Wastes*, and formulate and implement internal management rules including the *Specifications for the Use of Protective Equipment*, the *Guidelines for Occupational Exposure Protection*, the *Quick Response Manual for Major Equipment*. For key areas such as disinfection management, chemical safety, and infectious disease prevention and control, we have issued detailed special procedures including the *Cleaning and Disinfection Methods for Dental Goggles/Face Shields*, the *Guidelines for Responding to Hydrofluoric Acid Gel Splashing Cases*, the *Guidelines for Safe Operation of Dental Hazardous Materials*, the *Guidelines for Tuberculosis Infection Control*, forming a full-chain and full-scenario safety production and occupational health management system, realizing systematic, standardized, and refined safety management.

In addition, for key safety areas such as fire safety and extreme weather, we have formulated standardized emergency response plans. Through regular safety training, high-frequency emergency drills, and systematic safety assessments, we continuously enhance all employees' risk prevention awareness and emergency response capabilities to effectively protect employees' health rights and interests. In 2025, Distinct Healthcare conducted approximately 170 emergency drills throughout the year, covering scenarios such as occupational exposure, first aid, infection control, equipment inspection, and power outage emergencies.

During the Reporting Period, a total of 105 working days were lost due to work-related injuries, and no work-related fatalities occurred.

4.3 Employee Training and Development

Distinct Healthcare has always regarded talent development as the core driving force for the sustainable development of the enterprise. We have established a systematic promotion mechanism to provide employees with clear and smooth career development paths. Meanwhile, we continuously improve the multi-level training system and provide employees with continuous capability improvement and growth support through diversified and customized learning programs and resources.

4.3.1 Transparent Promotion Mechanism

Distinct Healthcare continuously fulfills the mission of “To provide a platform for our employees that offers sustainable development and realizes their self-worth”. We closely integrate scientific and fair performance management with the employee promotion mechanism to jointly form a systematic path for talent growth. The Company conducts performance evaluations in accordance with the *Distinct Healthcare Performance Appraisal Management Measures*, and links evaluation results to employees’ year-end bonuses and promotion opportunities, providing career development support for outstanding employees and building a sound mechanism where rewards match contributions and the capable advance. Meanwhile, we attach great importance to the guiding role of cultural values in performance evaluation. We have formulated the *Values Assessment Standards*, which translate the core values advocated by the Company into observable and evaluable behavioral indicators. We have also integrated values performance into the performance appraisal system and closely linked it with employee incentives, promotion and development to ensure that the evaluation criteria are clear, objective and implementable.

In addition, the Company has built a dual-career development path system for employees. The professional track focuses on in-depth technical expertise and core capability improvement, encouraging employees to become expert talents in medical, technology, operation, and other fields. The management track emphasizes leadership development, teamwork, and resource integration capability improvement, providing systematic training and promotion support for employees aspiring to management positions. Through the parallel dual-track mechanism, talent potential is fully stimulated, promoting resonance between personal value and organizational development, and effectively driving sustainable talent development and organizational innovation capability.

4.3.2 Training & Development

Based on business development and overall strategy, Distinct Healthcare has established a systematic training system to provide targeted training support for employees at different stages and positions, building a medical talent team with outstanding professional capabilities and excellent comprehensive quality.

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Table: Distinct Healthcare Training System

Trainees	Training Mode	Training Content
New Employee Onboarding Training	<ul style="list-style-type: none"> Combination of online and offline, sustainable learning resources for new employees 	<ul style="list-style-type: none"> General Training: Familiarize with corporate culture, policies, quality safety, and service requirements Professional Training: Improve professional skills through theory, practice, mentoring, and assessment
Leadership Training	<ul style="list-style-type: none"> Customise and deliver targeted training programmes to address competency gaps among managers 	<ul style="list-style-type: none"> Tailored management capability training

In addition, to support business expansion and organizational development, the Company has established a talent development system centered on the Distinct Leadership Model. This model carries out systematic internal talent assessment and selection based on six dimensions: self-motivation, user-centric thinking, diverse cognition, execution capability, collaboration effectiveness, and team building. Through specialized talent reviews, the Company strengthens awareness of management team echelon construction, and advances in tandem the High-Potential Talent Development Program and the daily coaching mechanism for business supervisors. It continuously supplies frontline operations with core talents with management potential, effectively safeguarding the talent needs for clinic network expansion and business growth. During the Reporting Period, Distinct Healthcare conducted 16 leadership training programs themed on management capabilities.

Table: 2025 Training Statistics of Distinct Healthcare

Classification	Type	Trainees	Hours
Gender	Male Trainees	179	874
	Female Trainees	1,473	9,661
Employment Type	Senior Management Trainees	7	166
	Middle Management Trainees	23	2,132
	Non-management Trainees	1,622	8,237
Total Trainees		1,652	10,535

4.4 Employee Communication and Care

Distinct Healthcare regards employee communication and care as an important part of corporate culture building and team development. We actively build equal and open communication bridges, carry out diverse employee care activities, and actively promote employee satisfaction surveys, striving to create a respectful, inclusive, and warm working atmosphere and continuously enhance employees' sense of belonging and happiness.

4.4.1 Democratic Communication

Distinct Healthcare strictly establishes and improves a multi-channel employee appeal and feedback mechanism in accordance with the *Employee Handbook* and relevant management rules to ensure smooth, fair, and accessible communication channels.

-
- **Management Email:** In 2025, the Company set up a direct senior management email for all employees. Employees can directly feedback on business, management, process, and other issues, with special personnel responsible for follow-up to ensure frontline voices are promptly transmitted to management and common issues are publicly explained.
 - **CEO Mailbox:** Open to all employees, mainly accepting important matters such as improperly handled departmental issues, major management disputes, and violations of employee rights and interests.
 - **HRBP Regular Interviews:** HR Business Partners (HRBP) go deep into various business departments to take the initiative to understand employees' true thoughts and demands on work, development, management, etc., timely identify potential problems and assist in optimizing management methods.
 - **Channel Publicity:** Relevant email information is publicized through internal announcements, shared documents, and other channels.
-

4.4.2 Employee Care

Distinct Healthcare deeply integrates employee care into corporate culture, committed to building a respectful, inclusive, and belonging workplace. In 2025, the Company further improved a diversified care system covering all employees, focusing on special groups and female employees, practicing respect and support for every employee with concrete actions.

In terms of health protection, the Company provides annual physical examinations for all employees, adds exclusive female health programs, includes female employees' critical illness protection into the union mutual aid plan, and builds a full-cycle health support system through vaccination support, green medical channels, medical subsidies, etc., extending benefits to employees' immediate family members to achieve "employee-family" dual care.

Environmental, Social and Governance Report

In terms of female employee care, we strictly implement statutory rights such as maternity leave and breastfeeding leave, and provide special subsidies through the labor union to reduce the burden of childbirth. Meanwhile, we actively build clear career growth channels for female employees, attach importance to the selection and training of female management talents, create a fair and inclusive promotion environment, and help female employees achieve both career value and personal growth.

In addition, Distinct Healthcare gives full play to the bridge role of the labor union in connecting and serving employees, continuously strengthening the employee rights protection and mutual support system to effectively enhance employees' sense of belonging and security.

4.4.3 Employee Satisfaction

Distinct Healthcare attaches great importance to employee satisfaction and organizational health development, adheres to the orientation of employees' real experience, effectively improves employees' sense of identity and participation, and promotes collaborative development and value creation between the enterprise and employees.

Case: Company-wide Employee Satisfaction Survey

In the second quarter of 2025, the Company launched the “Your Voice, Jointly Build Excellent Reputation” employee satisfaction survey, covering all active employees with a participation rate of 82.4%. Based on the “Yang’s Triangle Framework” theory, the survey comprehensively diagnosed the organizational status around five core dimensions: strategic consensus, organizational capability, employee capability, employee mindset, and employee governance, accurately identifying strengths and areas for improvement, laying a solid foundation for building a high-satisfaction and high-cohesion organizational atmosphere.

5 Social Contribution for Inclusive Health

Distinct Healthcare adheres to the development philosophy of coexistence with responsibility and continuously creates sustainable industrial and social value. We are committed to building an efficient and responsible sustainable supply chain management system to ensure supply chain stability and resilience. Meanwhile, we actively participate in industry exchanges and engage in inclusive healthcare, contributing Distinct Healthcare's wisdom to the in-depth and healthy development of the medical industry.

5.1 Sustainable Supply Chain Management

Sustainable supply chain management is an important foundation for the long-term healthy development of an enterprise. We adhere to the principle of fair and transparent cooperation, strengthen full-cycle supplier management, fully integrate the ESG concept into supply chain practices, practice responsible procurement, continuously improve supply chain resilience, and lead the sustainable development of the supply chain.

5.1.1 Supplier Management

Distinct Healthcare regards supply chain management as a key link in ensuring medical quality and controlling operational risks. We always adhere to the principles of legal compliance, openness and transparency, strictly follow the *Tendering and Bidding Law of the People's Republic of China* and other relevant laws and regulations, and establish a sound full-lifecycle supplier management system. The Company implements strict access management for new suppliers through qualification review, compliance assessment, and authenticity verification, and completes comprehensive evaluation of qualifications, licenses, and performance capabilities to ensure controllable sources.

Meanwhile, we sign the *Quality Assurance Agreements* with key product suppliers and reserve multiple qualified suppliers to strengthen supply guarantee and risk diversification. In addition, we continuously carry out supplier quality audits and performance evaluations to promote continuous improvement of suppliers in product quality, delivery stability, and compliance levels.

5.1.2 Sustainable Supply Chain

Distinct Healthcare regards sustainable supply chain construction as a key path to achieve long-term corporate value and fulfill social responsibilities. The Company is committed to systematically reducing environmental, social, and governance risks in the supply chain while ensuring product quality and supply stability, promoting the green, fair, and resilient development of the industrial chain.

Distinct Healthcare always includes supplier integrity and compliance as an important part of supply chain management. Before formal cooperation, we sign *Supplier Anti-Fraud Commitments* with all suppliers, adhering to integrity and self-discipline as the basis for cooperation, maintaining a fair and transparent cooperation order, and laying a solid compliance foundation for sustainable supply chain construction.

5.2 Inclusive Healthcare

Distinct Healthcare gives full play to its professional advantages as a medical enterprise and regards inclusive healthcare as an important direction for improving national health literacy. We widely disseminate scientific and authoritative medical and health knowledge through a combination of online social media platforms and offline lectures to enhance public health literacy. The Company's official WeChat public account continuously outputs high-quality popular science content, focusing on health issues of public concern such as the risk of antibiotic abuse and safe medication for children under six years old, promoting the popularization of health knowledge and positive guidance of public health behavior in an easy-to-understand and scientifically rigorous manner.

5.3 Public Welfare and Charity

Distinct Healthcare integrates social responsibility into its corporate sustainable development strategy. Upholding the mission of "from the society, for the society", the Company gives full play to its unique advantages in medical resources, professional capabilities, and industry influence to promote the deep integration of professional value and public welfare practice. By outputting high-quality popular science content, the Company contributes actively to promoting social well-being and national health.

Appendices

Appendix I HKEX ESG Indicators Index

Mandatory Disclosure Indicators

Aspect	Indicator Content	Corresponding Chapter
Governance Structure	Disclose the Board's oversight of ESG matters; ESG management policies and strategies, including processes for assessing, prioritizing, and managing material ESG-related issues (including risks to the issuer's business); and how the Board reviews progress against ESG-related objectives and explains their relevance to the issuer's business.	Board ESG Statement
Reporting Scope	Explain the reporting scope of the ESG report and describe the process of selecting entities or businesses included. Explain changes if any.	About This Report

"Comply or Explain" Indicators

Environment

Aspect	Indicator No. and Content	Corresponding Chapter
A1 Emissions ¹	General Disclosure: Policies on exhaust and greenhouse gas emissions, wastewater and solid waste discharge, hazardous and non-hazardous waste generation; and compliance with applicable laws and regulations.	Outstanding Environmental Protection for Eco-Sustainability
	A1.1 Types and data of emissions	Outstanding Environmental Protection for Eco-Sustainability
	A1.3 Total hazardous waste generated (tonnes) and intensity	ESG KPIs
	A1.4 Total non-hazardous waste generated (tonnes) and intensity	ESG KPIs
	A1.5 Emission targets and measures	Outstanding Environmental Protection for Eco-Sustainability
	A1.6 Waste treatment methods, waste reduction targets and measures	Outstanding Environmental Protection for Eco-Sustainability

¹ Distinct Healthcare is mainly engaged in healthcare services and does not generate industrial wastewater or waste gas in its core business.

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Aspect	Indicator No. and Content	Corresponding Chapter
A2 Resource Use	General Disclosure: Policies on efficient use of resources (energy, water, raw materials)	Outstanding Environmental Protection for Eco-Sustainability
	A2.1 Total direct/indirect energy consumption by type and intensity	Outstanding Environmental Protection for Eco-Sustainability ESG KPIs
	A2.2 Total water consumption and intensity	Outstanding Environmental Protection for Eco-Sustainability ESG KPIs
	A2.3 Energy efficiency targets and measures	Outstanding Environmental Protection for Eco-Sustainability
	A2.4 Water access issues, water efficiency targets and measures	Outstanding Environmental Protection for Eco-Sustainability
	A2.5 Packaging materials used (tonnes) and consumption	ESG KPIs
A3 Environment & Natural Resources	General Disclosure: Policies to mitigate significant environmental impact	Outstanding Environmental Protection for Eco-Sustainability
	A3.1 Significant environmental impacts and mitigation actions	Outstanding Environmental Protection for Eco-Sustainability

Environmental, Social and Governance Report

Social

Aspect	Indicator No. and Content	Corresponding Chapter
B1 Employment	General Disclosure: Policies on compensation, recruitment, promotion, working hours, leave, equal opportunity, diversity, anti-discrimination; and compliance with applicable laws and regulations	Empowering People for Shared Success
	B1.1 Employee breakdown by gender, type, age, region	Empowering People for Shared Success
	B1.2 Employee turnover rate by gender, age, region	ESG KPIs
B2 Health & Safety	General Disclosure: Policies on safe workplace; compliance with laws	Empowering People for Shared Success
	B2.1 Annual work-related fatalities in past three years	ESG KPIs
	B2.2 Workdays lost due to injury	Empowering People for Shared Success
	B2.3 OHS measures, relevant implementation and monitoring procedures	ESG KPIs
B3 Development & Training	General Disclosure: Policies to enhance employee skills; training activities	Empowering People for Shared Success
	B3.1 Training coverage by gender and category	Empowering People for Shared Success; ESG KPIs
	B3.2 Average training hours by gender and category	Empowering People for Shared Success; ESG KPIs
B4 Labor Standards	General Disclosure: Policies against child labor and forced labor; and compliance with applicable laws and regulations	Empowering People for Shared Success
	B4.1 Recruitment review measures	Empowering People for Shared Success
	B4.2 Remedial measures for violations	Empowering People for Shared Success

Environmental, Social and Governance Report

Aspect	Indicator No. and Content	Corresponding Chapter
B5 Supply Chain Management	General Disclosure: Policies to manage ESG risks in supply chain	Social Contribution for Inclusive Health
	B5.1 Number of suppliers by region	Social Contribution for Inclusive Health; ESG KPIs
	B5.2 Practices for supplier engagement, the number of suppliers to whom such practices are applied, and relevant implementation and monitoring approaches	Social Contribution for Inclusive Health
	B5.3 Describe the risk management framework for identifying environmental and social risks across all supplier processes, together with corresponding implementation and monitoring mechanisms	Social Contribution for Inclusive Health
B6 Product Responsibility	B5.4 Describe practices to promote the preference for environmentally friendly products and services during supplier selection, together with relevant implementation and monitoring approaches	Social Contribution for Inclusive Health
	General Disclosure: Policies on product safety, advertising, labeling, privacy; and compliance with applicable laws and regulations	Excellent Quality for Trusted Care
	B6.1 Percentage of total sold or delivered products recalled due to health and safety reasons	N/A
	B6.2 Numbers of customer complaints and handling measures	Excellent Quality for Trusted Care
	B6.3 IP maintaining and protection practices	Excellent Quality for Trusted Care
B7 Anti-Corruption	B6.4 Describe the quality inspection process and product recycling procedures.	Excellent Quality for Trusted Care
	B6.5 Customer data protection and privacy together with corresponding implementation and monitoring mechanisms	Excellent Quality for Trusted Care
	General Disclosure: Policies against bribery, fraud, money laundering; and compliance with applicable laws and regulations	Prudent Governance for Steady Growth
	B7.1 Numbers and results of concluded corruption cases during the Reporting Period	Prudent Governance for Steady Growth
B8 Community Investment	B7.2 Preventive measures and whistleblowing procedures	Prudent Governance for Steady Growth
	B7.3 Anti-corruption training	Prudent Governance for Steady Growth
B8 Community Investment	General Disclosure: Policies on community engagement	Social Contribution for Inclusive Health
	B8.1 Scope of targeted contributions (e.g. education, environment, labour welfare, health, culture and sports)	Social Contribution for Inclusive Health
	B8.2 Resources (financial or time-based) allocated within the targeted scope	Social Contribution for Inclusive Health

Appendix II ESG Key Performance Indicators²

Indicator Code	Indicator Name	Unit	2025 Data
A1	Emissions²		
A1.1	Industrial Wastewater	Tonnes	N/A ³
	Waste Gas	Tonnes	N/A ³
A1	Greenhouse Gas (GHG) Emissions		
A1.2	GHG Emission Intensity	Tonnes of CO ₂ equivalent per million RMB	2.13
	Total GHG Emissions (Scope 1 + Scope 2)	Tonnes of CO ₂ equivalent	2,264.23
	Scope 1 GHG Emissions	Tonnes of CO ₂ equivalent	3.27
	Scope 2 GHG Emissions	Tonnes of CO ₂ equivalent	2,260.96
A1	Waste		
A1.3	Total Hazardous Waste Generated	Tonnes	55.79
	Hazardous Waste Intensity	Tonnes per million RMB	0.05
A1.4	Total Non-Hazardous Waste Generated	Tonnes	131.4
	Non-Hazardous Waste Intensity	Tonnes per million RMB	0.12
A2	Resource and Energy Use		
A2.1	Total Energy Consumption	kWh	4,274,010.23
	Energy Consumption Intensity	kWh per million RMB	4,014.93
	Gasoline Consumption	Liters	1,440
	Purchased Electricity	kWh	4,261,131.83
A2.2	Total Water Consumption	m ³	46,750.75
	Water Consumption Intensity	m ³ per million RMB	43.92
A2.5	Packaging Material Consumption	Tonnes	11.67
	Packaging Material Intensity	Tonnes per million RMB	0.01

² The scope of 2025 ESG indicators is set out in the Report Scope section of "About This Report".

³ Distinct Healthcare is mainly engaged in healthcare services and does not generate industrial wastewater or waste gas in its core business.

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Indicator Code	Indicator Name	Unit	2025 Data
B1	Employment		
B1.1	Total Headcount	Person	1,724
	By Gender – Male	Person	223
	By Gender – Female	Person	1,501
	By Employment Level – Senior Management	Person	7
	By Employment Level – Middle Management	Person	23
	By Employment Level – Non-Management	Person	1,694
	By Age – 30 or below	Person	519
	By Age – 31-50	Person	1,169
	By Age – Above 50	Person	36
	By Region – China (including HK, MO, TW)	Person	1,702
	By Region – Outside China	Person	22
B1.2	Employee Turnover Rate	%	27
	By Gender – Male	%	28
	By Gender – Female	%	27
	By Age – Under 30	%	32
	By Age – 31-50	%	24
	By Age – 51 or above	%	44
	By Region – China (including HK, MO, TW)	%	27
	By Region – Outside China	%	18
B2	Health and Safety		
B2.1	Number of Work-Related Fatalities in the Past Three Years	Person	0
	Work-Related Fatality Rate	%	0
B2.2	Workdays Lost Due to Work-Related Injuries	Days	105
	Number of Work-Related Injuries	Case	5

Environmental, Social and Governance Report

Indicator Code	Indicator Name	Unit	2025 Data
B3	Training and Development		
B3.1	Percentage of Trained Employees	%	96
	By Gender – Male	%	80
	By Gender – Female	%	98
	By Employment Level – Senior Management	%	100
	By Employment Level – Middle Management	%	100
	By Employment Level – Non-Management	%	96
B3.2	Average Training Hours per Employee	Hour	6.38
	By Gender – Male	Hour	4.88
	By Gender – Female	Hour	6.56
	By Employment Level – Senior Management	Hour	23.71
	By Employment Level – Middle Management	Hour	92.70
	By Employment Level – Non-Management	Hour	5.08
B5	Supply Chain Management		
B5.1	Total Number of Suppliers	Unit	612
	By Region – China (including HK, MO, TW)	Unit	559
	By Region –Outside China	Unit	53
B6	Product Responsibility		
B6.1	Percentage of Products Sold/Delivered Subject to Recall for Safety and Health Reasons	%	N/A ⁴
B6.2	Number of Complaints Received Regarding Products and Services	Case	3 ⁵

⁴ Distinct Healthcare is principally engaged in healthcare services and does not involve the manufacture or sale of physical products.

⁵ The scope of this indicator covers complaint cases that have occurred or may result in serious adverse patient outcomes if not intervened.

Environmental, Social and Governance Report

Indicator Code	Indicator Name	Unit	2025 Data
B7	Anti-Corruption		
B7.1	Corruption-related litigation cases initiated and concluded	Case	0
B7.3	Number of employees participating in anti-corruption training	Person	1,652

Report of Directors

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the Reporting Period.

Principal Activities

The Company is a holding company primarily engaged in provision of healthcare services through healthcare service institutions and tele-healthcare service platform. The activities of the Company's subsidiaries are set out in note 37 to the consolidated financial statements of the Group.

Business Review

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Significant Events After the Reporting Period" in this annual report. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

Principal Risks and Uncertainties

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- the Group operates in a heavily regulated industry and is subject to extensive and evolving regulatory requirements, including requirements relating to licensing, renewal of permits and compliance with applicable laws and regulations;
- the Group could become the subject of patient complaints, claims and legal proceedings in the course of its operations, which could result in costs and materially and adversely affect its brand image, reputation and results of operations;
- its ability to recruit and retain a sufficient number of qualified doctors and other medical professionals;
- competition in the healthcare service industry in which the Group operates, including from existing competitors and future market entrants;

Report of Directors

- its ability to manage the growth of its business and operations, including the successful identification and execution of expansion opportunities;
- the improper collection, storage, use or disclosure of patients' personal and medical information could materially and adversely affect the Group's business and reputation;
- any negative publicity about the Group could harm its brand image, reputation and trust in its services;
- its dependence on the continued service of its senior management team and other key employees; and
- changes in the economic, political or social conditions or government policies of the geographic markets in which the Group operates.

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.

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. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company is set out in the "Environmental, Social and Governance Report".

Compliance with 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 business and operation of the Group. During the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

Financial Results

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

A summary of the Group's results, assets and liabilities for the last four financial years is set out in the section headed "Financial Highlights" of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

Final Dividends

The Board did not recommend the payment of a final dividend for the year ended December 31, 2025.

Annual General Meeting and Closure of Register of Members

The AGM will be held on Wednesday, June 24, 2026. The notice of the AGM will be despatched to the Shareholders in the manner required by the Listing Rules in due course.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, June 18, 2026 to Wednesday, June 24, 2026, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, June 17, 2026.

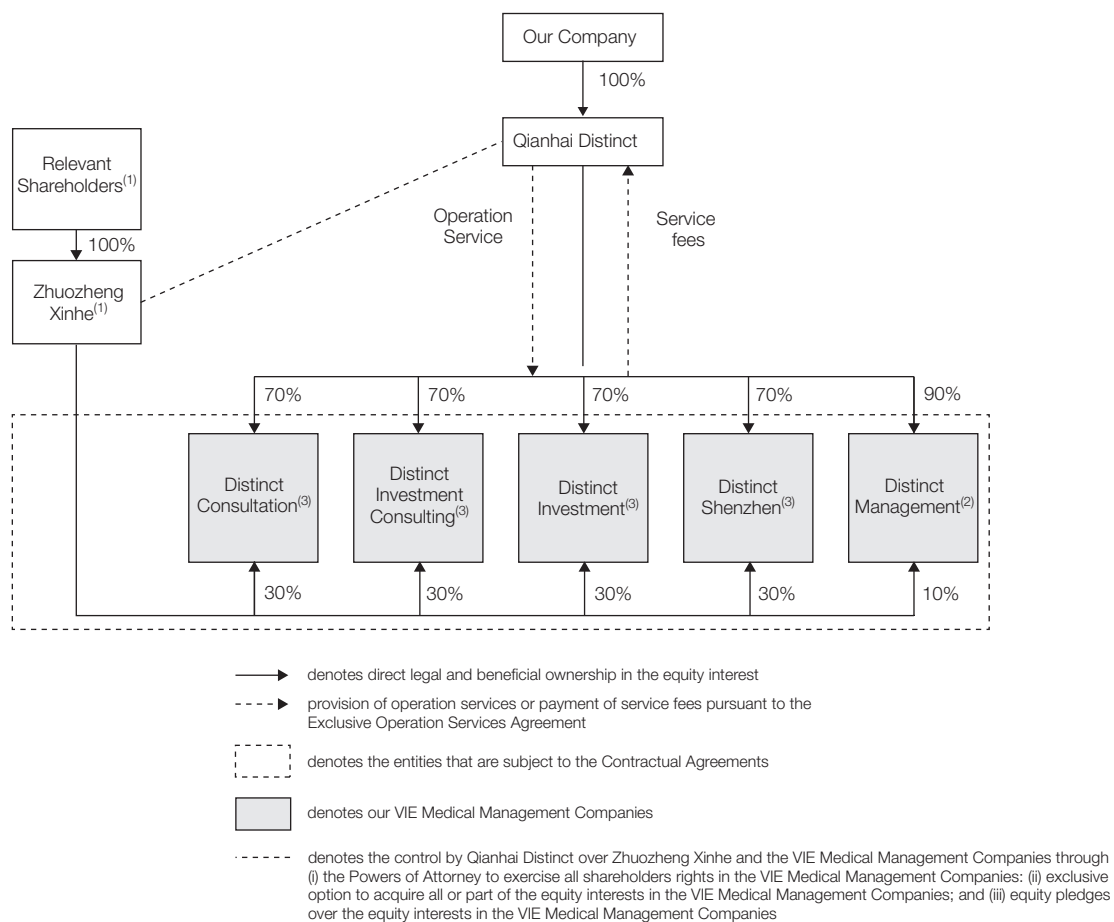
Contractual Arrangements

Due to regulatory restrictions on foreign ownership in the PRC, the Company operates healthcare institutions and tele-healthcare services through its VIE Entities in China and is restricted from directly owning 100% equity interest in the VIE Entities. The Company does not directly hold 100% equity interests in the VIE Medical Management Companies, but effectively control them and are able to derive substantially all of their economic benefits through the Contractual Arrangements.

In order for the Group to effectively control and enjoy the entire economic benefit of the VIE Medical Management Companies, a series of Contractual Arrangements have been entered into among Qianhai Distinct, the VIE Medical Management Companies, Zhuozheng Xinhe, and the Relevant Shareholders.

Report of Directors

The following simplified diagram illustrates the flow of economic benefits from the VIE Medical Management Companies to the Group as stipulated under the Contractual Arrangements:



Notes:

- (1) The Relevant Shareholders are Mr. Zhou, Dr. Zhu and Ms. Qiu, who hold 33.5%, 33.5% and 33% equity interest in Zhuozheng Xinhe, respectively.
- (2) Distinct Management is the holding company of our VIE Medical Institutions located in Sichuan Province.
- (3) Distinct Consultation, Distinct Investment Consulting, Distinct Investment, and Distinct Shenzhen are the holding companies of our VIE Medical Institutions (other than the Sichuan Institutions).

Risks relating to the Contractual Arrangements

There are the certain risks that are associated with the Contractual Arrangements, including:

- The Contractual Arrangements may not be as effective in providing operational control as direct ownership.
- The Relevant Shareholders may have potential conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition.
- The Group may lose control over Zhuozheng Xinhe and may not enjoy relevant economic benefits of the VIE Medical Management Companies if Zhuozheng Xinhe declares bankruptcy or become subject to a dissolution or liquidation proceeding.
- If the Contractual Arrangements do not comply with applicable PRC laws or regulations in the future, or if there are future changes in such laws, regulations or the interpretation of them, the Group could be subject to additional burdens, costs or penalties or be forced to relinquish its interests received through the Contractual Arrangements.
- The Contractual Arrangements may result in adverse tax consequences to the Group.

For details, please refer to the section headed "Risk Factors – Risks Relating To The Contractual Arrangements" of the Prospectus.

Summary of the Material Terms of the Contractual Arrangements

1. *Exclusive Operation Services Agreement*

The Relevant Shareholders, Zhuozheng Xinhe and the VIE Medical Management Companies have entered into exclusive operation services agreement with Qianhai Distinct on May 10, 2024 (the "**Exclusive Operation Services Agreement**"), pursuant to which, Zhuozheng Xinhe and the VIE Medical Management Companies agreed to engage Qianhai Distinct as their exclusive provider of technical support, consulting services and other services in exchange for services fees.

Under the Exclusive Operation Services Agreement, the services to be provided include but are not limited to (i) business operation, financing and investment management, (ii) human resources management, (iii) market research, (iv) strategies for marketing and business expansion, (v) operation and marketing strategies formulation and monitoring, (vi) internal management, (vii) medical technology related consultation, medical resources sharing and medical professionals training, (viii) supplier management, (ix) medical service quality control and (x) other services relating to management and operation of healthcare institutions. Qianhai Distinct has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Exclusive Operation Services Agreement, Qianhai Distinct may use the intellectual property rights owned by Zhuozheng Xinhe and the VIE Medical Management Companies free of charge and without any conditions. The Zhuozheng Xinhe and the VIE Medical Management Companies may also use the intellectual property work created by Qianhai Distinct from the services performed by Qianhai Distinct in accordance with the Exclusive Operation Services Agreement.

Report of Directors

Under the Exclusive Operation Services Agreement, the service fee shall be an amount equal to (i) 30% of the distributable net profit of each of Distinct Consultation, Distinct Investment Consulting, Distinct Investment, and Distinct Shenzhen, and (ii) 10% of the distributable net profit of Distinct Management of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable) as obtainable by Zhuozheng Xinhe. Apart from the service fees to be paid by Zhuozheng Xinhe, Zhuozheng Xinhe and the VIE Medical Management Companies shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Qianhai Distinct in connection with the performance of the Exclusive Operation Services Agreement and provision of services. In the event of the liquidation of the VIE Medical Management Companies, Zhuozheng Xinhe shall pay (i) 30% of the remaining assets of each of Distinct Consultation, Distinct Investment Consulting, Distinct Investment, and Distinct Shenzhen, and (ii) 10% of the remaining assets of Distinct Management after the liquidation as compensation for the cessation of services due to the liquidation, and Zhuozheng Xinhe and the VIE Medical Management Companies consent that the aforesaid compensation shall be paid directly by the VIE Medical Management Companies or the liquidation team to Qianhai Distinct. In addition, the Relevant Shareholders shall be liable for or indemnify Qianhai Distinct any tax payment incurred by Qianhai Distinct in obtaining the remaining assets of the VIE Medical Management Companies.

In addition, in the absence of a prior written consent of Qianhai Distinct, during the term of the Exclusive Operation Services Agreement, the Relevant Shareholders, Zhuozheng Xinhe and the VIE Medical Management Companies shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. Qianhai Distinct has the right to appoint any third party to provide any or all of the services, or to fulfil its obligations under the Exclusive Operation Services Agreement.

The Exclusive Operation Services Agreement took effect from May 10, 2024, and shall remain valid for three years from the respective dates of the Exclude Operation Services Agreements and shall, subject to compliance with the Listing Rules, be automatically renewed for three years each time when its term ends, unless being terminated in accordance with the terms therein.

According to the Exclusive Operation Services Agreement, unless otherwise required by the applicable PRC laws and regulations, none of the parties to the agreement (except Qianhai Distinct) is entitled to unilaterally terminate the agreement. Furthermore, pursuant to the Exclusive Operation Services Agreement, it may only be terminated in the event that (i) Qianhai Distinct or its designated person directly holds all the equity interests in Zhuozheng Xinhe, and all of the Relevant Shareholders' equity interests in Zhuozheng Xinhe or all of the assets of Zhuozheng Xinhe attributable to the Relevant Shareholders are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, or (ii) Qianhai Distinct unilaterally terminates the agreement.

2. **Exclusive Option Agreements**

On May 10, 2024, Qianhai Distinct entered into exclusive option agreements (the “**Exclusive Option Agreements**”) with (i) the Relevant Shareholders and Zhuozheng Xinhe (the “**Zhuozheng Xinhe Exclusive Option Agreement**”), and (ii) Zhuozheng Xinhe and the VIE Medical Management Companies (the “**VIE Medical Management Companies Exclusive Option Agreement**”), respectively.

Pursuant to the Exclusive Option Agreements, (i) each of the Relevant Shareholders irrevocably and unconditionally grants an exclusive option to Qianhai Distinct which entitles Qianhai Distinct to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Zhuozheng Xinhe itself or through its designated person(s), (ii) Zhuozheng Xinhe irrevocably and unconditionally grants an exclusive option to Qianhai Distinct which entitles Qianhai Distinct to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Zhuozheng Xinhe itself or through its designated person(s), (iii) each of Zhuozheng Xinhe and the VIE Medical Management Companies irrevocably and unconditionally grants an exclusive option to Qianhai Distinct which entitles Qianhai Distinct to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interests in the VIE Entities owned by Zhuozheng Xinhe and the VIE Medical Management Companies itself or through its designated person(s), and (iv) the VIE Medical Management Companies irrevocably and unconditionally grant an exclusive option to Qianhai Distinct which entitles Qianhai Distinct to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of the VIE Medical Management Companies attributable to Zhuozheng Xinhe from the VIE Medical Management Companies itself or through its designated person(s). Qianhai Distinct may appoint designated person(s) in its sole discretion when exercising its option. The transfer price of the relevant equity interest and/or assets shall be the minimum purchase price permitted under PRC law, and each of the Relevant Shareholders, Zhuozheng Xinhe and the VIE Medical Management Companies will undertake that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interest and/or assets to Qianhai Distinct.

The Relevant Shareholders and Zhuozheng Xinhe undertake to develop the business of the VIE Medical Management Companies, to ensure the legal compliance of the business operations of the VIE Medical Management Companies and not to take any action which may affect their asset value, goodwill and validity of business licenses. Furthermore, in the absence of prior written consent of Qianhai Distinct, (i) the Relevant Shareholders and Zhuozheng Xinhe shall not transfer or otherwise dispose of any option under the Exclusive Option Agreements, or create any encumbrances thereon; (ii) Zhuozheng Xinhe and the VIE Medical Management Companies shall not assist in transferring or otherwise disposing of any option under the Exclusive Option Agreements, or creating any encumbrances thereon; and (iii) the Relevant Shareholders and Zhuozheng Xinhe (as applicable) directly or indirectly (by itself or through the entrustment of any other natural person or legal person entity) carry out, own or acquire any business compete with or likely compete with the business of Qianhai Distinct or the Group.

Report of Directors

In addition, the Relevant Shareholders, Zhuozheng Xinhe and the VIE Medical Management Companies undertake that, upon Qianhai Distinct issuing the notice to exercise the option in accordance with the Exclusive Option Agreements, they will implement necessary actions to affect the transfer and relinquish any pre-emptive right, if any. Each of the parties to the Exclusive Option Agreements confirms and agrees that (i) in the event of a dissolution or liquidation of Zhuozheng Xinhe and the VIE Medical Management Companies (as applicable) under the PRC laws, all the residual assets which are attributable to the Relevant Shareholders and Zhuozheng Xinhe (as applicable) shall be transferred to Qianhai Distinct or its designated person(s) at the minimum purchase price permitted under the then applicable PRC law, and each of the Relevant Shareholders, Zhuozheng Xinhe and the VIE Medical Management Companies undertakes that they will return in full the consideration received in relation to such transfer to Qianhai Distinct or its designated person(s), (ii) in the event of bankruptcy, reorganisation or merger of Zhuozheng Xinhe, death, incapacity, bankruptcy or divorce of the Relevant Shareholders or any other event which causes changes to the Relevant Shareholders' shareholding in Zhuozheng Xinhe and Zhuozheng Xinhe's shareholding in the VIE Medical Management Companies, (a) the successor of the Relevant Shareholders' equity interest in Zhuozheng Xinhe and the successor of Zhuozheng Xinhe's equity interest in the VIE Medical Management Companies shall be bound by the Contractual Arrangements, and (b) any disposal of shareholding in Zhuozheng Xinhe and the VIE Medical Management Companies shall be governed by the Contractual Arrangements unless Qianhai Distinct consents otherwise in writing.

The Exclusive Option Agreements took effect from May 10, 2024. Each of the Exclusive Option Agreements has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreements (except Qianhai Distinct) is entitled to unilaterally terminate the agreements.

Each of the Exclusive Option Agreements may only be terminated in the event that (i) with respect to the Zhuozheng Xinhe Exclusive Option Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in Zhuozheng Xinhe, and all of the Relevant Shareholders' equity interests in Zhuozheng Xinhe or all of the assets of Zhuozheng Xinhe attributable to the Relevant Shareholders are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, (ii) with respect to the VIE Medical Management Companies Exclusive Option Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in the VIE Medical Management Companies and all of Zhuozheng Xinhe's equity interests in the VIE Medical Management Companies or all of the assets of the VIE Medical Management Companies attributable to Zhuozheng Xinhe are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, or (iii) Qianhai Distinct unilaterally terminates the agreement.

3. **Shareholders' Rights Entrustment Agreements and the Powers of Attorney**

On May 10, 2024, Qianhai Distinct entered into shareholders' rights entrustment agreements (the "**Shareholders' Rights Entrustment Agreements**") with (i) the Relevant Shareholders and Zhuozheng Xinhe (the "**Zhuozheng Xinhe Shareholders' Rights Entrustment Agreement**"), and (ii) Zhuozheng Xinhe and the VIE Medical Management Companies (the "**VIE Medical Management Companies Shareholders' Rights Entrustment Agreement**"), respectively. Powers of attorney were executed by the Relevant Shareholders and Zhuozheng Xinhe (the "**Powers of Attorney**") in accordance with the above-mentioned rights entrustments on the same date.

Pursuant to the Shareholders' Rights Entrustment Agreements and the Powers of Attorney, (i) the Relevant Shareholders irrevocably agree to authorise the Qianhai Distinct (and its successors or liquidators) or a natural person designated by Qianhai Distinct (the "**Attorney**") to exercise all of its rights and powers as shareholders of Zhuozheng Xinhe, (ii) Zhuozheng Xinhe irrevocably agrees to authorise the Attorney to exercise all of its rights and powers as a shareholder of the VIE Medical Management Companies, including but not limited to, the rights to vote in a shareholders' meeting, sign minutes, and arrange all the filings required for the operations of Zhuozheng Xinhe and the VIE Medical Management Companies with the relevant companies registry. As Qianhai Distinct is a wholly-owned subsidiary of the Company, the terms of the Shareholders' Rights Entrustment Agreements and the Powers of Attorney will effectively give the Company control over all corporate decisions of the VIE Medical Management Companies, as well as 100% equity interests of Zhuozheng Xinhe and the VIE Medical Management Companies.

The Shareholders' Rights Entrustment Agreements took effect from May 10, 2024. Each of the Powers of Attorney has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreement (except Qianhai Distinct) is entitled to unilaterally terminate it.

Each of the Shareholders' Rights Entrustment Agreements may only be terminated in the event that (i) with respect to the Zhuozheng Xinhe Shareholders' Rights Entrustment Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in Zhuozheng Xinhe, and all of the Relevant Shareholders' equity interests in Zhuozheng Xinhe or all of the assets of Zhuozheng Xinhe attributable to the Relevant Shareholders are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, (ii) with respect to the VIE Medical Management Companies Shareholders' Rights Entrustment Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in the VIE Medical Management Companies and all of Zhuozheng Xinhe's equity interests in the VIE Medical Management Companies or all of the assets of the VIE Medical Management Companies attributable to Zhuozheng Xinhe are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, or (iii) Qianhai Distinct unilaterally terminates the agreement.

4. **Equity Pledge Agreements**

On May 10, 2024, Qianhai Distinct entered into equity pledge agreements (the “**Equity Pledge Agreements**”) with (i) the Relevant Shareholders and Zhuozheng Xinhe (the “**Zhuozheng Xinhe Equity Pledge Agreement**”), and (ii) Zhuozheng Xinhe and the VIE Medical Management Companies (the “**VIE Medical Management Companies Equity Pledge Agreement**”), respectively. Pursuant to the Equity Pledge Agreements, (i) the Relevant Shareholders agree to pledge all of their respective equity interests in Zhuozheng Xinhe, and (ii) Zhuozheng Xinhe agrees to pledge all of its equity interests in the VIE Medical Management Companies, to Qianhai Distinct to secure the repayment of Loan Agreement and performance of all their obligations and the obligations of the VIE Medical Management Companies under the Contractual Arrangements.

If the Relevant Shareholders and Zhuozheng Xinhe receive any dividend or other income as declared by the VIE Medical Management Companies and Zhuozheng Xinhe during the term of the pledge, Qianhai Distinct is entitled to unconditionally receive all dividends or other income arising from the pledged equity interests, if any. In case of any breach of obligations by any of Zhuozheng Xinhe, the Relevant Shareholders and the VIE Medical Management Companies, Qianhai Distinct, upon issuing a written notice to the Relevant Shareholders or Zhuozheng Xinhe (as applicable), will be entitled to all remedies available in the Contractual Arrangements and PRC laws including but not limited to disposing of the pledged equity interests.

In addition, pursuant to the Equity Pledge Agreements, the Relevant Shareholders and Zhuozheng Xinhe undertake to Qianhai Distinct, among other things, not to transfer their pledged equity interests, not to create or allow any pledge or encumbrance thereon and undertake or permit any action or behaviour that may adversely affect the rights and interest of Qianhai Distinct without its prior written consent. Zhuozheng Xinhe and the VIE Medical Management Companies undertake to Qianhai Distinct, among other things, not to assist or consent to any transfer the pledged equity interests or to create or allow any pledge or encumbrance thereon without Qianhai Distinct’s prior written consent.

The equity pledges in respect of Zhuozheng Xinhe and the VIE Medical Management Companies take effect upon the completion of registration with the relevant administration for market regulations and the Company has registered such equity pledges with the relevant authority in accordance with the relevant PRC laws and regulations.

The Equity Pledge Agreements took effect from May 10, 2024, while the equity pledges took effect on the date of completion of registration. Each of the Equity Pledge Agreements has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreement (except Qianhai Distinct) is entitled to unilaterally terminate it.

Each of the Equity Pledge Agreements may only be terminated in the event that (i) with respect to the Zhuozheng Xinhe Equity Pledge Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in Zhuozheng Xinhe, and all of the Relevant Shareholders' equity interests in Zhuozheng Xinhe or all of the assets of Zhuozheng Xinhe attributable to the Relevant Shareholders are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, (ii) with respect to the VIE Medical Management Companies Equity Pledge Agreement, Qianhai Distinct or its designated person directly holds all the equity interests in the VIE Medical Management Companies and all of Zhuozheng Xinhe's equity interests in the VIE Medical Management Companies or all of the assets of the VIE Medical Management Companies attributable to Zhuozheng Xinhe are transferred to Qianhai Distinct or its designated person pursuant to the then applicable PRC laws and regulations, or (iii) Qianhai Distinct unilaterally terminates the agreement.

5. Loan Agreement

On May 10, 2024, Zhuozheng Xinhe and Qianhai Distinct entered into a loan agreement (the "**Loan Agreement**"), pursuant to which Qianhai Distinct provided Zhuozheng Xinhe an interest-free loan to (i) subscribe for 30% registered share capital in each of Distinct Consultation, Distinct Investment Consulting and Distinct Investment, (ii) acquire 30% equity interests in Distinct Shenzhen and (iii) subscribe for 10% registered share capital in Distinct Management, for the purpose of completing the corporate structure under the Contractual Arrangements. Pursuant to the Loan Agreement, the term of the loan shall expire at the termination of the Contractual Arrangements. Further, Zhuozheng Xinhe shall repay the loan within 30 days at demand by Qianhai Distinct at any time during the term. If Qianhai Distinct or Zhuozheng Xinhe transfers its rights and obligations under the other documents of the Contractual Arrangements to any other party, its obligations under this Loan Agreement shall be transferred to such party accordingly.

6. Spouse Undertakings

The spouse of each of the Relevant Shareholders has signed an undertaking (the "**Spouse Undertakings**"), pursuant to which he/she has unconditionally and irrevocably agreed to the execution of the Exclusive Operation Services Agreement, the Zhuozheng Xinhe Exclusive Option Agreement, the Zhuozheng Xinhe Shareholders' Rights Entrustment Agreement and the Zhuozheng Xinhe Equity Pledge Agreement, and has no objection regarding the Contractual Arrangements. The undertakings are to the effect that (i) the respective interests of the Relevant Shareholders in Zhuozheng Xinhe (together with any other interests therein) do not fall within the scope of joint possession; and (ii) each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

The Foreign Investment Law

On March 15, 2019, the 2nd meeting of the 13th Standing Committee of the National People's Congress approved the Foreign Investment Law of the People's Republic of China (中華人民共和國外商投資法) (the "**FIL**") and has become effective on January, 2020. After the FIL comes into effect, the FIL replaced the law on Sino-Foreign Equity Joint Ventures (中外合資經營企業法), the law on Sino-Foreign Contractual Joint Ventures (中外合作經營企業法) and the law on Foreign-Capital Enterprises (外資企業法) to become the legal foundation for foreign investment in the PRC. On December 26, 2019, the State Council promulgated Regulation on the Implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "**FIL Implementing Regulation**"), which came into effect on January 1, 2020.

According to the FIL, the "foreign investment" refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (the "**Foreign Investors**"), including the following: (i) Foreign Investors establishing foreign invested enterprises in China alone or collectively with other investors; (ii) Foreign Investors acquiring shares, equities, properties or other similar rights of Chinese domestic enterprises; (iii) Foreign Investors investing in new projects in China alone or collectively with other investors; and (iv) Foreign Investors investing through other ways prescribed by laws and regulations or the State Council. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favourable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval by the State Council.

The Negative List

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024) (外商投資准入特別管理措施(負面清單) (2024 年版)) (the "**Negative List**") and the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (鼓勵外商投資產業目錄) (the "**Encouraging Catalog**") promulgated jointly and amended from time to time by the MOFCOM and the NDRC, the Negative List stipulates industries in which foreign investments is restricted and prohibited.

Reasons for Adopting the Contractual Arrangements

The Company is principally engaged in the provision of medical services through operating healthcare institutions and tele-healthcare service in the PRC. According to the Negative List and the Encouraging Catalog, healthcare institutions fall within the "restricted" investment category, and therefore may not be held 100% by foreign investments, and foreign investments are restricted to the form of joint venture. For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed "Regulatory Overview" in the Prospectus.

The Company discussed with its PRC legal adviser to understand the current ownership requirements in relation to the operation of healthcare institutions and recent market practice. As advised by the PRC legal adviser, the Company, as a foreign entity, shall not hold, more than (i) 90% equity interest in the Company's healthcare institutions located in Sichuan Province; and (ii) 70% equity interest in the Company's healthcare institutions located in other provinces, including Chongqing.

The VIE Entities are five VIE Medical Management Companies, namely Distinct Consultation, Distinct Investment Consulting, Distinct Investment, Distinct Shenzhen, and Distinct Management and their respective wholly owned VIE Medical Institutions, which were established under the laws of the PRC. The Company does not directly own 100% equity interest in the VIE Entities. Each of the VIE Medical Management Companies (except Distinct Management) is currently held as to 70% by Qianhai Distinct and 30% by Zhuozheng Xinhe which is owned by the Relevant Shareholders. Distinct Management is currently held as to 90% by Qianhai Distinct and 10% by Zhuozheng Xinhe.

In order to comply with PRC laws and regulations and maintain effective control over all of the operations, we entered into the Contractual Arrangements on May 10, 2024. Through shareholdings and the Contractual Arrangements, Qianhai Distinct has acquired effective control over the financial and operational management of the VIE Entities and has become entitled to all the economic benefits from their operations. We believe that the Contractual Arrangements are narrowly tailored and complied with other requirements as set out in Chapter 4.1 of the Guide as they are used to enable the Group to conduct businesses in industries that are subject to foreign investment restrictions in the PRC. The Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between Qianhai Distinct (the Company's indirectly wholly-owned domestic subsidiary), Zhuozheng Xinhe, the Relevant Shareholders, and the VIE Medical Management Companies, (ii) by entering into the Exclusive Operation Services Agreements as defined below with Qianhai Distinct, the VIE Entities will enjoy better economic and technical support from the Group, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced 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.

During 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, 2025, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its VIE Medical Institutions under the Contractual Arrangements.

Report of Directors

The table below set out the annual caps and the actual transaction amount of the above-mentioned continuing connected transactions for the year ended December 31, 2025:

Connected Transaction	Connected Person	Connected Relationship	Description	Annual cap for the year ended December 31, 2025 (RMB million)	Actual Transaction Amount for the year ended December 31, 2025 (RMB million)
Contractual Arrangements	Zhuozheng Xinhe and Relevant Shareholders	Substantial shareholders of subsidiaries of the Company	Due to regulatory restrictions on foreign ownership in China, the Company conducts healthcare institutions through the VIE Medical Institutions.	N/A	N/A

The independent non-executive Directors had reviewed the Contractual Arrangement outlined above and confirmed that:

- (a) the transactions carried out during the Reporting Period had been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (b) no dividends or other distributions have been made by the entities controlled by the Group through the Contractual Arrangements to the holders of their equity interests which were not otherwise subsequently assigned or transferred to the Group during the Reporting Period; and
- (c) any new contracts entered into, renewed and/or reproduced between the Group and the entities controlled by the Group through the Contractual Arrangements during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interest of the Shareholders as a whole.

The auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the above mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The auditors of the Group had informed the Board and confirmed:

- a. nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions under the Contractual Arrangements as defined in this annual report have not been approved by the Board;
- b. nothing has come to the auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and
- c. with respect of disclosed continuing connected transactions with the entities controlled by the Group through the Contractual Arrangements, nothing has come to the auditor's attention that causes them to believe that dividends or other distributions have been made by the entities controlled by the Group through the Contractual Arrangements to the holders of their equity interests which were not otherwise subsequently assigned or transferred to the Group.

During the Reporting Period, there was no connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with the Listing Rules, save for the foregoing.

Major Customers and Suppliers

For the year ended December 31, 2025, the Group's five largest suppliers accounted for 37.5% of the Group's total purchases, as compared to 36.8% for the year ended December 31, 2024. The Group's single largest supplier accounted for 13.5% of the Group's total purchases for the year ended December 31, 2025, as compared to 9.3% for the year ended December 31, 2024.

During the year ended December 31, 2025, none of the Directors or any of their close associates or any Shareholders (which, to the knowledge of the Directors, own more than 5% of total issued Shares of the Company) had any interest in the Group's five largest suppliers.

During the year ended December 31, 2025, revenue from the five largest customers accounted for 0.3% of the Group's total revenue (2024: less than 1.5%). None of the Group's individual customers contributed more than 1% of the Group's total revenue during the year ended December 31, 2025 (2024: less than 1%).

All of the Group's five largest customers during the year ended December 31, 2025 are Independent Third Parties. None of the Directors, their respective close associates, or any Shareholder of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's issued Share capital, has any interest in the Group's customers.

Report of Directors

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 13 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Reporting Period are set out in note 22 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity.

Distributable Reserves

Details of the movements in the reserves of the Company and the Group during the year ended December 31, 2025 are set out in note 24 to the financial statements and in the Consolidated Statement of Changes in Equity, respectively.

Debentures

The Group did not issue any debentures during the Reporting Period.

Directors

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

Executive Directors

Mr. Wang Zhiyuan
Mr. Shi Yi

Non-executive Directors

Mr. Cao Shaoshan
Mr. Zhang Xiangdong
Mr. Wei Guoxing
Ms. Chen Xiaohong
Mr. Hao Rui

Independent non-executive Directors

Ms. Chen Rui
Mr. Wang Yonggang
Mr. Wang Gaofei
Dr. Gao Pingyang

In accordance with 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 next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with Article 16.18 of the Articles of Association, at each annual general meeting 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 provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Directors' Service Contracts and Letters of Appointment

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date. Each of the Directors has signed a letter of appointment 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 since its Listing (whichever is sooner). The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors to be proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures

The Company was listed on February 6, 2026, as of the date of this annual report, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Report of Directors

Long positions in the Shares or underlying Shares of the Company

Name of Director/ Chief executive	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding in the Company ⁽²⁾
Mr. WANG Zhiyuan	Interest in controlled corporation ⁽³⁾⁽⁴⁾	17,181,282 (L)	26.60
	Interest held through voting powers entrusted by other person ⁽⁵⁾	2,640,250 (L)	4.09
Mr. SHI Yi	Owner of derivative interest ⁽⁶⁾	200,000 (L)	0.31
Mr. CAO Shaoshan	Beneficial owner, Interest of a party to an agreement ⁽⁷⁾	13,150,000 (L)	20.36
Mr. ZHANG Xiangdong	Interest in a controlled corporation; Interest of a party to an agreement ⁽⁷⁾	13,150,000 (L)	20.36
Ms. CHEN Xiaohong	Interest in controlled corporation ⁽⁸⁾	8,881,900 (L)	13.75

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) This calculation is based on the total number of 64,580,450 ordinary Shares of the Company as of the date of this annual report.
- (3) Mr. Wang exercises all of the voting rights of Cheuk Sing Ho in all matters with respect to the Company pursuant to the Cheuk Sing Ho Agreement. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Cheuk Sing Ho. See "History, Reorganization and Corporate Structure — Voting Agreements" of the Prospectus for details.
- (4) Mr. Wang exercises all of the voting rights of the Proxy Shares according to the Voting Proxy Agreements. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests of the Proxy Shares. See "History, Reorganization and Corporate Structure — Voting Agreements" of the Prospectus for details.
- (5) Pursuant to trust deed of Distinct Trust I under the RSU Scheme, the trustee of Distinct Trust I which held 2,640,250 Shares in the Company shall exercise voting power attached to such Shares in accordance with Mr. Wang's instruction. Accordingly, Mr. Wang is deemed to be interested in the equity in the Shares held by the trustee of Distinct Trust I.
- (6) Mr. Shi was granted and have vested a total of 200,000 RSUs under the RSU Scheme.
- (7) Cheuk Sing Ho, Mr. CAO Shaoshan, Mr. ZHANG Xiangdong and Nineteen Seventy-Seven entered into the Acting-in-Concert Agreement, pursuant to which the Concert Parties have confirmed that they had been acting in concert by aligning their votes and following Cheuk Sing Ho's directions when exercising their voting rights at the shareholders' meetings in our Group since they became interested in Company. As such, each of Mr. CAO Shaoshan, Mr. Zhang Xiangdong and Nineteen Seventy-Seven is deemed to be interested in the Shares held by other parties. See "History, Reorganization and Corporate Structure – Voting Agreements" of the Prospectus for details.
- (8) H Capital, which owns 8,881,900 Shares, is ultimately controlled by Ms. CHEN Xiaohong. Under the SFO, each of Ms. CHEN Xiaohong and her controlled corporations through which Ms. CHEN Xiaohong controls H Capital is deemed to be interested in all of the interests in our Company held by H Capital.

Save as disclosed above, as at the date of this annual report, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

The Company was listed on February 6, 2026, as of the date of this annual report, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares, underlying Shares and debentures of the Company which would be required to be disclosed to the Company under the provisions of 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 the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding ⁽²⁾ (%)
Mr. WANG Zhiyuan	Interest in controlled corporation ⁽³⁾⁽⁵⁾⁽⁶⁾	17,181,282	26.60
	Interest held through voting powers entrusted by other person ⁽⁴⁾	2,640,250	4.09
Cheuk Sing Ho	Beneficial owner, Interest of a party to an agreement ⁽⁵⁾⁽⁶⁾	17,181,282	26.60
Mr. CAO Shaoshan	Beneficial owner, Interest of a party to an agreement ⁽⁵⁾	13,150,000	20.36
Nineteen Seventy-Seven Corporation	Beneficial owner, Interest of a party to an agreement ⁽⁵⁾	13,150,000	20.36
Mr. ZHANG Xiangdong	Interest in a controlled corporation; Interest of a party to an agreement ⁽⁵⁾	13,150,000	20.36
Futu Trustee Limited	Trustee ⁽⁷⁾	5,000,000	7.74
Waterwood DHC Project Ltd	Beneficial owner ⁽⁸⁾	7,500,000	11.61
Fude Resources International Investment Holding Company Limited	Interest in controlled corporation ⁽⁸⁾	7,500,000	11.61

Report of Directors

Name of Shareholder	Capacity/Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of Shareholding ⁽²⁾ (%)
Fund Resources Investment Holding Group Company Limited	Interest in controlled corporation ⁽⁶⁾	7,500,000	11.61
Fude Sino.	Interest in controlled corporation ⁽⁶⁾	8,489,810	13.15
Image Frame Investment (HK) Limited	Beneficial owner ⁽⁹⁾	11,566,052	17.91
Tencent	Interest in controlled corporation ⁽⁹⁾	11,566,052	17.91
H Capital IV, L.P.	Beneficial owner ⁽¹⁰⁾	8,881,900	13.75
H Capital IV GP, L.P.	Interest in controlled corporation ⁽¹⁰⁾	8,881,900	13.75
H Capital IV GP, Ltd.	Interest in controlled corporation ⁽¹⁰⁾	8,881,900	13.75
Ms. CHEN Xiaohong	Interest in controlled corporation ⁽¹⁰⁾	8,881,900	13.75
Shenzhen Tiantu Capital Management Center (Limited Partnership) (深圳天圖資本管理中心(有限合伙))	Interest in controlled corporation ⁽¹¹⁾	3,959,230	6.13
Shenzhen Tiantu Xingcheng Investment Management Co., Ltd. (深圳天圖興誠投資管理有限公司)	Interest in controlled corporation ⁽¹¹⁾	3,959,230	6.13
Tian Tu Capital Co., Ltd.	Interest in controlled corporation ⁽¹¹⁾	3,959,230	6.13

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) This calculation is based on the total number of 64,580,450 ordinary Shares of the Company as of the date of this annual report.
- (3) Mr. Wang exercises all of the voting rights of Cheuk Sing Ho in all matters with respect to the Company pursuant to the Cheuk Sing Ho Agreement. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Cheuk Sing Ho. See "History, Reorganization and Corporate Structure – Voting Agreements" of the Prospectus for details.
- (4) Pursuant to trust deed of Distinct Trust I under the RSU Scheme, the trustee of Distinct Trust I which held 2,640,250 Shares in the Company shall exercise voting power attached to such Shares in accordance with Mr. Wang's instruction. Accordingly, Mr. Wang is deemed to be interested in the equity in the Shares held by the trustee of Distinct Trust I.

- (5) Cheuk Sing Ho, Mr. CAO Shaoshan, Mr. ZHANG Xiangdong and Nineteen Seventy-Seven entered into the Acting-in-Concert Agreement, pursuant to which the Concert Parties have confirmed that they had been acting in concert by aligning their votes and following Cheuk Sing Ho's directions when exercising their voting rights at the shareholders' meetings in our Group since they became interested in Company. As such, each of Cheuk Sing Ho, Mr. CAO Shaoshan, Mr. ZHANG Xiangdong and Nineteen Seventy-Seven are deemed to be interested in the Shares held by other parties. See "History, Reorganization and Corporate Structure – Voting Agreements" of the Prospectus for details.
- (6) Pursuant to the Voting Proxy Agreements, the Proxy Shareholders agreed to appoint Cheuk Sing Ho, a company whose voting rights are controlled by Mr. Wang, as their attorney and proxy to exercise the voting rights attached to the Proxy Shares held by them at the general meeting of our Company. The relevant voting rights in concern under the voting proxy arrangements will be conferred to Cheuk Sing Ho upon completion of the Global Offering. As such, each of Mr. Wang and Cheuk Sing Ho is deemed to be interested in the Proxy Shares held by the Proxy Shareholders upon completion of the Global Offering. See "History, Reorganization and Corporate Structure — Voting Agreements" of the Prospectus for details.
- (7) Futu Trustee Limited is the trustee of Distinct Trust I and Distinct Trust II, which hold Shares on behalf of participants of the RSU Scheme. Under the SFO, Futu Trustee Limited is deemed to be interested in the Shares held by corporations controlled by the trusts in which it is trustee, on an aggregated basis.
- (8) Waterwood DHC Project Ltd is wholly owned by Fude Resources International Investment Holding Company Limited, which is wholly-owned by Fund Resources Investment Holding Group Company Limited, which in turn is wholly-owned by Fude Sino. Waterwood Tactics Limited is wholly-owned by Beijing Mingqi Enterprise, whose limited partner owning 99.99% of the partnership interests is Ningbo Xinchuang Shuimu. The largest limited partner owning 98.99% of the partnership interests of Ningbo Xinchuang Shuimu is Beijing Yuegao Mingde. Beijing Yuegao Mingde's largest limited partner owning 99.96% of the partnership interests is Shenzhen Fude Qianhai Infrastructure Investment Holdings Co., Ltd., which is wholly-owned by Fude Sino. Fude Sino has no shareholder controlling one-third or more of the voting power at general meetings of Fude Sino, nor was Fude Sino or its directors accustomed to acting according to any person's directions.
- (9) Image Frame is a wholly-owned subsidiary of Tencent. As of the date of this Report and to the best knowledge of the Directors, Image Frame held 11,566,052 Shares. As such, Tencent is deemed to be interested in the Shares held by Image Frame.
- (10) H Capital is a limited partnership, whose general partner of which is ultimately controlled by Ms. CHEN Xiaohong through her controlled corporations (as defined under the SFO), H Capital IV GP, Ltd. and H Capital IV GP, L.P.. Under the SFO, each of Ms. CHEN Xiaohong and her controlled corporations through which Ms. CHEN Xiaohong controls H Capital is deemed to be interested in all of the interests in our Company held by H Capital.
- (11) Beijing Tiantu Xingbei Investment Center (L.P.) (北京天圖興北投資中心(有限合夥)) ("**Beijing Tiantu Xingbei**") and Chengdu Tiantu Tiantou Dongfeng Equity Investment Fund Center (Limited Partnership) (成都天圖天投東風股權投資基金中心(有限合夥)) ("**Chengdu Tiantu Tiantou**") (Beijing Tiantu Xingbei and Chengdu Tiantu Tiantou collectively, the "**Tiantu Entities**") held 2,771,460 and 1,187,770 Shares respectively. Shenzhen Tiantu Capital Management Center (Limited Partnership) (深圳天圖資本管理中心(有限合夥)) is the general partner of both Tiantu Entities. The general partner of Shenzhen Tiantu Capital Management Center (Limited Partnership) (深圳天圖資本管理中心(有限合夥)) is Shenzhen Tiantu Xingcheng Investment Management Co., Ltd. (深圳天圖興誠投資管理有限公司), which is wholly-owned by Tian Tu Capital Co., Ltd.. Tian Tu Capital Co., Ltd. is also the sole limited partner of Shenzhen Tiantu Capital Management Center (Limited Partnership) (深圳天圖資本管理中心(有限合夥)). Tian Tu Capital Co., Ltd. is a PRC-incorporated company listed on the Hong Kong Stock Exchange (stock code: 1973).

Save as disclosed above, as of the date of this annual report, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares, underlying shares and debentures of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Restricted Share Unit Scheme

The Company adopted a restricted share unit scheme on January 23, 2024 (the “**2024 RSU Scheme**”). The following is a summary of the principal terms of the 2024 RSU Scheme.

(a) Purpose

The purpose of the RSU is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors, and consultants and to promote the success of the Company’s business.

(b) Participants

Persons (the “**selected participants**”) eligible to participate in the 2024 RSU Scheme include Directors, employees, and consultants of the Group, and other individuals, as determined, authorized and approved by the Board or a committee authorized by the board (the “**Administrator**”).

(c) Awards

The 2024 RSU Scheme is subject to the administration of the Administrator. The Administrator may at any time during the term of the 2024 RSU Scheme make an offer to grant RSUs to any selected participant at its absolute discretion.

The Administrator may at any time during the term of the 2024 RSU Scheme make an award (the “**Award(s)**”, for the purpose of this sub-section only) of conditional rights to either Shares or equivalent value of cash (the “**RSU(s)**”, for the purpose of this sub-section only) to any selected participant at its absolute discretion.

Each grant of an RSU under the 2024 RSU Scheme shall be evidenced by a grant letter (the “**Grant Letter**”) between the selected participant and the Company. Each RSU shall be subject to all applicable terms and conditions of the 2024 RSU Scheme and may be subject to any other terms and conditions that are not inconsistent with the 2024 RSU Scheme and that the Administrator deems appropriate for inclusion in a Grant Letter. The provisions of the various Grant Letters entered into under the 2024 RSU Scheme need not be identical. To the extent that an Award is not accepted within the period determined by the Administrator, it will be deemed to have been irrevocably declined and shall immediately lapse. Each selected participant shall pay RMB1.00 as the award price to accept the Awards granted to such selected participant within the time specified in the Grant Letter.

(d) Term

The 2024 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) January 23, 2035; or (ii) such date of early termination as determined by the Board or the Administrator provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2024 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2024 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2024 RSU Scheme. The remaining life of the 2022 RSU Scheme is approximately 7 years and 9 months as at the date of this report.

(e) Grant and Acceptance of RSUs

The Administrator is authorized to grant RSUs where, upon vesting in accordance with the vesting schedule as determined by the Administrator in its sole discretion, the selected participant may exercise the RSUs by payment of the exercise price.

Each selected participant shall enter into a grant letter (the “**Grant Letter**”) with our Company for the RSUs granted to such person under the RSU Scheme.

(f) Vesting

The Administrator may, from time to time while the RSUs are in force and subject to all applicable laws, determine in its sole discretion such vesting criteria and conditions or periods for the Award to be vested. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant Grant Letter issued to each selected participant.

The Administrator may determine at its sole discretion the exercise price as may be applicable to each RSU. Unless the Administrator otherwise provides, or as otherwise expressly set forth in the Grant Letter, RSUs awarded to the selected participants under the 2024 RSU Scheme will be exercisable only in accordance with the vesting schedule as set out in the Grant Letter, subject to the conditions to vesting. Upon payment of the exercise price for a vested RSU, the Administrator may release the vested and exercised RSU to the selected participant by instructing the trustee (the “**Trustee**”, for the purpose of this sub-section only) of the trust (the “**Trust**”, for the 2024 purpose of this sub-section only) constituted to service the RSU Scheme to transfer the Shares underlying the RSU or the cash equivalent to the selected participant in such manner as determined by the Administrator from time to time. An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the selected participant’s employment or service with the Company.

The Administrator may in its absolute discretion decide that any RSU shall not be cancelled, subject to such conditions or limitations as the Administrator may decide. If a selected participant ceases to be an employee, director or consultant for any reason other than death or disability, the selected participant’s RSUs shall expire on the earliest of (A) the expiration date of the RSU as specified in the Grant Letter; (B) the date on which three (3) months have lapsed following the termination of the selected participant’s relationship as a service provider; or (C) such other date as the Administrator may determine and specify in the Grant Letter. In the event of the death or disability of a selected participant, the RSUs shall expire on the earlier of (A) the expiration date of the RSU as specified in the Grant Letter; (B) the date on which eighteen (18) months have lapsed following the selected participant’s death, or the date on which twelve (12) months have lapsed following the termination of disability, as the selected participant’s relationship as a service provider by reason of the case may be; or (C) such other date as the Administrator may determine and specify in the Grant Letter.

(g) Vesting Period

Unless as otherwise determined by the Administrator, the RSUs under the RSU Scheme are generally vested over a period of four years commencing from the designated vesting commencement date with each 25% of the underlying Shares vested at each anniversary of the designated vesting commencement date. The Administrator may amend the vesting schedule or accelerate the vesting of any RSUs in its sole discretion. In any event, vested RSUs are only exercisable upon the Company’s Listing.

Report of Directors

(h) Exercise price

The exercise price per Share subject to an RSU shall be determined by the Administrator at its sole discretion and shall be set forth in the Grant Letter. The exercise price per Share subject to an RSU may be amended or adjusted in the absolute discretion of the Administrator, the determination of which shall be final, binding and conclusive.

(i) Exercise of RSUs

A selected participant may exercise the vested RSUs by delivering an exercise notice to our Company with the payment of the aggregate exercise price as to all RSUs exercised, with applicable tax withholding delivered.

(j) General and Maximum Limit

The aggregated amount of existing Shares held by the Trustee under the Scheme shall be no more than 5,000,000 Shares, representing approximately 7.74% of the number of total issued Shares of the Company as of the date of this annual report. All of the 5,000,000 RSUs, have been granted to eligible participants under the RSU Scheme, and all such granted RSUs were vested as of May 15, 2024. There will be no further issue or grants of RSUs after the Listing.

No new Shares may be allotted pursuant to the 2024 RSU Scheme. At no time shall the Trustee be holding more than 10% of the total number of Shares in issue. The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust. 447,250 RSUs with exercise price ranging from US\$0.39 to US\$4.27 were granted to the Directors, all of which had been vested as of May 15, 2024.

A summary of the grantees who have been granted RSUs under the 2024 RSU Scheme is set forth below:

Name and category of participant	Date of grant ⁽¹⁾⁽²⁾	Exercise price (USD)	As of January 1, 2025	Number of RSU		As of December 31, 2025
				Exercised during the Reporting Period	Cancelled or lapsed during the Reporting Period	
Directors						
Wang Zhiyuan	April 20, 2020	4.2657	200,000	-	-	200,000
	April 20, 2024	0.3896	12,750	-	-	12,750
	April 20, 2024	4.2657	34,500	-	-	34,500
Shi Yi	April 20, 2020	4.2657	150,000	-	-	150,000
	April 20, 2024	0.3896	20,000	-	-	20,000
	April 20, 2024	4.2657	30,000	-	-	30,000
Subtotal			447,250	-	-	447,250

Report of Directors

Name and category of participant	Date of grant ⁽¹⁾⁽²⁾	Exercise price (USD)	As of January 1, 2025	Number of RSU		As of December 31, 2025
				Exercised during the Reporting Period	Cancelled or lapsed during the Reporting Period	
Employees excluding the Directors	April 20, 2015	0.3896	464,500	–	–	464,500
	April 20, 2016	0.3896	386,000	–	–	386,000
	April 20, 2017	0.3896	579,750	–	–	579,750
	April 20, 2018	0.3896	251,000	–	–	251,000
	April 20, 2019	0.3896	132,500	–	–	132,500
	April 20, 2020	0.3896	7,500	–	–	7,500
	April 20, 2021	0.3896	50,000	–	–	50,000
	April 20, 2024	0.3896	86,000	–	–	86,000
	April 20, 2020	4.2657	420,000	–	–	420,000
	April 20, 2021	4.2657	675,000	–	–	675,000
	April 20, 2022	4.2657	177,500	–	–	177,500
	April 20, 2023	4.2657	150,000	–	–	150,000
	April 20, 2024	4.2657	1,163,000	–	–	1,163,000
Subtotal			4,542,750	–	–	4,542,750
Top 5 highest paid employees						
excluding Directors	April 20, 2017	0.3896	2,000	–	–	2,000
Subtotal			2,000	–	–	2,000
Consultants	April 20, 2015	0.3896	10,000	–	–	10,000
Subtotal			10,000	–	–	10,000
Total			5,000,000	–	–	5,000,000

Notes:

1. *The vesting schedule for these RSUs is 100% to be vested prior to the Listing. All RSUs have been vested.*
2. *No grants have been made during the Reporting Period.*

Directors' and Controlling Shareholders' Interests in Competing Business

During the Reporting Period and up to the date of this report, none of the Directors or the controlling shareholders (as defined under the Listing Rules) and their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group.

Directors' and Controlling Shareholders' Interests in Contract of Significance

No transaction, arrangement or contract of significance (including provision of services) in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director or any entity connected with a Director or the controlling shareholders (as defined under the Listing Rules) of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the Reporting Period and since the date of Listing and up to the date of this report.

Continuing Disclosure Obligations Pursuant to the Listing Rules

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Changes in Directors' Information

Save as disclosed in this annual report, the Company is not aware of any changes in Directors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Connected Transactions

Details on related party transactions for the year ended December 31, 2025 are set out in note 35 to the consolidated financial statements. Save as disclosed in this Report, (i) there was no connected transaction nor continuing connected transaction of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules during the Reporting Period, and (ii) none of the related party transactions disclosed in the consolidated financial statements constitutes a connected transaction or a continuing connected transaction under Chapter 14A of the Listing Rules.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Tax Relief and Exemption

To the best knowledge and belief of the Directors, they are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

Sufficiency of Public Float

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times from the Listing Date to the date of this annual report.

Subsidiaries

Particulars of the Company's subsidiaries as at December 31, 2025 are set out in note 37 to the consolidated financial statements.

Permitted Indemnity Provision

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all losses or liabilities incurred or sustained in or about the execution of his duties in his office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares, or that require the Company to enter into any agreements that will or may result in the Company issuing shares, were entered into by the Company during the year or subsisted at the end of the Reporting Period.

Management Contracts

Save as disclosed in the section headed "Contractual Arrangements", no contracts relating to management and administrative affairs of all or any major part of the businesses of the Company were entered into or existed during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

From the Listing Date until the date of this annual report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). The Company did not hold any treasury shares as defined under the Listing Rules during the Reporting Period.

Significant Legal Proceedings

During the Reporting Period, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

Retirement Benefits Scheme

The Group has five employees who are required to participate in the Mandatory Provident Fund Scheme (the “MPF Scheme”) in Hong Kong in compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Cap. 485). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, each of the Group and the employee are required to make contributions to the MPF Scheme at 5% of the employee’s relevant income, subject to a cap of monthly relevant income of HK\$30,000. The Group’s contributions under the above-mentioned defined contribution retirement plan are expensed as incurred and no contributions have been forfeited as all contributions to the MPF Scheme vest immediately.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in note 7 to the consolidated financial statements in this Report.

Use of Net Proceeds from Listing

The Company was listed on the Main Board of the Stock Exchange on February 6, 2026, and on March 5, 2026, the over-allotment option was partially exercised. The net proceeds received by the Group from the Global Offering and the exercise of the over-allotment option, after deducting underwriting fee and relevant expenses, amounted to approximately HK\$220.1 million. The Group will apply such proceeds in a manner consistent with the intended use of proceeds as set out in the Prospectus. Since the Listing Date, the net proceeds which have not been utilized have been deposited into current deposits or short-term demand deposits with licensed banks and financial institutions as defined under the Securities and Futures Ordinance or the applicable laws in relevant jurisdiction for non-Hong Kong based deposits.

Significant Events after the Reporting Period

On January 12, 2026, the Company entered into a shareholder resolution, pursuant to which one of the redemption events of the convertible redeemable preference shares was updated to the occurrence of the Company’s failure to consummate a qualified IPO prior to March 31, 2027 and as a result, the convertible redeemable preference shares will not have cash flow impact to the Group for at least the next twelve months from December 31, 2025. On February 6, 2026, the Company completed its listing on Main Board of the Stock Exchange of Hong Kong Limited. Upon the Listing, all preference shares have been automatically converted into ordinary shares.

Save as disclosed above, the Company or the Group has not undertaken any material events after the Reporting Period and up to the date of this annual report.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets.

Employees and Remuneration Policies

As of December 31, 2025, we had 1,724 full-time employees in total. In strict compliance with the relevant labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and the opportunity to participate in share incentive schemes to our employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations.

Our Company has adopted the 2024 RSU Scheme on January 23, 2024. Please refer to “Restricted Share Unit Scheme” in this annual report for further information.

Compensation of Directors and Senior Management

The emoluments of the Directors and Senior Management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics.

Details of the emoluments of the Directors, and five highest paid individuals during the Reporting Period are set out in notes 39 and 7 to the consolidated financial statements. No Directors have waived or agreed to waive any emoluments during the Reporting Period.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2025, by the Group to or on behalf of any of the Directors.

Audit Committee

The Board has established the Audit Committee which comprises Dr. Gao Pingyang, Ms. Chen Rui and Mr. Cao Shaoshan, with Dr. Gao Pingyang serving as the chairperson of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

Report of Directors

The Audit Committee, together with the management and external auditor of the Company of the Company, has reviewed the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the condensed consolidated financial statements of the Group for the year ended December 31, 2025) of the Group, and is of the view that the annual results of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

Auditor

PricewaterhouseCoopers was appointed as the auditor of the Company during the Reporting Period. The Company did not change its auditors since the Listing Date.

PricewaterhouseCoopers shall retire at the AGM and, being eligible, will offer itself for re-appointment as auditor of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the AGM.

On behalf of the Board

Mr. Wang Zhiyuan

Chairman and Chief Executive Officer

Hong Kong, March 25, 2026

Independent Auditor's Report



To the Shareholders of Distinct Healthcare Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Distinct Healthcare Holdings Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 129 to 230, comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). 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.

Independent Auditor's Report

Basis for Opinion (continued)

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Hong Kong Institute of Certified Public Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

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

The key audit matter identified in our audit is related to goodwill impairment assessment.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment</p> <p>Refer to Note 4(e) and Note 15 to the consolidated financial statements.</p> <p>As at 31 December 2025, the balance of goodwill of the Group was approximately RMB133,942,000.</p> <p>For the purpose of goodwill impairment assessment, management has identified the individual Wuhan city comprising one hospital and certain clinics as a group of cash-generating-units ("group of CGUs"), to which goodwill has been allocated. Management performed impairment assessment of the goodwill balance annually or whenever there is an indication that goodwill may be impaired.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none">(i) Obtained an understanding of management's assessment process of goodwill impairment and assessed the inherent risks of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors.(ii) Assessed the appropriateness of the Group's identification of the group of CGUs and allocation of goodwill at the lowest level at which goodwill is monitored for internal management purpose.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment (continued)</p> <p>The Group engaged an external valuer to assist them in conducting the goodwill impairment assessment. Goodwill impairment is assessed by comparing the recoverable amount of the group of CGUs against its carrying amount. Management determined the recoverable amount of the group of CGUs based on the higher of their respective fair value less costs of disposal and value in use, which are calculated using cash flow forecasts based on financial budgets prepared by management. Based on the impairment assessment performed using value in use approach, management concluded that there was no impairment on goodwill as at 31 December 2025.</p> <p>The goodwill impairment assessment involves significant management's judgments and estimates which include the adoption of appropriate valuation method and the use of key assumptions, including revenue growth rates, terminal growth rate and discount rate, which are subject to high degree of estimation uncertainty.</p>	<ul style="list-style-type: none"> <li data-bbox="810 556 1430 655">(iii) Assessed the competency, capabilities and objectivity of the external valuer engaged by the Group. <li data-bbox="810 707 1430 842">(iv) Obtained the valuation report of goodwill impairment and assessed the appropriateness of the valuation method adopted by management with the involvement of our internal valuation experts. <li data-bbox="810 894 1430 1030">(v) Performed a retrospective review by comparing the prior year's cash flow forecasts with the current year's actual results to assess the effectiveness of management's estimation process. <li data-bbox="810 1082 1430 1332">(vi) Challenged and assessed the reasonableness of the key assumptions, including revenue growth rates and terminal growth rate adopted in the cash flow forecasts, taking into consideration the historical performance, the budgets and plans approved by management, and also researches of the comparable industry and/or market data. <li data-bbox="810 1384 1430 1517">(vii) Evaluated the reasonableness of discount rate applied in the calculation with the involvement of our internal valuation experts by comparing them against the industry or market data.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Goodwill impairment assessment (continued)</p> <p>We considered this area a key audit matter due to the significant management judgments and estimates applied in the goodwill impairment assessment.</p>	<p>(viii) Evaluated the sensitivity analysis performed by management over the key assumptions to assess the potential implications of changes in assumptions within a reasonable range on the results of the impairment assessment.</p> <p>(ix) Checked the mathematical accuracy of the calculations of the goodwill impairment assessment.</p> <p>(x) Assessed the appropriateness and adequacy of the disclosures related to goodwill impairment assessment in accordance with the applicable accounting standards.</p> <p>Based on the above procedures, we found the significant management's judgments and estimates applied in management's goodwill impairment assessment were supported by the evidence we obtained.</p>

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is YAU, Lai Ting, Cecilia.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 25, 2026

Consolidated Statement of Profit or Loss

	Note	Year ended December 31,	
		2025	2024
		RMB'000	RMB'000
Revenue	5	1,064,529	958,578
Cost of revenue	6	(797,489)	(732,575)
Gross profit		267,040	226,003
Selling expenses	6	(16,105)	(15,956)
Administrative expenses	6	(218,044)	(264,452)
Research and development expenses	6	(3,996)	–
Net impairment losses on financial assets		(1,932)	(1,282)
Other income	8	1,463	1,282
Other (losses)/gains – net	9	(647)	7,528
Operating profit/(loss)		27,779	(46,877)
Finance income	10	2,483	8,619
Finance costs	10	(12,517)	(16,642)
Finance costs – net	10	(10,034)	(8,023)
Fair value gain of convertible redeemable preference shares	26	118,182	128,797
Fair value gain on remeasurement of previously held equity interest in subsidiaries at the acquisition date		–	5,990
Share of results of associates		–	(143)
Profit before income tax		135,927	79,744
Income tax (expense)/benefit	11	(4,478)	483
Profit for the year		131,449	80,227
Attributable to:			
– Owners of the Company		135,064	83,805
– Non-controlling interests		(3,615)	(3,578)
Earnings/(losses) per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic earnings per share	12	9.68	6.01
– Diluted earnings/(losses) per share	12	0.31	(0.83)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit for the year	131,449	80,227
Other comprehensive income/(loss):		
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	25,306	(17,718)
Fair value change of convertible redeemable preference shares due to own credit risk	(20,842)	(61,822)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	22,459	(15,630)
	26,923	(95,170)
Total comprehensive income/(loss) for the year	158,372	(14,943)
Attributable to:		
– Owners of the Company	161,987	(11,365)
– Non-controlling interests	(3,615)	(3,578)

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

Consolidated Statement of Financial Position

		As at December 31,	
	Note	2025	2024
		RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	184,957	205,584
Right-of-use assets	14	252,942	302,612
Intangible assets	15	142,904	135,977
Prepayments, deposits and other receivables	19	42,079	30,429
Deferred income tax assets	11	50,696	45,591
Term deposits with initial term of over three months	20	–	10,553
Total non-current assets		673,578	730,746
Current assets			
Financial assets at fair value through profit or loss	16	199,366	162,862
Inventories	17	33,880	31,947
Trade receivables	18	69,537	52,154
Prepayments, deposits and other receivables	19	24,339	28,595
Term deposits with initial term of over three months	20	10,883	11,049
Cash and cash equivalents	20	324,846	307,970
Total current assets		662,851	594,577
Total assets		1,336,429	1,325,323
Equity			
Equity attributable to owners of the Company			
Share capital	22	85	85
Reserves	24	(69,794)	(96,717)
Accumulated losses	25	(1,566,284)	(1,701,348)
		(1,635,993)	(1,797,980)
Non-controlling interests		34,940	38,555
Total deficit		(1,601,053)	(1,759,425)

Consolidated Statement of Financial Position

	Note	As at December 31,	
		2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Contract liabilities	29	4,610	1,762
Lease liabilities	14	221,110	257,791
Deferred income	30	18,820	9,410
Deferred income tax liabilities	11	25	6
Total non-current liabilities		244,565	268,969
Current liabilities			
Trade payables	27	10,528	9,705
Accruals and other payables	28	170,587	180,571
Contract liabilities	29	171,087	130,552
Current income tax liabilities		11,557	2,379
Lease liabilities	14	67,842	81,478
Convertible redeemable preference shares	26	2,261,316	2,411,094
Total current liabilities		2,692,917	2,815,779
Net current liabilities		(2,030,066)	(2,221,202)
Total liabilities		2,937,482	3,084,748
Total deficit and liabilities		1,336,429	1,325,323

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

The consolidated financial statements on pages 129 to 230 were approved by the Board of Directors on March 25, 2026 and were signed on its behalf:

Mr. WANG Zhiyuan
Director

Mr. SHI Yi
Director

Consolidated Statement of Changes in Equity

	Note	Attributable to owner of the Company			Non-	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Accumulated Losses RMB'000	controlling interests RMB'000	
Balance at January 1, 2024		85	18,758	(1,785,153)	4,981	(1,761,329)
Comprehensive income:						
– Profit for the year		–	–	83,805	(3,578)	80,227
Other comprehensive loss:						
– Currency translation differences	24	–	(33,348)	–	–	(33,348)
– Fair value change on convertible redeemable preference shares due to own credit risk	26	–	(61,822)	–	–	(61,822)
Total comprehensive loss		–	(95,170)	83,805	(3,578)	(14,943)
Total transactions with owners in their capacity as owners:						
Share-based compensation expenses	7	–	38,362	–	–	38,362
Acquisition of subsidiaries		–	–	–	64,862	64,862
Transactions with non-controlling interests		–	(58,667)	–	(27,710)	(86,377)
		–	(20,305)	–	37,152	16,847
Balance at December 31, 2024		85	(96,717)	(1,701,348)	38,555	(1,759,425)

Consolidated Statement of Changes in Equity

	Note	Attributable to owner of the Company			Non-	Total equity RMB'000
		Share capital RMB'000	Reserves RMB'000	Accumulated Losses RMB'000	controlling interests RMB'000	
Balance at January 1, 2025		85	(96,717)	(1,701,348)	38,555	(1,759,425)
Comprehensive income:						
– Profit for the year		–	–	135,064	(3,615)	131,449
Other comprehensive income:						
– Currency translation differences	24	–	47,765	–	–	47,765
– Fair value change on convertible redeemable preference shares due to own credit risk	26	–	(20,842)	–	–	(20,842)
Total comprehensive income		–	26,923	135,064	(3,615)	158,372
Balance at December 31, 2025		85	(69,794)	(1,566,284)	34,940	(1,601,053)

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

Consolidated Statement of Cash Flows

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	210,034	164,829
Interest received		1,600	7,017
Income taxes paid		(386)	(508)
Net cash generated from operating activities		211,248	171,338
Cash flows from investing activities			
Purchases of property, plant and equipment		(48,923)	(57,969)
Purchases of intangible assets		(16,559)	(1,480)
Withdrawal of term deposits with initial term of over three months		11,066	109,404
Payments for financial assets at fair value through profit or loss		(925,728)	(967,360)
Proceeds from disposal of financial assets at fair value through profit or loss		890,248	1,005,519
Repayment of amounts due from a non-controlling shareholder of a subsidiary	19(d)	9,500	–
Investment in associates		–	(90,000)
Acquisition of subsidiaries, net of cash acquired		–	87,868
Net cash (used in)/generated from investing activities		(80,396)	85,982
Cash flows from financing activities			
Repayment of loan from a non-controlling shareholder of a subsidiary		–	(11,005)
Payment of listing expenses	19	(433)	(1,983)
Principal elements of lease payments		(71,941)	(61,556)
Interests paid for leases liabilities		(12,517)	(16,332)
Payments for acquisition of additional shares of subsidiaries		(27,000)	(59,377)
Net cash used in financing activities		(111,891)	(150,253)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		307,970	198,327
Exchange (losses)/gains on cash and cash equivalents		(2,085)	2,576
Cash and cash equivalents at the end of the year	20	324,846	307,970

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

1 General information

Distinct Healthcare Holdings Limited (the “Company”) is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in provision of healthcare services through healthcare service institutions and tele-healthcare service platform mainly in the People’s Republic of China (the “PRC”).

The Company was incorporated in the Cayman Islands on February 13, 2014 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is at Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company completed its listing on Main Board of the Stock Exchange of Hong Kong Limited on February 6, 2026.

These consolidated financial statements are presented in Renminbi (“RMB”) and all amounts are rounded to the nearest thousand yuan, unless otherwise stated.

2 Basis of preparation

2.1 Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (the “IFRS Accounting Standards”) and requirements of the Hong Kong Companies Ordinance.

2.2 Historical cost convention

The consolidated financial statements has been prepared under historical cost convention except for certain financial assets and liabilities measured at fair value.

2.3 Contractual arrangements

The VIE Entities of the Group are VIE Medical Management Companies and the entities that the Group control certain percentages of their shareholding through the VIE Medical Management Companies (the “VIE Medical Institutions”).

On May 10, 2024, the Relevant Shareholders of Zhuozheng Xinhe, Zhuozheng Xinhe, the VIE Medical Management Companies and Qianhai Distinct, entered into the Contractual Arrangements, pursuant to which the Group is able to:

2 Basis of preparation (continued)

2.3 Contractual arrangements (continued)

- (i) Receive 10% of the economic interest returns generated by the Sichuan Institutions under Distinct Management, 30% of the economic interest returns generated by the VIE Medical Institutions under each of Distinct Consultation, Distinct Investment Consulting, Distinct Investment and Distinct Shenzhen, and substantially all of the economic interest returns generated by Zhuozheng Xinhe in consideration for the technical support, consulting services and other services provided by Qianhai Distinct;
- (ii) Obtain an irrevocable, unconditional and exclusive right to purchase all or any part of the equity interests in and/or assets of Zhuozheng Xinhe held and VIE Medical Management Companies attributable to Zhuozheng Xinhe of a transfer price which shall be equivalent to the minimum purchase price permitted under the PRC laws at any time. The Relevant Shareholders of Zhuozheng Xinhe, Zhuozheng Xinhe and the VIE Medical Management Companies agreed to return all the consideration received in relation to such transfer of equity interests and/or assets, as the case maybe, to Qianhai Distinct or its designated person. Qianhai Distinct or its designated person may exercise such options at any time until it has acquired all equity interests of Zhuozheng Xinhe, and all of the Relevant Shareholders' equity interests in Zhuozheng Xinhe or all of the assets of Zhuozheng Xinhe attributable to the Relevant Shareholders, all the equity interests in the VIE Medical Management Companies and all of Zhuozheng Xinhe's equity interests in the VIE Medical Management Companies or all of the assets of the VIE Medical Management Companies attributable to Zhuozheng Xinhe are transferred to Qianhai Distinct or its designated person;
- (iii) Exercise the equity holders' voting rights of Zhuozheng Xinhe and the VIE Entities;
- (iv) Obtain a pledge over all of Relevant Shareholders' equity interest in Zhuozheng Xinhe and all equity interest in the VIE Medical Management Companies owned by Zhuozheng Xinhe to Qianhai Distinct as a security to the secure the performance of all their obligations and the obligations of Zhuozheng Xinhe and the VIE Medical Management Companies and repayment of outstanding debts under the Contractual Arrangements; and
- (v) A loan provided from Qianhai Distinct to subscribe for registered share capital or acquire equity interests in each of Zhuozheng Xinhe and the VIE Medical Management Companies under the Contractual Arrangements with term of the loan shall expire at the termination of the Contractual Arrangements and repayment on demand by Qianhai Distinct at any time during the term.

Accordingly, the Group effective control over and to consolidate all economic benefits arising from Zhuozheng Xinhe and the VIE Entities through Qianhai Distinct (except for 51% of the economic interest returns generated by Distinct Shenzhen and its wholly owned subsidiary before October 3, 2024).

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

2 Basis of preparation (continued)

2.4 Going concern

The Group's current liabilities exceeded its current assets by RMB2.03 billion and had net liabilities of RMB1.60 billion as of December 31, 2025, which is primarily because the convertible redeemable preference shares of RMB2.26 billion are classified as current liabilities in considering their conversion features that are convertible by the holders at any time, details of which are set out in Note 26. Upon successful Initial Public Offering (the "IPO") of the Company, the redemption rights and conversion rights will be lapsed and the redeemable shares would be converted into ordinary shares and reclassified from the liability to the equity. On February 6, 2026, the Company completed its IPO. Based on the above considerations, the directors of the Company are of the opinion that the Group will continue as a going concern and have prepared the financial statements on a going concern basis.

2.5 New and amended standards and interpretations adopted by the Group

The Group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing January 1, 2025:

	Effective for annual periods beginning on or after
Amendments to HKAS 21	January 1, 2025
Lack of Exchangeability	

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

2 Basis of preparation (continued)

2.6 New standards and interpretations not yet been adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is set out below.

		Effective for annual periods beginning on or after
Annual Improvements to IFRS Accounting Standards – Volume 11	IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the Financial Statements	January 1, 2027
Amendments to IFRS 10 and IAS 28	Consolidated financial statements and investments in associates and joint venture	To be determined

Except for new IFRS 18 mentioned below, the Group is commencing an assessment of the impact of these new or amended standards and interpretations, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no material impact on the financial performance and position of the Group in the current or future reporting period and on foreseeable future transactions is expected when they become effective.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

2 Basis of preparation (continued)

2.6 New standards and interpretations not yet been adopted (continued)

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows are also made. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements, and is not expected to have significant impact on the financial performance and position of the Group.

3 Financial risk management

3.1 Financial risk factors

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

Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

(a) Market risk

(i) *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entities. The Group’s primary subsidiaries operate mainly in the PRC with majority of the transactions settled in RMB. The Group may experience gains or losses as a result of any foreign currency exchange rate fluctuations in connection with monetary assets and liabilities denominated in currencies other than the respective functional currencies of the Group’s entities. As at December 31, 2025 and 2024, the main foreign currency assets held by the Group are USD. This exposes the Group to foreign exchange risk. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following are the carrying amount of the Group's USD denominated monetary assets at the respective dates held by the relevant group entities of functional currency in RMB:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Assets		
Cash and cash equivalents	9	59,674
Financial assets at fair value through profit or loss ("FVPL")	–	–
	9	59,674

As at December 31, 2025, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the pre-tax profit would have been approximately RMB1,000 lower/higher for the year ended December 31, 2025 (2024: RMB2,984,000).

(ii) Cash flow and fair value interest rate risk

As of December 31, 2025 and 2024, the Group does not hold any long-term interest-bearing assets or borrowings, so there is no significant cash flow and fair value interest rate risk.

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk mainly arises from bank balance, trade receivables and deposits and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(i) *Risk management*

Credit risk is managed on a group basis.

To manage risk arising from bank balances, the Group mainly transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable overseas financial institutions. There has been no recent history of default in relation to those financial institutions.

For trade receivable, the Group, being a provider of healthcare services mainly to patients, has a highly diversified customer base without any single customer contributing material revenue. Certain patients will claim their medical billing from commercial insurance companies, third-party administrators who assist commercial insurance companies in realizing review process and direct billing settlement. The credit term granted to those insurance companies, third-party administrators and organizations is generally one month. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective insurance companies, third-party administrators and organizations' policies and within reimbursement limits, provided fulfilling all ethics and moral responsibilities as healthcare provider. The Group also has controls to closely monitor the patients' billing and claim status to minimize the credit risk.

For deposits and other receivables, management makes periodic individual assessments on the recoverability of deposits and other receivables based on historical settlement records and past experiences, as well as forward-looking factors.

(ii) *Impairment policies*

The Group formulates the credit losses of financial assets using expected credit loss ("ECL") models according to IFRS 9 requirements. Net impairment losses on financial assets are presented within operating profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Impairment policies (continued)*

Bank balances

Bank balances are subject to the impairment requirements of IFRS 9, the identified impairment losses were immaterial as at December 31, 2025 and 2024.

Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables.

To measure the ECL, trade receivables have been grouped based on their shared credit risk characteristics. The expected loss rates are based on the payment profiles of sales over a specific period before each year end date and the corresponding historical credit losses experienced within the periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the M2 and Consumer Price Index ("CPI") in which it provides its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The loss allowance for trade receivables as at December 31, 2025 and 2024 was determined on a collective basis as follows:

December 31, 2025	Up to 60 days	61 days to 1 year	1 to 2 years	Over 2 years	Total
Expected loss rate	0.18%	0.45%	41.53%	100.00%	3.51%
Gross carrying amount (RMB'000)	39,583	27,740	4,125	622	72,070
Loss allowance (RMB'000)	72	126	1,713	622	2,533

December 31, 2024	Up to 60 days	61 days to 1 year	1 to 2 years	Over 2 years	Total
Expected loss rate	0.11%	0.32%	53.10%	100.00%	1.96%
Gross carrying amount (RMB'000)	32,743	18,781	1,548	123	53,195
Loss allowance (RMB'000)	36	60	822	123	1,041

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Impairment policies (continued)*

Trade receivables (continued)

The loss allowances for trade receivables as at December 31, 2025 and 2024 reconcile to the opening loss allowance are disclosed in Note 18(b).

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Deposits and other receivables

The Group uses the ECL model to determine the expected loss provision for deposits and other receivables. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (stage 2)
Non-performing	Interest and/or principal repayments are more than 90 days past due	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are more than 3 years past due or there is no reasonable expectation of recovery	Asset is written off

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Impairment policies (continued)*

Deposits and other receivables (continued)

Deposits and other receivables include rental and other deposits, staff advances, amounts due from related parties, amounts due from a non-controlling shareholder of a subsidiary and others. The Group accounts for their credit risk by appropriately providing for ECL on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data affecting the ability of the customers to settle the receivables. The Group has identified the GDP in which it provides its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group provided for credit losses against deposits and other receivables as follows:

Deposits and other receivables as at December 31, 2025	Expected credit loss rate	Basis for recognition of expected credit loss provision	Gross amount (stage 1) <i>RMB'000</i>	Impairment provision <i>RMB'000</i>	Carrying amount (net of impairment provision) <i>RMB'000</i>
Rental and other deposit	1.0%	12 months expected losses	29,035	(282)	28,753
Staff advances	1.0%	12 months expected losses	2,713	(26)	2,687
Others	0.9%	12 months expected losses	340	(3)	337
			32,088	(311)	31,777

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Impairment policies (continued)

Deposits and other receivables (continued)

Deposits and other receivables as at December 31, 2024	Expected credit loss rate	Basis for recognition of expected credit loss provision	Gross amount (stage 1) RMB'000	Impairment provision RMB'000	Carrying amount (net of impairment provision) RMB'000
Rental and other deposit	0.9%	12 months expected losses	28,627	(265)	28,362
Amounts due from a non-controlling shareholder of a subsidiary	0.9%	12 months expected losses	9,500	(83)	9,417
Staff advances	0.8%	12 months expected losses	2,996	(24)	2,972
Others	0.9%	12 months expected losses	542	(5)	537
			41,665	(377)	41,288

Movements in the (reversal)/provision for impairment of deposits and other receivables as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	377	245
(Reversal)/provision for impairment	(66)	132
At the end of the year	311	377

Deposits and other receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where deposits and other receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual cash flows RMB'000	Carrying amount Total RMB'000
At December 31, 2025						
Trade payables	10,528	-	-	-	10,528	10,528
Accruals and other payables (i)	51,733	-	-	-	51,733	51,733
Lease liabilities	77,123	62,880	140,941	36,061	317,005	288,952
Convertible redeemable preference shares	-	3,128,990	-	-	3,128,990	2,261,316
Total	139,384	3,191,870	140,941	36,061	3,508,256	2,612,529

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual cash flows RMB'000	Carrying amount Total RMB'000
At December 31, 2024						
Trade payables	9,705	-	-	-	9,705	9,705
Accruals and other payables (i)	77,552	-	-	-	77,552	77,552
Lease liabilities	83,819	71,565	150,273	79,377	385,034	339,269
Convertible redeemable preference shares	-	2,856,341	-	-	2,856,341	2,411,094
Total	171,076	2,927,906	150,273	79,377	3,328,632	2,837,620

(i) For the purpose of liquidity risk analysis, employee benefits and other taxes payable are excluded.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

3.3.1 Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2025 and 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of each of the reporting periods. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

3.3.1 Fair value hierarchy (continued)

The following table presents the Group's financial assets and financial liabilities that were measured at fair value at December 31, 2025:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss:				
– Investments in bank financial products	–	–	194,832	194,832
– Investments in listed equity securities	4,534	–	–	4,534
	4,534	–	194,832	199,366
Liabilities				
Convertible redeemable preference shares	–	–	2,261,316	2,261,316

The following table presents the Group's financial assets and financial liabilities that were measured at fair value at December 31, 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through profit or loss:				
– Investments in bank financial products	–	–	159,838	159,838
– Investments in listed equity securities	3,024	–	–	3,024
	3,024	–	159,838	162,862
Liabilities				
Convertible redeemable preference shares	–	–	2,411,094	2,411,094

There was no transfer of fair value hierarchy levels for the years ended December 31, 2025 and 2024.

There were no changes to valuation techniques for the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

3.3.1 Fair value hierarchy (continued)

The following table presents the change in level 3 instruments that are measured at fair value for the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Financial assets at FVPL		
– Investments in bank financial products		
At the beginning of the year	159,838	190,675
Additions	918,596	967,360
Disposals	(888,886)	(1,005,256)
Change in fair value	8,510	5,387
Currency translation differences	(3,226)	1,672
	194,832	159,838

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Financial liabilities at FVPL		
– Convertible redeemable preference shares		
At the beginning of the year	2,411,094	2,337,245
Additions	–	107,006
Change in fair value	(97,340)	(66,975)
Currency translation differences	(52,438)	33,818
	2,261,316	2,411,094

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

3.3.2 Valuation techniques and processes

The Group has a team of personnel who perform valuation on these level 3 instruments for financial reporting purposes. The team manages the valuation of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included investments in bank financial products measured at financial assets at FVPL. As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows. Major assumptions used in the valuation and the sensitivity analysis for convertible redeemable preference shares are presented in Note 26.

3.3.3 Valuation inputs and relationships to fair value

The investments in bank financial products mainly represent the investments in bank financial products purchased from reputable financial institutions. The principal and returns on all of these bank financial products were not guaranteed, hence their contractual cash flows did not qualify for solely payments of principal and interest. Therefore, they were measured at FVPL. None of these investments were past due. Changes in fair values of bank financial products were analyzed at the end of each reporting period by the Group's management. The Group used discounted cash flows approach to determine the fair value of the bank financial products. The relevant fair value gains/(losses) were minimal because of short term maturity. From the perspective of cash management and risk control, the Group diversified its investment portfolio and mainly purchased low-risk products from reputable financial institutions and preferred those products with high-liquidity.

The significant unobservable inputs used in level 3 fair value measurements at the investments in bank financial products are expected return rate. The higher the expected return rate, the higher the fair value. As at December 31, 2025, the expected annual return rate of the investments in bank financial products is from 1.55% to 4.00% (December 31, 2024: from 1.75% to 4.75%).

If the expected rate of return had decreased/increased by 100 basis points with all other variables held constant, the fair value of investments in bank financial products measured at FVPL would have decreased/increased by approximately RMB373,000 as at December 31, 2025 (December 31, 2024: RMB164,000).

The carrying amounts of the Group's financial assets including cash and cash equivalents, term deposits with initial term of over three months, trade receivables and deposits and other receivables and the Group's financial liabilities, including trade payables, other payables, loan from a non-controlling shareholder of a subsidiary and lease liabilities approximated their fair value due to their short maturities or that the contract interest rates (if applicable) are generally close to the market interest rates.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

4 Critical accounting estimates and judgements

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

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

(a) Fair value of convertible redeemable preference shares

The convertible redeemable preference shares issued by the Company are not traded in an active market is determined by using valuation techniques. The Group has engaged an independent valuer to select a variety of methods including use of the discounted cash flow method to determine the underlying equity value of the Company and adopted the equity allocation model and make assumptions including discount rate, risk-free interest rate, lack of marketability discount, volatility and credit risk associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial liabilities.

(b) Impairment of non-financial assets

Property, plant and equipment, intangible assets and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable. The recoverable amounts of the cash-generating units ("CGU") have been determined based on the higher of value-in-use calculations and fair value less costs of disposal.

Management judgement is required in the area of the impairment of the CGU particularly in assessing: (i) whether an event has occurred that may indicate that the relevant value of the CGU may not be recoverable; (ii) whether the carrying value of the CGU can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continuing use of the CGU; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate and growth rate used in the calculation of the present value of the estimated cash flows as appropriate as well as the lease agreement could be renewed at comparable rental rates available on the market when the leases expire.

Changes in relevant assumptions adopted by the Group to determine impairment may have material impact on the estimated recoverable amount used in the impairment test, and cause impairment in these non-financial assets of the Group.

4 Critical accounting estimates and judgements (continued)

(c) Current and deferred income taxes

There are certain transactions and calculations for which the ultimate tax termination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets are mainly recognized for temporary differences to the extent it is probable that future taxable profits will be available against which deductible temporary differences and the unused tax losses can be utilized, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax in which the deferred income tax asset has been recognized. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred income tax assets will ultimately be realized, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilized. The carrying amount of deferred income tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the carry forward tax losses, the asset balance will be reduced and the difference charged to the consolidated statement of profit or loss.

(d) Contractual Arrangements

The Group conducts a substantial portion of the business through the VIE Entities in the PRC. The Group have 70%, 70%, 70%, 70% and 90% equity ownership interests in Distinct Consultation, Distinct Investment Consulting, Distinct Investment, Distinct Shenzhen and Distinct Management, respectively. Due to regulatory restrictions on the foreign ownership in the Group's medical institutions in the PRC, Contractual Arrangements were signed. The Directors assessed whether or not the Group has control over Zhuozheng Xinhe and the VIE Entities, have exposure, or rights, to receive variable returns from its involvement with Zhuozheng Xinhe and the VIE Entities and has the ability to affect those returns through its power over Zhuozheng Xinhe and the VIE Entities. After assessment, the Directors concluded that the Group has control over Zhuozheng Xinhe and the VIE Entities as a result of the Contractual Arrangements and the relevant portion of direct legal ownership held by the Group, accordingly the financial position and their operating results of Zhuozheng Xinhe and the VIE Entities are included in the Group's consolidated financial statements as wholly owned subsidiaries for throughout the year or since the respective dates of incorporation/establishment, whichever is the shorter period.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

4 Critical accounting estimates and judgements (continued)

(d) Contractual Arrangements (continued)

Nevertheless, the Contractual Arrangement may not be as effective as direct legal ownership in providing the Group with direct control over Zhuozheng Xinhe and the VIE Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Zhuozheng Xinhe and the VIE Entities. The Directors, based on the advice of the PRC legal advisers, consider that save as otherwise disclosed, each agreement under the Contractual Arrangements is legal, valid and binding upon the parties thereto under the current PRC laws and regulations.

(e) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis, or whenever events or changes in circumstances indicate that it might be impaired. As at December 31, 2025 and 2024, the recoverable amount of CGUs was determined based on fair value less cost of disposal calculations. The calculations use cash flow projections based on financial budgets prepared by management covering a five-year period, which requires the use of assumptions. Details of the goodwill impairment test are disclosed in Note 15.

5 Revenue and segment reporting

- (a) The Group is principally engaged in provision of healthcare services through healthcare service institutions and tele-healthcare service platform.

The chief operating decision maker ("CODM") has been identified as the executive directors, who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the Group's business activities as a whole on a regular basis and the directors of the Company consider that the Group has only one reportable segment. Accordingly, no segment information is presented.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Healthcare services		
– In-person healthcare services	980,416	872,364
– Off-network healthcare services	30,786	32,830
– Tele-healthcare services	22,225	22,960
– Membership program	22,365	22,372
	1,055,792	950,526
Others	8,737	8,052
	1,064,529	958,578

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

5 Revenue and segment reporting (continued)

(a) (continued)

The Group derives revenue from providing healthcare service and others at a point in time and over time as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Healthcare services		
– In-person healthcare services	943,967	841,724
– Off-network healthcare services	17,549	16,791
– Tele-healthcare services	22,225	22,960
	983,741	881,475
Others	8,737	8,052
At a point in time	992,478	889,527
Healthcare services		
– In-person healthcare services	36,449	30,640
– Off-network healthcare services	13,237	16,039
– Membership program	22,365	22,372
Over time	72,051	69,051
	1,064,529	958,578

(b) Geographical information

The Company is domiciled in the Cayman Islands while the Group operates its business mainly in Chinese Mainland and earns substantially all of the revenue from external customers in Chinese Mainland. Substantially all of the Group's identifiable assets and liabilities were located in Chinese Mainland. No geographical information is presented in accordance with IFRS 8 "Operating Segments".

(c) Information about major customers

Since none of the Group's provision of services to a single customer amounting to 10% or more of the Group's total revenue for the years ended December 31, 2025 and 2024, no major customer information is presented in accordance with IFRS 8 "Operating Segments".

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(All amounts in RMB unless otherwise stated)

5 Revenue and segment reporting (continued)

(d) Unsatisfied long-term performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the financial years are as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Expected to be recognized within one year	181,631	138,554
Expected to be recognized after one year	10,429	1,762
	192,060	140,316

Management expects that unsatisfied performance obligations of approximately RMB181,631,000 as at December 31, 2025 (December 31, 2024: RMB138,554,000) will be recognized as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB4,610,000 (December 31, 2024: RMB1,762,000) will be recognized in 1 to 2 years.

(e) Accounting policies of revenue recognition

The Group's revenue is primarily derived from the provision of healthcare services through healthcare service institutions and tele-healthcare service platform. Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods sold and services rendered in the normal course of business, stated net of discounts.

The Group usually receives the payment from customers in advance before or on the same day the healthcare services are rendered. In the cases that the customers selected insurance direct billing to settle their healthcare service fee, the Group usually receives the payment based on a payment schedule.

Further details of the Group's revenue recognition policies are as follows:

Healthcare services

Revenue from healthcare services is recognized when the related services have been rendered to customers and include in-person healthcare services, off-network healthcare services, tele-healthcare services and membership program.

5 Revenue and segment reporting (continued)

(e) Accounting policies of revenue recognition (continued)

Healthcare services (continued)

(i) *In-person healthcare services*

For in-person healthcare services, the patient normally receives in-person healthcare treatment by visiting healthcare service institutions, which contain various treatment components. In-person healthcare services contain more than one performance obligations, including (i) provision of consultation services and (ii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on relative stand-alone selling price basis. Both (i) provision of consultation services and (ii) sale of pharmaceutical products for which the control of services or pharmaceutical products is transferred at a point in time, revenue is recognized when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

Revenue from rendering of orthodontics services to in-person healthcare customers is recognized over time because the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. Such revenue is recognized using an input method to measure progress towards complete satisfaction of the service. The input method recognizes revenue on the basis of staff costs and/or costs of inventories, consumables and customized products, when appropriate, relative to the total expected costs to complete the respective service. When the payments received from customers exceed the services rendered, a contract liability is recognized. For contracts where the period between the payment by the customer and the transfer of the promised service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

For in-patient services provided to in-person healthcare customers, the patient normally receive in-patient treatment which contains various treatment components including (i) provision of consultation services and (ii) provision of in-patient healthcare services and (iii) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. Revenue from (ii) provision of in-patient healthcare services is recognized over the service period when customers simultaneously receive the services and consumes the benefits provided by the Group's performance as the Group performs, while revenue from (i) provision of consultation services and (iii) sale of pharmaceutical products for which control of services or pharmaceutical products is transferred at a point in time, revenue is recognized when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

The in-person healthcare services are usually performed in one day, except for the in-patient services are performed for overnights stays or longer generally from five days to seven days and orthodontics service rendered to customers included in in-person healthcare services which will generally last for two years.

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(All amounts in RMB unless otherwise stated)

5 Revenue and segment reporting (continued)

(e) Accounting policies of revenue recognition (continued)

Healthcare services (continued)

(ii) Off-network healthcare services

Off-network healthcare services primarily comprise revenue generated from provision of on-campus and corporate healthcare management services and medical concierge and escort services.

Revenue from rendering the on-campus and corporate healthcare management services to international schools in China to assign bilingual licensed nurses to support and ensure the smooth operations of healthcare clinics on the school premises is recognized over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

Provision of medical concierge and escort services tailored to patients for which the control of services is transferred at a point in time and revenue is recognized when the customer obtains the control of the completed services.

(iii) Tele-healthcare services

Tele-healthcare services provided to individual customers consist primarily of online consultation and diagnosis through its tele-healthcare service platform.

Individual customers are usually required to make payments in advance for tele-healthcare services. The revenue of tele-healthcare services is recognized when such services are rendered at a point in time, which is usually within one day upon the payments are made.

(iv) Membership program

The customers may subscribe for the membership for a whole year period at a fixed fee payable to the Group. The member will enjoy discount from obtaining healthcare services and a series of privileges as material rights and the revenue for is recognized over time on a straight-line basis during the validity period of the membership. The full amount of membership fee is paid and non-refundable from customers when they subscribed the membership.

Others

Others primarily comprise sales of healthcare products through online mall. The Group engaged in the sale of healthcare products to individual customers through its official WeChat account and mini-program. The Group recognizes sales revenue at a point in time when products are delivered to customers while historical returns are insignificant.

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(All amounts in RMB unless otherwise stated)

6 Expenses by nature

Expenses included in cost of revenue, selling expenses, administrative expenses, and research and development expenses are further analyzed as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Employee salary and benefit expense (Note 7)	565,443	564,577
Depreciation and amortization	132,928	135,835
Cost of pharmaceutical, consumables and other inventories	199,903	171,668
Utilities, office and property management payments	32,515	29,462
Cost for service fees paid to vendors of diagnosis testing	11,144	14,444
Professional service fee	26,578	25,874
Impairment losses of property, plant and equipment and right-of-use assets	432	957
Listing expenses	12,381	20,908
Software maintenance expenses	5,138	3,902
Travelling and entertainment expenses	6,813	7,170
Consulting fees	3,420	3,025
Promotion and marketing expenses	7,330	7,891
Auditors' remuneration		
– Audit and audit-related services	2,300	73
– Non-audit services	880	–
Other expenses	28,429	27,197
Total	1,035,634	1,012,983

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

7 Employee benefit expenses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and bonuses	495,613	467,633
Pension costs – defined contribution plans	31,265	24,813
Share-based compensation expenses	–	38,362
Housing benefits and other employee benefits	38,565	33,769
Total employee benefit expense	565,443	564,577

(a) Pension costs – defined contribution plans

Employees of the group companies in PRC are required to participate in defined contribution retirement schemes administrated and operated by the local municipal governments. The Group contribute funds which are calculated based on certain percentage of the employee salary (subject to a floor and cap) as set by municipal governments to each scheme locally to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director for the year ended December 31, 2025 (2024: 2 directors), whose emoluments were reflected in the analysis shown in Note 39(a). The emoluments payable to the remaining 4 individuals for the year ended December 31, 2025 (2024: 3 individuals) respectively were as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Salaries and wages	6,414	3,040
Bonuses	839	1,736
Pension costs – defined contribution plans	114	82
Share-based compensation expenses	–	7,589
Housing benefits and other employee benefits	191	130
Total employee benefit expense	7,558	12,577

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

7 Employee benefit expenses (continued)

(b) Five highest paid individuals (continued)

The emoluments of those individuals during the years ended December 31, 2025 and 2024 fell within the following bands:

	Year ended December 31,	
	2025	2024
HKD1,000,001 to HKD1,500,000	–	–
HKD1,500,001 to HKD2,000,000	2	–
HKD2,000,001 to HKD2,500,000	2	–
HKD2,500,001 to HKD3,000,000	–	–
HKD3,000,001 to HKD3,500,000	–	–
HKD3,500,001 to HKD4,000,000	–	1
HKD4,000,001 to HKD4,500,000	–	1
HKD4,500,001 to HKD5,000,000	–	–
HKD5,000,001 to HKD5,500,000	–	–
HKD5,500,001 to HKD6,000,000	–	1
	4	3

8 Other income

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Government subsidies (a)	1,463	1,282
	1,463	1,282

(a) Government subsidies relating to income include various government subsidies received by the group entities from the relevant government bodies in connection with employment related grants etc. There are no unfulfilled conditions or other contingencies attached to these grants.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

9 Other (losses)/gains – net

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Fair value gains from bank financial products	8,510	5,387
Fair value losses from listed equity securities	(4,226)	(2,701)
Net gains on modification and early termination of leases	683	3,226
Net losses on disposal of property, plant and equipment and intangible assets	(5,111)	(3,244)
Forfeiture of deposits and compensation from early termination of lease contracts	(800)	(717)
Exchange gains	406	5,232
Others	(109)	345
	(647)	7,528

10 Finance costs – net

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Finance income:		
– Interest income from bank deposits	(2,483)	(8,619)
Finance costs:		
– Interest expense on lease liabilities	12,517	16,332
– Interest expense on loan from a non-controlling shareholder of a subsidiary	–	310
	12,517	16,642
Total	10,034	8,023

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

11 Income tax (expense)/benefit

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Current income tax		
– Current tax on profits for the year	9,564	2,097
Deferred income tax	(5,086)	(2,580)
	4,478	(483)

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit before income tax	135,927	79,744
Tax calculated at a tax rate of 25%	33,982	19,936
Tax effects of:		
– Effect of different tax rates	(27,872)	(27,760)
– Expenses not deductible for tax purposes	799	9,248
– Tax losses for which no deferred income tax asset was recognized	7,930	6,150
– Utilization of tax losses not recognized as deferred income tax assets in previous years	(10,389)	(8,498)
– Temporary differences for which no deferred income tax asset was recognized	28	441
	4,478	(483)

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

11 Income tax (expense)/benefit (continued)

(a) Cayman Islands and BVI income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to the Cayman Islands income tax pursuant to the current laws of the Cayman Islands. The group entity incorporated or registered under the Business Companies Act of BVI are exempted from BVI income tax pursuant to the current laws of the BVI.

(b) Hong Kong Income Tax

The Hong Kong profits tax rate of the subsidiary of the Group incorporated in Hong Kong is 16.5%.

(c) Singapore Income Tax

The statutory tax rates applicable to the subsidiary of the Group incorporated in Singapore is 17%.

(d) Malaysia Income Tax

The statutory tax rates applicable to the subsidiary of the Group incorporated in Malaysia is 24%.

(e) PRC Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2025 and 2024 based on the existing legislation, interpretation and practices in respect thereof.

For the Group’s PRC subsidiaries qualified as Small and Micro Enterprise (“SME”) by the relevant government authorities, they are subject to a 75% deduction of the assessable profits as well as a preferential tax rate of 20%, effective during the Reporting Period.

(f) Withholding tax in Chinese Mainland (“WHT”)

According to the relevant tax rules and regulations of the PRC, distribution to foreign investors of profits earned by PRC companies since January 1, 2008 is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors’ foreign incorporated immediate holding companies. During the years ended December 31, 2025 and 2024, the PRC subsidiaries incurred net accumulated operating losses in the past and did not have any profit distribution plan.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

11 Income tax (expense)/benefit (continued)

(g) Deferred income tax

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefits through the future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. Temporary differences of RMB4,253,000 as at December 31, 2025 (December 31, 2024: RMB6,851,000) were not recognized as deferred tax assets. The Group did not recognize deferred income tax assets of RMB38,634,000 as at December 31, 2025 (December 31, 2024: RMB50,233,000) in respect of tax losses amounting to RMB160,280,000 as at December 31, 2025 (December 31, 2024: RMB213,146,000), which can be carried forward to offset against future taxable income. The tax losses will expire in the following years:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
2025	–	60,573
2026	34,501	46,566
2027	34,219	50,731
2028	30,762	30,676
2029	24,635	24,600
2030	31,371	–
After 2030 and indefinitely	4,792	–
	160,280	213,146

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

11 Income tax (expense)/benefit (continued)

(h) Deferred tax assets/(liabilities) recognized

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Deductible tax losses RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At January 1, 2025	(78,628)	86,474	34,767	2,353	619	45,585
credited/(charged) to profit or loss	11,911	(11,310)	2,084	2,352	49	5,086
At December 31, 2025	(66,717)	75,164	36,851	4,705	668	50,671

Deferred tax arising from:	Right-of-use assets RMB'000	Lease liabilities RMB'000	Deductible tax losses RMB'000	Deferred income RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024	(68,480)	73,606	35,368	–	521	41,015
Acquisition of subsidiaries	(13,253)	13,253	1,990	–	–	1,990
credited/(charged) to profit or loss	3,105	(385)	(2,591)	2,353	98	2,580
At December 31, 2024	(78,628)	86,474	34,767	2,353	619	45,585

(i) Reconciliation to consolidated statements of financial position

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statements of financial position	50,696	45,591
Net deferred tax liabilities recognized in the consolidated statements of financial position	(25)	(6)
	50,671	45,585

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

12 Earnings/(losses) per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	135,064	83,805
Weighted average number of ordinary shares outstanding (thousand)	13,950	13,950
Basic earnings per share (in RMB)	9.68	6.01

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended December 31, 2025 and 2024, the Company has series of convertible redeemable preference shares (Note 26) and the share options and restricted share units (the "RSU") granted to employees (Note 23).

For the year ended December 31, 2024, diluted losses per share was calculated by considering the convertible redeemable preference shares could be converted into ordinary shares at the option of the holders any time. The RSU granted to employees were excluded from the diluted weighted average number of ordinary shares calculation as their inclusion would be anti-dilutive.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

12 Earnings/(losses) per share (continued)

(b) Diluted earnings/(losses) per share (continued)

For the year ended December 31, 2025, diluted earnings per share was calculated by considering the convertible redeemable preference shares could be converted into ordinary shares at the option of the holders any time.

	Year ended December 31,	
	2025	2024
Profit attributable to owners of the Company (RMB'000)	135,064	83,805
Adjustments for the dilution effect of convertible redeemable preference shares (RMB'000)	(118,182)	(128,797)
Diluted profit/(loss) attributable to owners of the Company (RMB'000)	16,882	(44,992)
Weighted average number of ordinary shares outstanding (thousand)	13,950	13,950
Adjustments for convertible redeemable preference shares (thousand)	40,684	40,244
Weighted average number of shares for calculating diluted earnings/(losses) per share (thousand)	54,634	54,194
Diluted earnings/(losses) per share (in RMB)	0.31	(0.83)

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

13 Property, plant and equipment

	Leasehold improvements <i>RMB'000</i>	Medical equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in process <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024						
Cost	206,615	140,866	1,028	13,183	2,803	364,495
Accumulated depreciation	(99,824)	(65,107)	(688)	(7,652)	–	(173,271)
Accumulated impairment	(3,283)	–	–	–	–	(3,283)
Net book amount	103,508	75,759	340	5,531	2,803	187,941
Year ended December 31, 2024						
Opening net book amount	103,508	75,759	340	5,531	2,803	187,941
Acquisition of subsidiaries	13,345	7,582	19	64	444	21,454
Other additions	7,099	28,600	–	3,162	21,126	59,987
Disposals	(2,643)	(377)	–	(207)	–	(3,227)
Transfers	20,393	–	–	–	(20,393)	–
Depreciation charge	(29,672)	(27,017)	(74)	(3,031)	–	(59,794)
Impairment	(777)	–	–	–	–	(777)
Closing net book amount	111,253	84,547	285	5,519	3,980	205,584
At December 31, 2024						
Cost	243,415	174,951	1,047	15,902	3,980	439,295
Accumulated depreciation	(129,526)	(90,404)	(762)	(10,383)	–	(231,075)
Accumulated impairment	(2,636)	–	–	–	–	(2,636)
Net book amount	111,253	84,547	285	5,519	3,980	205,584

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

13 Property, plant and equipment (continued)

	Leasehold improvements <i>RMB'000</i>	Medical equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in process <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended December 31, 2025						
Opening net book amount	111,253	84,547	285	5,519	3,980	205,584
Additions	2,010	18,115	-	2,911	21,863	44,899
Disposals	(4,484)	(461)	-	(166)	-	(5,111)
Transfers	17,153	-	-	-	(17,153)	-
Depreciation charge	(30,120)	(27,407)	(74)	(2,814)	-	(60,415)
Closing net book amount	95,812	74,794	211	5,450	8,690	184,957
At December 31, 2025						
Cost	256,428	189,057	1,047	19,070	8,690	474,292
Accumulated depreciation	(157,980)	(114,263)	(836)	(13,620)	-	(286,699)
Accumulated impairment	(2,636)	-	-	-	-	(2,636)
Net book amount	95,812	74,794	211	5,450	8,690	184,957

- (a) Depreciation charges were expensed in the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	58,802	57,599
Administrative expenses	1,613	2,195
	60,415	59,794

13 Property, plant and equipment (continued)

(b) Impairment loss

As at December 31, 2025 and 2024, in view of the unfavourable future prospects of certain clinics, the Group's management estimated the recoverable amount of each clinic (CGU) with an indication of impairment. The recoverable amount of the relevant assets is assessed based on the higher of value in use with reference to discounted cash flow projections and fair value less costs of disposal.

As at December 31, 2025, the carrying amount of certain CGUs exceeds their recoverable amount, accordingly, impairment provisions amounting to RMB432,000 (December 31, 2024: RMB957,000) which were made against the assets and allocated to the assets including right-of-use assets, leasehold improvement and other property, plant and equipment within CGU on a pro rata basis. Within this allocation framework, each asset should be reduced only to the highest of its fair value less costs of disposal, its value in use and zero. The impairment was recognized in the consolidated statements of profit or loss during the years ended December 31, 2025 and 2024.

The calculations use cash flow projections of value in use based on financial budgets prepared by management covering the shorter of a five calendar year period or a remaining lease term in the case a clinic expected to be closed. The cash flows are discounted using a discount rate of 15.9% as at December 31, 2025 (December 31, 2024: 15.8%). The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rate of 2.2% as at December 31, 2025 (December 31, 2024: 2.5%). Fair value less costs of disposal, if applicable, is calculated by benchmarking against the price quotation of a comparable model in the second-hand market, adjusting the estimated disposal costs.

(c) Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

- | | |
|--------------------------|---|
| • Medical equipment | 5-10 years |
| • Vehicles | 4 years |
| • Office equipment | 3-4 years |
| • Leasehold improvements | Shorter of remaining lease term and estimated useful life of 10 years |

No depreciation is provided in respect of construction in progress.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

14 Leases

(a) Amounts recognized in the consolidated statements of financial position

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets		
– Buildings	252,942	302,612
Lease liabilities		
– Current	67,842	81,478
– Non-current	221,110	257,791
	288,952	339,269

Movements of right-of-use assets were as follows:

	RMB'000
At January 1, 2024	
Cost	386,922
Accumulated depreciation	(106,045)
Accumulated impairment	(5,956)
Net book amount	274,921
Year ended December 31, 2024	
Opening net book amount	274,921
Acquisition of subsidiaries	53,012
Other additions	59,254
Leases modification and early termination	(10,355)
Depreciation charge	(74,040)
Impairment	(180)
Closing net book amount	302,612
At December 31, 2024	
Cost	440,078
Accumulated depreciation	(133,607)
Accumulated impairment	(3,859)
Net book amount	302,612

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

14 Leases (continued)

(a) Amounts recognized in the consolidated statements of financial position (continued)

	<i>RMB'000</i>
Year ended December 31, 2025	
Opening net book amount	302,612
Additions	44,518
Leases modification and early termination	(22,211)
Depreciation charge	(71,545)
Impairment	(432)
Closing net book amount	252,942
At December 31, 2025	
Cost	346,518
Accumulated depreciation	(93,144)
Accumulated impairment	(432)
Net book amount	252,942

(b) Amounts recognized in profit or loss

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets		
– Cost of revenue	65,810	67,309
– Administrative expenses	5,735	6,731
	71,545	74,040
Interest expense (included in finance cost)	12,517	16,332
Expenses relating to short-term leases (included in cost of revenue and administrative expenses)	451	403

The total cash outflow for leases in the year ended December 31, 2025 was RMB84,458,000 (2024: RMB77,888,000).

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

14 Leases (continued)

(c) The Group's leasing activities and lease accounting

The Group leases various properties for operation. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g., term, territory, currency and security.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

15 Intangible assets

	Software RMB'000	Goodwill RMB'000	Total RMB'000
At January 1, 2024			
Cost	8,478	–	8,478
Accumulated amortization	(6,186)	–	(6,186)
Net book amount	2,292	–	2,292
Year ended December 31, 2024			
Opening net book amount	2,292	–	2,292
Acquisition of subsidiaries	654	133,942	134,596
Other additions	1,107	–	1,107
Disposal	(17)	–	(17)
Amortization	(2,001)	–	(2,001)
Closing net book amount	2,035	133,942	135,977
At December 31, 2024			
Cost	10,220	133,942	144,162
Accumulated amortization	(8,185)	–	(8,185)
Net book amount	2,035	133,942	135,977
Year ended December 31, 2025			
Opening net book amount	2,035	133,942	135,977
Additions	7,895	–	7,895
Amortization	(968)	–	(968)
Closing net book amount	8,962	133,942	142,904
At December 31, 2025			
Cost	18,115	133,942	152,057
Accumulated amortization	(9,153)	–	(9,153)
Net book amount	8,962	133,942	142,904

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

15 Intangible assets (continued)

- (a) Amortization were expensed in the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of revenue	669	721
Administrative expenses	299	1,280
	968	2,001

- (b) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following period:

- Software 3 to 10 years

- (c) Impairment test for goodwill

Goodwill arose from the acquisition of Wuhan Shenlong Tianxia Medical Management Co., Ltd. (武漢神龍天下醫療管理有限公司, the "Wuhan Dragon World") through business combination. Goodwill is allocated to groups of CGUs for the purpose of impairment testing. The allocation is made to those groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the individual Wuhan city comprising one hospital and certain clinics.

The Group engaged an external valuer to assist them in carrying out the goodwill impairment assessment. The recoverable amount of CGUs is determined based on value-in-use calculations as at December 31, 2025 and fair value less cost of disposal ("FVLCOD") calculations as at December 31, 2024. These calculations use cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the projected period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operate.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

15 Intangible assets (continued)

(c) Impairment test for goodwill (continued)

The key inputs and results of the impairment assessment used for value-in-use calculations are as below:

	As at December 31, 2025
Revenue growth rates	-21.7%-36.0%
Pre-tax discount rate	15.8%
Terminal growth rate	2.2%
Headroom (RMB'000)	16,967

The key inputs and results of the impairment assessment used for FVLCOD calculations are as below:

	As at December 31, 2024
Revenue growth rates	5.2%-20.3%
Post-tax discount rate	13.0%
Terminal growth rate	2.5%
Headroom (RMB'000)	23,651

Forecast growth rate of revenue is for the five-year forecast period. It is based on past performance and the management's expectations of market development. Cash flows beyond the projected period are extrapolated using the estimated terminal growth rate which are consistent with forecasts included in industry practice.

The Group performs a sensitivity analysis based on the reasonably possible changes in assumptions underlying the revenue growth rates, terminal growth rate or discount rate. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to zero.

If the revenue growth rates used in the calculation for the CGU had been 1.6% lower than management's estimates as at December 31, 2025 (December 31, 2024: 1.1%), the Group would have had to recognize an impairment against the carrying amount of goodwill.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

15 Intangible assets (continued)

(c) Impairment test for goodwill (continued)

If the pre-tax discount rate used in the calculation for the CGU had been 0.8% higher than management's estimates as at December 31, 2025 (December 31, 2024: If the post-tax discount rate used in the calculation for the CGU had been 0.8% higher than management's estimates), the Group would have had to recognize an impairment against the carrying amount of goodwill.

If the terminal growth rate used in the calculation for the CGU had been 0.9% lower than management's estimates as at December 31, 2025 (December 31, 2024: 1.1%), the Group would have had to recognize an impairment against the carrying amount of goodwill.

16 Financial assets at fair value through profit or loss

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Measured at fair value		
– Bank financial products (a)	194,832	159,838
– Listed equity securities (b)	4,534	3,024
	199,366	162,862

(a) Investments in bank financial products represented short-term investments placed in certain financial instruments issued by commercial banks with non-determinable return rate.

(b) This represented the Group's 0.28% equity interest in Tian Tu Capital Co., Ltd. (01973.HK) and 0.43% equity interest in Shouhui Group Ltd. (02601.HK) as at December 31, 2025 (December 31, 2024: represented the Group's 0.52% equity interest in Tian Tu Capital Co., Ltd.), which are mainly engaged in private equity investing industry and are listed on The Stock Exchange of Hong Kong Limited.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

16 Financial assets at fair value through profit or loss (continued)

- (c) The carrying amounts of the Group's financial assets at fair value through profit or loss are denominated in the following currencies:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
USD	51,188	109,728
HKD	4,534	3,024
RMB	143,644	50,110
Total	199,366	162,862

The maximum exposure to credit risk at the reporting date is the carrying value of these investments.

17 Inventories

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Pharmaceuticals	12,979	11,699
Medical consumables	14,696	16,324
Others	6,205	3,924
	33,880	31,947

For the year ended December 31, 2025, the cost of inventories recognized as cost of revenue amounted to RMB199,903,000 (2024: RMB171,668,000).

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

18 Trade receivables

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables	72,070	53,195
Less: allowance for impairment of trade receivables	(2,533)	(1,041)
	69,537	52,154

Trade receivables are mainly related to the amounts to be claimed from commercial insurance companies and third-party administrators, who are responsible for the reimbursement of medical expenses for patients. Revenue is generally made with prescribed credit terms usually of one month.

(a) As at December 31, 2025 and 2024, the aging analysis of the trade receivables were as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Up to 60 days	39,583	32,743
61 days to 1 year	27,740	18,781
1 to 2 years	4,125	1,548
Over 2 years	622	123
	72,070	53,195

(b) Movements in the provision for impairment of trade receivables as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	1,041	190
Provision for loss allowance recognized in profit or loss	1,998	1,150
Receivables written off during the year as uncollectible	(506)	(299)
At the end of the year	2,533	1,041

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

18 Trade receivables (continued)

- (c) As at December 31, 2025 and 2024, the fair values of trade receivables approximate their carrying amounts. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the net receivable balance. The Group does not hold any collateral as security.

19 Prepayments, deposits and other receivables

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Included in current assets		
Deposits and other receivables		
– Rental and other deposit	2,374	913
– Staff advances (c)	2,713	2,996
– Amounts due from a non-controlling shareholder of a subsidiary (d)	–	9,500
– Others	340	542
	5,427	13,951
Less: provision for impairment of deposits and other receivables	(92)	(143)
	5,335	13,808
Prepayments for		
– Purchase of goods	2,633	2,951
– Prepaid expenses	13,012	8,910
– Listing expenses	3,359	2,926
	19,004	14,787
Total	24,339	28,595
Included in non-current assets		
Deposits and other receivables		
– Rental and other deposit	26,661	27,714
	26,661	27,714
Less: provision for impairment of deposits and other receivables	(219)	(234)
	26,442	27,480
Prepayments for		
– Purchase of equipment and leasehold improvement	6,973	2,576
– Purchase of computer software	8,664	373
	15,637	2,949
Total	42,079	30,429

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(All amounts in RMB unless otherwise stated)

19 Prepayments, deposits and other receivables (continued)

- (a) The provision for impairment comprises the impairment for deposits and other receivables. The movements in the provision for impairment for deposits and other receivables are disclosed in Note 3.1(b)(ii).
- (b) The carrying amounts of the Group's deposits and other receivables approximate to their fair values.
- (c) Staff advances were unsecured, interest-free and repayable on demand.
- (d) As at December 31, 2024, RMB9,500,000 was due from a non-controlling shareholder of a subsidiary, which is unsecured, interest-free and repayable on demand. The amount was settled during the year ended December 31, 2025.

20 Cash and cash equivalents

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Cash and bank deposits	335,729	329,572
Less: Term deposits with initial term of over three months (a)	(10,883)	(21,602)
Cash and cash equivalents	324,846	307,970

- (a) The weighted average interest rate as at December 31, 2025 of term deposits with initial term of over three months of the Group was 3.3% (December 31, 2024: 3.4%) per annum. Nil (December 31, 2024: RMB10,553,000) out the above balances with maturity of three years were recorded as non-current assets as at December 31, 2025.

The carrying amounts of the Group's cash and bank deposits are denominated in the following currencies:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
RMB	206,135	191,131
USD	126,499	136,419
SGD	1,642	1,050
HKD	1,103	972
MYR	349	–
GBP	1	–
Total	335,729	329,572

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(All amounts in RMB unless otherwise stated)

21 Financial instruments by category

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at fair value:		
– Financial assets at fair value through profit or loss (Note 16)	199,366	162,862
Financial assets at amortized costs:		
– Trade receivables (Note 18)	69,537	52,154
– Deposits and other receivables (Note 19)	31,777	41,288
– Cash and bank deposits (Note 20)	335,729	329,572
Total	636,409	585,876
Financial liabilities		
Financial liabilities at fair value:		
– Convertible redeemable preference shares (Note 26)	2,261,316	2,411,094
Financial liabilities at amortized costs:		
– Trade payables (Note 27)	10,528	9,705
– Accruals and other payables (excluding non-financial liabilities) (Note 28)	51,733	77,552
– Lease liabilities (Note 14)	288,952	339,269
Total	2,612,529	2,837,620

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(All amounts in RMB unless otherwise stated)

22 Share capital

	Number of ordinary shares	Nominal value of ordinary shares USD
Authorized:		
At January 1, 2024	57,785,250	57,785
Increase of authorized ordinary shares during the year	1,849,100	1,849
At December 31, 2024	59,634,350	59,634
Increase of authorized ordinary shares during the year	-	-
At December 31, 2025	59,634,350	59,634

	Number of ordinary shares	Nominal value of ordinary shares USD	Share capital RMB'000
Issued:			
At January 1, 2024	13,950,000	13,950	85
Issuance of ordinary shares for employee incentive program (Note 23)	5,000,000	5,000	-
At December 31, 2024	18,950,000	18,950	85
Issuance of ordinary shares	-	-	-
At December 31, 2025	18,950,000	18,950	85

23 Share-based payments

The Group adopted employee incentive option program on March 27, 2015 (the “2015 Plan”) and, as amended on September 5, 2019 (the “2019 Plan”) (collectively, the “Option Scheme”) to attract, retain and motivate employees and directors, and to provide a means of compensating them through the grant of shares options for their contribution to the growth of the Group, and to allow such employees and directors to participate in the growth of the Group.

Following the board of directors’ approval on each year from 2015 to 2023, share options of the Company were granted to certain directors and selected employee of the Group.

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(All amounts in RMB unless otherwise stated)

23 Share-based payments (continued)

In order to facilitate the administration of share incentives granted to the employees and for future grant, the Company decided to convert the Option Scheme to a restricted share incentive scheme on January 23, 2024 (the “RSU Scheme”). The share options granted under Option Scheme converted into RSUs with a 1-to-1 conversion ratio. There is no change in total fair value of the share-based payment arrangement and no incremental share-based compensation expenses. On April 20, 2024, the Group newly granted 1,166,250 RSUs for the purpose of employee incentive with vesting condition the same as Option Scheme.

The grant details of Option Schemes and RSU Scheme granted during each year are as follows:

Option Schemes	Grant date	Grant number of share options
Granted during year 2015 (2015 Plan)	20/04/2015	500,000
Granted during year 2016 (2015 Plan)	20/04/2016	450,000
Granted during year 2017 (2015 Plan)	20/04/2017	660,000
Granted during year 2018 (2015 Plan)	20/04/2018	278,000
Granted during year 2019 (2015 Plan)	20/04/2019	140,000
Granted during year 2020 (2015 Plan)	20/04/2020	30,000
Granted during year 2020 (2019 Plan)	20/04/2020	800,000
Granted during year 2021 (2015 Plan)	20/04/2021	50,000
Granted during year 2021 (2019 Plan)	20/04/2021	750,000
Granted during year 2022 (2019 Plan)	20/04/2022	570,000
Granted during year 2023 (2019 Plan)	20/04/2023	155,000

RSU Scheme	Grant date	Grant number of RSU
Granted during year 2024 (2015 Plan)	20/04/2024	118,750
Granted during year 2024 (2019 Plan)	20/04/2024	1,047,500

The majority of share options or RSU have graded vesting terms, and will be vested from the grant date over four years on the condition that employees remain in service without any performance requirements. For granted share options or RSU with vesting schedule as four years, 25% of the aggregate number of granted share options or RSU are vested on the first anniversary of the grant date, and remaining granted share options or RSU are vested in equal tranches every year over the next three years. If the vesting conditions above have not been fulfilled, the corresponding percentage of the share options or RSU granted will lapse.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

23 Share-based payments (continued)

The options or RSU may be exercised through the end of the 180-day period following the completion of the IPO of the Company provided the options or RSU have vested and are subject to the terms of the award agreement. The options or RSU are exercisable for a maximum period of 10 years after the date of grant.

The exercise price of the share options or RSU granted under 2015 Plan is USD0.3896 per share, while the exercise price of the share options or RSU granted under 2019 Plan is USD4.2657 per share.

Movements in the number of share options and RSU outstanding and their related weighted average exercise prices are as follows:

	Year ended December 31, 2024		
	Exercise price in USD per RSU	Number of RSU (thousands)	Weighted average exercise price in USD per RSU
At January 1 (outstanding as share option)		4,014	2.4490
Converted from share options with a 1-to-1 conversion ratio (a)			2.4490
– 2015 Plan	0.3896	1,882	
– 2019 Plan	4.2657	2,132	
Granted			3.8710
– 2015 Plan	0.3896	119	
– 2019 Plan	4.2657	1,047	
Forfeited			4.2657
– 2015 Plan	0.3896	–	
– 2019 Plan	4.2657	(180)	
At December 31		5,000	2.7153

	Year ended December 31, 2025		
	Exercise price in USD per RSU	Number of RSU (thousands)	Weighted average exercise price in USD per RSU
At January 1 and December 31		5,000	2.7153

(a) The share options granted under Option Scheme converted into RSU with a 1-to-1 conversion ratio on January 23, 2024. The Group granted RSU under RSU Scheme on April 20, 2024. The expiry date shall be extended to the 180 days following the completion of the Company's initial public offering.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

23 Share-based payments (continued)

The weighted average remaining contractual life of options/RSU outstanding at the end of the year as below:

	As at December 31,	
	2025	2024
Weighted average remaining contractual life of options/RSU outstanding at the end of the year	4.42	5.35

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as the discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option and RSU as of the grant date.

Key assumptions are set as below:

	Year ended December 31,	
	2025	2024
Fair value per share (USD)	-	6.75
Exercise price (USD)	-	0.3896-4.2657
Risk-free interest rates	-	4.62%
Dividend yield	-	0.00%
Expected volatility	-	39.56%
Time to maturity	-	10 years

On March 19, 2024, the Company established Distinct Trust I and Distinct Trust II by entering into trust deeds with Futu Trustee Limited (the "Trustee") for administration of the RSU Scheme. On March 28, 2024, the Company issued 2,640,250 ordinary shares to Distinct Partners I Limited and 2,359,750 ordinary shares to Distinct Partners II Limited. The ordinary shares held by Distinct Trust I through Distinct Partners I Limited are for the benefit of the participants of the RSU Scheme including directors and senior management. The ordinary shares held by Distinct Trust II through Distinct Partners II Limited are for the benefit of the participants of the RSU Scheme who are employees and non-connected person of the Group. The ordinary shares held by these two trust companies mentioned above were treated as treasury shares.

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(All amounts in RMB unless otherwise stated)

23 Share-based payments (continued)

On May 15, 2024, the remaining vesting period of the RSU Scheme required was accelerated by the Group and the RSU has been immediately vested.

For the year ended December 31, 2025, the Group recognized no share-based compensation expense (2024: recognized share-based compensation expenses approximately amounting to RMB38,362,000), for the aforesaid share options and RSUs.

24 Reserves

	Share premium RMB'000	Share based payment RMB'000	Currency translation difference RMB'000	Fair value change due to own credit risk RMB'000	Total RMB'000
At January 1, 2024	11,280	49,888	(95,428)	53,018	18,758
Share based payment – value of employee services	–	38,362	–	–	38,362
Currency translation differences	–	–	(33,348)	–	(33,348)
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	(61,822)	(61,822)
Transactions with non-controlling interests	(58,667)	–	–	–	(58,667)
At December 31, 2024	(47,387)	88,250	(128,776)	(8,804)	(96,717)
At January 1, 2025	(47,387)	88,250	(128,776)	(8,804)	(96,717)
Currency translation differences	–	–	47,765	–	47,765
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	(20,842)	(20,842)
At December 31 2025	(47,387)	88,250	(81,011)	(29,646)	(69,794)

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(All amounts in RMB unless otherwise stated)

25 Accumulated losses

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	(1,701,348)	(1,785,153)
Profit for the year	135,064	83,805
At the end of the year	(1,566,284)	(1,701,348)

26 Convertible redeemable preference shares

Between 2014 and 2024, the Company completed several rounds of financing by issuing convertible redeemable preference shares as follows:

	Date of issuance	Purchase price (USD/Share)	Number of shares	Total consideration	
				USD'000	RMB'000
Series A Preference Shares	April 28, 2014	0.7792	3,850,000	3,000	18,694
Series B Preference Shares	March 6, 2015	2.0000	8,750,000	17,500	108,460
Series C Preference Shares	July 19, 2017	3.7143	10,646,350	35,294	238,130
Series D Preference Shares	September 5, 2019	5.6876	8,790,700	49,998	354,032
Series E Preference Shares	August 13, 2021	8.8259	6,798,200	60,000	387,749
Series D Preference Shares	March 28, 2024	8.0077	1,849,100	14,807	107,006

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

26 Convertible redeemable preference shares (continued)

The key terms of convertible redeemable preference shares are summarized as follows:

(a) Redemption feature

Subject to the occurrence of the following events: (i) the Company fails to consummate a qualified IPO prior to December 31, 2026; (ii) there is a material breach by any Group Company or founder under the shares purchase agreement of each series, and (iii) any other series of preferred shares of the Company (the “Preferred Shares”) become redeemable. Each shareholder of Preferred Share may request the Company to redeem all or a portion of the then outstanding Preferred Shares (the “Redeeming Preferred Shares”) held by such holder, with payment of applicable redemption price on a date to be determined by the Company, but in any event within ninety days of receipt of the redemption notice (the “Redemption Price Payment Date”) out of funds legally available therefore.

The redemption price at which each Preferred Share (the “Redemption Price”) shall be redeemed equal to the issue price of Preferred Share (the “Preferred Share Issue Price”) of each Series Preferred Share held by such holder (a) plus an interest calculated at a compound rate of 12% per annum, (b) plus all accrued or declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

If the Company does not have sufficient cash or funds legally available to pay on the Redemption Price Payment Date the full Redemption Price in respect of each Redeeming Preferred Share requested to be redeemed on such date in accordance with applicable laws, then the funds that are legally available to the Company will be paid to the holders of Preferred Share in the following order: first to full Redemption Price to all holders of Series E Preferred Share, second to full Redemption Price to all holders of Series D Preferred Share, third to full Redemption Price to all holders of Series C Preferred Share, fourth to full Redemption Price to all holders of Series B Preferred Share and lastly to full Redemption Price to all holders of Series A Preferred Share. For each series of Preferred Share, the Company shall be aggregated and distributed ratably among the redeeming investors holding the such series of Preferred Shares until they receive the full Redemption Price to which such holders are entitled.

Before full Redemption Price has been paid in respect of relevant Redeeming Preferred Shares, the remainder of such Redeeming Preferred Shares shall remain outstanding and entitled to all the rights, preferences and privileges provided herein, and such remainder shall be carried forward and redeemed as soon as the Company has legally available funds to do so.

26 Convertible redeemable preference shares (continued)

(a) Redemption feature (continued)

If the Company fails (for whatever reason) to redeem any Redeeming Preferred Shares on its due date for redemption then, as from such date until the date on which the same are redeemed by the Company, it shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

Pursuant to the amended and restated shareholders agreement of the Company entered into on March 27, 2024, one of the redemption event of the convertible redeemable preference shares was updated to the occurrence of the Company's failure to consummate a qualified IPO prior to February 28, 2026.

Pursuant to the amended and restated shareholders agreement of the Company entered into on March 17, 2025, one of the redemption event of the convertible redeemable preference shares was updated to the occurrence of the Company's failure to consummate a qualified IPO prior to December 31, 2026.

Pursuant to the shareholder resolution of the Company entered into on January 12, 2026, one of the redemption event of the convertible redeemable preference shares was updated to the occurrence of the Company's failure to consummate a qualified IPO prior to March 31, 2027.

(b) Conversion feature

The Preferred Shares shall be converted into ordinary shares at the option of the holders any time, or automatically be converted into ordinary shares at the then applicable conversion price upon (i) the closing of a qualified IPO; and (ii) for a particular series of Preferred Shares, the prior written approval of holders of more than fifty percent of such series of Preferred Shares.

The conversion rate for Preferred Shares shall be determined by dividing Preferred Share Issue Price by the conversion price (the "Preferred Share Conversion Price") then in effect at the date of the conversion. The initial Preferred Share Conversion Price will be the Preferred Share Issue Price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect (i) Preferred Share Conversion Price upon issuance of additional ordinary shares below the Preferred Share Conversion Price and deemed issuance of additional ordinary shares. In the event that the Company shall issue any additional ordinary shares (including those deemed to be issued) without consideration or at a subscription price per ordinary share (on an as converted basis) at a per share price less than the Preferred Share Conversion Price in effect on the date of and immediately prior to such issuance, then the Preferred Share Conversion Price for such Preferred Shares held by such holder shall forthwith be reduced, concurrently with such issuance of the additional ordinary shares, (ii) Share dividends, subdivisions, combinations or consolidations of ordinary shares, (iii) other distribution, and (iv) reclassifications exchanges and substitutions.

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26 Convertible redeemable preference shares (continued)

(b) Conversion feature (continued)

No adjustment in the Preferred Share Conversion Price shall be made in respect of the issuance of additional ordinary shares unless the consideration per share for an additional ordinary share issued or deemed to be issued by the Company is less than the Preferred Share Conversion Price in effect on the date of and immediately prior to such issuance.

(c) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, with respect to each series Preferred Share held by the holders shall be entitled to receive, an preference amount (the "Preference Amount") equal to (i) 100% of the Preferred Share Issue Price of all Series D and E Preferred Share held by such holder plus an interest calculated at a compound rate of 8% per annum, plus all accrued or declared but unpaid dividends thereon, (ii) 150% of the Preferred Share Issue Price of all Series C Preferred Share held by such holder plus all accrued or declared but unpaid dividends thereon, (iii) 100% of the Preferred Share Issue Price of all Series B Preferred Share held by such holder plus an interest calculated at a compound rate of 12% per annum, plus all accrued or declared but unpaid dividends thereon, and (iv) 200% of the Preferred Share Issue Price of all Series A Preferred Share held by such holder plus all accrued or declared but unpaid dividends thereon.

If the Company has insufficient assets to permit payment of the full Preference Amount, the Preference Amount will be paid to the holders of Preferred Share in the following order: first to amount in full to all holders of Series E Preferred Share, second to amount in full to all holders of Series D Preferred Share, third to amount in full to all holders of Series C Preferred Share, fourth to amount in full to all holders of Series B Preferred Share and lastly to amount in full to all holders of Series A Preferred Share.

After the full Series A Preferred Share Preference Amount on all outstanding Series A Preferred Shares has been paid, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata, pari passu basis among the holders of ordinary shares and the holders of Preferred Shares (on an as converted basis). If the Company has insufficient assets to permit payment of the each series Preferred Share Preference Amount in full to all holders of such series of Preferred Shares, then the assets of the Company shall be distributed ratably to the holders of such series of Preferred Shares in proportion to the full Series Preferred Share Preference Amount.

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26 Convertible redeemable preference shares (continued)

(d) Dividend rights

No dividend, whether in cash, in property or in shares of the capital of the Company, shall be paid on any other class or series of shares of the Company unless and until a dividend in like amount is first paid in full on the Preferred Shares (on an as converted basis). Holders of the Preferred Shares (on an as converted basis) shall also be entitled to receive any non-cash dividends declared by the Board of Directors on an as converted basis.

(e) Voting rights

Each Preferred Share (on an as converted basis) shall carry a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited.

The movements of the convertible redeemable preference shares are set out as follows:

	<i>RMB'000</i>
At January 1, 2024	2,337,245
Addition	107,006
Fair value change of convertible redeemable preference shares due to own credit risk included in other comprehensive income	61,822
Fair value change of convertible redeemable preference shares included in profit or loss	(128,797)
Currency translation difference	33,818
At December 31, 2024	2,411,094
Total change in fair value for the year	(66,975)
At January 1, 2025	2,411,094
Fair value change of convertible redeemable preference shares due to own credit risk included in other comprehensive income	20,842
Fair value change of convertible redeemable preference shares included in profit or loss	(118,182)
Currency translation difference	(52,438)
At December 31, 2025	2,261,316
Total change in fair value for the year	(97,340)

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26 Convertible redeemable preference shares (continued)

(e) Voting rights (continued)

Recognition and derecognition of convertible redeemable preference shares

The Group issued convertible redeemable preference shares which give options to holders a right for redemption into cash after specified timing or a right for conversion into ordinary shares of the Company. The convertible redeemable preference shares will be automatically converted into ordinary shares upon occurrence of certain events outside the control of the Company.

The Group designated the convertible redeemable preference shares as financial liabilities at FVPL. Convertible redeemable preference shares are classified as non-current liabilities or current liabilities depending on whether the convertible redeemable preference shares holders can demand the Company to redeem the convertible preference shares for cash within 12 months after the end of the reporting period or not. Convertible redeemable preference shares would be classified as current liabilities if the redemption rights are expected to be lapsed and the redeemable shares would be reclassified from the liability to the equity upon successful IPO of the Company within 12 months after the end of the reporting period. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in the consolidated statements of profit or loss.

Subsequent to initial recognition, the convertible redeemable preference shares are carried at fair value with changes in fair value recognized in the consolidated statements of profit or loss. The component of fair value changes relating to the Company's own credit risk is recognized in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in the statement of profit or loss, but are transferred to retained earnings when realized.

The convertible redeemable preference shares of the Company, which are convertible by the holders at any time, will be classified to current liabilities.

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26 Convertible redeemable preference shares (continued)

(e) Voting rights (continued)

Recognition and derecognition of convertible redeemable preference shares (continued)

The convertible redeemable preference shares are not traded in an active securities market, as such, the Group engaged an independent valuer to assess the fair value of the convertible redeemable preference shares using a discount cash flow model to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preference shares. Key assumptions are set out as follows:

	As at December 31,		Relationship of unobservable inputs to fair value
	2025	2024	
Discount rate	10.5%	11.0%	The higher the discounted rate, the lower the fair value
Risk-free interest rate	3.47%	4.16%	The higher the risk-free rate, the lower the fair value
Discount for lack of marketability ("DLOM")	2%	10%	The higher the DLOM, the lower the fair value
Expected volatility	35.03%	35.06%	The higher the expected volatility, the lower the fair value

Fair value of convertible redeemable preference shares is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the profit before income tax for the year ended December 31, 2025 would have been higher/lower by approximately RMB217,095,000/RMB217,203,000 (2024: RMB203,951,000/RMB202,084,000).

The estimated carrying amount of the convertible redeemable preference shares as at December 31, 2025 would have been lower/higher by approximately RMB240,856,000/RMB307,439,000 (December 31, 2024: RMB222,021,000/RMB284,818,000), should the discount rate used in the discounted cash flow analysis be higher/lower by 100 basis points from management's estimates.

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26 Convertible redeemable preference shares (continued)

(e) Voting rights (continued)

Recognition and derecognition of convertible redeemable preference shares (continued)

Discount rate (post-tax) was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield to maturity of US government bonds with maturity matching the time to expiration as of the valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the respective valuation date and with similar span as the time to expiration. Probability weight under each of the redemption feature and liquidation preferences was based on the Group's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of convertible redeemable preference shares on each valuation date.

Changes in fair value of convertible redeemable preference shares were recorded in "fair value changes of convertible redeemable preference shares" in the consolidated statements of profit or loss, and the fair value change in the convertible redeemable preference shares that was attributable to change of own credit risk of this liability was recorded in other comprehensive income/(loss).

27 Trade payables

As at December 31, 2025 and 2024, the aging analysis of the trade payables based on invoice date were as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Up to 1 year	10,164	8,981
Over 1 year	364	724
	10,528	9,705

Trade payables are all denominated in RMB and their carrying amounts are considered to approximate their fair values due to their short-term in nature. These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The credit period granted by suppliers is mainly 30 days to 40 days.

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28 Accruals and other payables

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Employee benefits	115,790	98,697
Stored-value in membership accounts (a)	35,384	34,441
Other taxes payable	3,064	4,322
Other payables for guaranteed deposits	3,649	4,163
Payable for repurchase shares of a subsidiary (b)	–	27,000
Accrued listing expense payable	4,859	5,240
Others	7,841	6,708
	170,587	180,571

(a) It represents the advance receipts from the customers who add value to their stored value accounts. Such amount will be settled when the customers use the value accounts to purchase service, and refundable on demand.

(b) It represents the outstanding consideration payable to non-controlling shareholder of a subsidiary for repurchase shares. The above balance is unsecured, interest-free with non-trade nature and has been fully settled during the year ended December 31, 2025.

29 Contract liabilities

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Included in current liabilities		
Healthcare services	171,087	130,552
Included in non-current liabilities		
Healthcare services	4,610	1,762

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

29 Contract liabilities (continued)

(a) Significant changes in contract liabilities

Contract liabilities of the Group mainly arose from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased as a result of the growth of the Group's business.

(b) Revenue recognized in relation to contract liabilities

The following table shows the revenue recognized during the years ended December 31, 2025 and 2024 relates to carried-forward contract liabilities.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	130,552	88,954

30 Deferred income

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Government subsidy	18,820	9,410

As at December 31, 2025 and 2024, the Group's deferred income represents government grants received from governmental authorities in relation to the foreign investment enterprise and the utilization of foreign capital. The grantee shall not reduce or withdraw its foreign capital, or switch its foreign capital to domestic capital within five years, otherwise the government will withdraw the subsidy. The deferred income is recognised in the profit or loss when the Group comply with all attached conditions after five years.

31 Dividends

No dividend has been paid or declared by the Company during the year ended December 31, 2025 (2024: nil).

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(All amounts in RMB unless otherwise stated)

32 Cash flow information

(a) Cash generated from operations

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit before income tax	135,927	79,744
Adjustments for:		
– Depreciation and amortization (Note 6)	132,928	135,835
– Interest expense (Note 10)	12,517	16,642
– Interest income from bank deposits (Note 10)	(2,483)	(8,619)
– Net impairment losses on financial assets	1,932	1,282
– Impairment losses of property, plant and equipment and right-of-use assets (Note 6)	432	957
– Net losses on disposal of property, plant and equipment and intangible assets (Note 9)	5,111	3,244
– Net gains on modification and early termination of leases (Note 9)	(683)	(3,226)
– Fair value gains from bank financial products (Note 9)	(8,510)	(5,387)
– Fair value losses from investment at a listed entity (Note 9)	4,226	2,701
– Fair value change of convertible redeemable preference shares included in profit or loss (Note 26)	(118,182)	(128,797)
– Share-based compensation expenses (Note 7)	–	38,362
– Fair value gain on remeasurement of previously held equity interest in subsidiaries at the acquisition date	–	(5,990)
– Share of results of associates	–	143
Changes in working capital:		
– Inventories	(1,933)	(6,444)
– Trade receivables	(19,381)	(16,322)
– Prepayments, deposits and other receivables	(2,499)	(1,281)
– Trade payables	823	611
– Accruals and other payables	17,016	11,623
– Contract liabilities	43,383	40,341
– Deferred income	9,410	9,410
Cash generated from operations	210,034	164,829

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

32 Cash flow information (continued)

(b) Proceeds from disposal of property, plant and equipment and intangible assets

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net book value	5,111	3,244
Net losses on disposal of property, plant and equipment and intangible assets (Note 9)	(5,111)	(3,244)
Proceeds from disposal of property, plant and equipment and equipment and intangible assets	–	–

(c) The movements in the debt for each of the years presented

	Convertible redeemable preference shares	Leases	Loan from a non-controlling shareholder of a subsidiary	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2024	2,337,245	302,140	10,695	2,650,080
Cash flows	–	(77,888)	(11,005)	(88,893)
Convertible redeemable preference shares issuance for acquisition of subsidiaries	107,006	–	–	107,006
Acquisition of subsidiaries	–	53,012	–	53,012
New leases	–	59,254	–	59,254
Changes in fair values	(66,975)	–	–	(66,975)
Currency translation differences	33,818	–	–	33,818
Lease modification and early termination	–	(13,581)	–	(13,581)
Interest expense	–	16,332	310	16,642
Balance as at December 31, 2024	2,411,094	339,269	–	2,750,363
Cash flows	–	(84,458)	–	(84,458)
New leases	–	44,518	–	44,518
Changes in fair values	(97,340)	–	–	(97,340)
Currency translation differences	(52,438)	–	–	(52,438)
Lease modification and early termination	–	(22,894)	–	(22,894)
Interest expense	–	12,517	–	12,517
Balance as at December 31, 2025	2,261,316	288,952	–	2,550,268

Notes to the Consolidated Financial Statements

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33 Contingent liabilities

The Group did not have any material contingent liabilities as at December 31, 2025 and 2024.

34 Commitments

(a) Commitments relating to short-term leases

The Group has recognized right-of-use assets and lease liabilities for these leases, except for short-term leases, see Note 14 for further information.

The future aggregate minimum lease payments under non-cancellable short-term leases contracted for at the end of the year but not recognized as liabilities, are as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	586	358
	586	358

(b) Capital commitments

The Group's capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	2,944	3,176
	2,944	3,176

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

35 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

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

(a) Key management compensation

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

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and bonuses	10,628	10,301
Pension costs – defined contribution plans	137	129
Share-based compensation expenses	–	13,021
Housing benefits and other employee benefits	190	180
	10,955	23,631

(b) Transactions with related parties

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Purchase of services from a shareholder	1,079	–

(c) Balances with related parties

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Prepayment of services from a shareholder	2,061	–

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(All amounts in RMB unless otherwise stated)

36 Subsequent events

On January 12, 2026, the Company entered into a shareholder resolution, pursuant to which one of the redemption events of the convertible redeemable preference shares was updated to the occurrence of the Company's failure to consummate a qualified IPO prior to March 31, 2027 and as a result, the convertible redeemable preference shares will not have cash flow impact to the Group for at least the next twelve months from December 31, 2025. On February 6, 2026, the Company completed its listing on Main Board of the Stock Exchange of Hong Kong Limited. Upon the Listing, all preference shares have been automatically converted into ordinary shares. On March 5, 2026, the over-allotment option was partially exercised. The net proceeds received by the Company from the Global Offering and the exercise of the over-allotment option, after deducting underwriting fee and relevant expenses, amounted to approximately HK\$220.1 million.

Save for the above, there were no material subsequent events took place after December 31, 2025.

37 Subsidiaries

The Company's subsidiaries comprising the Group at December 31, 2025 are set out below. The subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business of each entity.

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Directly owned:					
DISTINCT HEALTHCARE HOLDINGS LIMITED (卓正醫療(香港)有限公司)	Hong Kong, Limited liability company	Hong Kong dollars ("HKD")47,000/ HKD47,000	100%	100%	Investment holding in Hong Kong
Distinct Healthcare Singapore Pte. Ltd.	Singapore, Limited liability company	Singapore dollars ("SGD")1,000,000/ SGD1,000,000	100%	100%	Healthcare services in Singapore
Distinct Medical Assistance Limited (formerly known as H Pudding Co., Limited)	Hong Kong, Limited liability company	HKD1/HKD1	100%	100%	Healthcare services in Hong Kong

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37 Subsidiaries (continued)

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Indirectly owned:					
Shenzhen Zhuozheng Ruixiang Management Consulting Co., Ltd. (深圳卓正瑞祥管理諮詢有限公司) (ii)	PRC, Limited liability company	United States dollars ("USD")100,000,000/ USD100,000,000	100%	100%	Investment holding in PRC
Shenzhen Qianhai Zhuozheng Medical Investment Consulting Co., Ltd. (深圳市前海卓正醫療投資諮詢有限公司)	PRC, Limited liability company	RMB30,000,000/ RMB30,000,000	100%	100%	Investment holding in PRC
Shenzhen Distinct Medical Investment Consulting Co., Ltd. (深圳卓正醫療投資諮詢有限公司)	PRC, Limited liability company	RMB72,857,143/ RMB51,000,000	100%	100%	Investment holding in PRC
Shenzhen Zhuozheng Medical Investment Co., Ltd. (深圳卓正醫療投資有限公司)	PRC, Limited liability company	RMB14,285,715/ RMB10,000,000	100%	100%	Investment holding in PRC
Shenzhen Zhuozheng Medical Consulting Co., Ltd. (深圳卓正醫療諮詢有限公司)	PRC, Limited liability company	RMB71,428,572/ RMB50,000,000	100%	100%	Investment holding in PRC
Shenzhen Zhuozheng Outpatient Department (深圳卓正門診部)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Shenzhen Zhuojian Outpatient Department (深圳卓健門診部)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Shenzhen Zhuokang Outpatient Department (深圳卓康門診部)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Guangzhou Zhuorui Outpatient Department Co., Ltd. (廣州卓瑞門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Guangzhou Zhuoxiang Outpatient Department Co., Ltd. (廣州卓祥醫療門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Foshan Nanhai Zhuozheng General Specialty Outpatient Department Co., Ltd. (佛山南海卓正普通專科門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	NA	100%	Healthcare services in PRC

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(All amounts in RMB unless otherwise stated)

37 Subsidiaries (continued)

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Indirectly owned:					
Beijing Zhuokang Clinic Co., Ltd. (北京卓康診所有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Beijing Distinct Clinic Co., Ltd. (北京卓正診所有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	NA	100%	Healthcare services in PRC
Chongqing Zhuojian Outpatient Department Co., Ltd. (重慶卓健門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Hangzhou Zhuokang Comprehensive Outpatient Department Co., Ltd. (杭州卓康綜合門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Chengdu High-tech Zhuojian Outpatient Department Co., Ltd. (成都高新卓健門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Chengdu Qingyang Zhuokang Outpatient Department Co., Ltd. (成都青羊卓康門診部有限公司)	PRC, Limited liability company	RMB100,000/ RMB100,000	NA	100%	Healthcare services in PRC
Changsha Zhuojian Outpatient Department Co., Ltd. (長沙卓健門診部有限公司)	PRC, Limited liability company	RMB200,000/ RMB200,000	100%	100%	Healthcare services in PRC
Shanghai Zhuoyuan Outpatient Department Co., Ltd. (上海卓原門診部有限公司)	PRC, Limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	Healthcare services in PRC
Wuhan Zhuojian Comprehensive Outpatient Department Co., Ltd. (武漢卓健綜合門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Changsha Ruiqing Medical Cosmetology Clinic Co., Ltd. (長沙睿清醫療美容診所有限公司)	PRC, Limited liability company	RMB1,000,000/ RMB1,000,000	100%	100%	Aesthetic medical services in PRC
Shenzhen Zhuotai Rescue Transportation Limited (深圳卓泰醫療救援轉運有限公司)	PRC, Limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	Healthcare services in PRC

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37 Subsidiaries (continued)

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Indirectly owned:					
Shenzhen Zhuozheng Digital Technology Co., Ltd. (深圳卓正數智科技有限公司), (formerly known as Shenzhen Zhuozheng Medical Digital Technology Co., Ltd. (深圳卓正醫療數字科技有限公司) and Shenzhen Zhouzheng Information Technology Co. Ltd. (深圳卓正網絡科技有限公司)	PRC, Limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	E-business services in PRC
Shenzhen Zhuomouqing Ophthalmology Clinic (深圳卓眸清眼科診所)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Ophthalmology services in PRC
Suzhou Industrial Park Distinct Ruian Outpatient Department Co., Ltd. (蘇州工業園區卓正睿安門診部有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Shanghai Distinct Rui Outpatient Department Co., Ltd. (上海卓正睿門診部有限公司)	PRC, Limited liability company	RMB5,000,000/ RMB5,000,000	100%	100%	Healthcare services in PRC
Suzhou Industrial Park Distinct Ruiqing Medical Cosmetology Clinic Co., Ltd. (蘇州工業園區卓正睿清醫療美容診所有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Aesthetic medical services in PRC
Shenzhen Zhuoan'an Pediatric Clinic (深圳卓安安兒科診所)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Pediatric medical services in PRC
Shenzhen Distinct Hospital Management Consulting Co., Ltd. (深圳卓正醫院管理諮詢有限公司) (formerly known as Shenzhen Qianhai Distinct Youshe Hospital Management Co., Ltd. (深圳市前海卓正優社醫院管理有限公司))	PRC, Limited liability company	RMB30,000,000/ RMB30,000,000	100%	100%	Hospital management in PRC

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37 Subsidiaries (continued)

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Indirectly owned:					
Guangzhou Distinct Hospital Co., Ltd. (廣州卓正醫院有限公司) (formerly known as Guangzhou Distinct Humansa Hospital Co., Ltd. (廣州卓正優社醫院有限公司))	PRC, Limited liability company	RMB30,000,000/ RMB30,000,000	100%	100%	Healthcare services in PRC
Shenzhen Zhuozheng Xinhe Investment Co., Ltd. (深圳市卓正信和投資有限公司)	PRC, Limited liability company	RMB1,000,000/Nil	100%	100%	Hospital management in PRC
Shenzhen Zhuozheng Hospital Management Co., Ltd. (深圳卓正醫院管理有限公司)	PRC, Limited liability company	RMB1,000,000/Nil	100%	100%	Hospital management in PRC
Foshan Nanhai Zhuozheng Comprehensive Clinic Co., Ltd. (佛山南海卓正綜合門診有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	100%	Healthcare services in PRC
Beijing Zhuorui Outpatient Department Co., Ltd. (北京卓睿門診部有限公司)	PRC, Limited liability company	RMB3,000,000/ RMB3,000,000	100%	100%	Healthcare services in PRC
Wuhan Shenlong Tianxia Medical Management Co., Ltd. (武漢神龍天下醫療管理有限公司)	PRC, Limited liability company	RMB4,163,622/ RMB4,163,622	70%	70%	Hospital management in PRC
Wuhan Xingchen Smart Medical Technology Co., Ltd. (武漢星辰智慧醫療科技有限公司)	PRC, Limited liability company	RMB10,000,000/ RMB10,000,000	70%	70%	Hospital management in PRC
Wuhan Pleiades Children's Hospital Co., Ltd. (武漢北斗星兒童醫院有限公司)	PRC, Limited liability company	RMB10,000,000/ RMB10,000,000	70%	70%	Healthcare services in PRC
Wuhan Pleiades Wuguang Comprehensive Outpatient Department Co., Ltd. (武漢北斗星武廣綜合門診有限公司)	PRC, Limited liability company	RMB3,000,000/ RMB3,000,000	NA	70%	Healthcare services in PRC

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37 Subsidiaries (continued)

Name of entity	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Ownership interest held by the Group		Principal activities and place of operation
			2025	2024	
Indirectly owned:					
Wuhan Pleiades Guanshan Comprehensive Clinic Co., Ltd. (武漢北斗星關山綜合門診有限公司)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	70%	70%	Healthcare services in PRC
Distinct Healthcare Malaysia Sdn. Bhd.	Malaysia, Limited liability company	Malaysian Ringgit ("MYR")500,000/ MYR500,000	100%	100%	Healthcare services in Malaysia
Shenzhen Zhuozheng Future Technology Co., Ltd. (深圳卓正未來科技有限公司) (i)	PRC, Limited liability company	RMB20,000,000/ RMB20,000,000	100%	NA	Investment holding in PRC
Shenzhen Zhuozheng Light Cone Technology Co., Ltd. (深圳卓正光錐科技有限公司) (i)	PRC, Limited liability company	RMB10,000,000/ RMB10,000,000	100%	NA	Technology development in PRC
Harbin Zhuotai Internal Medicine Clinic Co., Ltd. (哈爾濱卓泰內科診所有限公司) (i)	PRC, Limited liability company	RMB1,000,000/ RMB1,000,000	100%	NA	Healthcare services in PRC
Xi'an High-tech Zone Zhuorui Comprehensive Clinic Co., Ltd. (西安市高新區卓瑞綜合門診部有限公司) (i)	PRC, Limited liability company	RMB2,000,000/ RMB2,000,000	100%	NA	Healthcare services in PRC

(i) These subsidiaries were newly established during this year.

(ii) The subsidiary was registered as a wholly-foreign-owned enterprise under PRC law.

The English names of the subsidiaries registered in PRC represent management's best efforts in translating their Chinese names as they do not have official English names.

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38 Statement of financial position and reserve movement of the Company

Statement of financial position of the Company

		As at December 31,	
		2025	2024
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		307,156	312,127
Prepayments, deposits and other receivables		1,129,757	1,156,328
Total non-current assets		1,436,913	1,468,455
Current assets			
Cash and cash equivalents		418	2,912
Prepayments, deposits and other receivables		3,328	2,926
Total current assets		3,746	5,838
Total assets		1,440,659	1,474,293
Equity			
Equity attributable to owners of the Company			
Share capital		85	85
Reserves	38(a)	133,389	131,412
Accumulated losses	38(b)	(1,009,630)	(1,112,422)
Total deficit		(876,156)	(980,925)
Liabilities			
Current liabilities			
Accruals and other payables		55,499	44,124
Convertible redeemable preference shares	26	2,261,316	2,411,094
Total current liabilities and total liabilities		2,316,815	2,455,218
Total deficit and liabilities		1,440,659	1,474,293

The statement of financial position of the Company was approved by the Board of Directors on March 25, 2026 and was signed on its behalf:

Mr. WANG Zhiyuan

Director

Mr. SHI Yi

Director

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

38 Statement of financial position and reserve movement of the Company (continued)

(a) Reserve movement of the Company

	Share premium RMB'000	Capital reserve RMB'000	Share based payment RMB'000	Currency translation difference RMB'000	Fair value change due to own credit risk RMB'000	Total RMB'000
At January 1, 2024	11,280	110,377	49,888	(53,620)	53,018	170,943
Share based payment – value of employee services	–	–	38,362	–	–	38,362
Currency translation differences	–	1,647	–	(17,718)	–	(16,071)
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	–	(61,822)	(61,822)
At December 31, 2024	11,280	112,024	88,250	(71,338)	(8,804)	131,412
At January 1, 2025	11,280	112,024	88,250	(71,338)	(8,804)	131,412
Currency translation differences	–	(2,487)	–	25,306	–	22,819
Fair value change of convertible redeemable preference shares due to own credit risk	–	–	–	–	(20,842)	(20,842)
At December 31, 2025	11,280	109,537	88,250	(46,032)	(29,646)	133,389

(b) Accumulated losses of the Company

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
At the beginning of the year	(1,112,422)	(1,222,047)
Profit for the year	102,792	109,625
At the end of the year	(1,009,630)	(1,112,422)

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

39 Benefits and interests of directors

(a) Directors' and supervisor's emoluments

Remuneration of every director and supervisor is set out below:

For the year ended December 31, 2025

Name	Salaries and wages RMB'000	Bonuses RMB'000	Pension costs – defined contribution plans RMB'000	Share-based compensation expenses RMB'000	Housing benefits and other employee benefits RMB'000	Total RMB'000
<i>Executive director</i>						
Mr. Wang Zhiyuan (CEO)	1,085	717	-	-	-	1,802
Mr. Shi Yi	960	654	-	-	17	1,631
<i>Non-executive directors</i>						
Mr. Cao Shaoshan	-	-	-	-	-	-
Mr. Zhang Xiangdong	-	-	-	-	-	-
Mr. Wei Guoxing	-	-	-	-	-	-
Ms. Chen Xiaohong	-	-	-	-	-	-
Mr. Hao Rui	-	-	-	-	-	-
Mr. Gao Pingyang (i)	120	-	-	-	-	120
	2,165	1,371	-	-	17	3,553

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

39 Benefits and interests of directors (continued)

(a) Directors' and supervisor's emoluments (continued)

For the year ended December 31, 2024

Name	Salaries and wages RMB'000	Bonuses RMB'000	Pension costs - defined contribution plans RMB'000	Share-based compensation expenses RMB'000	Housing benefits and other employee benefits RMB'000	Total RMB'000
<i>Executive director</i>						
Mr. Wang Zhiyuan (CEO)	1,080	504	–	1,607	1	3,192
Mr. Shi Yi	960	560	–	1,803	17	3,340
<i>Non-executive directors</i>						
Mr. Cao Shaoshan	–	–	–	–	–	–
Mr. Zhang Xiangdong	–	–	–	–	–	–
Ms. Liu Ling (ii)	–	–	–	–	–	–
Mr. Wei Guoxing	–	–	–	–	–	–
Ms. Chen Xiaohong	–	–	–	–	–	–
Mr. Hao Rui	–	–	–	–	–	–
Mr. Xue Mingyu (iii)	–	–	–	–	–	–
	2,040	1,064	–	3,410	18	6,532

(i) Mr. Gao Pingyang was appointed as a non-executive director in December 2025.

(ii) Mr. Liu Ling resigned as a non-executive director in March 2024.

(iii) Mr. Xue Mingyu resigned as a non-executive director in March 2024.

39 Benefits and interests of directors (continued)

(b) Directors' retirement benefits

During the years ended December 31, 2025 and 2024, there were no additional retirement benefit received by the directors except for the emoluments as disclosed in (a) above.

(c) Directors' termination benefits

During the years ended December 31, 2025 and 2024, no payments to the directors of the Company as compensation for the early termination of the appointment.

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

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the years ended December 31, 2025 and 2024.

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

No loans, quasi-loans and other dealings in favour of directors, controlled bodied corporate by and connected entities with such directors subsisted at the end of or at any time during the years ended December 31, 2025 and 2024.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had interests, whether directly or indirectly, subsisted at the end of or at any time during the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies

40.1 Principles of consolidation

40.1.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 40.1.4).

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

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

40.1.2 Disposal of subsidiaries

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

40 Summary of other accounting policies (continued)

40.1 Principles of consolidation (continued)

40.1.3 Changes in ownership interests

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

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

40.1.4 Business combination

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

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.1 Principles of consolidation (continued)

40.1.4 Business combination (continued)

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

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

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

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

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

40 Summary of other accounting policies (continued)

40.1 Principles of consolidation (continued)

40.1.5 Separate financial statements

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

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

40.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

40.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is USD as USD is the primary denominated currency of the Company's financing. The Company's primary subsidiaries were incorporated in Chinese Mainland and considered RMB as their functional currencies. The functional currencies of certain subsidiaries of the Group incorporated in Hong Kong and Singapore are HKD and SGD, respectively. As the major operations of the Group are within the PRC, the Group has determined RMB as its presentation currency and presented its consolidated financial statements in RMB (unless otherwise stated).

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.3 Foreign currency translation (continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in consolidated statements of profits or loss, within finance costs. All other foreign exchange gains and losses are presented in consolidated statement of profits or loss on a net basis within “other gains/(losses) – net”.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statements of profit or loss and statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investments in foreign entities are recognized in other comprehensive income.

40 Summary of other accounting policies (continued)

40.4 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Historical costs include expenditure that are directly attributable to the acquisition of the items.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 40.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all attributable costs of bringing the asset to working condition for its intended use. This includes direct costs of construction as well as interest expense capitalized during the period of construction and installation. Capitalization of these costs will cease and the construction in progress is transferred to appropriate categories within property, plant and equipment when the construction activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress.

40.5 Intangible assets

(a) Acquired software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. Costs associated with maintaining computer software programs are recognized as expense as incurred.

Computer software is stated at cost less accumulated amortization and impairment losses (if any). Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.5 Intangible assets (continued)

(b) Self-developed software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible assets include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. These costs are amortised using the straight-line method over their estimated useful lives of 10 years.

Costs associated with maintaining software programmes are recognised as an expense as incurred.

40 Summary of other accounting policies (continued)

40.6 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposals and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or "CGU"). In carrying out an impairment test of a CGU or group of CGUs with a non-controlling interest that has been accounted for using the proportionate share method, the carrying amount of the CGU or group of CGUs is notionally adjusted to include goodwill attributable to the non-controlling interest and the notional carrying amount is then compared with the recoverable amount.

If the recoverable amount is lower than the notional carrying amount, an impairment loss is identified, including a loss attributable to the non-controlling interest's notional share of goodwill. The loss on notional goodwill shared by non-controlling interest is excluded from the impairment loss to be recognized. The adjusted impairment loss is first applied to write down the recognized goodwill and then applied pro rata against the remaining non-financial assets. Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

40.7 Investments and other financial assets

40.7.1 Classification

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

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

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.7 Investments and other financial assets (continued)

40.7.1 Classification (continued)

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

See Note 21 for details about each type of financial assets.

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

40.7.2 Recognition and derecognition

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

40.7.3 Measurement

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

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

40 Summary of other accounting policies (continued)

40.7 Investments and other financial assets (continued)

40.7.3 Measurement (continued)

Debt instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/(losses) – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) – net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss. The Group has no such debt investment during the reporting periods.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.7 Investments and other financial assets (continued)

40.7.4 Impairment

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

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for further details.

Impairment on other financial assets at amortized cost are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

40.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

40.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable 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.

40.10 Trade receivables

Trade receivables are amounts due from customers for the sales products and provision of services. They are generally due for settlement within a year of recognition or less (or in the normal operating cycle of the business if longer) and therefore classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 18 for further information about the Group’s accounting for trade receivables and Note 3.1(b)(ii) for a description of the Group’s impairment policies.

40 Summary of other accounting policies (continued)

40.11 Cash and cash equivalents

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

40.12 Share capital

Ordinary shares are classified as equity.

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

Shares held for the restricted share incentive scheme are disclosed as treasury shares and deducted from contributed equity.

40.13 Trade payables and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

40.14 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.14 Current and deferred income tax (continued)

(b) Deferred income tax

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

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

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

Current and deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

40 Summary of other accounting policies (continued)

40.15 Employee benefits

(a) Short-term obligations

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

(b) Post-Employment obligations

Pension obligations

The Group makes employee benefit contributions based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and medical benefit plan organized by relevant government authorities in the PRC on a monthly basis, subject to certain ceiling. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligations for the post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from the Group.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-sponsored housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year and the Group has no further obligation beyond the contributions made.

(c) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within one year and are measured at the amounts expected to be paid when they are settled.

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.16 Share-based payments

The Group operates equity incentive plan, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statement of profit or loss. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

The grant by the Company of its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

40 Summary of other accounting policies (continued)

40.17 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

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

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

40.18 Leases

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- lease payments to be made under reasonably certain extension options, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

Notes to the Consolidated Financial Statements

(All amounts in RMB unless otherwise stated)

40 Summary of other accounting policies (continued)

40.18 Leases (continued)

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

40.19 Dividend distribution

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

40.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Definitions

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

“AGM”	the annual general meeting of the Company to be held on Wednesday, June 24, 2026
“Audit Committee”	the audit committee of the Board
“Auditor”	PricewaterhouseCoopers, Certified Public Accountants, the auditor of the Company
“Board”	the board of Directors of the Company
“CG Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“Cheuk Sing Ho”	Cheuk Sing Ho Investment Limited, a company incorporated in the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”, “the Company” or “our Company”	Distinct Healthcare Holdings Limited (卓正醫療控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 2677)
“Concert Parties”	Cheuk Sing Ho, Mr. CAO Shaoshan (曹少山), Mr. ZHANG Xiangdong (張向東) and Nineteen Seventy Seven Corporation
“Contractual Arrangements”	a series of contractual arrangements entered into by Qianhai Distinct, the VIE Medical Management Companies, Zhuozheng Xinhe, and the Relevant Shareholders, details of which are described in the section headed “Contractual Arrangements” in this Report
“Director(s)”	the director(s) of the Company
“Distinct membership programme”	the annual fee-based membership programme launched by the Group in December 2020, offering members priority booking, discounted prices for and exclusive packages of certain healthcare services and products, and a fixed number of complimentary nurse counselling sessions
“Distinct Consultation”	Shenzhen Zhuozheng Medical Consulting Co., Ltd. (深圳卓正醫療諮詢有限公司), a limited liability company established in the PRC on November 24, 2017 and one of our VIE Medical Management Companies

Definitions

“Distinct Investment Consulting”	Shenzhen Distinct Medical Investment Consulting Co., Ltd. (深圳卓正醫療投資諮詢有限公司), a limited liability company established in the PRC on April 12, 2012 and one of our VIE Medical Management Companies
“Distinct Investment”	Shenzhen Zhuozheng Medical Investment Co., Ltd. (深圳卓正醫療投資有限公司), a limited liability company established in the PRC on January 14, 2016 and one of our VIE Medical Management Companies
“Distinct Shenzhen”	Shenzhen Distinct Hospital Management Consulting Co., Ltd. (深圳卓正醫院管理諮詢有限公司), formerly known as Shenzhen Qianhai Distinct Youshe Hospital Management Co., Ltd. (深圳市前海卓正優社醫院管理有限公司), a limited liability company established in the PRC on April 15, 2022 and one of our VIE Medical Management Companies
“Distinct Management”	Shenzhen Zhuozheng Hospital Management Co., Ltd. (深圳卓正醫院管理有限公司), a limited company established in the PRC on April 26, 2024 and one of our VIE Medical Management Companies
“Distinct Ruixiang”	Shenzhen Zhuozheng Ruixiang Management Consulting Co., Ltd. (深圳卓正瑞祥管理諮詢有限公司), a limited liability company established in the PRC on April 22, 2014 and a wholly-owned subsidiary of our Company
“Global Offering”	the global offering of the Shares, in connection with the listing of the Shares on the Main Board of the Stock Exchange on February 6, 2026
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IFRSs”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party” or “Independent Third Parties”	a person or entity who is not a connected person of the Company under the Listing Rules

“Listing Date”	February 6, 2026, the date of listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Patient Return Rate”	the number of returning patients (being patients who received healthcare services through the Group’s healthcare service institutions in mainland China during the relevant period and had at least one prior visit to the Group’s healthcare service institutions before their most recent visit during the relevant period) divided by the total number of patients who received services in the Group’s healthcare service institutions in mainland China during the relevant period
“Prospectus”	the prospectus of the Company dated January 29, 2026
“Reporting Period”	the year ended December 31, 2025
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	restricted share unit(s), being a conditional right when an award under the 2024 RSU Scheme vests whereby the grantee shall be entitled to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of USD0.001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

Definitions

“US\$”	United States dollars, the lawful currency of the U.S.
“VIE Entities”	VIE Medical Management Companies and VIE Medical Institutions
“VIE Medical Institutions”	the entities that we control certain percentages of their shareholding through the VIE Medical Management Companies
“VIE Medical Management Companies”	Distinct Consultation, Distinct Investment Consulting, Distinct Investment, Distinct Shenzhen, and Distinct Management
“Wuhan Dragon World”	Wuhan Shenlong Tianxia Medical Management Co., Ltd. (武漢神龍天下醫療管理有限公司), a company established in the PRC on March 14, 2014 which was acquired by our Company and became a subsidiary of our Company on March 28, 2024
“2024 RSU Scheme”	the equity incentive plan of the Company approved and adopted by the Company on January 23, 2024, details and principal terms of which are set out in the paragraph headed “Statutory and General Information – D. RSU Scheme in Appendix IV of the Prospectus
“%”	per cent