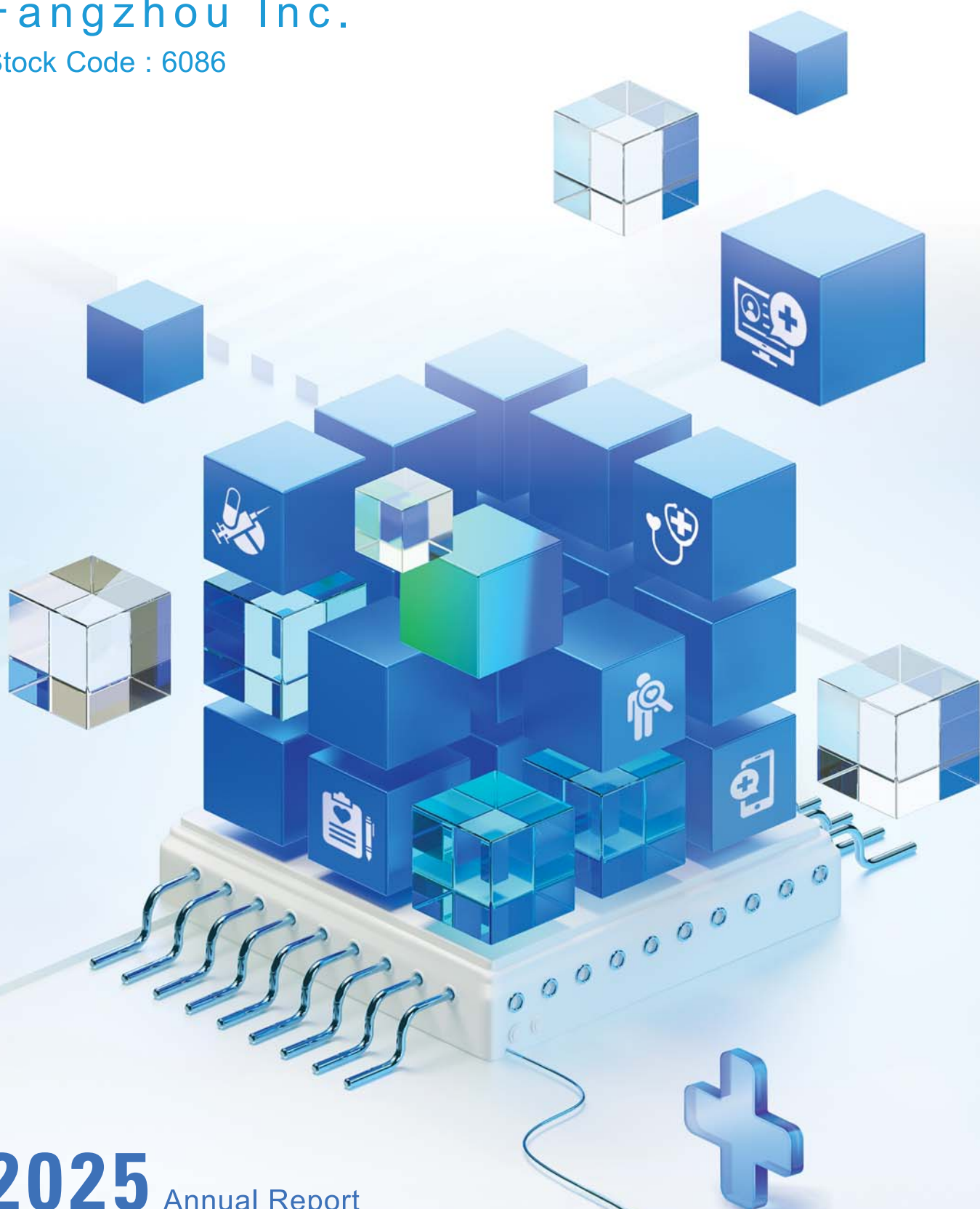


方舟健客

方舟云康控股有限公司

Fangzhou Inc.

Stock Code : 6086



2025 Annual Report

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Definitions

“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Auditor”	KPMG, an independent auditor of our Company
“Beijing Fangyixing”	Beijing Fangyixing Information Technology Co., Ltd. (北京方易行信息科技有限公司), a limited liability company established in the PRC on August 12, 2019 and a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CDM”	the establishment of an integrated system of intervention and management for chronic disease throughout different stages of the continuum of chronic disease care, ultimately strengthening disease control, preventing disease deterioration, and controlling the overall medical cost
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China which, except where the context requires, refers in this annual report to the PRC or Chinese Mainland excluding Hong Kong, China; Macau, China; and Taiwan, China
“Class A Ordinary Share(s)”	class A ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each, conferring a holder of a Class A Ordinary Share one vote per share on any resolution tabled at our Company’s general meeting
“Class B Ordinary Share(s)”	class B ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each, conferring weighted voting rights in our Company such that a holder of a Class B Ordinary Share is entitled to twenty votes per share on any resolution tabled at our Company’s general meeting
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Fangzhou Inc. (方舟云康控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on September 26, 2019



Definitions

“Concert Deed”	the deed of act-in-concert entered into by Mr. Xie and Mr. Zhou on September 26, 2019, further information on which is set out in “History, Reorganization and Corporate Structure - Concert Party Arrangement” of the Prospectus
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, namely Fangzhou Yunkang and its subsidiaries (each a “ Consolidated Affiliated Entity ”)
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Crescent Point”	Crescent China Investment Management Ltd., a private equity manager incorporated in the British Virgin Islands on October 28, 2020 and regulated by the British Virgin Islands Financial Services Commission, which is ultimately controlled by Mr. David McKee HAND, our non-executive Director; or where the context requires, in respect of certain historical events, Crescent Fund Management Pte. Ltd., an investment manager incorporated in Singapore on December 17, 2012 and licensed by the Monetary Authority of Singapore
“Director(s)”	the director(s) of our Company
“Fangfeng Technology” or “New WFOE”	Guangdong Fangfeng Technology Co., Ltd. (廣東方峰科技有限公司), a limited liability company established in the PRC on February 12, 2020 and a wholly-owned subsidiary of the Company
“Fangyixing Wuhan”	Fang Yixing (Wuhan) Health Management Co., Ltd. (方易行(武漢)健康管理有限公司), a limited liability company established in the PRC on August 26, 2025 and a wholly-owned subsidiary of the Company
“Fangzhou Beijing”	Fangzhou Jianke (Beijing) Health Management Co., Ltd. (方舟健客(北京)健康管理有限公司), a limited liability company established in the PRC on October 20, 2021 and a wholly-owned subsidiary of the Company
“Fangzhou Chengdu”	Fangzhou Jianke (Chengdu) Pharmacy Co., Ltd. (方舟健客(成都)藥房有限公司), a limited liability company established in the PRC on June 12, 2025 and a wholly-owned subsidiary of the Company
“Fangzhou Health”	Guangdong Fangzhou Health Management Technology Co., Ltd. (廣東方舟健康管理科技有限公司), a limited liability company established in the PRC on November 8, 2021 and a wholly-owned subsidiary of the Company

Definitions

“Fangzhou Information”	Guangzhou Fangzhou Information Technology Co., Ltd. (廣州方舟信息科技有 限公司), a limited liability company established in the PRC on September 29, 2019 and a wholly-owned subsidiary of the Company
“Fangzhou Internet Hospital”	Guangzhou Fangzhou Internet Hospital Co., Ltd. (廣州方舟互聯網醫院有限公 司), a limited liability company established in the PRC on May 18, 2020 and a Consolidated Affiliated Entity of the Group
“Fangzhou Limited”	Fangzhou Limited, a company with limited liability incorporated in Hong Kong on October 24, 2019 and a wholly-owned subsidiary of the Company
“Fangzhou Media”	Guangzhou Fangzhou Media Co., Ltd. (廣州方舟傳媒有限公司), a limited liability company established in the PRC on August 4, 2020 and a Consolidated Affiliated Entity of the Group
“Fangzhou Medicine”	Guangzhou Fangzhou Medicine Co., Ltd. (廣州方舟醫藥有限公司), a limited liability company established in the PRC on August 20, 2019 and a Consolidated Affiliated Entity of the Group
“Fangzhou Pharmaceutical”	Guangzhou Fangzhou Pharmaceutical Co., Ltd. (廣州方舟藥業有限公司), a limited liability company established in the PRC on March 23, 2004 and a wholly-owned subsidiary of the Company
“Fangzhou Shanghai”	Fangzhou Jianke (Shanghai) Health Management Co., Ltd. (方舟健客(上海) 健康管理有限公司), a limited liability company established in the PRC on December 20, 2024 and a wholly-owned subsidiary of the Company
“Fangzhou Yunkang” or “Guangzhou Guanghuikang”	Guangzhou Fangzhou Yunkang Information Technology Group Co., Ltd. (廣州方舟雲康信息科技集團有限公司) (formerly known as Guangzhou Guanghuikang Medicine Co., Ltd. (廣州廣惠康醫藥有限公司)), a limited liability company established in the PRC on April 28, 2020 and a Consolidated Affiliated Entity of the Group
“Fangzhou Yunkang Registered Shareholders”	the registered shareholders of Fangzhou Yunkang, namely, Guangzhou Fangming Investment Enterprise (Limited Partnership) (廣州市方明投資企業 (有限合夥)), Shenzhen Kaichuang Lianyu Technology Consultancy Co., Ltd. (深圳市凱創聯宇科技諮詢有限公司) and Beijing Yiershan Technology Co., Ltd. (北京醫而善科技有限公司), holding 47%, 33% and 20% of the equity interest in Fangzhou Yunkang, respectively
“Global Offering”	has the meaning ascribed thereto in the Prospectus



Definitions

“GMV”	gross merchandise volume, the total value of all orders placed, regardless of whether the services or products are performed or delivered or whether the products are returned
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company, its subsidiaries and the Consolidated Affiliated Entities from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“H2H”	hospital-to-home
“H2H service platform”	refers to the platforms, such as the Jianke Doctor App (健客醫生), Jianke Hospital App (健客醫院), and designated WeChat mini programs, used to deliver our H2H services, which constitute the primary component of our comprehensive medical services
“HK\$”, “HK dollars”, or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jianke Platform”	any of the platforms through which we offer services, including the Jianke Doctor App (健客醫生), Jianke Hospital App (健客醫院), Jianke Online Pharmacy App (健客網上藥店), jianke.com website, and associated WeChat official accounts and mini programs
“Jingtai Hospital”	Jingtai Hospital (景泰醫院), a private non-enterprise established in the PRC on July 20, 2011 and a subsidiary of the Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	July 9, 2024, being the date on which dealings in the Shares first commenced 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
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange



Definitions

“MAU”	monthly active users and, in relation to us, the number of active users who access our services on the Jianke Platform at least once during a calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Hand”	Mr. David McKee HAND, a non-executive Director of our Company and chairman of the Board
“Mr. Xie”	Mr. XIE Fangmin (謝方敏), a non-executive Director of our Company
“Mr. Wang”	Mr. WANG Haijiao (王海蛟), the chief executive officer and an executive Director of our Company
“Mr. Zhou”	Mr. ZHOU Feng, an executive Director and chief strategy officer of our Company
“Nomination Committee”	the nomination committee of the Board
“Placees”	any professional institutional and other investors whom the Placing Agent has procured to purchase any of the Placing Shares pursuant to its obligations under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares to the Placees procured by the Placing Agent on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited
“Placing and Subscription Agreement”	the placing and subscription agreement dated January 27, 2026 entered into among the Vendor, the Company and the Placing Agent in relation to the Placing and Subscription
“Placing Price”	HK\$3.32 per Share
“Placing Shares”	45,181,000 existing issued Shares of the Company held by the Vendor to be placed pursuant to the Placing and Subscription Agreement
“Preferred Share(s)”	preferred share(s) in the share capital of our Company with a par value of US\$0.00002 each, including the series A preferred shares, series A-1 preferred shares, series B preferred shares, series C preferred shares, series D preferred shares and series D+ preferred shares
“Prospectus”	the prospectus issued by our Company on June 28, 2024



Definitions

“Qishi Hospital”	Guangdong Qishi Hospital Management Co., Ltd. (廣東啟石醫院管理有限公司), a limited liability company established in the PRC on September 30, 2020
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended December 31, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“RSU”	the restricted share unit
“RSU Scheme”	the restricted share unit scheme adopted by our Company on January 1, 2020
“Ruishi Hospital”	Guangdong Ruishi Hospital Management Co., Ltd. (廣東瑞石醫院管理有限公司), a limited liability company established in the PRC on June 7, 2023 and a Consolidated Affiliated Entity of the Group
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)” or “Ordinary Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.00002 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Vendor”	Celaeno Group Limited, a company wholly owned by Mr. Zhou, one of our Controlling Shareholders
“Subscription”	the subscription of the Subscription Shares by the Subscriber on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Subscription Shares”	45,181,000 new Shares to be issued by the Company to the Subscriber under the Subscription
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the US



Definitions

“Wuhan Fangyixing”	Wuhan Fangyixing Information Technology Co., Ltd. (武漢方易行資訊科技有限公司), a limited liability company established in the PRC on April 17, 2025 and a subsidiary of the Company
“Xinjiang Internet Hospital”	Xinjiang Fangzhou Internet Hospital Co., Ltd. (新疆方舟互聯網醫院有限公司), a limited liability company established in the PRC on May 7, 2020 and a subsidiary of the Company
“%”	percent



BOARD OF DIRECTORS

Chairman and non-executive Director

Mr. David McKee HAND

(Effective from December 7, 2025)

Executive Directors

Mr. WANG Haijiao (王海蛟) *(Chief Executive Officer)*

(Effective from March 26, 2026)

Mr. ZHOU Feng

Mr. ZOU Yuming (鄒宇鳴)

Non-executive Director

Mr. XIE Fangmin (謝方敏)

(Effective from December 7, 2025)

Independent Non-executive Directors

Dr. WANG Haizhong (王海忠)

Ms. KANG Wei (康韋)

Mr. ZHU Xiaolu (朱小路)

AUDIT COMMITTEE

Mr. ZHU Xiaolu (朱小路) *(Chairman)*

Dr. WANG Haizhong (王海忠)

Ms. KANG Wei (康韋)

REMUNERATION COMMITTEE

Ms. KANG Wei (康韋) *(Chairlady)*

Mr. ZHU Xiaolu (朱小路)

Mr. David McKee HAND

NOMINATION COMMITTEE

Mr. ZHU Xiaolu (朱小路) *(Chairman)*

(Effective from December 7, 2025)

Dr. WANG Haizhong (王海忠)

Ms. KANG Wei (康韋) *(Effective from June 18, 2025)*

Mr. David McKee HAND

Mr. ZHOU Feng *(Effective from December 7, 2025)*

JOINT COMPANY SECRETARIES

Mr. ZOU Yuming (鄒宇鳴)

Ms. NG Sau Mei (伍秀薇)

AUTHORIZED REPRESENTATIVES

Mr. ZHOU Feng

Mr. ZOU Yuming (鄒宇鳴)

(Effective from December 7, 2025)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 1-2, 4th Street
Building S, Kehui Jingu
No. 99, Science Avenue
Luogang Science City
Huangpu District
Guangzhou
Guangdong Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

investors.jianke.com

STOCK CODE

6086



Corporate Information

HONG KONG LEGAL ADVISER

Kirkland & Ellis

26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

KPMG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong



Financial and Business Highlights

- Significant revenue growth of 30.2%, reaching RMB3.53 billion for the year ended December 31, 2025, driven by continued expansion of consumer-facing business segments
- Achieved financial turnaround with net profit of RMB12.0 million, compared to a net loss in 2024
- Platform metrics demonstrated sustained expansion, including a 35% increase in average MAU to 13.7 million for the 12 months ended December 31, 2025, and total registered doctors of over 251,000 as of the end of the Reporting Period
- Launched our “XingShi” Large Language Model (“**XS LLM**”), integrating multimodal capabilities and support for domain-specific intelligent agents targeted towards improving CDM
- Established strategic partnerships with a number of leading pharmaceutical companies and industry partners including Tencent, Novo Nordisk, Otsuka, and Innovent Biologics across a range of therapeutic areas

FINANCIAL SUMMARY

Consolidated Statement of Profit or Loss (RMB'000)

	For the year ended December 31,	
	2025	2024
Revenue	3,526,162	2,707,368
Cost of sales	(2,966,719)	(2,191,427)
Gross profit	559,443	515,941
Profit/(loss) before taxation	12,026	(854,853)
Profit/(loss) and total comprehensive income	11,832	(854,885)
Non-HKFRS measures		
Adjusted net profit (non-HKFRS measure) ¹	20,397	17,119

Consolidated Statements of Financial Position (RMB'000)

	For the year ended December 31,	
	2025	2024
Non-current assets	41,657	55,769
Current assets	772,232	608,325
Non-current liabilities	16,388	31,090
Current liabilities	643,772	501,300
Net Assets	153,729	131,704

¹ We define adjusted net profit (non-HKFRS measure) as profit/(loss) and total comprehensive income for the year after excluding the effects of (i) equity settled share-based transactions; (ii) listing expenses; (iii) changes in the carrying amount of preferred shares liability; (iv) foreign exchange from preferred shares liability; and (v) fair value changes on financial assets measured at FVPL. For details, see “Management Discussion and Analysis — Financial Review — Non-HKFRS measure: Adjusted Net Profit and Adjusted Net Profit Margin” in this annual report.

Five-Year Performance Review

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3,526,162	2,707,368	2,434,308	2,204,303	1,758,673
Cost of sales	(2,966,719)	(2,191,427)	(1,946,901)	(1,823,719)	(1,539,025)
Gross profit	559,443	515,941	487,407	380,584	219,648
Profit/(loss) before taxation	12,026	(854,853)	(196,711)	(383,289)	(303,950)
Profit/(loss) and total comprehensive income for the year attributable to equity shareholders of the Company	11,832	(854,885)	(196,788)	(383,302)	(303,989)
Non-HKFRS measures					
Adjusted net profit/(loss) (non-HKFRS measure) ²	20,397	17,119	7,165	(89,441)	(206,821)
Attributable to:					
Equity shareholders of our Company	(10,856)	(854,885)	(196,788)	(383,302)	(303,964)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets	41,657	55,769	54,014	43,711	36,579
Current assets	772,232	608,325	467,354	475,170	312,110
Non-current liabilities	16,388	31,090	1,940,889	1,751,740	1,377,082
Current liabilities	643,772	501,300	481,942	477,049	311,861
Net Assets/(Liabilities)	153,729	131,704	(1,901,463)	(1,709,908)	(1,340,254)

² We define adjusted net profit (non-HKFRS measure) as profit/(loss) and total comprehensive income for the year after excluding the effects of (i) equity settled share-based transactions; (ii) listing expenses; (iii) changes in the carrying amount of preferred shares liability; (iv) foreign exchange from preferred shares liability; and (v) fair value changes on financial assets measured at FVPL. For details, see "Management Discussion and Analysis – Financial Review – Non-HKFRS measure: Adjusted Net Profit and Adjusted Net Profit Margin" in this annual report.



BUSINESS REVIEW

Throughout 2025, the Company executed on its strategic and operational targets, further consolidating its position as China's leading online CDM services platform. Against a backdrop of China's demographic shifts and deepening technological transformation, we have remained focused on innovation, building enhanced generative artificial intelligence ("AI") functionality throughout our platform, while leveraging strategic partnerships to meet the growing demand for convenient, high-quality CDM services.

During the Reporting Period, the policy and regulatory environment continued to support the healthcare sector's rapid long-term development. We benefited from a favorable policy framework focused on the digital economy and the transition toward the 15th Five-Year Plan. National directives prioritizing "AI + Healthcare" and chronic disease prevention have accelerated the industry's shift toward a patient-centered approach and promoting improvements in the efficiency of healthcare resource allocation through digital transformation. As an early mover, the Company has incorporated these priorities into its strategic planning, with a focus on ensuring sustainable, policy-aligned growth.

This strategic focus drove significant breakthroughs in scale and profitability during the Reporting Period. Total revenue grew 30.2% year-over-year to RMB3.53 billion, as we achieved a financial turnaround with net profit of RMB12.0 million, compared to a net loss in 2024, underscoring the strength of our business model. Our operational metrics tracked this growth, as user base and engagement continued to expand. As of December 31, 2025, the cumulative number of registered users on our platform reached 56.4 million, while average MAU climbed 35% reaching 13.7 million for the 12 months ended December 31, 2025. User loyalty remained robust with a repeat purchase rate above 85%, and prescription drugs consistently accounted for over 80% of gross merchandise value (GMV), validating our core focus on CDM.

Comprehensive Medical Services

In 2025, our Comprehensive Medical Services segment evolved its strategy to balance robust scale expansion with a focus on service quality and depth. During the Reporting Period, revenue from this segment increased by 21.9% year-on-year reaching RMB788.0 million, driven by ongoing expansion of our healthcare provider network, and deployment of platform technologies and refinements to better address user needs.

We have continued to expand the breadth of our physician network. By the end of the Reporting Period, the total number of registered doctors on our platform reached 251,000. We have prioritized professional caliber expertise and senior-level practitioners: 57% of these doctors are from Class III hospitals, while 38% held the title of Associate Chief Physician or above. This top-tier network provides a solid foundation for delivering high-quality care at scale.

We also refined our user interfaces and functionality to better align with user needs, specifically emphasizing critical interactions such as streamlined follow-up consultations, prescription issuance, and intelligent medication recommendations. These upgrades help to reduce friction and enhance conversion rates, contributing directly to overall service scale growth.



Management Discussion and Analysis

Another major development this year was the integration of AI functionality to better support patients and doctors. We launched a number of AI agents and AI-enabled applications built on our XS LLM to address common use cases and pain points in CDM. Our “AI-Electronic Medical Record (EMR) Agent” and “AI Pre-Consult Agent” facilitate intelligent pre-consultations and medical record retrieval, while our “AI Health Manager” assists patients with intelligent triage and physician and therapeutic area selection. For healthcare providers, our “AI Doctor Assistant” and “AI Academic Assistant” provide physicians with consultation and diagnosis support and medical literature search tools to enhance consultation efficiency and service quality. In addition, we initiated pilot testing for our AI Avatar Doctor, which allows physicians to deploy virtual counterparts to assist in their online consultations. We believe that this model effectively integrates the trust and expertise of human healthcare with the scalability of digital delivery, offering the potential to enable doctors to significantly expand their service capacity to a broader patient population.

Finally, we expanded our collaboration with leading local and global pharmaceutical partners to increase access to innovative therapies in core therapeutic areas such as oncology, metabolic disorders, and neurology. These ongoing efforts help to expand treatment options and address critical unmet needs for our patient population, reinforcing our commitment to advancing “Better Health for All”.

Online Retail Pharmacy Services

Our online retail pharmacy services remained a significant component of our business performance in 2025. Full-year revenue surged 33.4% year-on-year to RMB1.87 billion. This robust growth was driven by expansion of our user base, as well as our continued focus on user experience upgrades and continuous technology-driven innovation.

During the Reporting Period, we focused on search optimization and precision recommendations as the two core pillars for our user experience strategy.

- **Search Optimization:** We enhanced our search algorithms with next-gen machine learning to better understand user intent and launched our “AI Medication Guide” to provide 24/7 medication guidance and assistance to users.
- **Precision Recommendation:** We leveraged our product knowledge graph and system generated user portraits to deliver highly targeted user recommendations, while optimizing our App and mini program interfaces to shorten path-to-purchase and boost conversion rates.

We also moved quickly to address the rapidly emerging demand in the metabolic sector in alignment with the national Healthy China 2030 Initiative, including partnerships with a number of local and multinational pharmaceutical companies to provide innovative medications to patients on our platform.

Customized Content and Marketing Solutions

2025 marked a year of strategic transformation for our customized content and marketing solutions business as we continue to evolve beyond marketing support into a comprehensive digital intelligence partner. We achieved revenue of RMB85.0 million during the Reporting Period, as we pivoted our platform to support the entire pharmaceutical product life cycle.

AI technology has also been central to the evolution of this business segment. During the Reporting Period, we introduced our “AI Content Creation Assistant”, which enables rapid, high quality content creation while reducing operational costs.



Pharmaceutical Supply Chain Optimization

Our unique “AI + CDM” platform model continues to gain traction among upstream pharmaceutical company partners. As of December 31, 2025, our supply chain network included robust partnerships with over 1,700 suppliers and 900 pharmaceutical companies, with deepening strategic collaborations across leading domestic and foreign enterprises.

During the Reporting Period, our “Fangzhou Quality Procurement” system was further enhanced with AI functionality. Our upgraded “AI Procurement Assistant” leverages multifactor inputs — including real-time sales forecasts, seasonal trends, and supplier performance — to dynamically generate optimal purchasing and inventory plans. This includes a proactive alert mechanism that identifies and resolves potential supply disruptions before they materialize. Driven by these innovations, we improved our annual average inventory turnover from 23.1 days for the year ended December 31, 2024, to 19.8 days for the year ended December 31, 2025, despite rapid volume growth, underscoring our operational efficiency and industry-leading supply chain resilience.

Social Healthcare Insurance

Integration with social healthcare insurance remains a key component of our long-term strategy. Building on our initial 2024 launch of online social healthcare insurance payment in Guangzhou, during the Reporting Period, we completed the rollout for version 2.0 of our medical insurance system, which established a modularized, scalable “Digital Medical Insurance Service Solution” framework. This upgrade provided improved settlement efficiency while establishing a robust foundation for more advanced functionality, including online reimbursement for chronic disease and specialty medications, and family account pooling. As we expand this platform functionality in alignment with national policies, we aim to provide insured users with convenient, seamless access to quality care, further advancing our mission of inclusive healthcare.

ESG and Sustainable Development

We view ESG, including climate-related matters, as a key focus of our strategy. In 2025, we reduced water consumption intensity by 23% and electricity consumption intensity by 24%, demonstrating our ongoing commitment to sustainability. Furthermore, we comply with key environmental laws and regulations, such as the “Environmental Protection Law of the PRC” and the “Integrated Emission Standards for Air Pollutants”. In addition, we maintain strong communication with stakeholders to address their expectations regarding sustainability, innovation, and social responsibility.

Future Prospects

As we look toward 2026, we have established “Medicine as a Service” (MaaS) as our overarching strategic focus as we guide the Company further toward a patient-centered, service-driven operating model. We remain dedicated to enhancing the capabilities of our platform to effectively address the evolving needs of both our customers and industry partners. Our development strategy emphasizes the following core areas:

Management Discussion and Analysis

1. Talent Acquisition and Team Development

The continuous evolution of our business depends heavily on the strength and expertise of our workforce. We will maintain an active recruitment pipeline targeting individuals with specialized skills in AI, digital healthcare, and pharmaceutical operations. Beyond the addition of new hires, we are committed to the ongoing development of our existing team. By offering competitive incentive structures and opportunities for internal mobility, we aim to build a motivated and highly capable organization ready to execute our strategic goals.

2. Accelerating AI Investments to Drive User Experience and Operational Efficiency

We will continue to prioritize AI investment as a core driver of long-term success. Guided by our “AI + CDM” strategy, we will continue to enhance our XS LLM and proprietary applications (including our “**AI Doctor Assistant**”, “**AI Pre-Consult Agent**”, and “**AI Follow-up Agent**”) to improve clinician and patient experiences, strengthen diagnostic accuracy, and elevate standards of care. By leveraging machine learning and data analytics, we will improve demand forecasting and dynamic inventory management to ensure broad medication availability. In addition, we expect these AI capabilities to streamline customer support, optimize demand matching, and increase efficiency across other core operations.

3. Expanding Healthcare Insurance Collaboration and Improving Affordability

Making chronic disease treatment more affordable and accessible is a crucial part of our mission. In the coming year, we will seek to expand our connectivity with government social healthcare insurance systems across more regions. Additionally, we will strengthen collaboration with commercial health insurance providers to create practical, tailored insurance products that complement our core medical and pharmacy services, ultimately reducing the out-of-pocket financial burden for our patients.

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated our revenue primarily from (i) online retail pharmacy services; (ii) comprehensive medical services; (iii) wholesale; and (iv) customized content and marketing solutions. The following table sets forth the breakdown of our revenue by major products or service lines for the periods indicated.

	As of December 31,	
	2025	2024
	RMB'000	RMB'000
Online retail pharmacy services	1,873,395	1,404,790
Comprehensive medical services	788,221	646,549
Wholesale	780,170	550,949
Customized content and marketing solutions	84,319	105,080
Total	3,526,162	2,707,368



Management Discussion and Analysis

Our revenue increased by 30.2% from RMB2,707.4 million for the year ended December 31, 2024 to RMB3,526.2 million for the year ended December 31, 2025, primarily reflecting an increase in revenue from online retail pharmacy services, wholesale, and comprehensive medical services, which was partially offset by a decrease in revenue from customized content and marketing solutions.

Online Retail Pharmacy Services

Revenue from online retail pharmacy services primarily represents revenue from sales of pharmaceutical and healthcare products on our online retail pharmacy service platform, third-party platforms and, to a minimal extent, our offline retail pharmacies.

Revenue generated from online retail pharmacy services increased by 33.4% from RMB1,404.8 million for the year ended December 31, 2024 to RMB1,873.4 million for the year ended December 31, 2025, driven by the increased sales volume of our pharmaceutical and healthcare products which benefited from ongoing expansion of our user base and increased platform engagement. Furthermore, growth in our business scale allowed us to negotiate more favorable procurement terms, enabling us to offer competitive pricing on a range of products while maintaining our overall gross margins at 21.0% for the year ended December 31, 2025, compared with 22.6% for the year ended December 31, 2024.

Comprehensive Medical Services

Revenue from comprehensive medical services primarily consists of (i) revenue from online consultation services provided by physicians to patients, e-prescription services and sales of pharmaceutical and other products on our H2H service platform; and (ii) to a minimal extent, revenue from physician consultations and sales of pharmaceutical products through offline hospitals.

Revenue generated from comprehensive medical services increased by 21.9% from RMB646.5 million for the year ended December 31, 2024 to RMB788.2 million for the year ended December 31, 2025. To advance our long-term mission of delivering affordable chronic disease care solutions to a broader patient population, we leveraged pharmaceutical partnerships and adjusted our product mix toward high-demand therapeutic areas with significant unmet need. While this approach moderated our gross margin from 17.2% for the year ended December 31, 2024 to 11.0% for the year ended December 31, 2025, we believe it will create strong momentum for our long-term growth.

Wholesale

Wholesale revenue primarily consists of revenue from wholesale of pharmaceutical products to third-party customers. Revenue for this segment increased by 41.6% from RMB550.9 million for the year ended December 31, 2024 to RMB780.2 million for the year ended December 31, 2025. As industry conditions evolved over the course of the year, we leveraged our growing scale, supply chain network, and long-standing supplier relationships to execute on significant sourcing opportunities at favorable margins, driving strong annual growth.

Management Discussion and Analysis

Customized Content and Marketing Solutions

Revenue from customized content and marketing solutions mainly comprises income generated from the customized content and marketing services we offered to pharmaceutical companies. Revenue from customized content and marketing solutions decreased by 19.7% from RMB105.1 million for the year ended December 31, 2024 to RMB84.4 million for the year ended December 31, 2025, as we transitioned our business from conventional promotional approaches to providing comprehensive, higher-value, one-stop solutions that deliver integrated marketing capabilities which enhance brand visibility, engagement, and overall effectiveness. This change also resulted in gross margins increasing from 74.4% for the year ended December 31, 2024 to 78.9% for the year ended December 31, 2025. While this transformation presents near-term challenges as we introduce our enhanced solutions to pharmaceutical companies, we expect it will ultimately drive market penetration and serve as a key growth catalyst going forward.

Cost of Sales

Our cost of sales primarily consists of (i) procurement costs for pharmaceutical and other healthcare products; (ii) medical service costs directly related to registered physicians in providing online consultations and cost of sales in relation to the operations of our offline hospital; (iii) staff costs, representing wages, benefits and bonuses of our sales and marketing personnel for our customized content and marketing solutions and staff of our offline hospital; (iv) content production costs in connection with our customized content and marketing solutions; and (v) others, mainly representing depreciation and amortization.

Our cost of sales increased by 35.4% to RMB2,966.7 million for the year ended December 31, 2025, as compared to RMB2,191.4 million for the year ended December 31, 2024, in line with our increase in revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 8.4% from RMB515.9 million for the year ended December 31, 2024 to RMB559.4 million for the year ended December 31, 2025 as we grew our business scale. Our overall gross profit margin fell to 15.9% for the year ended December 31, 2025, as compared to 19.1% for the year ended December 31, 2024. This change was primarily due to changes in margins for each underlying business segment, and shifts in segment mix.

Other Net Income/(Loss)

Other net income or loss primarily consists of (i) government grants, which mainly represent incentives and subsidies received from local governments for the purpose of encouraging business development; (ii) foreign exchange gain or loss primarily in connection with changes in present value of redemption amount of Preferred Shares denominated in US dollars; (iii) fair value changes on financial assets measured at FVPL; and (iv) other gain or loss, mainly representing interest income from cash deposits and our donations.

Other net income/(loss) turned from a net loss of RMB28.1 million for the year ended December 31, 2024 to a net income of RMB4.2 million for the year ended December 31, 2025, primarily reflecting a decrease in foreign exchange loss resulting from the translation of the USD-denominated Preferred Shares, and a change from fair value loss to fair value gain on financial assets measured at FVPL.



Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising and platform service fees, which mainly represent advertising and marketing fees we paid to third-party online platforms to promote our brand and services; (ii) service fees to registered physicians as compensation for their activities on our platform; (iii) logistics expenses for engaging third-party couriers for delivery services; (iv) staff costs, representing wages, benefits and bonuses of our sales and marketing personnel; (v) outsourcing expenses charged by outsourcing agencies in connection with the outsourced support staff for our operations, such as customer service personnel and warehouse workers; (vi) telecommunication expenses in relation to our promotional activities; (vii) share-based compensation to our sales and marketing personnel; and (viii) others, including utilities and depreciation and amortization.

Our selling and distribution expenses increased by 12.8% from RMB355.8 million for the year ended December 31, 2024 to RMB401.2 million for the year ended December 31, 2025. Our selling and distribution expenses as a percentage of revenue decreased from 13.1% for the year ended December 31, 2024 to 11.4% for the year ended December 31, 2025, due to ongoing improvements in our operational efficiency and effective cost optimization strategies related to personnel, logistics, and other operating expenditures.

Administrative Expenses

Our administrative expenses primarily consist of (i) research and development costs; (ii) staff costs, representing wages, benefits and bonuses of our administrative personnel; (iii) professional service fees, which primarily represent fees paid to professional parties, including auditors, lawyers and consultants; (iv) handling fees that we paid to third-party payment platforms in relation to our sales of pharmaceutical and other products; (v) business expenses, including business development fees, office expenses and travel expenses incurred in our daily operations; (vi) technical service fees paid to third-party service providers for online technical support solutions; (vii) share-based compensation attributable to our administrative personnel; (viii) depreciation of right-of-use assets; (ix) outsourcing expenses for certain administrative functions; and (x) others, including rent and utility expenses, telecommunication expenses related to administrative activities, and depreciation and amortization.

Our administrative expenses decreased by 83.8% from RMB909.5 million for the year ended December 31, 2024 to RMB147.3 million for the year ended December 31, 2025. This was primarily the result of a decrease in share-based compensation from our RSU Scheme, which amounted to RMB733.0 million for the year ended December 31, 2024, mainly attributable to grants of RSUs prior to the Listing. Excluding this share-based compensation, our administrative expenses as a percentage of revenue decreased from 6.5% for the year ended December 31, 2024 to 4.0% for the year ended December 31, 2025, reflecting the continued improvement in our administrative efficiency and effective cost optimization strategies related to personnel and other administrative expenditures.

Recognition of Impairment Losses

Our recognition of impairment losses mainly represents impairment losses recognized on trade receivables from enterprise customers for our customized content and marketing solutions, which amounted to RMB0.3 million and RMB1.7 million for the years ended December 31, 2024 and 2025, respectively, mainly due to an increase in our trade receivables balance which accompanied our revenue growth, and our conservative approach for provisioning against aged receivables.

Management Discussion and Analysis

Finance Costs

Our finance costs mainly represent (i) changes in the carrying amount of preferred shares liability, which were recognized in relation to the present value of the redemption amount of our convertible redeemable Preferred Shares; and (ii) interest on lease liabilities and bank loans.

Our finance costs decreased by 98.2% to RMB1.4 million for the year ended December 31, 2025, as compared to RMB77.2 million for the year ended December 31, 2024. Upon the Listing Date, all of the Preferred Shares automatically converted into Ordinary Shares at a one to one ratio, and the carrying amount of the Preferred Shares was transferred to share capital and share premium.

Income Tax Expenses

For the year ended December 31, 2025, we recorded RMB194 thousand in income tax expense, compared to RMB32 thousand for the year ended December 31, 2024.

Profit/(Loss) and Total Comprehensive Income for the Year

As a result of the foregoing, our profit/(loss) and total comprehensive income for the year improved from a loss of RMB854.9 million for the year ended December 31, 2024 to a profit of RMB11.8 million for the year ended December 31, 2025.

Non-HKFRS measure: Adjusted Net Profit and Adjusted Net Profit Margin

We believe that the presentation of non-HKFRS measures, namely adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure), facilitates comparisons of operating performance from year to year and provides useful information for investors to understand and evaluate our consolidated results of operations in the same manner as our management by eliminating the impact of certain items. The use of adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure) has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit/(loss) and total comprehensive income for the period after excluding the effects of (i) equity settled share-based transactions; (ii) listing expenses; (iii) changes in the carrying amount of preferred shares liability; (iv) foreign exchange from preferred shares liability; and (v) fair value changes on financial assets measured at FVPL. We account for the compensation cost from equity settled share-based transactions with employees, since it is a non-cash item and does not result in cash outflow. In addition, we eliminate the impact of changes in the carrying amount of preferred shares liability and foreign exchange differences associated with our Preferred Shares, primarily because these items are non-cash in nature. The convertible redeemable Preferred Shares were automatically converted into Ordinary Shares upon the completion of the Global Offering, and the carrying amount of the financial liabilities were transferred to share capital and capital reserve. The fair value loss on financial assets measured at FVPL does not reflect our underlying operating performance. We define adjusted net profit margin (non-HKFRS measure) as adjusted net profit (non-HKFRS measure) divided by revenue for the period and multiplied by 100%.



Management Discussion and Analysis

The following table reconciles our adjusted net profit (non-HKFRS measure) for the year ended December 31, 2025, compared to the year ended December 31, 2024:

	As of December 31,	
	2025 RMB'000 except for percentages	2024 RMB'000 except for percentages
Profit/(loss) and total comprehensive income for the year	11,832	(854,885)
Add:		
Equity settled share-based transactions	10,193	743,330
Listing expenses	–	19,484
Changes in the carrying amount of preferred shares liability	–	74,923
Foreign exchange from preferred shares liability	–	13,542
Fair value (gain)/loss on financial assets measured at FVPL	(1,628)	20,725
Adjusted net profit (non-HKFRS measure)	20,397	17,119
Adjusted net profit margin (non-HKFRS measure)	0.6%	0.6%

Property, Plant and Equipment

Our property, plant and equipment consist of (i) right-of-use assets; (ii) furniture, fixtures and other equipment; (iii) leasehold improvement; (iv) machinery and equipment; and (v) motor vehicles.

Our property, plant and equipment decreased by 31.4% to RMB36.7 million as of December 31, 2025, compared to RMB53.5 million as of December 31, 2024, primarily due to the depreciation of right-of-use assets in 2025.

Intangible Assets

Our intangible assets consist of computer software, licenses and trademarks. Our intangible assets remained stable at RMB2.7 million and RMB2.2 million as of December 31, 2025 and December 31, 2024, respectively.

Inventories

Our inventories mainly consist of pharmaceutical and healthcare products. Our inventories increased to RMB180.4 million as of December 31, 2025 compared to RMB141.4 million as of December 31, 2024, while our average inventory turnover days decreased to 19.8 days for the year ended December 31, 2025, from 23.1 days for the year ended December 31, 2024. This improvement underscored our supply chain efficiency and resilience, despite rapid volume growth.



Management Discussion and Analysis

Trade and Other Receivables

Our trade receivables increased to RMB61.8 million as of December 31, 2025 as compared to RMB36.3 million as of December 31, 2024, primarily reflecting a higher balance of monthly-settled receivables due to the expansion of our business involving online social healthcare insurance payments.

Our other receivables primarily represent rebates from suppliers and deposits in connection with our procurement of pharmaceutical and other products. Our other receivables increased to RMB94.8 million as of December 31, 2025, as compared to RMB53.9 million as of December 31, 2024, primarily due to the increase in receivables from suppliers for purchase returns.

Prepayments

Our prepayments primarily represent prepayments to service providers for renovation, interior decoration, online promotion, and advertising services, and prepayments for our procurement of pharmaceutical and other products. Our prepayments decreased to RMB10.0 million as of December 31, 2025, compared to RMB16.7 million as of December 31, 2024, primarily due to the improved credit and payment terms resulting from strengthened supplier relationships.

Trade and Other Payables

Our trade and other payables primarily represent payables to our suppliers, which are normally settled within 30 to 75 days. Our other payables primarily consist of (i) staff cost payables; (ii) other tax payables; (iii) deposits from suppliers for the procurement of pharmaceutical products; and (iv) other payables and accrued charges, primarily representing rent payables, payables to registered physicians and payables to suppliers for online promotion and advertising services and logistics services.

Our trade and other payables increased to RMB602.9 million as of December 31, 2025, compared to RMB457.5 million as of December 31, 2024, primarily due to the growth in our business scale during the Reporting Period.

Contract Liabilities

Our contract liabilities represent (i) payments we receive in advance from customers for sales of pharmaceutical and healthcare products, which are recognized as revenue when the products are delivered and control is transferred to the customers; and (ii) advance payments from our customers' loyalty points program, which are recognized as revenue when users make payments using these loyalty points or when these loyalty points expire. Our contract liabilities decreased slightly to RMB19.7 million as of December 31, 2025, compared to RMB22.5 million as of December 31, 2024, primarily reflecting a decrease in advance payments received from customers.



Liquidity and Capital Resources

During the Reporting Period, we primarily financed our operations through cash flow from operating activities and equity financing. As of December 31, 2025, we had cash and cash equivalents of RMB233.5 million, compared to RMB174.6 million as of December 31, 2024. We monitor and maintain a level of cash and cash equivalents we believe adequate to finance our operations and mitigate the effects of fluctuations in cash flows.

Our Directors believe that we have sufficient working capital to meet our present and future cash requirements for the forthcoming year of 2026, taking into account our anticipated improvement in operating cash flows, working capital management, efforts to obtain more favorable credit terms from suppliers and net proceeds from the Global Offering and Placing.

Bank Loans

As of December 31, 2025, the repayment schedule of bank loans was within one year and the balances were unsecured. Our bank loans during the Reporting Period were denominated in RMB and were primarily used to supplement our working capital. We had bank loans of RMB4.0 million with interest rate of 2.5% and RMB3.0 million with interest rate of 3.0% as of December 31, 2025 and 2024, respectively.

Lease Liabilities

We recognized right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short term leases and leases of low value assets. Our lease liabilities decreased from RMB47.9 million as of December 31, 2024 to RMB31.8 million as of December 31, 2025, primarily due to a reduction in office and warehouse rental expenses.

Capital Commitments

As of December 31, 2025 and December 31, 2024, we had no material capital commitments.

Contingent Liabilities

As of December 31, 2025, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that is likely to have a material and adverse effect on our business, financial condition or operating results.

Capital Expenditures

Our capital expenditures primarily consist of purchases of property, plant and equipment and intangible assets. Our capital expenditures were RMB5.6 million for the year ended December 31, 2025 and RMB3.9 million for the year ended December 31, 2024.

Our capital expenditures were primarily used to purchase property, plant and equipment and intangible assets in 2025. We plan to fund our planned capital expenditures with our cash balance.

Management Discussion and Analysis

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	As of December 31,	
	2025	2024
Gross profit margin ⁽¹⁾	15.9%	19.1%
Net profit/(loss) margin ⁽²⁾	0.3%	(31.4)%
Adjusted net profit margin (non-HKFRS measure) ⁽³⁾	0.6%	0.6%
Current ratio ⁽⁴⁾	1.2	1.2
Quick ratio ⁽⁵⁾	0.9	0.9

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue for the period/year and multiplied by 100%.
- (2) Net profit/(loss) margin is calculated using net profit/(loss) divided by revenue for the period/year and multiplied by 100%.
- (3) Adjusted net profit margin (non-HKFRS measure) is calculated using the adjusted net profit (non-HKFRS measure) divided by revenue for the period/year and multiplied by 100%.
- (4) Current ratio is calculated by using current assets divided by current liabilities as of the same date.
- (5) Quick ratio is calculated by using current assets less inventories and divided by current liabilities as of the same date.

Significant Investments

We did not make significant investments during the year ended December 31, 2025. In addition, our Group has no plan for significant investments or additions of significant capital assets as of the date of this annual report.

Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year ended December 31, 2025.

Foreign Exchange Risk and Hedging

Our Group's financial statements were expressed in RMB, but our Group undertook certain transactions in foreign currencies, which exposed us to foreign currency risk. We currently do not hold any financial instruments for hedging purposes. Our Group manages our currency risks by closely monitoring the movement of the foreign currency rates and would consider hedging significant foreign currency exposure should the need arise.



Pledge of Assets

As of December 31, 2025, our Group pledged a restricted bank deposit of RMB62.9 million in a margin account to secure bills payable. Apart from this deposit, the Group did not have any pledge of assets.

Employees and Remuneration

As of December 31, 2025, our Group had 494 employees. The total remuneration cost incurred by our Group for the year ended December 31, 2025 was RMB153.0 million, as compared to RMB887.3 million for the year ended December 31, 2024. This decrease was primarily due to a decrease in expenses incurred from our RSU Scheme. The following table sets forth the number of full-time employees by function as of December 31, 2025.

	Number of employees	% of total
General and administrative personnel	102	20.6%
In-house medical professionals	52	10.5%
Operational personnel	110	22.3%
Research and development personnel	108	21.9%
Sales and marketing personnel	122	24.7%
Total	494	100.0%

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other items, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing provident fund through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

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

Our Company has also adopted the RSU Scheme to provide incentives for our employees. Please refer to the section headed “Statutory and General Information – D. RSU Scheme” in Appendix IV to the Prospectus for further details.

Gearing Ratio

Our Group monitored its capital sufficiency using our gearing ratio. As of December 31, 2024 and 2025, our Group’s gearing ratio (total liabilities/total assets) was 0.8 and 0.8, respectively.



Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. David McKee HAND, aged 52, is our non-executive Director and chairman of the Board with effect from December 7, 2025. He has been our Director since December 14, 2020 and was re-designated as a non-executive Director in September 2021. Mr. Hand is mainly responsible for providing strategic advice on the business development, operations and management of our Group. He is a Partner and the Head of Ares Asia Private Equity since October 2023 and oversees all of Ares Asia's private equity investment in the Asia-Pacific region. Prior to Ares Asia, he was a co-founder, managing director and managing partner of Crescent Point since January 2003 and was mainly responsible for overseeing all of Crescent Point's activities and investments.

He served as an analyst in the investment banking division of Morgan Stanley & Co. LLC from July 1996 to July 1999. Mr. Hand was a director of Baozun Inc., a company listed on the NASDAQ and the Stock Exchange (NASDAQ: BZUN, HKEX: 9991), from 2011 to April 2018, and was mainly responsible for providing general corporate oversight to the company as a director.

Mr. Hand received a bachelor's degree in economics from Yale University in New Haven, Connecticut, the US in May 1996 and a master's degree in business administration from Harvard University in Cambridge, Massachusetts, the US in June 2004.

EXECUTIVE DIRECTORS

Mr. WANG Haijiao (王海蛟), aged 44, is our chief executive officer and executive Director with effect from March 26, 2026. Prior to joining our Group, Mr. Wang was the deputy general manager, investment committee member, and an executive partner of GTJA Investment Group, which he joined in 2014. He possesses nearly 20 years of experience in entrepreneurship, management, and investment within the healthcare industry, with a particular focus on in vitro diagnostics (IVD), precision medicine, and digital health. Prior to joining GTJA Investment Group, Mr. Wang served as an investment director at Dragon Rise Capital from 2012 to 2014. Mr. Wang also currently serves as a director of Guangzhou LBP Medicine Science & Technology Co., Ltd. (Stock Code: 688393.SH).

Mr. Wang received a master's degree in microbiology from the School of Life Sciences at Fudan University (復旦大學) in 2006. He obtained a master's degree in business administration (MBA) from the School of Management at Fudan University in 2013, and an executive master's degree in business administration (EMBA) from the Shanghai Advanced Institute of Finance at Shanghai Jiao Tong University (上海交通大學) in 2021.

Mr. ZHOU Feng, aged 57, is our executive Director and chief strategy officer. He has been our Director since September 26, 2019 and was re-designated as an executive Director in September 2021. He is responsible for strategic planning, operation and investment and financing of the Group. Mr. Zhou joined the Group in November 2015 focusing on management and operations and later became a shareholder, working jointly with Mr. Xie to lead the management and operations of the Group.



Directors and Senior Management

Mr. Zhou served as the chief executive officer of Lashou Group Inc., a company principally engaged in e-commerce services, from December 2012 to October 2014. He served as a vice president in Fortune Software (Beijing) Co. Ltd. (財富軟件(北京)有限公司), a company principally engaged in finance technology services, from May 2011 to April 2012, and was primarily responsible for operation and management of the personal business of the company. From November 2007 to November 2009, Mr. Zhou served as an executive vice president in Beijing Kaituo Tianji Information Technology Co., Ltd. (北京開拓天際信息技術有限公司), a company principally engaged in operation of communication platform, and was mainly responsible for sales operation of the company. He worked at sales and operations department in Baidu Online Network Technology (Beijing) Co. Ltd. (百度在線網絡技術(北京)有限公司) from April 2005 to September 2007. Mr. Zhou served at Dell (China) Co., Ltd. (戴爾(中國)有限公司) from November 2003 to April 2005 with his last position as marketing director of the software & peripherals centre of competence. In the 1990s, Mr. Zhou worked at a number of companies in electronics industry in Singapore including Duet-ESM Electronics (S) Pte Ltd and Sony Marketing International (Singapore) Pte Ltd.

Mr. Zhou received a bachelor's degree in electronic engineering from Tsinghua University (清華大學) in Beijing, the PRC in July 1993 and a master's degree in business administration from Yale University in New Haven Connecticut, the US in May 2003.

Mr. ZOU Yuming (鄒宇鳴), aged 44, is our executive Director and chief financial officer. He has been our Director since August 9, 2021 and was re-designated as an executive Director in September 2021. He is responsible for corporate finance and financial management of the Group, investor relations, and secretarial affairs of the Board. Mr. Zou joined our Group as vice president of strategic development in August 2018 and was appointed as our chief financial officer in April 2021. Prior to joining our Group, Mr. Zou served as a trader and an executive director at JP Morgan Chase & Co. from July 2003 to July 2018. From January 2020 to December 2024, he served as an independent non-executive director of eCargo Holdings Limited, a company listed on the Australian Securities Exchange (ASX: ECG). Since October 2025, he has served as chief financial officer of Muzero Acquisition Corp (NASDAQ: MUZE), a company listed on the NASDAQ stock exchange.

Mr. Zou received both a bachelor's degree in economics and a master's degree in statistics from Harvard University in Cambridge, Massachusetts, the US in June 2003. Mr Zou is a Chartered Financial Analyst (CFA) and obtained the qualification from the Chartered Financial Analyst Institute in 2009.

NON-EXECUTIVE DIRECTOR

Mr. XIE Fangmin (謝方敏), aged 47, is our non-executive Director with effect from December 7, 2025. He has been our Director since September 26, 2019 and was re-designated as an executive Director in September 2021. Mr. Xie joined Guangdong Jianke and became one of its shareholders in 2011, and founded Yunyi Inc., the ultimate parent company of the Prereorganization Group, in August 2015. Prior to that, Mr. Xie served in Baidu (China) Co., Ltd. Guangzhou Branch (百度(中國)有限公司廣州分公司) from August 2005 to March 2009 and his last position was director of value-added services of the operation department. In the early 2000s, Mr. Xie worked at eLong.com (藝龍網), an online travel services provider in the PRC.

Mr. Xie received a master's degree in business administration from the Sun Yat-Sen University (中山大學), in Guangzhou, the PRC in June 2010. He also received an executive master's degree in business administration from The Hong Kong University of Science and Technology (香港科技大學) in Hong Kong and Tsinghua University (清華大學) in Beijing, the PRC in June 2017 and June 2022 respectively. Mr. Xie received a doctorate degree in management from the University Institute of Lisbon in Lisbon, Portugal in July 2024.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WANG Haizhong (王海忠), aged 59, was appointed as our independent non-executive Director on June 27, 2024. He is responsible for providing independent opinion and judgment to the Board.

Dr. Wang is currently a professor and doctoral supervisor of the School of Business of Sun Yat-Sen University (中山大學), having worked at Sun Yat-Sen University since August 2005. Dr. Wang was a professor of the School of Business Administration of Guangdong University of Finance and Economics (廣東財經大學) from May 1996 to December 2003. He served as an assistant research fellow and lecturer in South Asia Research Center of Sichuan University (四川大學) from July 1992 to April 1996. He has been a member of the Industrial Corporate Brand Development Expert Committee of the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) since June 2012.

Dr. Wang received a bachelor's degree in agricultural economics from Southwestern University of Finance and Economics (西南財經大學) in Sichuan Province, the PRC in July 1989, and a master's degree in law from Sichuan University (四川大學) in Sichuan Province, the PRC in July 1992. He also received a doctoral degree in management from Sun Yat-Sen University (中山大學) in Guangdong Province, the PRC in December 2002. He completed post-doctoral study in School of Economics and Management of Tsinghua University (清華大學) in Beijing, the PRC in September 2005.

Ms. KANG Wei (康韋), aged 58, was appointed as our independent non-executive Director on June 27, 2024. She is responsible for providing independent opinion and judgment to the Board.

Ms. Kang is currently the executive advisor of Beijing RDPAC International Consulting Co., Ltd. (北京阿迪派克國際諮詢有限公司) (“**RDPAC**”), a company principally engaged in pharmaceutical registration, compliance and commercialization consultancy services, having held that position since October 2023. She was previously Managing Director of RDPAC from February 2018 until September 2023. She served as a vice general manager and was responsible for leading the nephrology business unit of Beijing Fresenius Kabi Pharmaceutical Co., Ltd. (北京費森尤斯卡比醫藥有限公司) from 2010 to September 2017. Ms. Kang served at Shanghai Novartis Trading Ltd. (上海諾華貿易有限公司) from July 1995 to February 2011 and her last position was senior marketing director.

Ms. Kang received a bachelor's degree in cell-biology from Xiamen University (廈門大學) in Fujian, the PRC in July 1989 and a master's degree in business administration from University of Western Sydney in Sydney, Australia in September 2004. She received an advance program certificate from Dartmouth College in New Hampshire, the US in April 2010, and a postgraduate certificate in leadership capability in Glasgow Caledonian University in United Kingdom in February 2010.



Directors and Senior Management

Mr. ZHU Xiaolu (朱小路), aged 42, was appointed as our independent non-executive Director on June 27, 2024. He is responsible for providing independent opinion and judgment to the Board.

Mr. Zhu has been a partner of Junchuan Capital (君川資本) since December 2022. He successively served as a co-chief financial officer and the chief financial officer of Qutoutiao Inc., a company listed on the NASDAQ (NASDAQ: QTT), principally engaged in operation of mobile content platforms, from May 2019 to November 2022. Prior to that, Mr. Zhu served at Qunar Cayman Islands Limited, a company previously listed on the NASDAQ and delisted in March 2017, from November 2014 to November 2017 with his last position as the chief financial officer. From April 2012 to October 2014, Mr. Zhu served as a vice president of finance at Beijing Lashou Internet Technology Co., Ltd. (北京拉手網絡技術有限公司), a company mainly engaged in operation of Lashou.com. Mr. Zhu served as a manager of investment banking in Goldman Sachs Gao Hua Securities Company Limited (高盛高華證券有限責任公司) from July 2009 to March 2011.

Mr. Zhu received a bachelor degree in law from Peking University (北京大學) in Beijing, the PRC in July 2005, and a Juris Doctor degree from Duke University in Durham, North Carolina, the US in May 2009.

SENIOR MANAGEMENT

Mr. WANG Haijiao (王海蛟), an executive Director and the chief executive officer of the Company. See “– Executive Directors” in this section for his biographical details.

Mr. ZHOU Feng, an executive Director and the chief strategy officer of the Company. See “– Executive Directors” in this section for his biographical details.

Mr. ZOU Yuming (鄒宇鳴), an executive Director and the chief financial officer of the Company. See “– Executive Directors” in this section for his biographical details.

JOINT COMPANY SECRETARIES

Mr. ZOU Yuming (鄒宇鳴) was appointed as one of the joint company secretaries of our Company on September 6, 2021. For details of his biography, see “– Executive Directors.”

Ms. NG Sau Mei was appointed as one of the joint company secretaries of our Company on August 28, 2024. Ms. Ng is the director and head of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. She has over 20 years of experience in the company secretarial field and has extensive knowledge and experience in dealing with corporate governance, regulatory and compliance affairs of listed companies.

Ms. Ng holds a Master’s Degree in Laws from University of London in the United Kingdom and a Bachelor’s Degree in Laws from City University of Hong Kong, and is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CORPORATE GOVERNANCE

The Company 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 code provisions set out in the Corporate Governance Code under Appendix C1 to the Listing Rules as its governance code. Save as disclosed below and in this annual report regarding the roles of the chairman and chief executive officer, the Company has complied with all applicable code provisions set out in part 2 of the Corporate Governance Code and adopted most of the recommended best practices set out therein during the Reporting Period.

THE BOARD

The Board is responsible for establishing and promoting the Company's corporate culture, which reflects our core commitment to the highest standards of business ethics and integrity. This pervasive culture aligns across the Company's mission, values, and strategies. With a mission of advancing "Better Health for All", the Group is committed to building the most trusted smart healthcare services platform. Our core values emphasize "patient-centered care, professionalism, trustworthiness, teamwork, adaptability, passion, and a people-oriented approach" that prioritizes the interests of our stakeholders. Through our platform, we provide a range of services to meet the diverse needs of chronic disease patients.

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.



Board Composition

As at the date of this annual report, the Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:

Mr. WANG Haijiao¹ (*Chief Executive Officer*)

Mr. ZHOU Feng

Mr. ZOU Yuming

Non-executive Directors:

Mr. David McKee HAND² (*Chairman of the Board*)

Mr. XIE Fangmin³

Independent Non-executive Directors:

Dr. WANG Haizhong

Ms. KANG Wei

Mr. ZHU Xiaolu

Notes:

1. Mr. Wang was appointed as chief executive officer of the Company (the “**Chief Executive Officer**”) and an executive Director with effect from March 26, 2026.
2. Mr. Hand was appointed as chairman of the Board (the “**Chairman**”) with effect from December 7, 2025.
3. Mr. Xie resigned as the Chairman and was re-designated from an executive Director to a non-executive Director with effect from December 7, 2025.

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

During the Reporting Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(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 Company has also met Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

Save as disclosed in the Directors’ biographies set out in the section headed “Directors and Senior Management” of this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or related relationships) with any other Directors and the chief executives.

Corporate Governance Report

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. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the Corporate Governance Code provision requiring Directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments, as well as the identity of the public companies or organizations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

Induction and Continuous Professional Development

All newly appointed Directors are provided with the necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Mr. Wang, who was appointed as the executive Director on March 26, 2026, obtained the legal advice referred to in Rule 3.09D of the Listing Rules from the Company's legal adviser on the same day and confirmed his understanding of his obligations as a Director.

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have updated and provided written training materials relating to the roles, functions and duties of Directors from time to time.

According to the information provided by the Directors, a summary of the training received by the Directors during the year ended December 31, 2025 is as follows:

Name of Directors	Nature of training
<i>Executive Directors</i>	
Mr. ZHOU Feng	A, B
Mr. ZOU Yuming	A, B
<i>Non-executive Directors</i>	
Mr. David McKee HAND (<i>Chairman of the Board</i>)	A, B
Mr. XIE Fangmin	A, B
<i>Independent Non-executive Directors</i>	
Dr. WANG Haizhong	A, B
Ms. KANG Wei	A, B
Mr. ZHU Xiaolu	A, B

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings

B: Reading materials relevant to corporate governance, director's duties and responsibilities, the Listing Rules and other relevant ordinances



Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the Corporate Governance Code, the roles of chairman of the Board and chief executive should be separated and should not be performed by the same individual.

The positions of the Chairman and the Chief Executive Officer were held by Mr. Xie during the Reporting Period until his resignation with effect from December 7, 2025. As Mr. Xie is the founder of the Group and has managed the Group's business since its establishment, the Directors considered that vesting the roles of the Chairman and Chief Executive Officer in Mr. Xie was beneficial to the business prospects and management of the Group by ensuring consistent leadership within the Group. Taking into account all the corporate governance measures that we have implemented upon Listing, the Board considered that the balance of power and authority for such arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively.

Following Mr. Xie's resignation as the Chairman and the Chief Executive Officer on December 7, 2025, the Board has appointed Mr. Hand, a non-executive Director, as the Chairman on the same date. On March 26, 2026, the Board appointed Mr. Wang as Chief Executive Officer and an executive Director. Since then, the roles of Chairman and Chief Executive Officer have been separated and performed by two different individuals in compliance with code provision C.2.1 of the Corporate Governance Code.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company. The initial term of their service contracts shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party providing to the other not less than one month's prior written notice.

Mr. Hand, the non-executive Director, has executed an appointment letter with the Company. The initial term for his appointment letter shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party providing to the other not less than one month's prior written notice. Mr. Xie, the non-executive Director, has entered into a service contract with the Company for a term commencing from the date of his re-designation as a non-executive Director and continuing until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party providing to the other not less than one month's prior written notice.

Each of the independent non-executive Directors has executed an appointment letter with the Company. The initial term for their appointment letters shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party providing to the other not less than three months' prior written notice.

Save as disclosed above, none of the Directors has entered into any service contract or letter of appointment with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

In accordance with article 84(1) 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 a multiple of three (3), the number nearest to but not less than one-third) 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 procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and offering proposals regarding the appointment, re-election and succession plans of the Directors.

Board meetings

The Company has adopted the practice of holding Board meetings regularly at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally provided. The agenda and accompanying meeting papers are generally dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the joint company secretaries of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.



During the Reporting Period, four Board meetings and one general meeting were held and the attendance of each Director at these meetings is set out in the table below:

Name of Directors	Board meetings attended/ eligible to attend	General meeting attended/ eligible to attend
Mr. David McKee HAND (<i>Chairman of the Board</i>)	4/4	1/1
Mr. ZHOU Feng	4/4	1/1
Mr. ZOU Yuming	4/4	1/1
Mr. XIE Fangmin	4/4	1/1
Dr. WANG Haizhong	4/4	1/1
Ms. KANG Wei	4/4	1/1
Mr. ZHU Xiaolu	4/4	1/1

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct regarding Directors' dealing in the Company's securities. Having made specific enquiries to all of the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this annual report.

Delegation by the Board

The Board reserves the right to make decisions on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the senior management of the Company independently.

The day-to-day management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to entering into any significant transactions by the management.

The Company has adopted a policy to ensure independent views and inputs are available to the Board. The Directors may, at the Company's expense, seek independent professional advice, views and input as considered necessary to fulfill their responsibilities and in exercising independent judgment when making decisions in performing their duties according to such policy. The Board will review the implementation and effectiveness of such mechanism on an annual basis. The Board has reviewed the implementation and effectiveness of the Board independence mechanism for the Reporting Period and considered it to be effective.



Corporate Governance Report

Corporate Governance Functions

The Board confirms that corporate governance should be a joint responsibility of the Directors and their corporate governance functions include:

- (a) to review and monitor the Company's policies and practices with respect to compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company;
- (d) to develop and review the Company's policies and practices on corporate governance, and to recommend their opinions and report related affairs to the Board;
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report; and
- (f) to review and monitor the Company's compliance with the Company's reporting policies.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. ZHU Xiaolu (Chairman), Dr. WANG Haizhong and Ms. KANG Wei, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee include the following:

Relationship with the Company's auditors

- (a) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of resignation or dismissal of that auditor;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;



- (c) developing and implementing policy on the engagement of an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters in respect of which it considers that action or improvement is needed. For this purpose, “external auditor” includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;
- (d) discussing with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensuring coordination where more than one audit firm is involved;
- (e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of senior management where necessary);

Review of financial information of the Company

- (f) monitoring integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with any requirements from the Stock Exchange and any legal requirements in relation to financial reporting;
- (g) in regard to (vi) above:
 - (i) liaising with the Board, senior management and the person appointed as the Company’s qualified accountant;
 - (ii) meeting, at least twice a year, with the Company’s auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Company’s qualified accountant responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system, risk management and internal control procedures

- (h) reviewing the Company's financial controls and, unless expressly addressed by a separate Board risk committee or by the Board itself, reviewing the Company's risk management and internal control systems;
- (i) discussing the risk management and internal control system with the senior management and to ensure that the senior management has performed its duties in establishing and maintaining effective systems, including adequacy of resources, staff qualifications and experience, training programs, and budget of the Company's accounting and financial reporting function;
- (j) considering major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and senior management's response to those findings;
- (k) ensuring coordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (l) reviewing the Group's financial and accounting policies and practices;
- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to senior management about accounting records, financial accounts or systems of control and senior management's response;
- (n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) reporting to the Board on the matters set out in terms of reference of the Audit Committee;
- (p) reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) acting as the key representative body for overseeing the Company's relationship with the external auditor;
- (r) establishing a whistle-blowing policy and system for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee (or any designated committee comprising a majority of independent non-executive Directors) about possible improprieties in any matter related to the Company;
- (s) considering any other topics, as defined by the Board;



Performing corporate governance duties

- (t) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- (u) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (v) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (w) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (x) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, three meetings of the Audit Committee were held to discuss and consider the following matters:

- review of the annual results of the Group for the year 2024 and the interim results of the Group for the six months ended June 30, 2025;
- review of the financial reporting system, risk management (including the environmental, social and governance risks) and internal control systems;
- update on preparation of the annual report and the ESG reporting for the year 2025; and
- update on annual internal audit self-assessment.

The attendance of each member of the Audit Committee at the Audit Committee meetings is set out in the table below:

Name of Directors	Audit Committee meetings attended/ eligible to attend
Mr. ZHU Xiaolu (<i>Chairman of the Audit Committee</i>)	3/3
Dr. WANG Haizhong	3/3
Ms. KANG Wei	3/3

Nomination Committee

The Nomination Committee comprises five members, including three independent non-executive Directors, namely Mr. ZHU Xiaolu (Chairman), Ms. KANG Wei and Dr. WANG Haizhong, one executive Director, namely Mr. ZHOU Feng and one non-executive Director, namely Mr. David McKee HAND.

The primary duties of the Nomination Committee include the following:

- (a) reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually, assisting the Board in maintaining a skill matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive;
- (c) identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- (d) assessing the independence of independent non-executive Directors on an annual basis upon receipt and review of a written confirmation from each of the independent non-executive Directors in respect of his or her independence pursuant to Rule 3.13 of the Listing Rules (the "**INED Confirmation**");
- (e) reporting to the Company as to whether the INED Confirmations have been received from each of the independent non-executive Directors and their view in that regard;
- (f) overseeing research and development activities of Directors and the respective fee payments made by the Company to such Directors;
- (g) reviewing any payments to be made under agreements with any independent non-executive Directors and the terms and conditions and any payment to be made under any further agreements between the Company and the independent non-executive Directors in relation to any new research and development projects, to assess the terms and conditions and the rate for similar transactions in the market to ensure the reasonableness and fairness of the underlying transactions;
- (h) before appointments are made by the Board, evaluating the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate):
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;



- (i) keeping under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace;
- (j) keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (k) reviewing annually the time required from non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors are spending enough time in fulfilling their duties; and
- (l) ensuring that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- (m) formulating, or assisting the Board in formulating, a board diversity policy for the Company; and
- (n) supporting the Company's regular evaluation of the Board's performance.

The Nomination Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive Directors;
- (b) suitable candidates for the role of independent non-executive Directors;
- (c) membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees;
- (d) the re-appointment of any non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the continuation (or not) in service of any director who has reached the age of 70;
- (f) the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Articles having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
- (g) any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
- (h) the appointment of any Director to executive or other offices.

Corporate Governance Report

The Nomination Committee will assess the candidates or incumbents on criteria such as integrity, experience, skills and ability to commit time and efforts to carry out duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, three meetings of the Nomination Committee were held to discuss and consider the following matters:

- review of the structure, size and composition of the Board;
- review of the independence of independent non-executive Directors;
- recommending re-election of the retiring Directors;
- review of the board diversity policy;
- evaluation and recommendation of a potential chief executive officer candidate to the Board;
- appointment of a Nomination Committee member; and
- amendments to the terms of reference of the Nomination Committee.

The attendance of each member of the Nomination Committee at the Nomination Committee meetings is set out in the table below:

Name of Directors	Nomination Committee meetings attended/ eligible to attend
Mr. ZHU Xiaolu ¹ (<i>Chairman of the Nomination Committee</i>)	3/3
Dr. WANG Haizhong	3/3
Ms. KANG Wei ²	1/1
Mr. David McKee HAND ³	1/1
Mr. ZHOU Feng ⁴	1/1
Mr. Xie Fangmin ⁵	2/2

Notes:

1. Mr. ZHU Xiaolu was appointed as chairman of the Nomination Committee with effect from December 7, 2025.
2. Ms. KANG Wei was appointed as a member of the Nomination Committee with effect from June 18, 2025.
3. Mr. David McKee HAND was appointed as a member of the Nomination Committee with effect from December 7, 2025.
4. Mr. ZHOU Feng was appointed as a member of the Nomination Committee with effect from December 7, 2025.
5. Mr. Xie Fangmin resigned as chairman of the Nomination Committee with effect from December 7, 2025.



Director Nomination Policy

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the following criteria:

- Character and integrity
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company's business and corporate strategy
- Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules
- Willingness and availability to devote sufficient time and attention to discharge duties as a member of the Board and/or Board Committee(s)
- Such other perspectives appropriate to the Company's business

For appointment of a new Director, the Nomination Committee as delegated by the Board shall identify and evaluate candidate based on the criteria set out above to determine whether the candidate is qualified for directorship. If the candidate is considered qualified, the Nomination Committee shall make a recommendation to the Board for consideration and the Board, if considered appropriate, shall approve the appointment of the proposed candidate as a new Director.

For re-election of a Director at a general meeting, the Nomination Committee as delegated by the Board shall review the contribution made by the retiring Director and whether he/she can continue to fulfill his/her role as required with reference to the criteria set out above. The Board shall then, under the advice of the Nomination Committee, make a recommendation to Shareholders for the proposed re-election of Director(s) at the general meeting.

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

Board Diversity Policy

We recognize and embrace the benefits of having a diverse Board and see increasing diversity at the Board level as an essential element in maintaining our competitive advantage. The Nomination Committee will review annually the structure, size and composition of our Board and where appropriate, make recommendations on changes to our Board to complement our corporate strategy.

In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge, length of service and industry and regional experience. Meanwhile, our Company will consider the above factors based on our business model and our specific needs, and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

While we recognize that gender diversity at the Board level can be improved given one out of seven of our Directors is female at present, we will continue to apply the principle of merit-based appointment with reference to our board diversity policy as a whole. We have also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and management levels. We will strive to achieve gender balance of the Board through certain measures to be implemented by our Nomination Committee in accordance with our board diversity policy. In particular, taking into account the business needs of our Group and changing circumstances that may affect the Group's business plans, we will identify female individuals qualified for the Board. In recognizing the particular importance of gender diversity, the Company appointed one female director in June 2024. To further ensure gender diversity of the Board in the long run, the Group will also from time to time identify and review potential female Board candidates with a diverse range of skills, experience, and domain expertise who possess qualities to become the Board members in order to build a pipeline of potential successors.

The Nomination Committee will discuss and where necessary, agree on the additional measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. We aim to maintain an appropriate diversity of perspectives on the Board relevant to our business growth. The Board will monitor the implementation of the board diversity policy and review the board diversity policy from time to time to ensure its continued effectiveness.

As of December 31, 2025, our workforce (including senior management) comprised approximately 42.5% male and 57.5% female employees. The Group is committed to maintaining a diverse and inclusive workplace. Our recruitment process ensures that candidates are evaluated based on their qualifications, experience, skills, and competencies, without regard to gender. For more information, please see the detailed disclosure in our ESG Report.



Remuneration Committee

The Remuneration Committee currently comprises three members, including two independent non-executive Directors, namely Ms. KANG Wei (Chairlady) and Mr. ZHU Xiaolu, and one non-executive Director, namely Mr. David McKee HAND.

The primary duties of the Remuneration Committee include the following:

- (a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) reviewing and approving management's remuneration proposals with reference to the Board's goals and objectives;
- (c) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) making recommendations to the Board on the remuneration of non-executive Directors;
- (e) considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (f) reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise reasonable and appropriate;
- (g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) ensuring that no Director or any of his associates is involved in deciding his own remuneration;
- (i) reviewing the Group's policy on expense reimbursements for the Directors and senior management; and
- (j) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Corporate Governance Report

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two meetings of the Remuneration Committee were held to discuss and consider the following matters:

- review of the remuneration of the Directors and senior management of the Company for 2024;
- review of and recommendation to the Board of the remuneration policy and structure for Directors and senior management of the Company for 2025;
- executive Director performance assessment;
- review and recommendation to the Board of a potential chief executive officer candidate remuneration offer package;
- review of the compensation package for outgoing Chief Executive Officer; and
- review of the compensation package for executive Director, Mr. Zhou.

The attendance of each member of the Remuneration Committee at the Remuneration Committee meetings is set out in the table below:

Name of Directors	Remuneration Committee meetings attended/ eligible to attend
Ms. KANG Wei (<i>Chairlady of the Remuneration Committee</i>)	2/2
Mr. ZHU Xiaolu	2/2
Mr. David McKee HAND	2/2

DIRECTOR REMUNERATION POLICY

The Company has formulated a director remuneration policy in order to set out a formal and transparent procedure that provides compensation to Directors that is competitive and consistent with current market practices and rewards Directors based on the Company's financial performance, execution of strategic goals and objectives, management of investor relations, and compliance with the Listing Rules and regulations. The directors remuneration policy is managed by the Remuneration Committee. The remuneration package for executive Directors comprises fixed and variable components whereas the remuneration package for non-executive Directors and independent non-executive Directors comprise fixed component only. The Remuneration Committee will endeavor to obtain up-to-date information of the prevailing pay structures in the market at least once per year to ensure that the compensation packages offered to the Directors remain appropriate and competitive.



REMUNERATION OF SENIOR MANAGEMENT

For the year ended December 31, 2025, the remuneration by band of members of the senior management of the Company (whose biographies are set out in the Directors and Senior Management section of this annual report) is set out below:

Remuneration band	Number of individuals
RMB1 million - RMB5 million	2
RMB10 million - RMB15 million	1

The remuneration of the Directors and senior management is detailed in Note 8 of the Notes to the Consolidated Financial Statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended December 31, 2025 to truly and fairly reflect the situation of the Company and the Group and the results and cash flows of the Group.

The management of the Company provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, position and prospects.

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

The statement by the Auditor regarding its reporting responsibilities on the Consolidated Financial Statements of the Company is set out in the Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has adopted and implemented various policies and procedures to ensure rigorous risk management and internal controls and is committed to continuously improving these policies and procedures.

The Company has adopted and maintains robust risk management and internal control systems, consisting of policies and procedures aligned with its business operations, which the Company is committed to continuously improving. The Company's risk management and internal control policies and procedures cover various aspects of business operations of the Company, such as information technology, internal audit, human resources and regulatory risk management. Our Board is responsible for establishing and updating the Company's internal control systems, while the senior management of the Company monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

The Company has formulated risk assessments and management measures to identify and monitor, in a timely manner, potential risks to the Company and their possibility of occurrence, determine the Company's risk tolerance and limits, and identify the possible losses resulting from such risks. Relevant risks encompass those related to the Company's investment and development strategy, including strategic environmental risks, procedural risks (business operation risks, financial risks, authorization risks, information and technology risks and comprehensive risks) and strategic decision information risks.

The audit department leads risk management at the Company, supported by collaborative efforts from other departments. The audit department reviews the risks of the Company and is a risk audit and control department, which reviews, monitors, and manages risks. The audit department is responsible for assessing and managing strategic environmental risks, decision risks and operational risks of various subordinate units of the Company and proposes specific management plans for these risks. The finance department is responsible for assessing the financial risks and operational and management risks of the Company and submits relevant risk assessment documents to the audit department. Various other departments are responsible for assessing the operational risks and other comprehensive risks for their own functions and submitting relevant details to the audit department. Our IT and technology R&D department assesses the technical and technological innovation risks associated with the Company's overall development strategy, as well as various risks related to technology management, and submits relevant reports to the audit department. The audit department summarizes the risk assessment documents of each unit, conducts corresponding assessment studies, and submits strategic risk assessment reports and corresponding preventive measures to the chairman and the Board.

The initial step in risk identification and assessment involves forming an assessment team. The chief executive officer of the Company serves as the head of this team, responsible for evaluating overall strategic risks, with the director of the audit department acting as the deputy head. The members of the team include members of the audit department, the finance department, the technology R&D department and the sales department. The next step in the risk assessment process involves identifying risks, their sources and categories. At annual or semi-annual management meetings, department heads conduct a SWOT analysis (strengths, weaknesses, opportunities, and threats) to assess the Company's current risks. The third step in the risk assessment process is to develop the standards for a comprehensive risk assessment indicator system, which includes an assessment of the Company's existing and potential risks. The system must consider the interest of shareholders, with detailed scenario analysis, including both qualitative and quantitative indicators. Qualitative indicators are usually used to obtain general indications of risk levels and use text format or descriptive statements of the probability and consequences of these risks. The quantitative indicators are used in the accurate numerical representation of the probability of risk and its value. The final step in risk assessment involves analyzing risks to identify potential losses. Based on the SWOT analysis, the audit department prepares a comprehensive risk analysis report. This report involves summarizing, analyzing, and categorizing various issues that could impact the Company's objectives, as well as the risks it faces. In addition, it evaluates the existence, adequacy, or deficiency of control measures for each risk to ensure that the design and implementation of risk controls are effective.



The Company formulates corresponding solutions based on the identified risks. Approaches for managing risks include:

- 1) Risk Avoidance: Eliminating or sidestepping risks altogether;
- 2) Risk Mitigation: Reducing the likelihood or impact of risks (e.g. by optimizing business processes, or implementing additional control measures);
- 3) Risk Transfer: Employing tools such as insurance to transfer risks to other parties;
- 4) Risk Acceptance: Acknowledging and accepting risks when they are deemed unavoidable or manageable.

When a risk is considered acceptable, formal procedures and documentation are required to ensure that the decision to accept such risk is properly recorded.

Each business unit conducts risk assessment based on their business and functional processes. The results would be documented, including the assumptions, assessment methods, data sources and evaluation results pertinent to the risk assessment. The documentation must offer a clear and comprehensive description of the risk evaluation process, supported by a systematic framework for risk identification and analysis. The requirements for risk assessment documentation include, but are not limited to:

- 1) Comprehensive description of risk to be included in the Company's risk management database;
- 2) Measurable mechanisms and tools for risk management;
- 3) Continuous monitoring of risks and review of relevant outcomes;
- 4) Audit trail for risk assessment;
- 5) Sharing and dissemination of risk information.

The audit department is responsible for documenting the risk assessment and analysis conducted by management during key operational meetings, including the discussion process and major decisions of management and the Board, with a focus on demonstrating management's awareness and approach to risk mitigation and prevention and the relevant measures.

The risk assessment should establish a framework for ongoing risk monitoring, auditing, and prevention, along with proper documentation for tracking, control, and dissemination of information with all relevant departments. Key indicators for risk supervision include the level and probability of risk occurrence, potential impacts, and the adequacy of existing control measures. Risk monitoring and assessment measures may involve prioritizing and classifying relevant risks based on the magnitude of potential losses, with a goal of achieving timely monitoring. The audit department reviews risk assessment documents across all levels of the Company and determines potential early warning signals for various risks. Risk management units at all levels of the Company establish corresponding risk early warning and supervision and control systems, which are managed by the audit department to closely monitor the risk occurrences. An early warning mechanism is activated if there is any breach or trigger of these risk signals. The audit department must also conduct continuous supervision of potential high-risk areas.



Corporate Governance Report

The Company has also implemented internal control measures to screen the information and content published on the Company's platform to ensure its accuracy, reliability, and compliance with relevant laws and regulations.

1. Educational content (typically encompassing text, graphics, images, videos, and live streaming) developed by the Company's employees or medical professionals to enhance general medical knowledge must undergo review by the Company's medical editorial manager to ensure quality and accuracy. If such content involves potential legal or compliance risks, or addresses other sensitive matters, additional reviews must be conducted by the Company's legal team and designated content producer to assess its reliability and carefully manage any risks.
2. Promotional content (typically consisting of articles, videos, and live streaming) developed in collaboration with pharmaceutical companies must be reviewed by our medical editorial manager to ensure quality and accuracy before being uploaded and displayed on our platform.

The Board maintains supervision and annual review of the systems' operations and effectiveness, ensuring that the Group has sufficient resources in accounting, internal audit and financial reporting functions, and verifying that employees in such functions possess the necessary qualifications, experience, training and adequate budgeting. These systems are designed to manage the internal control risks that the Group encounters in its business operations to an acceptable level rather than eliminating all risks. Therefore, the systems provide reasonable but not absolute assurance against material misstatements or financial losses in financial information.

The Board has reviewed the effectiveness of our risk management and internal control systems for the year ended December 31, 2025 and considers these systems to be adequate and effective.

Internal Audit

The Company's audit department is also tasked with internal audit responsibilities, including evaluating the effectiveness of internal controls and reporting to the Audit Committee and senior management on any identified issues. The audit department members are required to report to management to discuss any internal control issues the Company faces and the corresponding measures to implement toward resolving such issues. The audit department reports to the Audit Committee annually to ensure that any major issues identified are channeled to the Audit Committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board as necessary.

PROCESSING AND PUBLISHING OF INSIDE INFORMATION

The Company has established a mechanism for processing and publication of inside information. The company secretary and legal department are authorized to act as the responsible authority for inside information processing. After all the inside information has been reviewed by the company secretary and legal department, the Company judges whether it must be reviewed by the chairman of the Board and/or the Board. Matters which do not require the approval of the Board would be disclosed after approvals by the company secretary and the chairman of the Board. For matters subject to approval by the Board and/or general meeting of Shareholders, information would be disclosed after performing the corresponding review and approval in accordance with the Articles of Association, the Listing Rules and relevant rules of procedure.



AUDITOR'S REMUNERATION

The approximate remuneration of the auditors for their audit and non-audit services provided to the Group during the Reporting Period is set out in the following table:

Type of Services	Amount (RMB'000)
Audit services	1,500
Non-audit services (interim review of consolidated financial statements)	780
Total	2,280

JOINT COMPANY SECRETARIES

The Company has appointed Mr. ZOU Yuming and Ms. NG Sau Mei (“**Ms. Ng**”) of TMF Hong Kong Limited (a company secretarial services provider) as joint company secretaries of the Company (the “**Joint Company Secretaries**”).

Mr. Zou is responsible for advising the Board on corporate governance matters and ensuring that Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also appointed Ms. Ng, the director and head of the Listing Services Department of TMF Hong Kong Limited, as the other Joint Company Secretary to provide assistance to Mr. Zou for the performance of his duties as company secretary of the Company. Her primary contact person at the Company is Mr. Zou.

During the Reporting Period, Mr. Zou and Ms. Ng have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

As advised by our Cayman Islands counsel, under the Companies Act and the Articles of Association, the Company may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid out of share premium account if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. Any future declarations and payments of dividends will be at the absolute discretion of our Board and if necessary, subject to the approval by the Shareholders at a general meeting, taking into account factors including the Company's actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that the Board deems to be appropriate. The Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by the Board.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted a shareholder communication policy which aims to ensure that the Shareholders and, where appropriate, the general investing public, have timely access to information about the Company (including its financial performance, strategic objectives and plans, significant developments, governance and risk profile) in order to enhance communication between Shareholders and the investing public, and the Company, and ensure that Shareholders are able to exercise their rights in an informed manner.

The Company maintains a policy of open communication and communicates information to Shareholders and investors through a variety of channels: the Company's financial reports (interim and annual reports), information and notices of annual general meetings and other extraordinary general meetings that may be held, other disclosures published in accordance with relevant laws and regulatory requirements of the Listing Rules, as well as the Company's communication documents and other corporate publications posted on the website of the Stock Exchange (www.hkexnews.hk) and/or the Company's website. A dedicated "Investor Relations" section is available on the Company's website. Information on the Company's website is updated on a regular basis. Shareholders may at any time direct enquiries (including any questions regarding this policy), request Company information to the extent such information is publicly available, and provide comments and suggestions to the office of the Board. Such questions, requests and comments may be sent by mail to the Company's head office or the Company's principal place of business in Hong Kong.

The Company will launch various activities from time to time, such as briefing sessions, roadshows, media interviews and marketing activities for investors, to facilitate communication and exchange of views between the Company and Shareholders.

The Board maintains ongoing communication with Shareholders and regularly reviews the shareholder communication policy to ensure its effectiveness. The Company also reviewed the shareholder and investor engagement and communication activities conducted during the Reporting Period, and having confirmed their proper implementation, was satisfied with the effectiveness of the shareholder communication policy.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.



Convening of Extraordinary General Meetings and Putting Forward Proposals

Extraordinary general meetings may be convened on the requisition of one or more members 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, on a one vote per Share basis. Such requisition shall be made in writing to the Board or the Joint Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 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/herself (themselves) may convene a physical meeting at only one location which will be the principal meeting place 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.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries by mail to the Company's head office at Floor 1-2, 4th Street Building S, Kehui Jingu, No. 99, Science Avenue, Luogang Science City, Huangpu District, Guangzhou, Guangdong Province, the PRC or to the Company's principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, or by email to ir@jianke.com.

In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted the amended and restated memorandum and articles of association on June 14, 2024, which took effect from the Listing Date. During the Reporting Period, there was no change in the amended and restated memorandum and articles of association of the Company.

PRINCIPAL ACTIVITIES

We are China's leading online chronic disease management platform. Leveraging our chronic disease management platform, we are dedicated to providing tailored medical care and precision medicine for chronic disease patients, with a view towards extending our services to a wider range of disease areas.

The principal activities of the Group are online retail pharmacy services, comprehensive medical services, wholesale and customized content and marketing solutions.

Save as disclosed above, there were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2025.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" of this annual report.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against our Group during the Reporting Period and up to the date of this annual report.

FINAL DIVIDEND

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

CHARITABLE DONATIONS

In 2025, charitable and other donations made by the Group amounted to RMB0.4 million.

SHARE CAPITAL

Details of the issued Shares during the year ended December 31, 2025 are set out in note 26 of the Notes to the Consolidated Financial Statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company during the year ended December 31, 2025 are set out in note 26(a) of the Notes to the Consolidated Financial Statements. As of December 31, 2025, the Company had distributable reserves amounting to RMB1,120.1 million.



FINANCIAL SUMMARY

The Group's financial summary for the last five financial years is set out in the section headed "Five-Year Performance Review" of this annual report.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as of December 31, 2025 are set out in note 22 of the Notes to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in note 11 of the Notes to the Consolidated Financial Statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company had complied with the minimum percentage of public float prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1) of the Listing Rules as of the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF

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

PLACING OF NEW SHARES IN FEBRUARY 2026

References are made to the announcements of the Company dated January 27, 2026, and February 2, 2026, respectively. The completion of the Placing took place on January 29, 2026, and the completion of the Subscription took place on February 2, 2026. A total of 45,181,000 Placing Shares have been successfully placed at the Placing Price of HK\$3.32 per Share by the Placing Agent. The aggregate nominal value of the Subscription Shares is US\$903.62. The closing price of the Shares as quoted on the Stock Exchange of Hong Kong on the date of the Placing and Subscription Agreement (i.e., January 27, 2026) was HK\$3.03 per Share.

The net proceeds (after deduction of all costs and expenses) from the Subscription amounted to approximately HK\$144.30 million. The net price per Share for the Subscription after deducting related fees and expenses is approximately HK\$3.19 per Share. The Placing Shares were placed to not fewer than six professional investors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons, and not acting in concert with the Vendor, its associates and persons acting in concert with the Vendor. None of the Placees and their ultimate beneficial owners has become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing and the Subscription.

The Directors consider that the Placing and Subscription represent an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The Company intends to apply the net proceeds as follows: (i) approximately 90% or HK\$129.87 million will be allocated to accelerate development of the Company's AI-driven chronic disease management platform, encompassing model development and optimization, infrastructure and computational resource expansion, talent recruitment across AI and clinical specialties, data collection and annotation and knowledge base development, and roll-out and marketing of AI-enhanced services to capture underserved patient and physician populations, which is estimated to be utilized by 2028 and (ii) approximately 10% or HK\$14.43 million will be used for working capital and other general corporate purposes, which is estimated to be utilized by 2028.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On July 9, 2024, the Shares of our Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were approximately HK\$67.09 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, which will be used in accordance with the intended use of net proceeds as disclosed in the Prospectus by our Company.

As of the date of this annual report, there has been no change in the intended use of net proceeds disclosed in the Prospectus. The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimate of future progress of regulatory approvals and market conditions made by our Company and subject to changes in accordance with our actual business operations and market conditions. The table below sets out the details of the use of the net proceeds of the Company as of December 31, 2025:



Directors' Report

Use of proceeds from Listing	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceeds (%)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as of December 31, 2025 (HK\$ million)	Unutilized net proceeds as of December 31, 2025 (HK\$ million)	Expected time frame for unutilized amount
Business expansion	45.22	67.4%	22.19	36.03	9.19	Before December 2028
1. Promoting brand awareness	11.61	17.3%	6.08	11.61	–	Before December 2028
2. Enhancing user growth and engagement, and maintaining a highly active user base	14.42	21.5%	7.87	12.03	2.39	Before December 2028
3. Attracting and retaining talent, especially those with extensive experience in media and technology-powered medical services and insights in the field of chronic disease management	15.50	23.1%	6.22	10.37	5.13	Before December 2028
4. Expanding product offerings and enhancing supply chain capabilities	3.69	5.5%	2.02	2.02	1.67	Before December 2028
Research and development activities	10.74	16.0%	4.98	8.31	2.43	Before December 2028
1. Recruiting a team of approximately 40 software engineers by 2028, of which 70% are senior software engineers and the remainder are junior software engineers	4.70	7.0%	2.18	3.64	1.06	Before December 2028
2. (i) improve the application of AI technology and big data analysis capabilities in CDM to more accurately capture user habits throughout their activities, from seeking consultations, purchasing pharmaceutical products to their preferences for viewing content on our platform, thereby improving user experience and improving the conversion rate of paying users on our platform; (ii) optimize our infrastructure in various technological areas, such as (a) computer vision, to improve the efficiency of order identification and processing and user information management, (b) natural language processing, to optimize the question-answering engine of our AI medical assistant, and (c) search-based recommendation algorithms to deliver the most relevant information catered to users' evolving needs; (iii) improve stability of the system to withstand the increasing pressure as we scale our online operations; and (iv) optimize the functions of our WeChat mini programs and perform routine system upgrade and maintenance	6.04	9.0%	2.80	4.67	1.37	Before December 2028
Potential investments and acquisitions or strategic alliances with other stakeholders in the value chain of the online CDM industry	7.78	11.6%	4.55	4.55	3.23	Before December 2028
Working capital and general corporate purposes	3.35	5.0%	1.96	2.63	0.72	Before December 2028
Total	67.09	100.0%	33.68	51.52	15.57	

BUSINESS REVIEW

a. Overview and annual performance

A business and financial review are provided in the section headed “Management Discussion and Analysis” of this annual report.

b. Environmental Policies and Performance

The Company recognizes the importance of environmental sustainability and treats ESG and climate-related matters as a strategic priority. It maintains compliance with applicable PRC environmental laws and national emission standards, embeds environmental considerations into corporate governance and risk management, and sets targets to reduce resource emissions intensity across operations.

The Group has implemented a range of specific initiatives to reduce its environmental footprint, including LED and energy-efficient lighting retrofits, automated shutdowns and IT power-management systems, and optimised air-conditioning controls to lower electricity consumption. Other measures include water-saving fixtures and process improvements, waste segregation and recycling programmes, paper-saving and digitalisation practices, supplier environmental assessments and green procurement, periodic emergency-response drills, and employee training on environmental best practices.

These actions have delivered measurable improvements during the Reporting Period, with notable reductions in resource emissions intensity and strengthened operational controls and monitoring. The Company continues to engage stakeholders on sustainability expectations, integrate environmental criteria into product and supply-chain decisions, and pursue further efficiency gains and emissions reductions as part of its ongoing improvement programme. For detailed information on the environment and social practices adopted by the Company, please refer to the section headed “Environmental, Social and Governance Report” of this annual report.

c. Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed “Regulatory Overview” in the Prospectus for details.



d. Key Relationships with Stakeholders

Relationship with Our Customers

The Group is deeply committed to fostering strong, lasting relationships with its customers, which are crucial for achieving both short-term and long-term success. Recognizing the paramount importance of customer satisfaction, we strive to build positive and mutually beneficial relationships. To ensure the delivery of exceptional products, we maintain rigorous quality control standards, adhering to all relevant rules and regulations. This enables us to efficiently provide our customers with products and solutions that address their diverse needs.

Relationship with Our Suppliers

The Group selects suppliers with a focus on quality, reputation, and regulatory compliance. We maintain rigorous quality standards and cultivate trusted relationships with our suppliers, recognizing that collaboration is key to achieving our goals. This partnership approach enables mutually beneficial relationships, which support both our immediate and long-term success.

Relationship with Our Employees

The Group recognizes employees as its most valuable asset. Our human resources strategy is designed to attract, retain, and motivate top talent by offering competitive compensation packages, along with a robust performance evaluation system and meaningful incentives. We also prioritize career advancement and growth within the Group by providing comprehensive training and opportunities for professional development.

Relationship with Shareholders

We recognize the importance of safeguarding Shareholders' interests and maintaining effective communication. We view communication as a dialog and strive to provide information that is accurate and transparent. Key communication channels include regular dialog with Shareholders to gather their views and feedback, and transparent updates through general meetings and the publication of annual and interim reports, as well as results announcements.

e. Principal Risks and Uncertainties

Our business, financial condition and results of operations could be materially and adversely affected by certain risks and uncertainties. For details, please see the section headed "Risk Factors" of the Prospectus.

PROSPECTS

A description of the future development of the Company's business is provided in the section headed "Management Discussion and Analysis" of this annual report.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, the Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to December 31, 2025 and up to the date of this annual report.

DIRECTORS

The Directors as of the date of this annual report are:

Chairman and non-executive Director

Mr. David McKee HAND

Executive Directors

Mr. WANG Haijiao (*Chief Executive Officer*)

Mr. ZHOU Feng

Mr. ZOU Yuming

Non-executive Director

Mr. XIE Fangmin

Independent Non-executive Directors

Dr. WANG Haizhong

Ms. KANG Wei

Mr. ZHU Xiaolu

In accordance with article 84(1) of the Articles of Association, one-third of the Directors will retire by rotation at every annual general meeting (provided that every Director shall be subject to retirement by rotation at least once every three years) and, being eligible, offer themselves for re-election.

In addition, in accordance with article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report. Save as disclosed in the section headed "Directors and Senior Management" in this annual report, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



DIRECTOR SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company. The initial term of their service contracts shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party providing to the other not less than one month's prior written notice. No annual Director's fees are payable to the executive Directors under the current arrangement.

Mr. Hand, the non-executive Director, has executed an appointment letter with the Company. The initial term for his appointment letter shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party providing to the other not less than one month's prior written notice. Mr. Xie, the non-executive Director, has entered into a service contract with the Company for a term commencing from the date of his re-designation as a non-executive Director and continuing until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the service contract or by either party providing to the other not less than one month's prior written notice.

Each of the independent non-executive Directors has executed an appointment letter with the Company. The initial term for their appointment letters shall commence from the date of appointment and continue until the earlier of: (i) the three-year anniversary of the appointment date or (ii) the third annual general meeting of the Company after the Listing Date (subject always to re-election as and when required under the Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party providing to the other not less than three months' prior written notice. Under these appointment letters, each of the independent non-executive Directors will receive an annual director's fee of HK\$100,000.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Dr. WANG Haizhong, Ms. KANG Wei and Mr. ZHU Xiaolu, confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules, which the Company has duly reviewed. We consider that the independent non-executive Directors have been independent during the year ended December 31, 2025 and remain so as of the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ANY OF OUR ASSOCIATED CORPORATIONS

As of the date of this annual report, the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company or any of its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he/she was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of shareholding of Shares ⁽¹⁾
Mr. Xie	Interest in controlled corporations ⁽²⁾	294,819,265 (L)	21.28%
	Interest of a party to an agreement ⁽³⁾	375,054,667 (L)	27.07%
Mr. Zhou	Interest in controlled corporations ⁽⁴⁾	284,904,960 (L)	20.56%
	Interest of a party to an agreement ⁽³⁾	384,968,972 (L)	27.79%
Mr. Zou	Beneficial owner	3,500,000 (L)	0.25%
	Interest in a controlled corporation ⁽⁶⁾	10,000,000 (L)	0.72%
Mr. Hand	Interest in controlled corporations ⁽⁵⁾	437,443,815 (L)	31.57%
Dr. WANG Haizhong	Beneficial owner	100,000 (L)	0.01%
Ms. KANG Wei	Beneficial owner	100,000 (L)	0.01%
Mr. ZHU Xiaolu	Beneficial owner	100,000 (L)	0.01%

(L) denotes a long position

Notes:

- (1) The calculation is based on the total number of 1,385,448,457 Shares in issue as of the date of this annual report.
- (2) Fangrong Management Limited is wholly owned by Mr. Xie. Each of Fangrong Management Limited and Asia Tech Investments Ltd. is controlled by Mr. Xie. Therefore, under the SFO, Mr. Xie is deemed to be interested in the 246,538,362 Shares and 48,280,903 Shares held by Fangrong Management Limited and Asia Tech Investments Ltd., respectively.
- (3) Mr. Xie and Mr. Zhou are parties to the Concert Deed, according to which Mr. Xie and Mr. Zhou confirmed and agreed that they have acted and will continue to act in concert and collectively for all material management affairs and the arrival and/or execution of all commercial decisions, including but not limited to financial and operational matters, of our Group since the date of the Concert Deed, and they have cast and will continue to cast unanimous vote collectively for or against all resolutions in all Board and Shareholders' meetings and discussions of our Group. Therefore, Mr. Xie and Mr. Zhou are deemed to be jointly interested in the aggregate number of Shares held by each other.
- (4) Each of Celaeno Group Limited, Silica Brothers Corp. and Asia Tech Investments Ltd. is controlled by Mr. Zhou. Therefore, under the SFO, Mr. Zhou is deemed to be interested in the 186,158,297 Shares, 50,465,760 Shares and 48,280,903 Shares held by Celaeno Group Limited, Silica Brothers Corp. and Asia Tech Investments Ltd., respectively.



- (5) Crescent China Investment Management Ltd. is ultimately controlled by Mr. Hand. Therefore, under the SFO, Mr. Hand is deemed to be interested in the 437,443,815 Shares interested by Crescent China Investment Management Ltd..
- (6) Torano Investments Limited is wholly owned by Mr. Zou. Therefore, under the SFO, Mr. Zou is deemed to be interested in the 10,000,000 Shares held by Torano Investments Limited.

As of the date of this annual report, save as disclosed above, so far as is known to any Director or the chief executive of our Company, none of the Directors nor the chief executives of our Company had any interests or short positions in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interests or short positions (as applicable) which he/she was 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, pursuant to the Model Code, to be notified to our Company and the Stock Exchange.

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

As of the date of this annual report, so far as our Directors are aware, the persons (other than the Directors or chief executive of our Company) who held interests and/or short positions in the Shares or underlying Shares which would be required to be notified to our Company and the Stock Exchange 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 our Company pursuant to Section 336 of the SFO were set out in the table below:

Name of Shareholder	Capacity and Nature of Interest	Number of Shares held	Approximate percentage of shareholding of Shares ⁽¹⁾
Celaeno Group Limited	Beneficial owner ⁽³⁾	186,158,297 (L)	13.44%
Fangrong Management Limited	Beneficial owner ⁽²⁾	246,538,362 (L)	17.79%
Crescent ACSO Investment Management Ltd	Interest in controlled corporations ⁽⁴⁾	115,165,045 (L)	8.31%
Crescent Trident Singapore Pte. Ltd.	Beneficial owner ⁽⁴⁾	115,165,045 (L)	8.31%
Crescent China Investment Management Ltd.	Investment manager ⁽⁷⁾	437,443,815 (L)	31.57%
Danai Rojanavanichkul	Interest in controlled corporations ⁽⁵⁾⁽⁶⁾	264,582,255 (L)	19.10%
Veneto Holdings Ltd.	Interest in controlled corporations ⁽⁵⁾⁽⁶⁾	264,582,255 (L)	19.10%
Tech-Med Cayman III Ltd.	Interest in controlled corporations ⁽⁶⁾	138,430,610 (L)	9.99%
Tech-Med Investments (S) Pte. Ltd. ⁽²⁾	Beneficial owner ⁽⁶⁾	138,430,610 (L)	9.99%
CP Pharmatech Singapore Pte. Ltd.	Beneficial owner ⁽⁵⁾	126,151,645 (L)	9.11%

(L) denotes a long position

Notes:

- (1) The calculation is based on the total number of 1,385,448,457 Shares in issue as of the date of this annual report.
- (2) Fangrong Management Limited is wholly owned by Mr. Xie. Therefore, under the SFO, Mr. Xie is deemed to be interested in the 246,538,362 Shares held by Fangrong Management Limited.
- (3) Celaeno Group Limited is controlled by Mr. Zhou. Therefore, under the SFO, Mr. Zhou is deemed to be interested in the 186,158,297 Shares held by Celaeno Group Limited.
- (4) Crescent Trident Singapore Pte. Ltd. is controlled by Crescent ACSO Investment Management Ltd, which is ultimately controlled by Mr. Hand.
- (5) CP Pharmatech Singapore Pte. Ltd. is controlled by Veneto Holdings Ltd., which is in turn ultimately controlled by Danai Rojanavanichkul.
- (6) Tech-Med Investments (S) Pte. Ltd. is controlled by Tech-Med Cayman III Ltd., which is in turn controlled by Veneto Holdings Ltd., and is in turn ultimately controlled by Danai Rojanavanichkul.
- (7) Crescent China Investment Management Ltd. is ultimately controlled by Mr. Hand. Therefore, under the SFO, Mr. Hand is deemed to be interested in the 437,443,815 Shares interested by Crescent China Investment Management Ltd.

As of the date of this annual report, save as disclosed above, the Directors and the chief executives of our Company are not aware of any other person (other than the Directors or chief executives of our Company) who had an interest or short position in the Shares or underlying Shares which would be required to be notified to our Company and the Stock Exchange 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 our Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of our Company or any of our Associated Corporations" above, at no time during the year ended December 31, 2025 and up to the date of this annual report was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report and except for the interests of the Controlling Shareholders in the Group, during the Reporting Period, neither the Controlling Shareholders nor any of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

CONVERTIBLE BONDS

As of the date of this annual report, the Company did not issue any convertible bonds.



LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of the date of this annual report, the Company has not entered into any loan agreement which contain covenants requiring specific performance of the Controlling Shareholders.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this annual report, there were no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or its connected entity (within the meaning of Section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, and subsisting during the year ended December 31, 2025.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this annual report, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by any of the Controlling Shareholder or subsidiaries was entered into, during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed in 2025 and up to the date of this annual report.

DIRECTORS' PERMITTED INDEMNITY PROVISION

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

Such permitted indemnity provision has been in force for the year ended December 31, 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

REMUNERATION POLICY, DIRECTORS' REMUNERATION AND PENSION SCHEME

As of December 31, 2025, we had 494 employees. The remuneration of our employees includes salaries and allowances. We provide training to our staff to envision their career paths and growth potential with us. We reward hard work by offering a highly mobile promotion system and a piece-rate compensation system, with wages clearly defined based on the units of specific work performed.

The Group offers competitive remuneration packages to the Directors. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

The non-executive Directors have not received any emoluments for the years ended December 31, 2024 and 2025. None of the other Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or five highest individuals as an inducement to join, or upon joining the Group, or as compensation for the loss of office. Details of the remuneration of the Directors and five highest individuals during the Reporting Period are provided in notes 8 and 9 of the Notes to the Consolidated Financial Statements, respectively.

In accordance with the laws and regulations in the PRC, the Group has arranged for its PRC employees to join defined contribution plans organized by the PRC government. No forfeited contribution under this scheme is available to reduce the contribution payable in future years. The Group also provides social insurance, including unemployment insurance, work-related injury insurance, medical insurance and maternity insurance for the employees of the Group.

RSU SCHEME

The RSU Scheme was approved and adopted by the Board on January 1, 2020, to attract, retain and motivate our senior management, employees, advisors and such other participants through the grant of awards (the “**Awards**”) for their contribution to the growth and profits of our Group, and to allow such senior management, employees, advisors and other persons to participate in the growth and profitability of our Group. The participant of the RSU Scheme is any person belong to any of (1) senior management of the Group; (2) employees of the Group; (3) advisors of the Group; and (4) other persons as approved by the Board or the authorized administrator of the RSU Scheme. A summary of the principal terms of the RSU Scheme is set out in the section headed “Statutory and General Information – D. RSU Scheme” in Appendix IV to the Prospectus.

As of the date of this annual report, RSUs in respect of an aggregate of 238,664,648 Shares had been granted pursuant to the RSU scheme to our six Directors and senior management, 164 other employees and business consultants who made contributions to our Group, representing approximately 17.23% of the total issued share capital of the Company. No further Awards will be available for grant under the RSU Scheme after the Listing. No new Shares will be issued in respect of the RSUs granted. As disclosed in the Prospectus, the terms of the RSU Scheme will not be subject to the provisions of Chapter 17 of the Listing Rules upon Listing. The following table summarizes the number of the RSUs granted to the Directors, chief executive and substantial shareholders of the Company and their respective associates under the RSU Scheme as of the date of this annual report:



Name	Position	Number of Shares underlying the RSUs granted	Approximate percentage of issued Shares
Mr. Zhou	Executive Director and chief strategy officer	56,575,898	4.08%
Mr. Zou	Executive Director and chief financial officer	23,500,000	1.70%
Mr. Xie	Non-executive Director	60,000,000	4.33%
Ms. KANG Wei	Independent non-executive Director	100,000	0.01%
Mr. ZHU Xiaolu	Independent non-executive Director	100,000	0.01%
Dr. WANG Haizhong	Independent non-executive Director	100,000	0.01%

Movements in RSUs under the RSU Scheme

Name	Position	Grant date	Vesting period	Grant price	Exercise price	Number of RSUs granted but not yet vested as of December 31, 2024	Number of RSUs granted during the Reporting Period	Vesting Date(s)	Number of RSUs vested during the Reporting Period	Number of RSUs canceled during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of RSUs granted but not yet vested as of December 31, 2025	Weighted average closing price of RSUs vested during the reporting period (HKD)
Directors													
Ms. KANG Wei	Independent non-executive Director	2021/12/31	2022/12/31 to 2025/12/31	N/A	-	25,000	-	2025/03/31 2025/06/30 2025/09/30 2025/12/31	25,000	-	-	-	3.54
Mr. ZHU Xiaolu	Independent non-executive Director	2021/12/31	2022/12/31 to 2025/12/31	N/A	-	25,000	-	2025/03/31 2025/06/30 2025/09/30 2025/12/31	25,000	-	-	-	3.54
Dr. WANG Haizhong	Independent non-executive Director	2021/12/31	2022/12/31 to 2025/12/31	N/A	-	25,000	-	2025/03/31 2025/06/30 2025/09/30 2025/12/31	25,000	-	-	-	3.54
5 highest paid individuals (excluding Directors)	N/A	2021/12/31 to 2024/04/01	2022/12/31 to 2028/03/31	N/A	-	1,400,000	-	2025/03/31 2025/06/30 2025/09/30 2025/12/31	775,000	-	-	625,000	3.73
Other Grantees in aggregate	N/A	from 2020/12/31 to 2024/04/01	2021/01/01 to 2028/10/31	N/A	-	8,729,688	-	2025/01/01 to 2025/12/31	4,924,688	-	-	3,805,000	3.69
Total	N/A	N/A	N/A	N/A	N/A	10,204,688	-	N/A	5,774,688	-	-	4,430,000	3.69

EQUITY-LINKED AGREEMENT

There was no equity-linked agreement entered into by the Company during the year ended December 31, 2025.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2025, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 12.9% and 40.8%.

During the year ended December 31, 2025, the Group's five largest customers accounted for approximately 12.1% of the Group's total revenue and the Group's largest customer accounted for approximately 2.7% of the Group's total revenue.

Except as disclosed above, none of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest suppliers or customers.

CONNECTED TRANSACTIONS

None of the related party transactions disclosed in Note 28 of the Notes to the Consolidated Financial Statements constitute connected transactions for the Company under Rule 14A.23 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules.

As of the date of this annual report, the Company has entered into the following continuing connected transaction pursuant to Chapter 14A of the Listing Rules.

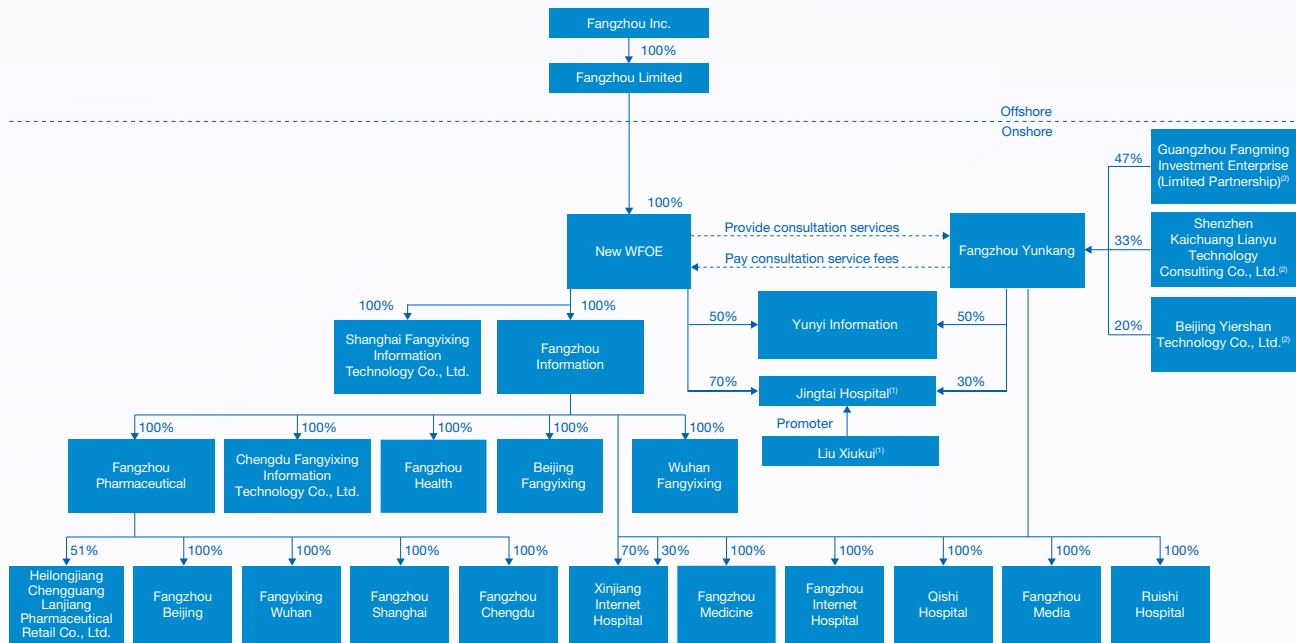
Contractual Arrangements

Overview

Fangfeng Technology (the "**New WFOE**") entered into a series of contractual arrangements with Guangzhou Fangzhou Yunkang Information Technology Group Co., Ltd. (廣州方舟雲康信息科技集團有限公司) ("**Fangzhou Yunkang**") and the Fangzhou Yunkang Registered Shareholders on June 19, 2020 (the "**Contractual Arrangements**"), under which the New WFOE is entitled to substantially all economic benefits arising from the business of the Consolidated Affiliated Entities to the extent permitted by the PRC laws and regulations. Under the Contractual Arrangements, the Company has acquired effective control over the financial and operational management and results of Fangzhou Yunkang and is entitled to substantially all the economic benefits derived from the operations of Fangzhou Yunkang. For the year ended December 31, 2025, the Consolidated Affiliated Entities, namely Fangzhou Yunkang and its wholly controlled subsidiaries (i.e. Guangzhou Fangzhou Medicine Co., Ltd. (廣州方舟醫藥有限公司) ("**Fangzhou Medicine**"), Guangzhou Fangzhou Internet Hospital Co., Ltd. (廣州方舟互聯網醫院有限公司) ("**Fangzhou Internet Hospital**"), Guangdong Qishi Hospital Management Co., Ltd. (廣東啟石醫院管理有限公司) ("**Qishi Hospital**"), Guangzhou Fangzhou Media Co., Ltd. (廣州方舟傳媒有限公司) ("**Fangzhou Media**") and Guangdong Ruishi Hospital Management Co., Ltd. (廣東瑞石醫院管理有限公司) ("**Ruishi Hospital**")), in aggregate contributed 71.8% of the total revenue and 46.7% of the total assets of the Group.



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



Notes:

- (1) Liu Xiukui is the registered promoter of Jingtai Hospital and a nominee of the New WFOE and Fangzhou Yunkang. The New WFOE and Fangzhou Yunkang each holds 70% and 30% of the registered capital and promoter's interest in Jingtai Hospital.
- (2) Guangzhou Fangming Investment Enterprise (Limited Partnership) is a limited partnership wholly-owned by Mr. Xie. Shenzhen Kaichuang Lianyu Technology Consultancy Co., Ltd. is a limited liability company owned as to 55% and 45%, respectively, by Zhang Xinwei (張新偉) and Wang Wenchao (汪聞超). Beijing Yiershan Technology Co., Ltd. is a limited liability company wholly owned by Yang Jinghua (楊敬華).

Summary of the Contractual Arrangements

A brief description of each of the specific agreements that comprise the Contractual Arrangements is set out as follows:

(i) *Exclusive Service Agreement*

As part of the Contractual Arrangements, New WFOE and Fangzhou Yunkang entered into the exclusive consultancy and service agreement on June 19, 2020 (the “**Exclusive Service Agreement**”). Pursuant to the Exclusive Service Agreement, the New WFOE agreed to be engaged as the exclusive provider to Fangzhou Yunkang of technical support, consultation and other services for a monthly service fee, including the following services: (i) provision of the following technology development, transfer and consultancy services: a. development of technology in respect of new business; b. supporting and maintenance of technology in respect of current business; c. regular updating of all business contents; and d. provision and maintenance of all hardware and network necessarily requested for operation of business; (ii) staff training and on-board training services; (iii) public relations services; (iv) market survey, research and consultancy services; (v) short-term and mid-term market development and market planning services; (vi) human resources management and internal information management; (vii) development, updating and daily maintenance of network; (viii) the use of any relevant software and trademarks legally owned by the New WFOE; and (ix) other services provided by the New WFOE from time to time based on the business requirements and the services capacity of the New WFOE.

Pursuant to the Exclusive Service Agreement, the New WFOE has the exclusive and complete proprietary rights to all intellectual properties developed in the performance of obligations under the Exclusive Service Agreement, whether developed by Fangzhou Yunkang, the New WFOE, or jointly.

The effective period of the Exclusive Service Agreement shall be ten years, and the Exclusive Service Agreement shall be automatically renewed for a term of ten years upon expiration of the effective period. Notwithstanding the above arrangement, the New WFOE shall be entitled to exercise its unilateral right to terminate by prior written notice to Fangzhou Yunkang based on its own judgment. Subject to applicable laws and unless stated otherwise in the Exclusive Service Agreement, Fangzhou Yunkang does not have the right to unilaterally terminate the agreement.

(ii) *Exclusive Option Agreement*

As part of the Contractual Arrangements, New WFOE, Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders entered into the exclusive option agreement on June 19, 2020 (the “**Exclusive Option Agreement**”). Pursuant to the Exclusive Option Agreement, the New WFOE (or any designee) was granted an irrevocable, unconditional and exclusive right to purchase all or any of the equity interest in and/or assets of Fangzhou Yunkang held at present or in the future for a consideration equivalent to the lowest price permitted under the PRC laws at the time of purchasing. Subject to the relevant PRC laws and regulations, the Fangzhou Yunkang Registered Shareholders shall compensate the New WFOE with an amount equivalent to any purchase price, or profits, distributions, dividends or bonus received from the New WFOE.

The Exclusive Option Agreement shall remain effective until the New WFOE exercises its unilateral right to terminate by prior written notice to Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders. Subject to applicable laws and unless stated otherwise in the Exclusive Option Agreement, Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders do not have the right to unilaterally terminate the agreement.



(iii) *Equity Pledge Agreement*

As part of the Contractual Arrangements, New WFOE, Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders entered into the equity pledge agreement on June 19, 2020 (the “**Equity Pledge Agreement**”). Pursuant to the Equity Pledge Agreement, the Fangzhou Yunkang Registered Shareholders agreed to pledge all their respective equity interests in Fangzhou Yunkang that they own, including any interest or dividend paid for the shares, to the New WFOE, as a security interest to guarantee the performance of contractual obligations by Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders under these agreements, the Exclusive Option Agreement, the Exclusive Service Agreement and the Powers of Attorney.

Should an event of default (as provided in the Equity Pledge Agreement) occur, unless it is rectified or waived, the New WFOE shall have the right to exercise all such rights as a secured party under any applicable PRC laws and the Equity Pledge Agreement.

The pledges under the Equity Pledge Agreement have been duly registered with the relevant PRC legal authority pursuant to the PRC laws and regulations.

The Equity Pledge Agreement will remain effective until all obligations under the Exclusive Option Agreement, the Exclusive Service Agreement and the Powers of Attorney have been fully performed.

(iv) *Powers of Attorney*

As part of the Contractual Arrangements, each of the Fangzhou Yunkang Registered Shareholders has executed a power of attorney on June 19, 2020 (collectively, the “**Powers of Attorney**”). Pursuant to the Powers of Attorney, each of the Fangzhou Yunkang Registered Shareholders irrevocably appointed the New WFOE and their designated persons as their attorneys-in-fact to exercise on its behalf, and agreed and undertook not to exercise, any and all right that it has in respect of its equity interests in Fangzhou Yunkang.

As a result of the Powers of Attorney, the Company, through the New WFOE, are able to exercise management control over the activities that most significantly impact the economic performance of Fangzhou Yunkang.

The Powers of Attorney also provided that, in order to avoid potential conflicts of interest, where the Fangzhou Yunkang Registered Shareholders are officers or directors of the Group, the Powers of Attorney are granted in favor of other unrelated officers or Directors of the Group.

Further, the Powers of Attorney shall remain effective for so long as each shareholder holds equity interest in Fangzhou Yunkang.

(v) *Spouse Undertakings*

The spouse of each of Mr. Xie, Mr. Wang Wenchao (汪聞超) and Ms. Yang Jinghua (楊敬華), being the shareholders of the Fangzhou Yunkang Registered Shareholders (collectively, the “**Ultimate Beneficial Shareholders**”), has signed an undertaking on June 19, 2020 (collectively, the “**Spouse Undertakings**”) to the effect, among other things, that:

- (i) he/she will not make any claim against any equity interests held by his/her spouse as a registered shareholder in Fangzhou Yunkang;
- (ii) should he/she for any reason hold any equity interest in Fangzhou Yunkang, he/she will be bound by, as amended from time to time, the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney. He/she undertook to comply with the obligations of Fangzhou Yunkang’s shareholders as set out in the aforementioned agreements, and for this purpose, to execute agreements on substantially similar terms as the aforementioned agreements upon New WFOE’s request; and
- (iii) each spouse will enter into all necessary documents and take all necessary actions to ensure the due performance of the Contractual Arrangements as amended from time to time.

Reasons for adopting the Contractual Arrangements

The Company currently conducts its online consultation and e-prescription services, online retail pharmacy services and online academic community services (the “**Relevant Businesses**”) through the Consolidated Affiliated Entities, namely Fangzhou Yunkang together with its subsidiaries, which were all established under the PRC laws. The business operations of the Consolidated Affiliated Entities constitute a business with restrictions on foreign investment in the PRC. Therefore, the Company cannot directly acquire the entire equity interest in the Consolidated Affiliated Entities. In light of such restriction and in order to exercise effective control over the Consolidated Affiliated Entities, we have entered into the Contractual Arrangements with Fangzhou Yunkang and the Fangzhou Yunkang Registered Shareholders (namely, Guangzhou Fangming, Shenzhen Kaichuang Lianyu Technology Consultancy Co., Ltd. and Beijing Yiershan Technology Co., Ltd.) on June 19, 2020, pursuant to which the Group (i) receives substantially all of the economic benefits from the Consolidated Affiliated Entities in consideration for the services provided by Fangfeng Technology to the Consolidated Affiliated Entities; (ii) exercises effective control over the Consolidated Affiliated Entities through Fangfeng Technology; and (iii) holds an exclusive option to purchase all or part of the equity interests in Fangzhou Yunkang when and to the extent permitted by the PRC laws.

For further details of the foreign investment restrictions, please refer to the section headed “Contractual Arrangements – Overview of Laws and Regulations of the PRC Relating to Foreign Ownership Restrictions and the Application Thereof to the Group’s Businesses” of the Prospectus.



Governing Framework

On January 1, 2020, the Foreign Investment Law which was adopted at the second session of the Thirteenth National People's Congress came into force. The Foreign Investment Law replaced the former foreign investment legal foundation in the PRC consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law. On December 26, 2019, the State Council released the Implementation Rules to the Foreign Investment Law of the PRC 《中華人民共和國外商投資法實施條例》 (the “**Foreign Investment Law Implementing Regulations**”), which took effect on January 1, 2020.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in the PRC. The Foreign Investment Law does not explicitly prohibit or restrict a foreign investor from relying on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Contractual arrangements are not specified as a form of foreign investment under the Foreign Investment Law or the Foreign Investment Law Implementation Regulations, and if future laws, regulations and provisions do not prescribe contractual arrangements as a form of foreign investment and relevant laws and regulations in respect of foreign investment remain unchanged, the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected, with an exception, for which, see “Risk Factors – Risks Relating to our Contractual Arrangements.” In any event, the Company will take reasonable steps in good faith to seek compliance with the Foreign Investment Law.

However, there are possibilities that future laws, administrative regulations and provisions prescribed by the State Council may regard the Contractual Arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the then effective foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled.

Risks relating to the Contractual Arrangements

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

- (i) if the PRC government finds that the contractual agreements that establish the structure for operating certain of the Company's business in China do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and being forced to relinquish interests in those operations;
- (ii) the Contractual Arrangements may not be as effective in providing operational control as direct ownership;
- (iii) any failure by Fangzhou Yunkang or Fangzhou Yunkang Registered Shareholders to perform their obligations under the contractual arrangements with them would have a material adverse effect on the business;
- (iv) the Company may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the Consolidated Affiliated Entities if any of the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding;

- (v) the Fangzhou Yunkang Registered Shareholders may have potential conflicts of interest with the Company;
- (vi) the Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and a finding that we owe additional taxes could negatively affect the financial condition and the value of the investment;
- (vii) the current corporate structure and business operations may be affected by the Foreign Investment Law; and
- (viii) certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

Actions taken by the Group to mitigate the risks relating to the Contractual Arrangements

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

- (i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as they occur;
- (ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- (iv) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the New WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waiver from the Stock Exchange

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.



In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to the conditions provided under the waiver. For further details, please refer to the section headed "Connected Transactions" of the Prospectus.

Material Change or Termination of the Contractual Arrangements

During the year ended December 31, 2025, (i) there were no new contractual arrangements entered into, renewed or reproduced between the Group and the VIE Entities, (ii) there were no material changes in the Contractual Arrangements or the circumstances under which they were adopted, and (iii) none of the structured contracts under the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements have been removed.

Annual Review by the Independent Non-executive Directors and the Auditors

The Directors, including the independent non-executive Directors, have reviewed the Contractual Arrangements and have confirmed that the Contractual Arrangements were entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors, upon review of the overall performance of and compliance with the Contractual Arrangements during the Reporting Period, confirmed that:

- (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, and that the profit generated by the Consolidated Affiliated Entities has been substantially retained by New WFOE;
- (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities or any non-wholly owned subsidiary of the Group to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;
- (iii) any new contracts entered into, renewed or reproduced on normal commercial terms between the Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or advantageous and in the ordinary and usual course of business of the Group, so far as the Group is concerned and in the interests of the Shareholders as a whole;

The Auditor has carried out review procedures on the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period. The letter from the Auditor containing their findings and conclusions from the review in respect of the continuing connected transactions confirmed:

- (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of their equity interests which are not otherwise subsequently assigned or transferred to the Group.

The Auditor has performed the relevant procedures regarding the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

The extent to which the Contractual Arrangements relate to Requirements other than the Foreign Ownership Restriction

All of the Contractual Arrangements are subject to the restrictions set out on pages 81 to 87 of the Prospectus.

Material Changes

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

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 Consolidated Affiliated Entities under the Contractual Arrangements.



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

Save for the Shares issued pursuant to the Placing, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's listed securities (including sale of treasury Shares, if any) during the Reporting Period and up to the date of this annual report.

As at December 31, 2025, the Company did not hold any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

MODEL CODE FOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code as its code of conduct regarding Directors' dealings in the Company's securities. Having made specific enquiries to all of the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this annual report.

Our Company's senior management and employees, who are likely to be in possession of inside information of our Company, are also subject to the Model Code for securities transactions. During the Reporting Period and up to the date of this annual report, we did not detect any incident of non-compliance with the Model Code by our Company's relevant senior management and employees.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as disclosed in this annual report, the Company applied the principles and code provisions as set out in the Corporate Governance Code and has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

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.

AUDITOR

The Consolidated Financial Statements of the Group for the year ended December 31, 2025 have been audited by KPMG, certified public accountants. There has been no change of auditor of the Company in the preceding three years.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The date of the annual general meeting of the Company and the closure of the register of members of the Company will be announced in due course.



Directors' Report

APPRECIATION

On behalf of the Board, we would like to extend our sincere appreciation to the management and staff of the Group for their unwavering dedication throughout the past year. We also express our deepest gratitude to our valued customers, Shareholders, and business partners for the trust and support they have placed in us.

By order of the Board
Mr. WANG Haijiao
*Chief Executive Officer
and Executive Director*

Hong Kong, April 24, 2026



2025 Environmental, Social and Governance (ESG) Report

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.1 REPORT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE

1.1.1 Report preparation guidelines

This Environmental, Social and Governance (ESG) Report details the Group's performance in the areas of environmental, social and governance in order to help stakeholders gain a deeper understanding of its philosophy of sustainable development, management approach, specific measures, and related effectiveness.

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix C2 to the Hong Kong Listing Rules, and follows its reporting principles covering materiality, quantitative information, consistency, and balance to ensure that the content is disclosed in accordance with the requirements of the guidelines.

The Company recognizes the importance of working closely with key stakeholders to achieve sustainable business goals, and has identified core ESG factors and formulated relevant strategies, objectives, plans and measures to support the sustainable development of the business. The key performance indicators (KPIs) in this report are compiled with reference to the calculation standards and methods in the Environmental, Social and Governance Reporting Guide, and every effort has been made to avoid any omission of information or presentation errors.

1.1.2 Report scope

The report covers the period from January 1, 2025 to December 31, 2025.

This report covers the Group, including its core business segments (comprehensive medical services, online retail pharmacy services, and customized content and marketing solutions). Unless otherwise stated, the information in this report is derived from the Group's internal documents and statistics, and the monetary amounts are presented in RMB.

1.2 ESG DEVELOPMENT STRATEGY

The Group is committed to promoting green development and social responsibility in the healthcare industry through innovative and sustainable business models. Our ESG strategy is driven by a core mission of advancing "Better Health For All". We incorporate the United Nations Sustainable Development Goals (SDGs) into our ESG development strategy, aiming to contribute positively to society, environment and governance through responsible business practices.

2025 Environmental, Social and Governance (ESG) Report

Green healthcare for a low-carbon future

The Company is focused on developing cutting-edge digital healthcare service platforms. By promoting more efficient use of healthcare resources through technological advancements and streamlined processes, we seek to reduce our carbon footprint and help address global climate change. The Company’s strategy includes developing green operation models, and optimizing its supply chain management to promote sustainable practices which reduce environmental impact.



Embracing social responsibility through inclusive healthcare

The Company is dedicated to providing convenient and high-quality healthcare services to patients with chronic diseases, and enhancing the accessibility of healthcare services. The Company values the career development and well-being of its employees by providing diverse training and development opportunities to ensure that employees realize their personal value in an inclusive and safe working environment. In addition, the Company actively participates in public welfare initiatives by supporting rural revitalization and medical education projects to contribute to social health.



Transparent governance for sustainable development

The Company ensures transparency and fairness in governance, having established robust internal control and risk management systems, and strictly complies with all relevant laws and regulations. The Company embraces diversity on its Board, recognizing its role in fostering a more inclusive and informed decision-making process, and helping to drive innovation and progress within the industry. Through regular monitoring and evaluation, the Company aligns its ESG objectives with its strategic development, while continuously enhancing its corporate governance practices.





2025 Environmental, Social and Governance (ESG) Report

1.3 STATEMENT OF THE BOARD OF DIRECTORS

The board of directors of the Company regards environmental, social and governance (ESG) issues as a core component of the Company's strategic development, and has taken the United Nations Sustainable Development Goals (SDGs) as a guideline for its actions, adopting responsible operation and sustainable development practices. The Company champions a mission of advancing "Better Health For All", driving business growth alongside meaningful contributions to society's overall health. The Board firmly believes that through continuous innovation, we can create long-term value for our stakeholders, while fostering sustainable development that benefits the environment, society, and the economy.

In order to promote the realization of ESG objectives, the Board assumes overall responsibility for these initiatives, and is responsible for assessing potential ESG risks and opportunities, and formulating the Company's ESG objectives, strategies and management policies. The Board ensures that these efforts are closely aligned with the Company's strategic development by reviewing ESG performance on a regular basis and monitoring the implementation progress of each department. Furthermore, the Board reviews, monitors and optimizes the Company's ESG policies and practices, provides strategic advice on emerging challenges, and ensures that the relevant guidelines comply with legal, regulatory and supervisory requirements. The process includes progress updates on ESG-related goals and targets from the Company's ESG working group which is responsible for day-to-day implementation of ESG initiatives.

Looking ahead to the next three to five years, the Board recognizes that a key ESG challenge lies in adapting to rapidly evolving industry regulations and increasing societal expectations, while striking a balance between business growth and social responsibility. To this end, the Board has proposed sustainable development goals centered on green, low-carbon and technological innovation. By promoting the development of a digital healthcare service platform, exploring green operating models and optimizing supply chain management, the Company will continue to consolidate its industry-leading position while supporting carbon reduction targets.

The Group firmly believes that full integration of environmental, social and governance objectives into the Company's business and development strategies is essential for realizing economic benefits while creating broader value for society. Looking ahead, the Company remains committed to fostering a healthy industry ecosystem, and collaborating closely with all stakeholders to build a more sustainable future.

1.4 ABOUT US

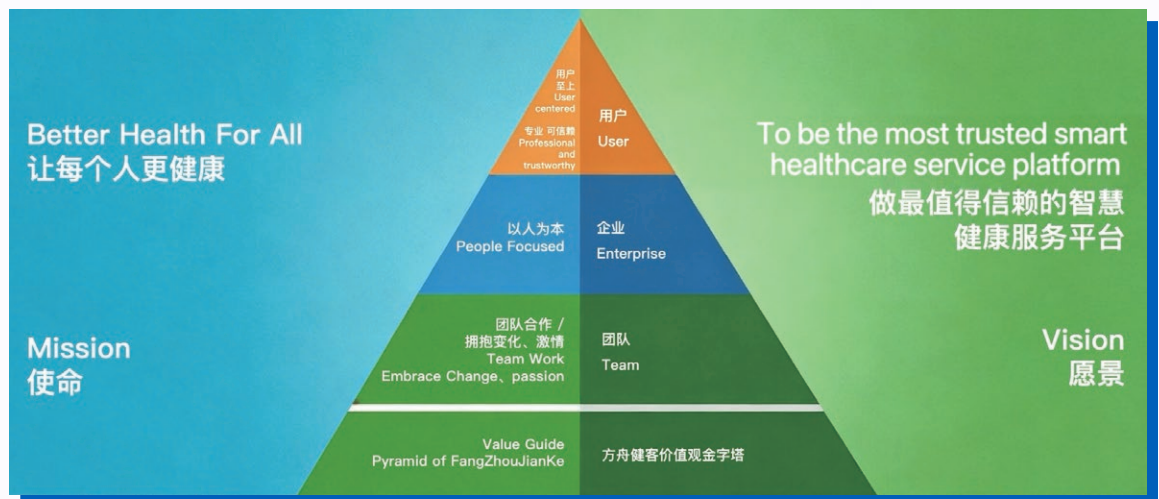
1.4.1 Introduction and business overview

The Company is China’s leading online chronic disease management platform. We established the Group in 2015, and commenced our business with a focus on chronic disease service to address the needs of patients with chronic diseases, such as hypertension, cardiovascular and respiratory diseases. Leveraging our chronic disease service platform, we are dedicated to providing tailored medical care and precision medicine for the population of chronic disease patients, with a view towards extending our services to a wider range of disease areas.

To address the needs of patients with chronic diseases for convenient and accessible medical care services, we provide comprehensive medical services and online retail pharmacy services through our platform. Our comprehensive medical services include follow-up physician consultations and e-prescription services conducted by registered physicians and in-house medical professionals through our H2H service platform. We also provide online retail pharmacy services, offering a wide range of pharmaceutical and healthcare products directly to our customers. Our comprehensive medical services and online retail pharmacy services are supported by our chronic disease service center and robust pharmaceutical supply chain.

With our technological capabilities, we provide digitalized solutions for key participants in the healthcare industry. Anchored in long-term physician-patient relationships, our ecosystem enables us to serve chronic disease patients, while also addressing the needs of other key stakeholders in the healthcare system. Our Jianke Platform improves connectivity between patients and physicians, resulting in better treatment efficiency and enabling physicians to manage their chronic disease patients in a more efficient manner.

1.4.2 Corporate culture and view of social responsibility



The Company’s mission and vision



2025 Environmental, Social and Governance (ESG) Report

With a mission of advancing “Better Health For All”, the Group is committed to building the most trusted smart healthcare service platform. The Company’s core values emphasize “patient-centered care, professionalism, trust, teamwork, adaptability, passion, and a people-oriented approach” that addresses the interests of our stakeholders. Through its platform, the Company provides a range of services to meet the diverse needs of chronic disease patients.

As part of our commitment to social responsibility, the Group actively champions public welfare and community development. We drive rural revitalization through targeted donations of medical supplies and financial support for local education and healthcare projects. Beyond philanthropic contributions, the Company leverages its health science platforms and professional resources to disseminate clear, scientifically-backed health knowledge, empowering the public to take proactive control of their well-being.

1.4.3 Overview of corporate recognition

In 2025, the Group’s leadership in technological advancement and innovation was recognized through numerous industry accolades, underscoring its alignment with ESG principles.






- In recognition of its pioneering solutions and market leadership in the “AI + Internet Healthcare” sector, the Company received the “2025 Outstanding AI Leadership Award” at the CFS 14th China Finance Summit and 2025 New Quality Productive Forces Entrepreneur Conference
- The Company was awarded the “2025 Social Responsibility Golden Bull Award” by the China Securities Journal for its leadership in technological innovation and sustained social value creation
- At the 10th Zhitong Finance Listed Company Awards, the Company was named “Most Valuable Healthcare Company”, highlighting its outstanding performance and continuous innovation in the field of “AI + Chronic Disease Management”
- Driven by ongoing innovation and excellence in scaling its “AI + H2H (Hospital to Home) Smart Healthcare Ecosystem”, the Company received the “2025 Outstanding Digital and Intelligent Enterprise” award presented by Analysys Star
- Leveraging its successful, real-world applications in chronic disease management, the Company was selected as a 2025 “Golden Summit” Outstanding Case Study by CNR Finance

These achievements reflect the Company’s commitment to leveraging cutting-edge solutions to address healthcare challenges while fostering sustainable growth.

1.4.4 Stakeholder engagement



Maintaining effective communication with stakeholders is a core element of the Company’s sustainable development. The Company’s stakeholders include government regulators, shareholders and investors, patients and customers, suppliers and partners, employees, communities and the public, and public welfare organizations. In order to ensure effective feedback and respond to the needs and expectations of all parties, the Company maintains close contact with all stakeholders through various channels to gain a deeper understanding of their views and expectations on the Company’s sustainable development, innovation and social responsibility. Such initiatives helped the Company to enhance the transparency of its business operations and credibility and provided strategic guidance for long-term development, ensuring that it can create economic value while fulfilling its social and environmental responsibilities.

2025 Environmental, Social and Governance (ESG) Report

Stakeholders	Expectations and requirements	Communication method
 Patients and consumers	Convenient medical services High-quality health management Treatment plans Reasonable prices	Online enquiry Platform system User feedback survey
 Shareholders and investors	Return on investment Openness and transparency of information Protection of shareholders' rights and interests	Mid-year report and financial statements Annual report and audited financial statements Annual general meeting Investor roadshows and events
 Medical professionals	Facilitate ongoing communication with patients Safe and compliant medication management Flexible working methods	Physician platform notification Physician content and training Email and instant messaging
 Pharmaceutical companies and drug suppliers	Customized marketing channels Efficient pharmaceutical sales platform Enhancement of brand exposure Data-driven market feedback	Strategic collaboration Regular exchange activities Patient feedback
 Employees	Competitive salary and benefits Equitable career advancement Professional development Protection of health and safety Sound working environment	Employee performance management system Training activities Enhanced multi-channel employee communication Employee hardship support Staff activities



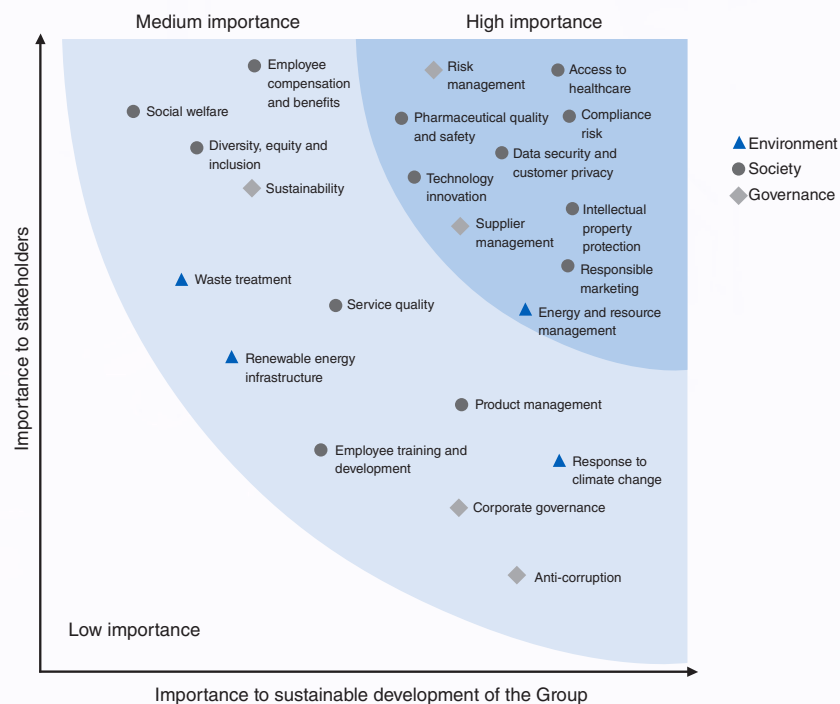
2025 Environmental, Social and Governance (ESG) Report

Stakeholders	Expectations and requirements	Communication method
Technology partners and platform development 	Stable technology platform requirements Data security and privacy protection Efficient technology integration	Technology coordination meetings R&D progress updates System testing and feedback
Public welfare organizations 	Caring for vulnerable groups Support for public welfare	Participation in public welfare activities

1.4.5 Materiality assessments

As part of the Group’s commitment to sustainability and responsible business practices, the Company undertook a comprehensive assessment to identify the materiality and importance of various ESG development goals. This effort was crucial in aligning the Company’s ESG strategy with financial performance and broader societal impact.

The Company’s materiality assessment followed a structured methodology. This included broader research and stakeholder engagement to compile a comprehensive list of potential ESG issues, which we then prioritized using a materiality matrix based on their significance to the Company’s business operations and their impact on stakeholders. In addition, we adopted a double materiality approach, considering both the financial impact of ESG goals on our business and their broader societal and environmental effects. The results of our analysis can be summarized in the diagram below.



2 CORPORATE ENVIRONMENTAL PERFORMANCE ANALYSIS

2.1 EMISSIONS ANALYSIS

With a mission of advancing “Better Health For All”, the Company is committed to a green, sustainable development strategy, and minimizing its environmental impact through emission control and the adoption of advanced technologies. The Company strictly complies with the “Environmental Protection Law of the PRC”, the “Integrated Emission Standard of Air Pollutants”, the “Law of the PRC on the Prevention and Control of Solid Waste Pollution”, the “Management Measures for the Transfer of Hazardous Waste”, the “Standard for Pollution Control on Medical Waste Treatment” and “Disposal, the Pre-treatment Standards for Sewage Discharge Standards for Medical Institutions” and other national and local environmental protection laws and regulations, and strives to build an environmentally friendly and highly efficient ecosystem for chronic disease management.

2.1.1 Analysis of indicators related to enterprise emissions

Total enterprise exhaust gas emissions and intensity

Exhaust gases generated from the Group’s business activities mainly include nitrogen oxides (NO_x), particulate matter (PM), etc. In 2025, the Company estimates that it emitted a total of 0.07 tonnes of exhaust gases, with an emission density of 0.0021 tonnes/RMB100 million. In particular, NO_x and particulate matter (PM) are mainly generated from the consumption of fuel during the use of the Company’s operating vehicles and equipment. To further reduce gas emissions, the Company has adopted environmentally friendly measures such as promoting renewable energy vehicles to enhance operational efficiency.

The Group’s estimated emissions and intensity by type of exhaust gas in 2025 are set out in the table below:

Type of Exhaust gas	Emissions (tonnes)	Emission intensity (tonnes/RMB100 mm)
Nitrogen oxides (NO _x)	0.07	0.0019
Sulphur oxides (SO _x)	0.00	0.0000
Particulate matter (PM)	0.01	0.0002
Total	0.07	0.0021

Note: Exhaust gas emissions primarily originate from the vehicles owned by the Group.



2025 Environmental, Social and Governance (ESG) Report

Total enterprise greenhouse gas emissions and intensity

The Group is committed to exploring technologies and strategies for emission reduction and continues to reduce greenhouse gas emissions through innovation and process optimization. Scope 1 emissions are estimated using an activity-based method, based on the Group's direct consumption of fossil fuels. Scope 2 emissions are estimated using a location-based method, based on the Group's electricity consumption and the corresponding electricity emission factors for the relevant region. In 2025, the Company estimates that its total greenhouse gas emissions amounted to 1,095.12 tCO₂e, with an emission intensity of approximately 31.06 tonnes/RMB100 million. Specifically, direct emissions amounted to 15.74 tCO₂e and indirect emissions amounted to 1,079.38 tCO₂e.

The Group's estimated emissions and intensity by type and source of greenhouse gases in 2025 are set out in the table below:

Direct greenhouse gas emissions (scope 1):

Type of greenhouse gas	Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/RMB100 mm)
Carbon dioxide (CO ₂)	13.72	0.3891
Methane (CH ₄)	0.02	0.0007
Nitrous oxide (N ₂ O)	1.99	0.0565
Total	15.74	0.4463

Indirect greenhouse gas emissions (scope 2):

Indirect sources of emissions	Emissions (tCO ₂ e)	Emission intensity (tCO ₂ e/RMB100 mm)
Electricity resources	1,065.65	30.2226
Other indirect emissions	13.73	0.3894
Total	1,079.38	30.6120

Note: The primary sources of direct greenhouse gas emissions are vehicles and equipment owned by the Group. Indirect greenhouse gas emissions include greenhouse gas emissions indirectly generated through the consumption of electricity, water, and paper.

2025 Environmental, Social and Governance (ESG) Report

Total solid waste emissions and intensity

The Group has prioritized solid waste management as integral to its overall environmental management approach. The Group strictly complies with the “Law of the PRC on Prevention and Control of Solid Waste Environmental Pollution”, implementing specialized classification, labelling and storage protocols for hazardous waste, and contracting exclusively with qualified institutions to ensure compliant processing. Furthermore, the Company continues to optimize internal processes and technology to reduce waste generation and improve recycling rates.

In 2025, the Company generated an estimated total of 1,794.44 tonnes of solid waste, of which 1,794.04 tonnes were non-hazardous solid waste, mainly consisting of office paper and packaging materials from logistics operations, and 0.40 tonnes were hazardous solid waste, primarily consisting of medical waste. The solid waste emission density was approximately 50.89 tonnes/RMB100 million.

The Group’s estimated solid waste emissions and intensity in 2025 are shown in the table below:

Type of solid waste	Emissions (tonnes)	Emission intensity (tCO ₂ e/RMB100 mm)
Non-hazardous solid waste	1,794.04	50.8803
Hazardous solid waste	0.40	0.0113
Total	1,794.44	50.8916

2.1.2 Emissions reduction efforts and outcomes achieved

The Group actively supports the national ‘dual-carbon’ goal and is committed to sustainable development principles. We aim to minimize the environmental impact of our operations through effective management practices and by leveraging innovative technologies. We have taken comprehensive action across multiple areas, including green operations, green offices, and waste management, to control emissions at the source, ensure compliance with regulatory standards, and reduce resource waste and environmental damage. These efforts help to realize our goals for saving energy, reducing emissions, and improving overall resource efficiency. In 2024, the Group set a target to reduce its greenhouse gas (GHG) emissions intensity by 5% over the following five years. In 2025, our GHG emissions intensity decreased by 24% compared to 2024, demonstrating significant progress that exceeds our initial reduction roadmap.

Green operations

The Group has leveraged technological innovation to promote digitization and reduce paper consumption, which has significantly lowered carbon emissions. Looking ahead, the Group will continue to align with the national “Dual Carbon” goals for reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060. We will further refine our business processes, enhance the transparency of our GHG reporting, and strive to build a green, low-carbon digital operating ecosystem.



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Green office

The Group is committed to minimizing the environmental impact of its daily operations and office activities through the implementation of green office approaches. The Company has implemented a series of green office management measures focusing on three pillars: minimizing printing, streamlining processes and recycling resources. Our printing reduction initiative advocates for a paperless office, promotes double-sided printing, and encourages waste paper recycling in order to minimize paper waste. Streamlining internal approval and collaboration processes using online systems can effectively reduce paper and energy consumption. Resource recycling focuses on optimizing the use and disposal of office equipment to maximize the useful life of fixed assets. Through these initiatives, the Group has continuously enhanced employees' awareness of environmental protection and created a green and efficient working environment, which provides a strong foundation for the Company's sustainable development.

Treatment of hazardous and non-hazardous waste, waste reduction measures, and outcomes achieved

The Group strictly complies with the "Law of the PRC on the Prevention and Control of Solid Waste Environmental Pollution", the "Administrative Measures for the Transfer of Hazardous Waste", and other relevant laws and regulations, continuously improving its waste management system. The Company's operations result in minimal emission of waste gas, and emissions primarily consist of waste water (such as office wastewater) and solid waste. Solid waste includes both hazardous waste (e.g. medical waste) and non-hazardous waste (e.g. printed receipts, office paper, discarded packaging materials), and packaging waste, which is the primary source of waste for the Company. The Company set a goal in 2024 to achieve a 5% reduction in the per unit usage of packaging material and a 5% reduction in the discharge of hazardous and non-hazardous waste over the next five years. In 2025, the generation of packaging and non-hazardous solid waste by the Company increased as compared to 2024, which was mainly due to the year-on-year increase in the order volumes and the optimization of packaging size in order to improve drug transportation safety and accommodate the packaging size of high-volume drugs.

Medical waste management

Regarding medical waste management, the Group has strictly complied with the "Pollution Control Standards for the Treatment and Disposal of Medical Waste" and other regulatory requirements. The Company has formulated and implemented internal policies such as "Drug Safety Management" and "Early Warning Management System for Drugs with Near-Expiry Dates" to ensure that discarded medical materials are handled properly. In addition, based on the requirements of the "Good Supply Practice for Pharmaceutical Products" and "Measures for Supervision and Administration of Pharmaceutical Network Sales", the Group has formulated the "Management System for Defective Pharmaceuticals" to regulate the management process of potentially defective pharmaceuticals, including inbound inspection, inventory turnover, product maintenance, outbound verification, procurement returns, as well as post-sales returns and recalls. For the management of expired drugs, the Group has implemented a comprehensive process for classification, collection, storage, transportation, and safe disposal. Expired drugs are classified according to their characteristics, and after collection, are transferred to qualified third-party companies for safe disposal.

In 2025, the Group established product expiration management as a key emission management initiative and continued to reduce emissions through drug waste reduction. The Group has implemented a closed-loop management process that includes inbound screening, dynamic monitoring, and proactive clearance. When products arrive, we enforce strict receiving standards to screen out near-expiry products. Once in stock, inventory is actively monitored using automated early-warning alerts. As items approach expiration, our new “Near-Expiry Inventory Management Policy” prompts immediate intervention, such as targeted clearance sales or inventory redistribution. Ultimately, this end-to-end approach significantly reduces expired inventory, boosts turnover efficiency, and supports the Group’s broader waste reduction targets.

Office waste management

The Group is committed to environmental protection and resource efficiency, striving to minimize the environmental footprint of our office waste and advance our sustainable development goals. To address paper waste, the Company champions paperless office initiatives, actively promoting double-sided printing and paper recycling to minimize overall waste generation.

Regarding hazardous waste management, the Group prioritizes the procurement of energy-efficient, eco-friendly fluorine-free batteries and prohibits the procurement of fluorinated alternatives to reduce potential soil contamination. Furthermore, rechargeable batteries are prioritized for all office equipment (e.g., conference room microphones). The Company has also installed designated used battery recycling canisters at the front desk of each office, which are collected at each month-end for disposal at the office park’s hazardous waste office. Depleted toner and ink cartridges from printers are collected by external service providers to ensure safe, compliant disposal.

2.2 RESOURCE CONSUMPTION ANALYSIS

2.2.1 Composition of primary energy consumption

The Group is committed to promoting the efficient use of resources and energy, focusing on reducing energy consumption and raw material waste, as well as rationalizing energy usage through optimization of energy management measures and resource consumption. The Company emphasizes resource recycling in its production and operational processes to advance sustainable development.

In 2025, the Group consumed an estimated total of 5.81 thousand litres of petrol, 1.83 million kWh of electricity, and 10.68 thousand tonnes of water, of which petrol, as a direct energy source, was primarily used for the daily operation of the Company’s vehicles, while electricity, as an indirect energy source, was used to power office and production equipment, and water resources were predominantly consumed for routine business operations and standard employee use.



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In 2025, the Group's resource consumption and intensity by type is set out in the table below:

Resource	Resource type	Unit	Consumption	Consumption intensity (unit/RMB mm)
Petrol	Direct energy	Litres	5,813.66	1.65
Electricity	Indirect energy	Kilowatt-hour (kWh)	1,834,165.09	520.18
Water	Water resources	Tonnes	10,677.00	3.03

Note: Consumption of petrol, diesel and electricity primarily represents use by the Group's vehicles and equipment.

2.2.2 Energy efficiency measures and outcomes achieved

During the Reporting Period, the Group adhered to the principles of sustainable development, demonstrating an ongoing commitment to improving energy efficiency, and reducing energy consumption to achieve both economic and environmental benefits. The Company has strictly complied with the "Energy Conservation Law of the PRC", the "Law of the PRC on the Promotion of Circular Economy", and other relevant laws and regulations, and has established a comprehensive energy management framework. The Group regularly assesses the level of energy consumption of its operations and manages the use of energy-intensive equipment such as lighting and air-conditioning in office and warehouse areas, aiming to maximize energy efficiency. The Group will continue to reduce overall energy and water consumption by raising staff awareness of energy conservation, promoting energy-efficient office equipment and water conservation measures, optimizing water and energy usage in office areas and introducing energy and water conservation equipment. In 2024, the Company set a target of reducing water consumption density and electricity consumption density by 5% within five years. In 2025, the Company's water consumption density decreased by 23% and electricity consumption density decreased by 24% compared with 2024, marking significant progress in our energy saving and emission reduction efforts.



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Lighting management

In 2025, the Group continued to promote energy conservation through lighting management, and adopted LED energy-saving lighting to reduce the energy consumption of its lighting systems. Furthermore, we completed an initiative to replace traditional fixtures with LED lighting across all retail stores, warehousing and logistics centers, and offices, reducing our baseline lighting energy consumption and long term power costs. In daily operations, the Company has posted “Energy Saving Tips” in office and public areas to remind employees to switch off computers, monitors, lights and air-conditioning equipment when they leave their workplaces. Security personnel conduct patrols after office hours and promptly switch off lighting and other facilities to ensure that no energy is wasted in unoccupied areas. Within our warehouses, the Group has installed motion-sensitive lighting systems to further optimize energy usage.

Air conditioning management

During the summer months, the Group employs automated shut-off timers for air conditioning units and reduces unnecessary energy consumption by regularly reminding employees to switch off the AC units when they leave the office. In order to meet the stringent requirements for pharmaceutical warehouse storage, while achieving energy savings, the Company employs an automated temperature control system to ensure our pharmaceutical warehouses are maintained at constant climate conditions. In 2025, we further optimized and improved the efficiency of our HVAC and temperature control systems through seasonal cleaning and maintenance, refinements in operational parameters, and implementation of schedule-based control strategies.

2.2.3 Water efficiency initiatives and outcomes achieved

The Group primarily consumes water resources in its office and warehouse areas, relying on stable municipal water supplies to meet daily operating needs. As a result, the Company faces no issues regarding water sourcing.

In 2025, the Group’s estimated total water use was 10.68 thousand tonnes, representing a consumption intensity of approximately 3.03 tonnes/RMB million. To improve water consumption efficiency, and reduce water consumption intensity, the Group has championed water conservation, regularly reviewing water usage metrics, and striving to reduce unnecessary water consumption. Across all office areas, the Company has displayed water-saving signage to raise employees’ water conservation awareness. In addition, the Company regularly inspects the water consumption of each office to identify and resolve water wastage issues in a timely manner and ensure that water resources are used efficiently.

Through proactive implementation of water conservation measures and enhanced oversight, the Company has achieved significant results in improving water efficiency. Greater awareness of water conservation among employees coupled with daily water management have effectively reduced water resource waste. Through rational allocation and efficient use of water resources, the Company has advanced its sustainable development goals, demonstrating a steadfast commitment to effective resource management.



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2.2.4 Packaging material usage

The packaging materials used by the Group primarily consists of packaging used for the delivery of sales orders on its platform.

In 2025, the Group used 1,773.30 tonnes of packaging materials in the logistics process, mainly comprising plastic and paper courier packaging. To reduce the consumption of packaging materials and enhance their utilization efficiency, the Company has formulated internal management policies such as the “Standards for Packaging Material Procurement” and the “Incentive Guidelines for Packaging Re-use” to ensure the quality of packaging materials while maximizing resource reuse and minimizing waste.

The Company’s logistics department is responsible for overall resource management, with specific implementation by designated warehouse managers. The Company assigns dedicated personnel to monitor materials consumption and strictly enforces management protocols. Through these measures, the Group has significantly improved the utilization rate of packaging materials, helping to reduce the adverse environmental impact from excessive packaging.

2.3 ENVIRONMENT AND NATURAL RESOURCES

2.3.1 Strategies for Addressing Environmental and Natural Resource Concerns

The Group strictly complies with all relevant environmental laws and regulations, including the “Law on the Prevention and Control of Solid Waste Pollution”, the “Standards for Pollution Control on Medical Waste Treatment and Disposal”, and the “Standards for Wastewater Discharge from Medical Institutions”, and has implemented a strict waste management framework to reduce the impacts of its operations on the environment. Medical waste is collected, classified, and transferred to qualified third parties for disposal. For office waste, the Company has adopted paperless operations, prioritized energy-efficient and eco-friendly materials, and established a recycling system for used batteries and toner cartridges to reduce the environmental impact of waste. Through this comprehensive suite of management strategies, the Company continually optimizes resource efficiency and seeks to mitigate its environmental impact to support sustainable development goals.

2.4 CLIMATE CHANGE RESPONSE

2.4.1 Strategies for addressing climate change

Climate change management

The Company is committed to exploring the potential challenges and opportunities presented by climate change, and is aligned with China's objective of achieving carbon neutrality by 2060, incorporating climate change mitigation measures into its business operations. The Company continually seeks to evolve a business model that mitigates the risks of climate change while fostering sustainable corporate growth.

The Board holds ultimate responsibility for the monitoring of climate-related risks, and an ESG Working Group has been established with day-to-day responsibility for climate management-related duties. This group reports to the Board on the progress of climate-related goals, major risks, and mitigation strategies. Senior management is tasked with implementing climate strategies and the identification, assessment and response to climate risks. The Group has incorporated climate-related risks into its Enterprise Risk Management framework, a process overseen by the Board and implemented by the ESG Working Group. The Group identifies climate-related risks and opportunities through a collaborative process, leveraging operational, supply chain, and financial data alongside external policy mandates and industry benchmarks. We then assess their potential impact, ranking them by magnitude and integrating them into the Company's centralized risk matrix. Notably, in 2025, the Group, for the first time, included climate risks in its annual comprehensive risk assessment process.



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Climate change risks and mitigation strategies:

Risks	Description	Mitigation strategies
Physical risks		
Flood	<ul style="list-style-type: none"> – Category: Acute physical risk – Financial impact: Inventory damage, delayed delivery of regional orders – Description: The concentration of our warehouses exposes our operational continuity to the direct impacts of flooding. Such disasters could also disrupt the stability of our upstream suppliers, leading to inventory shortages and volatility in order fulfillment, thereby undermining customer trust 	<p>In flood-prone areas, we are upgrading our flood-prevention facilities and increasing the frequency of equipment inspections. We have also incorporated flood early warnings into our emergency response plans, enabling proactive deployment based on data from national meteorological authorities, and we conduct regular emergency drills</p>
Typhoon	<ul style="list-style-type: none"> – Category: Acute physical risk – Financial impact: Inventory damage, delayed delivery of regional orders – Description: Typhoons could damage warehouse infrastructure and compromise on-site inventory. Furthermore, they may disrupt regional logistics networks, resulting in delayed order fulfillment. Extreme weather events may also pose a threat to employee safety, both during commutes and on-site, thereby exposing the Company to potential social responsibility risks 	<p>As part of the warehouse site selection process, we factor in typhoon risks and assess potential structural vulnerabilities. Furthermore, we leverage data from national meteorological authorities to take pre-emptive measures, implementing comprehensive protocols for employee safety arrangements and customer communications</p>

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Risks	Description	Mitigation strategies
Rising temperatures	<ul style="list-style-type: none"> – Category: Chronic physical risk – Financial impact: Operating costs and warehouse energy costs – Description: Rising temperatures may result in increased operational strain on refrigeration equipment, driving up energy costs and accelerating wear and tear. This ultimately results in more frequent maintenance requirements and higher capital investments for equipment upgrades 	We deploy continuous temperature and humidity monitoring systems across our warehousing facilities to provide high-temperature warnings, employ regular inspections and maintenance of cooling systems to mitigate equipment degradation, and factor extreme heat risks into the evaluation process of our warehouse site selection
Transition risks		
Supply chain decarbonization pressures	<ul style="list-style-type: none"> – Category: Market risks – Financial impact: Increase in procurement costs – Description: Decarbonization and emission-reduction pressures on pharmaceutical manufacturers may increase the procurement costs for pharmaceuticals 	Incorporate environmental and decarbonization disclosure standards into our core supplier management framework



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Climate change opportunities and responses

Opportunities	Description	Responses
Green pharmaceutical products	<ul style="list-style-type: none"> – Category: Products and services – Financial impact: Revenue growth and brand premium – Description: Establishing a green pharmaceutical traceability and supply chain network creates a strong competitive advantage, and integration of health and environmental awareness drives consumers' willingness to pay a premium for green brands 	Promote our sustainable supply chain as a core brand proposition to strengthen our eco-friendly brand profile
Low-carbon health management model enabled by Internet Hospitals	<ul style="list-style-type: none"> – Category: Business model innovation, policy support – Financial impact: Expansion of patient base, with potential to secure project funding or tax incentives driven by supportive government policies – Description: Telehealth, e-prescriptions, and home delivery form a low-carbon service model that allows for precise assessment of emission reductions 	Introduce a sustainable low-carbon health management service suite, integrating chronic disease consultations, e-prescriptions, digital health record management, and medication disposal services
Growing demand for climate-resilient healthcare products and services	<ul style="list-style-type: none"> – Category: Market expansion – Financial impact: New market revenue, service premium, and public-private partnerships – Description: Leverage our expertise in clinical and pharmaceutical services, health products and data to provide climate-related health education and medical solutions, which enable us to expand into new markets while enhancing our brand reputation 	Expand our procurement and marketing efforts for medications, supplements, and medical devices targeting climate-sensitive conditions, and develop seasonal health alerts and climate-health awareness programs to strengthen our position as a trusted and professional health services provider

3 CORPORATE SOCIAL RESPONSIBILITY

3.1 WORK ENVIRONMENT

The Company recognizes human resources as a cornerstone of sustainable development. The Company is committed to building a diverse, high-caliber workforce and fostering an exceptional working environment by continually refining its management approaches, providing comprehensive training resources, and safeguarding our employees' health, wellness and occupational safety.

3.1.1 Workforce profile and employment standards

The Group strictly complies with relevant national labor laws and regulations, including the “Labour Law of the PRC”, the “Labour Contract Law of the PRC”, the “Social Insurance Law of the PRC”. We have implemented a comprehensive suite of HR policies which are set out in the Fangzhou Jianke Employee Handbook. The Company is committed to building a legally compliant, equitable, respectful, safe and supportive workplace, protecting employee rights while actively supporting their career development.

All employment within the Company is strictly voluntary, and based on the principles of equal opportunity and mutual consent. Our labour contract clearly states the rights and obligations of both parties, and includes strict compliance clauses regarding these fundamental principles. During the recruitment process, the Company enforces identity and background checks, and prohibits the use of child or forced labour. Should any relevant incidents be discovered, the Group will immediately terminate the employment and encourage the affected child to return to school. The Group maintains a “zero tolerance” position on child labour and forced labour, which extends to our supply chain management, requiring suppliers to abide by identical standards to collectively uphold fundamental labour rights.

The Company offers equal opportunity employment and career development, and strictly prohibits discrimination based on gender, age, ethnicity, race, religious belief, disability, marital status, or any other factor in recruitment, compensation, promotion, training, termination, or any other stage of employment. Our competitive compensation system aligns with market standards and statutory requirements. We contribute to social insurance and the housing provident fund for all employees in strict accordance with the law, and our working hours and rest period policies fully comply with national regulations, ensuring our employees' rights to statutory holidays and paid annual leave. To ensure rigorous oversight, the Company has established a labour protection taskforce, consisting of the chief executive officer and HR department, which is responsible for supervising the implementation of relevant laws, regulations and company policies, and conducting regular reviews and updates. The Company has also established a confidential, multi-channel feedback and reporting system, through which employees can report concerns about labour rights, discrimination, harassment or violations. The Group maintains strict confidentiality regarding the identities of whistleblowers and prohibits any form of retaliation.



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The employee composition of the Company during the Reporting Period is set out in the table below:

	Category	Number of persons
Total number of employees		494
By gender	Male	210
	Female	284
By education	Doctorate or above	3
	Master's Degree	73
	Bachelor's Degree	282
	Junior college	117
	High School or below	19
By employment type	Full-time employees	489
	Part-time employees	1
	Others	4
By age	Under 30 years old	197
	30-50 years old	286
	Over 50 years old	11
By region	Guangzhou	386
	Others	108

The Company is committed to building a diverse and inclusive workplace. Female employees comprise 57.5% of our total personnel, and our workforce extends nationwide, forming a geographically diverse talent pool that enhances the organization's diversity.

The employee turnover rate of the Group during the Reporting Period is set out in the table below:

	Category	(%)
Employee turnover rate		23%
By gender	Male	21%
	Female	24%
By age	Under 30 years old	27%
	30-50 years old	21%
	Over 50 years old	0%
By region	Guangzhou	22%
	Others	27%

3.1.2 Employee health and safety

The Group is committed to the occupational health and safety of its employees, strictly complying with relevant laws and regulations, including the “Law of the PRC on the Prevention and Treatment of Occupational Disease”, the “Law of the PRC on Work Safety”. The Company has implemented emergency management protocols, including regular fire drills and inspections of fire safety equipment. Furthermore, the Company offers regular employee health examinations to foster a healthy and safe work environment. Over the three-year period from 2023 to 2025, the Group reported no work-related fatalities. During the reporting period, the Group did not experience any loss of working hours due to work-related injuries.

3.1.3 Talent development and training

The Group has established a robust performance management system to support employees with career planning, while offering a fair and competitive compensation system. In addition, a comprehensive training program is provided to empower employees to achieve personal development goals alongside the Company.

The Company has implemented a system to support the career development of its employees. Through an assessment of individual capabilities, we help to formulate personalized development plans that target potential skill gaps, focusing on ongoing improvement in areas such as project management, analytics, and presentation skills.

In 2025, the Company updated its performance management framework. Encompassing goal setting, process management, performance coaching, and outcome application, this modernized approach enables an objective and holistic evaluation of employee performance, contributions, and value to the enterprise. During the objective-setting and assessment formulation phase, managers engage in proactive dialogue with employees to ensure strategic alignment and a shared understanding. Objectives are carefully designed to balance business growth alongside employee development. Throughout the performance evaluation cycle, managers and team members maintain regular dialogue. Managers are expected to provide ongoing guidance, support, and timely advice to help employees stay on track and successfully achieve their targets. At the conclusion of each review cycle, managers conduct formal performance appraisals and provide constructive feedback, creating a closed-loop management system. This process allows teams to capture and share successful practices while conducting retrospective reviews on unmet targets. Ultimately, this structured feedback empowers employees to identify their unique strengths and areas for improvement, fostering continuous professional development while propelling the Company’s broader business growth.



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The Company offers competitive compensation packages incorporating short-term performance incentives and long-term equity incentive plans (such as RSUs) to attract and retain exceptional employees. The Company regularly evaluates the work and performance of employees to determine eligibility for annual salary adjustment, promotion, and staff training programs to provide employees with opportunities for promotion and growth. At the same time, we provide a comprehensive employee benefits plan, and encourage social and team building activities to create a comfortable office environment which encourages a sense of well-being and cohesion among employees.

The Company provides employees with a wide range of training programs by inviting business and industry experts to give lectures and share their experiences covering a wide range of business, R&D, and operations topics, deepening their understanding of the Company's business and the industry. The Company also encourages employee participation in internal, external and online training programs, such as leadership management training, to enhance their capabilities and growth potential and to build a talent pipeline for the Company's long-term development. For 2025, the Company's training was structured into three major categories: new-hire training, internal corporate policies, and regulatory compliance updates. In addition, training covering our online healthcare business focused on innovative market strategies, and case study analysis in order to provide a support foundation for employees.

The Company's employee training metrics during the Reporting Period are outlined in the table below:

Percentage of employees undergoing training		(%)
By gender	Male	36.4%
	Female	63.6%
By position	Senior management	7.9%
	Middle management	25.6%
	General staff	66.5%

Average training per employee		Hours
By gender	Male	8.3
	Female	8.8
By position	Senior management	7.8
	Middle management	7.4
	General staff	9.1

3.2 OPERATIONS MANAGEMENT ANALYSIS

3.2.1 Supply chain management overview

To ensure product quality and safety from the source, the Group has implemented an end-to-end quality management framework across all supplier categories in accordance with relevant national laws and regulations.

The Company actively develops strategic partnerships with high-quality suppliers. During our annual Supplier Strategy Summit, we share our medium- to long-term development strategies and procurement road map with top-tier suppliers. This facilitates ongoing dialogue and the execution of long-term strategic collaboration agreements, which help to synchronize supply-and-demand expectations and align expectations. Concurrently, we have established rigorous supplier onboarding and auditing mechanisms to safeguard product quality and mitigate the risk of supply chain disruptions. Furthermore, we pursue system integration and data sharing with core suppliers to enhance the transparency and collaborative efficiency of our procurement and logistics operations, ultimately enabling a highly flexible supply chain.

Method for identifying environmental and social risks across the supply chain

Within our contractual terms, the Company explicitly outlines expectations for suppliers, establishing strict onboarding standards, qualification requirements, quality standards, and penalty mechanisms for any breach of obligations. The Company conducts comprehensive due diligence on all prospective suppliers, heavily scrutinizing their business licenses, operational qualifications, records of administrative penalties, credit and compliance histories, as well as overarching legal and financial risks. In addition, the Company incorporates ESG factors, such as product quality, business ethics and environmental risks, into its supplier selection, supplier management, and ongoing supplier evaluation to ensure that its business activities are in compliance with national and local environmental protection regulations. The Company declines to engage in business with suppliers that do not meet these requirements.

Supplier management

In accordance with the “Pharmaceutical Administration Law of the PRC”, the “Law of the PRC on Bidding and Tendering”, the “Implementation Regulations of the PRC Pharmaceutical Administration Law”, “Measures for the Supervision and Administration of the Quality of Pharmaceutical Operation and Use”, the “Good Supply Practice for Pharmaceutical Products” and other regulatory requirements, the Group has established a closed-loop management system covering the entire supplier life cycle, from on-boarding and auditing to performance evaluation and off-boarding. This framework is governed by internal policies such as the “Audit and Management System for Suppliers and Supplier Personnel”, the “Quality System Evaluation Policy for Suppliers and Buyers”, the “Standard Operating Procedure for Supplier Audits”, and the “Standard Operating Procedure for Procurement Quality Reviews”. Together, these policies ensure comprehensive oversight of our suppliers, allowing us to mitigate supply chain risks to the greatest possible extent.



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- Onboarding

We rigorously evaluate prospective suppliers based on their operating history, registered capital, business scope, corporate reputation, and the scope and validity of their regulatory qualifications (including business licenses and operating permits). When necessary, we initiate on-site audits and regulatory verification procedures to ensure legal compliance. Upon establishing a partnership, both parties must sign a formal procurement contract and a Quality Assurance Agreement (QAA).

- Auditing

The Company conducts periodic comprehensive evaluations of all active suppliers. These reviews assess corporate reputation, Quality Management System (QMS) compliance, service levels, and the quality of delivered products, ensuring a supplier's ongoing capability to guarantee high-quality goods and services. For any issues identified during these audits, we implement dynamic tracking and oversight, mandating prompt corrective actions.

- Tiered supplier management

Based on the results of our comprehensive evaluations, we classify suppliers into distinct performance tiers. Our procurement strategy prioritizes high-performing, top-tier suppliers. Conversely, suppliers exhibiting potential risks are subject to enhanced dynamic oversight and are required to improve their delivery quality in order to ensure the absolute security and reliability of our sourcing channels.

- Off-boarding of non-compliant suppliers

Suppliers who fail to meet our evaluation standards face an immediate business suspension along with mandatory rectification requirements. At the end of the rectification period, they must pass a rigorous re-qualification in order to resume business collaboration. In the event of severe legal or regulatory violations, the Company enforces a strict "zero-tolerance" policy, immediately terminating the partnership and permanently revoking supplier credentials.

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Based on the supplier selection and supplier management criteria outlined in this section, the Company had a total of 1,747 suppliers as of December 31, 2025, and the number of suppliers of the Company by region is outlined in the table below:

Region	Supplier number
South China	685
East China	412
Central China	206
North China	189
Southwest China	161
Northeast China	58
Northwest China	36

Carrier management

To ensure transit quality of pharmaceutical products, especially cold chain pharmaceuticals, the Group has established an end-to-end quality management framework that spans carrier onboarding, auditing, and periodic performance evaluations. This framework is governed by internal protocols such as the “Pharmaceutical Storage and Distribution Management Policy”, the “Medical Device Transportation Management Policy”, and the “Partner Qualification Review Policy”. The Company conducts regular compliance reviews and on-site audits of our logistics carriers. Our enhanced audits for cold chain carriers encompass eight critical operating dimensions, including corporate qualifications, quality management, personnel training, facilities and equipment, transit and distribution, temperature and humidity monitoring, customer service, and overall operational compliance. This comprehensive approach allows us to rigorously evaluate our partner’s quality assurance and risk mitigation capabilities.

3.2.2 Product responsibility

The Group regards quality and safety as the fundamental cornerstone of its sustainable development. The Company is committed to providing consumers with safe and reliable health products and services through an end-to-end, continuously optimized QMS. By actively fulfilling our corporate social responsibilities, we strive to lift public health standards and drive the high-quality advancement of the broader healthcare industry. Regarding advertising, the Group fully complies with relevant laws, including the “Advertising Law of the PRC” and the “E-Commerce Law of the PRC”. Furthermore, the Group ensures strict compliance by all suppliers with relevant pharmaceutical industry laws and regulations, including the “Pharmaceutical Product Administration Law of the PRC” and the “Regulation on the Supervision and Administration of Medical Devices”. At the same time, the Group leverages technology and operational expertise across a series of standardized processes including procurement, inbound acceptance, and inventory handling, in order to continuously strengthen our full-lifecycle quality and safety protections.



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The Company has developed a robust QMS architecture featuring clearly delineated roles and responsibilities. Key positions include Quality Directors, Quality Managers, Quality Control (QC) Specialists, Inbound Receiving Inspectors, and Inventory Maintenance Officers. Each role is responsible for ensuring compliant operation of our QMS, which includes verifying pharmaceutical and supplier qualifications, executing inbound receiving and product maintenance, and overseeing the implementation of QMS policies. Together, they form a highly efficient management structure with built-in checks and balances. In accordance with the QMS, the quality control department conducts weekly onsite warehouse inspections, and reports inspection results on a regular basis. In addition, the Company has implemented an inter-departmental cross-auditing mechanism to bolster internal oversight and further enhance the efficiency and effectiveness of quality control.

The quality control department spearheads an annual joint performance review across all departments to proactively identify issues and mandate corrective actions. In addition, the Company holds monthly inter-departmental meetings to coordinate communication and collaboration among the purchasing, finance, operations, and logistics departments, to optimize business processes and maintain rigorous implementation of the QMS, ultimately ensuring that customers receive safe, high-quality products.

Product quality and safety

The Group has developed and continues to refine our QMS which covers our entire product portfolio, including pharmaceuticals, medical devices, and pet health products. Through regular quality audits, targeted upgrades, and continuous risk monitoring, product quality and safety management level are systematically enhanced to ensure patients and customers are provided with accessible, high-quality health products.

To maintain stringent quality and safety controls, the Company integrates QC requirements into critical operational nodes. This includes the auditing of new suppliers and products, as well as procurement, inbound receiving, inspection, inventory handling, product maintenance, sales, equipment calibration, near-expiry inventory management, product recalls, disposal of non-compliant products, and personnel training and assessment. Furthermore, we continuously refine our procedures and guidelines for online pharmaceutical services, prescription verification, and drug dispensing, thereby reinforcing end-user protections.

- Product recalls, returns, and disposal of defective products

In order to ensure the safety of pharmaceutical products, the Company has formulated the “Pharmaceutical Recall Management System”, “Medical Device Recall Management System” and other policies in compliance with relevant regulations, including the “Pharmaceutical Administration Law of the PRC” and the “Regulations on the Supervision and Administration of Medical Devices”, which define our recall workflows and tiered management protocols. For products with quality issues or potential safety hazards, the Company executes strict procedures, including quarantining affected batch numbers, suspending usage and sales, securely isolating inventory, and issuing traceability notifications. We also rigorously standardize documentation, inspection, and disposal workflows in order to continuously optimize our risk control mechanisms. Non-compliant products are designated for write-off or physical disposal in accordance with our policies.

The Company has established a systematic quality and safety risk mitigation framework, with a core focus on two critical operational nodes, management of non-compliant products and product recalls. This ensures end-to-end safety oversight for pharmaceuticals, medical devices, and other products, preventing compromised goods from entering the market in alignment with our corporate social responsibility to protect public health. During the Reporting Period, the Group recorded no product recalls related to health and safety concerns.

Quality management system

The Company strictly complies with all relevant laws and regulatory standards, including the “Pharmaceutical Administration Law of the PRC”, the “Measures for the Supervision and Administration of the Quality of Pharmaceutical Business and Use”, “Measures for the Supervision and Administration of the Internet Sale of Pharmaceuticals”, the “Regulations for the Supervision and Administration of Medical Devices”, “Good Supply Practice for Medical Devices”, and the “Good Supply Practice for Online Sales of Medical Devices”. Based on these mandates, we have established a QMS that is highly tailored to our operational scope and scale, ensuring its continuous and effective execution. The system covers core organizational elements, including governance structures, personnel, facilities and equipment, QMS documentation, and corresponding IT infrastructure. The Company has defined quality management policies and objectives, integrating them seamlessly throughout the entire life cycle of our product operations. The QMS documentation is exhaustive and highly standardized, comprising quality management protocols, departmental and role-based responsibilities, standard operating procedures, archives, reports, records, and supporting certifications, helping to ensure that every operational step is standardized, traceable, and fully documented.

The Company has clearly delineated the operational and quality assurance responsibilities across all departments and roles, staffing these positions with qualified professionals who diligently fulfill their duties, ensuring that every phase of our operations is conducted in strict compliance with internal policies and regulatory standards.



2025 Environmental, Social and Governance (ESG) Report

During the year, the Company comprehensively revised and enhanced its QMS documentation to ensure that our stringent quality requirements were rigorously implemented across all business operations, including our retail headquarters, store network, warehousing facilities, and wholesale divisions.

– Key quality objectives and control performance

In 2025, the Group established a comprehensive set of quality objectives and tracked their performance across the entire product life cycle, encompassing procurement, inbound receiving, storage, sales, outbound dispatch, transportation, and after-sales service. This data-driven approach allows us to quantify outcomes and ensure pharmaceutical quality and safety.

Supply chain qualification compliance: We maintained a 100% compliance rate for the regulatory qualifications of our pharmaceutical suppliers and downstream purchasers. Furthermore, we achieved full compliance in our audits of first-time suppliers, new product introductions, and associated personnel of both upstream and downstream partners.

Procurement and inbound receiving quality: We achieved a 100% pass rate for pharmaceutical procurement and inbound product inspections, effectively reducing the risk of non-compliant products entering our supply chain.

Storage and transportation process control: We met all performance benchmarks required by Good Supply Practice (GSP) regulations across our end-to-end warehousing and logistics processes. This encompasses inventory stocking, storage, product maintenance, picking, packing, outbound verification, and transportation. For temperature sensitive pharmaceuticals, the Company leverages specialized approaches, such as cold-chain logistics, to maintain prescribed temperature ranges throughout transit, thereby ensuring medication safety upon delivery to the end user.

IT system reliability: We ensure that IT systems hosting our operational and management data fully comply with GSP requirements. We achieved a 100% effective rate in system-based automated quality control verification. In addition, we achieved 100% completion in the creation and maintenance of master data, enforced standardized permission management, and accomplished 100% system uptime and timely network incident resolution.

Financial and invoicing compliance: We achieved a 100% on-time processing rate for procurement and sales invoices, as well as a 100% document retention rate for all purchase and sales contracts.

Quality audit

Quality audits are essential for validating the effectiveness of our QMS and driving continuous improvement. The Group conducts internal audit and regulatory reviews in accordance with the “QMS Internal Audit Policy” and the “QMS Internal Audit Operating Procedures”.

In 2025, the Company completed all scheduled internal audits of our QMS and successfully passed external inspections by regulatory authorities, including the National Medical Products Administration. The scope of these audits covered Good Supply Practice (GSP) requirements, GSP appendices, and regulations governing the online sale of pharmaceuticals and medical devices. To ensure end-to-end oversight, our audits evaluated eight critical operational segments: suppliers, products, procurement, inventory, merchandising, sales, logistics carriers, and after-sales service. For any issues identified during these audits, the Company implemented robust corrective and preventative actions to address root causes, prevent recurrence, and continuously improve our quality management standards.

Quality improvement initiatives

The Group regards quality management compliance as a baseline standard for all operations and continues to strengthen compliance framework. In 2025, the Company advanced a number of key quality improvement initiatives tailored directly to our business model:

- (1) Online sales risk mitigation: In strict compliance with updated e-commerce regulations, our proprietary platforms deployed an automated keyword alert to identify prohibited items, along with proactive screening and filtering during initial supplier and product on-boarding.
- (2) Data management for qualifications and credentials: We implemented automated life-cycle tracking for supplier and product certifications, ensuring all essential compliance documentation is proactively updated and remains valid throughout our commercial engagements.
- (3) Supply chain tracking: We enhanced our systems for automatically capturing and recording pharmaceutical tracking codes, ensuring complete, end-to-end visibility across our supply chain.

Furthermore, the Company has established a monthly inspection protocol for pharmaceutical products and medical devices using customized internal standards based on GSP requirements to proactively identify potential quality risks and execute timely operational improvements.



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Customer service and complaint management

The Group has established a standardized mechanism for collecting customer feedback. In 2025, the Company received no major recurring complaints regarding its products and services. Routine comments or suggestions received during our daily operations were promptly addressed and fully resolved through our standardized closed-loop management process.

Guided by a “Customer First” philosophy, the Company has standardized its customer service workflows and implemented real-time monitoring of service interactions. These processes are governed by internal policies including the “Customer Service Department Operational Guidelines” and “Quality Assurance Assessment Standards”. We utilize a dual-channel approach combining online support and telephone hotlines to gather customer feedback and address inquiries. Concurrently, we have established clear accountability protocols and a comprehensive issue-tracking mechanism. This allows us to proactively intervene on any potential regulatory risks and efficiently resolve customer requests. To continually enhance the professionalism and consistency of our customer service, we conduct daily quality assurance reviews of online chat logs and call recordings. We also hold regular quality assurance meetings and service training sessions to continuously elevate our service standards and ensure a premium customer experience.

3.2.3 Intellectual property system

In order to enhance the Company’s overall competitiveness and promote its development, the Company has established the “Fangzhou Intellectual Property Management System” in accordance with relevant laws and regulations, including the “Patent Law of the PRC”, the “Copyright Law of the PRC”, the “Trademark Law of the PRC”, “Law Against Unfair Competition”. These policies clearly define the requirements for ownership, application, maintenance, utilization and protection of intellectual property rights. The Company regularly reviews and updates this policy to align with evolving legal frameworks and our changing business requirements.

Intellectual property management department

The Company has established a dedicated Intellectual Property Management Office to oversee and coordinate all IP-related activities. Furthermore, to drive the strategic development of high-value patents, the Company set up a specialized High-Value Patent Center and an independent Intellectual Property Management Committee. The committee comprises senior management, internal technical and legal experts, internal IP managers, and external industry specialists.

The Intellectual Property Management Office is responsible for drafting IP policies and standard operating procedures, explicitly defining the rights and responsibilities of each committee member. This structure establishes a comprehensive framework for developing high-value patents and adjudicating major IP matters. Under this collaborative model, the Intellectual Property Management Committee reviews and approves strategic initiatives, the Intellectual Property Management Office oversees implementation, and dedicated engineers execute the day-to-day operations.

Intellectual property award mechanism

To encourage employee participation in the creation and protection of intellectual property (IP), the Company has established a comprehensive rewards system. Employees who make outstanding contributions to IP creation, protection, management, and the commercialization of technological achievements, or who play a pivotal role in preventing IP infringement and safeguarding the Company's IP rights, are recognized. In accordance with internal management policies, the Company provides these individuals with financial bonuses, grade and rank promotions, professional title evaluations, alongside other material and honorary recognitions.

The reward measures apply to two types of achievements: invention patents and utility model patents, and eligible recipients include inventors and writers, with awards disbursed upon granting of the patent.

Intellectual property strategy

The Company has established a two-pronged IP strategy centered on “patent landscaping + high-value patent development”. We focus on key technological domains, including AI-powered chronic disease management, Internet hospitals, remote health management platforms, intelligent pre-consultation services, and smart pharmaceutical supply chains. By integrating technology roadmap forecasting, competitive landscape analysis and in-depth patent intelligence, we systematically drive a forward-looking patent development roadmap. By 2025, the Company accumulated a total of 38 invention patents and 72 software copyrights, covering critical areas such as medical AI algorithms and drug traceability systems, which also strengthens our core competitive moats. Furthermore, the Company has advanced its brand and copyright management, successfully registering a cumulative total of 262 trademarks across major business sectors, including Internet healthcare, health management, pharmaceutical supply chain, and digital services. This further consolidates the legal foundation for protecting our brand assets and creative output.

Our ongoing efforts in IP management and portfolio expansion continue to yield significant milestones, earning recognition from both government authorities and the industry. On the patent front, the Company has completed five international Patent Cooperation Treaty (PCT) applications in the field of smart pharmaceutical supply chains. Regarding brand protection, the Company has secured key trademark protection support from Guangdong Province. Furthermore, in November 2025, the Company was recognized as a “Top 300 Growth Innovator” at the Guangdong-Hong Kong-Macao Greater Bay Area High-Value Intellectual Property Development and Planning Competition.



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3.2.4 Consumer information security

The Group prioritizes consumer information security, and we view the protection of data privacy and security as a cornerstone of our sustainable development. To ensure our organizational capabilities effectively support our operational goals, the Company has established an Information Security Working Group. This group is responsible for executing the decisions of the Information Security Steering Committee, coordinating all data security and privacy initiatives outlined in our management policies, and serving as the central hub for daily communications and workflow execution. In 2025, under the direction of the Steering Committee, the Group continued to strengthen its integrated security framework of “Defense, Monitoring, Response, and Continuous Improvement”.

In compliance with national laws and regulations, the Company has comprehensively strengthened its security posture based on core governance documents such as the “Data Security Management Policy”, “Personal Information Protection Policy”, and “AI and Algorithm Security Management Policy”. Furthermore, the Company has built a comprehensive policy framework covering risk, systems, data, privacy protection, and emergency response. This includes the “Information Technology Risk Management Policy”, “Information System Management Policy”, “Data Subject Rights Response Policy”, and the “Network and Information Security Incident Emergency Plan”. We have also implemented an end-to-end management approach covering “pre-incident authorization, continuous monitoring, and post-incident auditing,” leveraging internal approval systems to ensure that critical processes are strictly enforced and fully traceable.

Data security

The Group is committed to building robust data security defenses, implementing detailed management policies across the entire life cycle of our data assets. By strengthening our data classification and tiering frameworks, we ensure that clear security protocols cover data collection, storage, backup, recovery, usage, transmission, sharing, entrusted processing, and destruction. Furthermore, to address complex and diverse data flow scenarios, we comprehensively deploy integrated protective measures, including encrypted transmission, data masking, strict access controls, and protocol management, to ensure the absolute security of our data assets.



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- Technical measures

The Company continuously enhances its Data Loss Prevention (DLP) systems. Digital watermarking technology is extensively deployed across our back-end management systems and applied to sensitive images to ensure full traceability, while digital signatures are utilized to guarantee the integrity of critical PDF documents. Furthermore, we strictly enforce the Principle of Least Privilege (PoLP). By upgrading our bastion hosts and identity and access management systems, internal personnel are restricted to accessing only the minimum data necessary to perform their specific duties, and sensitive data is automatically masked when displayed on front-end user interfaces.

- Contractual controls

The Company has established robust internal and external lines of defense for data governance. Internally, all employees and core IT operations and maintenance (O&M) personnel with access to consumer information are required to sign non-disclosure agreements (NDAs) immediately upon onboarding, strictly defining liabilities for any security violations. In addition, we conduct regular information security awareness training and assessments for all staff. Externally, for any collaborations involving the processing of consumer personal data, we execute third-party access assessments. We also mandate the signing of data processing agreements (DPAs) or business contracts containing comprehensive data protection clauses with all suppliers and partners to ensure compliance across all data flows.

Network and system security

The Company is committed to establishing a zero-trust network architecture, upgrading its defence-in-depth system, and implementing regular audits.

- Defence architecture

The Company has constructed a multi-layered defense network, incorporating network firewalls, web application firewalls (WAF), host-based firewalls, and intrusion detection systems (IDS), to effectively reduce our attack surface. In addition, we have deployed automated security operations tools and established an end-to-end real-time monitoring and threat alert system. This infrastructure enables millisecond-level response times to malware and anomalous behavior.

- Safety audit

To ensure the effectiveness of our security controls, the Company has established a double-layered framework combining internal inspections with external audits. Internally, we conduct quarterly IT inspections, vulnerability scans, and penetration tests, alongside comprehensive annual information security risk assessments. Externally, we engage independent third-party organizations to conduct annual security evaluations. Furthermore, for core business systems such as our online pharmacies and Internet hospitals, the Company successfully passed the annual evaluation for China's Multi-Level Protection Scheme (MLPS) Level 3 certification, ensuring our system security consistently meets rigorous national standards.



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Large language model and AI algorithm governance

In response to the widespread application of large language model technology and AI algorithms, the Company has established a robust algorithm security governance framework.

- Policy-driven governance

The Company has implemented the “Artificial Intelligence and Algorithm Security Management System”, which encompasses four key dimensions: organizational structure, personnel management, security controls, and risk monitoring and assessment, to ensure proper security management follows standardized protocols throughout the model life cycle.

- Regulatory compliance and filings

The Company’s XS LLM completed its generative artificial intelligence service registration on July 17, 2025, while XJ LLM completed its generative artificial intelligence service filing on October 17, 2025. As we drive AI technological innovation, the Company consistently prioritizes consumer data security at the core of its operations, in alignment with our corporate responsibilities and commitments.

- AI ethics and risk management

To ensure the scientific validity and ethical integrity of our model outputs, we draw exclusively from authoritative information sources, such as official drug labels and guidelines, or reference material from the Chinese Medical Association, as training inputs. Furthermore, we have introduced a human-oversight mechanism conducted by medical experts to minimize algorithmic bias. To protect consumers’ right to be informed and to ensure the traceability of AI-generated content, the Company complies with the “Administrative Measures for the Labeling of AI-Generated and Synthesized Content”. We apply both visible and invisible labels (watermarks) to generated content and clearly outline these labeling standards within our user agreements.

Infrastructure security

The Company continuously strengthens the security of its physical data centers and cloud facilities. By leveraging automated IT operations, we ensure the robustness of our underlying architecture, preventing hardware facilities and foundational environments from becoming security weaknesses.

Personal information protection

The Company consistently prioritizes the rights and interests of users, adhering to the “minimum necessary” principle and continually enhancing its privacy-by-design framework. The Company continuously strengthens protection mechanisms for minors and optimizes product interaction design to ensure that users’ rights to be informed, to control their data, and to withdraw consent are fully respected and safeguarded. Additionally, the Company has established response workflows and handling mechanisms in accordance with its “Data Subject Rights Response Policy”. For minors’ data, we have formulated dedicated protection rules, ensuring that such information is only collected or used after obtaining explicit consent from a guardian.

Guarantee of business continuity

The Company regularly updates its “Network and Information Security Incident Emergency Plan” to enhance organizational resilience. Based on this plan, the Company conducts emergency drills for cyber security incidents and data recovery drills every quarter, focusing on extreme scenarios, such as network attacks and data loss, to verify the availability of backup data and the timeliness of recovery process, ensuring uninterrupted business operations and preventing data loss in the event of emergencies. Furthermore, the Company has established an end-to-end incident response process, spanning monitoring, evaluation, mitigation, recovery, and verification, with clear definitions for the emergency team’s structure and the criteria for incident classification. Through these regular exercises, the Company strengthens its rapid recovery capabilities against threats such as data corruption, ensuring business continuity and the data security.

3.2.5 Analysis of enterprise anti-corruption measures

The Group strictly complies with the “Company Law of the PRC”, the “Anti-Monopoly Law of the PRC”, the “Anti-Unfair Competition Law of the PRC”, and other relevant anti-corruption laws and regulations. The Group confirms that it prioritizes compliance in its daily operations and is committed to maintaining a fair and honest market environment. The Company provides anti-corruption training to its directors and employees, covering laws and regulations relating to anti-corruption, bribery, extortion, fraud, money laundering and other business ethics, as well as procedures and avenues for complaints and reports.

The Company has zero tolerance for fraudulent behavior and is committed to creating an atmosphere of honesty and integrity. To foster a strong compliance mindset among employees, the Company has integrated these values into its corporate culture. Furthermore, the Company has established a comprehensive internal control system, continuously improving its oversight mechanisms to ensure that anti-corruption requirements are effectively implemented across all business operations. To enforce these standards, the employee handbook outlines a zero-tolerance policy for fraudulent behavior, and the “Rules for Building Corporate Integrity” clearly address key matters such as the code of conduct for employees, declaration of conflicts of interest, gifts and hospitality.



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The Company has established a whistle-blower reporting mailbox and telephone number to encourage employees to report any violations and allow suppliers and partners to report potential compliance violations. The Group encourages its employees, suppliers and partners to report any suspected bribery, extortion, fraud, money laundering or other violations under their real names or anonymously. In order to protect the rights and interests of whistleblowers, the Company has adopted confidentiality measures in compliance with relevant laws and regulations and provides whistleblower protections to prevent unfair treatment or retaliation. The Company has clear reporting and handling procedures to ensure that all reports and complaints are investigated and dealt with promptly and objectively. During this Reporting Period, the Group and its employees did not have any confirmed corruption cases.

3.3 CORPORATE SOCIAL RESPONSIBILITY

In 2025, the Group advanced its corporate social responsibility initiatives, carrying out a series of public welfare projects and community investment activities around key pillars, including environmental protection, health and welfare, education support and community care. Through direct participation, strategic collaboration and resource donations, the Company is committed to creating shared value and fostering sustainable development. Our total charitable donations in 2025 amounted to approximately RMB0.4 million.

3.3.1 Supporting green ecology and rural revitalization

Case 1: Engagement with community development funds to support public welfare and environmental sustainability

On March 28, 2025, the “Adding Color to a Green and Beautiful Guangdong” Themed Party Day event was held at Xiangfeng Agricultural Park, Lihu Street, Zengcheng District, Guangzhou, jointly organized by a number of key provincial government departments. Responding to this call to action, the Company invested in seed identification and adoption initiatives, demonstrating the Company’s firm commitment to environmental protection and addressing climate change, while directly contributing to rural greening and the broader vision of a “Green and Beautiful Guangdong”.

Case 2: Poverty alleviation assistance, and contribution to rural revitalization and coordinated regional development

On June 26, 2025, the Company supported Guangdong Province’s “June 30” Poverty Alleviation Day, participating in donation activities for poverty alleviation and relief. The donation was directed towards supporting the development and construction of rural revitalization in Zhenan Town, Yunan District, Yunfu City, helping promote high-quality development projects in rural areas, and demonstrating our ongoing commitment to corporate social responsibility.

3.3.2 Universal healthcare access and primary care assistance

Case 1: Facilitating inclusive development in rural areas by leveraging Internet-based medical services

On August 6, 2025, the Company participated in a rural revitalization event in Maoming Village focused on digitally empowering villages. In support of regional development initiatives, we presented our innovative approach to extending 'Internet + Healthcare' to grassroots communities. Our presentation highlighted how digital tools can optimize medical resource allocation, transform rural healthcare delivery, ease the strain on primary care resources, and ultimately improve the quality of public services in rural areas.

Case 2: Collaboration with community organizations to support grassroots health care

On October 28, 2025, in support of an initiative of the Red Cross Society of Huangpu District, Guangzhou City, the Company donated to a special assistance fund to address hardships faced by families in need. This contribution aims to alleviate the practical burdens of disadvantaged households while supporting grassroots health and wellness programs.

Case 3: Partnership with community organizations to donate essential medications

In November 2025, in alignment with the national rural revitalization strategy, the Company participated in a rural development initiative by donating emergency medicines to support free health clinics at the Sidu Town Health Center in Longchuan County, Heyuan City, Guangdong Province. This donation helped improve medication access for grassroots communities, supported rural healthcare development, and contributed to a more equitable distribution of medical resources between urban and rural areas.

Case 4: Fostering Cross-Regional Collaboration to Advance the Broader Healthcare Ecosystem

On April 23, 2025, the Company joined hands with a number of prominent enterprises and institutions across the value chain to explore new avenues for cross-regional resource integration and collaboration, committing to building a more resilient and sustainable healthcare ecosystem by leveraging synergies to enabling high-quality development of the industry.



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3.3.3 Educational support and community care actions

Case 1: Supporting educational infrastructure and digital empowerment

On May 23, 2025, the Company, together with other social organizations, jointly launched a donation of special funds to support schools in Kashgar, Xinjiang, to purchase audio-visual equipment, including nano-blackboards, printers, duplicators, scanners, ergonomic desks and chairs, to improve the teaching and learning environment of teachers and students, and to help the “Digital Education Strong Foundation Project” and “Spine Care Plan”. To address the needs of local schools, we upgraded their digital teaching tools and printing facilities, allowing teachers to prepare lessons more efficiently and more easily access educational resources. We also provided ergonomic desks and chairs to support students’ physical health and comfort. Ultimately, these initiatives helped create a safer, student-friendly learning environment, promoting a more equitable distribution of educational resources and higher education standards.

Case 2: Establishing a charitable scholarship to empower students and support their academic growth

On August 23, 2025, the Company awarded scholarships to outstanding students at No.1 Middle School of Tumxuk City, Xinjiang, to encourage young people to strive for progress and help advance training and talent development in border areas. The scholarship ceremony was led by the Tumxuk Federation of Industry and Commerce of the Third Division, and jointly organized by the Tumxuk Education Bureau of the Third Division and the Tumxuk No.1 Middle School of the Third Division. The Company also donated air conditioners to the school to improve campus infrastructure and create a more comfortable and secure teaching and learning environment for teachers and students.



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Case 3: Donation of scientific and educational equipment to support broader access to educational resources

In November 2025, in response to an initiative of Guangdong Province, the Company donated computer equipment to Baolian Primary School in Baita Town, Jiedong County, Jieyang City, Guangdong Province, to alleviate a shortage of information technology teaching resources, promote the development of grassroots digital education, provide teaching hardware support for teachers, enhance students' learning experience, and support broader access to educational resources.

Case 4: Collaborating with community organizations to foster a safe online environment

On September 17, 2025, the Company actively participated in the anti-fraud publicity campaign of the telecommunications and Internet industry in Guangdong Province, sharing knowledge on preventing telecom and online fraud, and enhancing the public's risk prevention awareness.

Case 5: Collaborating with community organizations to facilitate employment opportunities

In September 2025, the Company participated in Guangdong Province's talent introduction initiatives, taking concrete steps to ease employment challenges, contributing towards a solid talent foundation for industries in Guangdong Province. Based on its specific staffing needs, the Company participated in targeted recruitment drives, provided rewarding job opportunities for college graduates, and worked collaboratively to bridge the gap between the regional talent pool and industry requirements.



To the shareholders of Fangzhou Inc.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Fangzhou Inc. (the “Company”) and its subsidiaries (the “Group”) set out on pages 124 to 182, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Valuation of inventories	
Refer to accounting policy note 2(k) and note 3(b) to the consolidated financial statements	
Key audit matter	How our audit addressed the key audit matter
<p>We identified inventories as a key audit matter because inventories of the Group mainly comprised pharmaceutical and healthcare products. The carrying amount of the Group's inventories at December 31, 2025 amounted to RMB180,404,000, which represented 22% of the Group's total assets.</p> <p>The Group's inventories are valued at the lower of cost and net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Management estimates the net realizable value for inventories based on current market conditions and historical experience on similar inventories, taking into account the aging information of the pharmaceutical and healthcare products.</p> <p>We identified the valuation of inventories as a key audit matter because of its significance to the Group's total assets, and because determining the net realizable value involves significant management judgement and estimation, which can be inherently subjective, and increase the risk of error or potential management bias.</p>	<p>Our audit procedures to assess the valuation of inventories included the following:</p> <ul style="list-style-type: none"> evaluating the design, implementation and operating effectiveness of management's key internal controls over the assessment for the net realizable value of inventories; assessing the appropriateness of the Group's inventory provisioning policy with reference to the requirements of the prevailing accounting standards; evaluating the reasonableness of the net realizable value by comparing with latest selling price, less selling and distribution expenses, on a sample basis; re-performing the calculation of the inventory write-down amount based on the Group's inventory provisioning policy; assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing bucket by comparing individual items in the report with underlying supporting documents such as goods receipt notes; and assessing the historical accuracy of management's process for calculating the provision for inventories by comparing the prior year's provision with the utilization or release of the provision recorded at the end of the previous financial year during the current year and whether there was any indication of management bias.



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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities 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. This report is made 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 HKSAAs 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.



Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the 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 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.



Independent Auditor's Report

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 Fung Hong Ning (practising certificate number: P08284).

KPMG

Certified Public Accountants

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

March 19, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Renminbi ("RMB"))

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	3,526,162	2,707,368
Cost of sales		(2,966,719)	(2,191,427)
Gross profit		559,443	515,941
Other net income/(loss)	5	4,208	(28,062)
Selling and distribution expenses		(401,238)	(355,769)
Administrative expenses		(147,293)	(909,469)
Recognition of impairment losses	6(c)	(1,698)	(334)
Profit/(loss) from operations		13,422	(777,693)
Finance costs	6(a)	(1,396)	(77,160)
Profit/(loss) before taxation	6	12,026	(854,853)
Income tax	7	(194)	(32)
Profit/(loss) and total comprehensive income for the year		11,832	(854,885)
Earnings/(loss) per share			
Basic (in RMB)	10	0.01	(0.88)
Diluted (in RMB)		0.01	(0.88)

The notes on pages 129 to 182 form part of these financial statements.



Consolidated Statement of Financial Position

(Expressed in RMB)

		As at December 31,	
	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	11	36,689	53,455
Intangible assets	12	2,707	2,239
Other non-current assets		2,261	75
		41,657	55,769
Current assets			
Financial assets measured at fair value through profit or loss ("FVPL")	14	80,990	86,870
Inventories	15	180,404	141,421
Trade and other receivables	16	156,581	90,224
Other current assets	17	47,842	32,943
Prepayments		10,044	16,664
Restricted bank deposits	18	62,881	65,565
Cash and cash equivalents	19(a)	233,490	174,638
		772,232	608,325
Current liabilities			
Trade and other payables	20	602,853	457,497
Contract liabilities	21	19,737	22,450
Bank loans	22	4,012	3,001
Lease liabilities	23	15,390	16,801
Other current liabilities		1,639	1,537
Current taxation	25(a)	141	14
		643,772	501,300
Net current assets		128,460	107,025
Total assets less current liabilities		170,117	162,794

Consolidated Statement of Financial Position

(Expressed in RMB)

		As at December 31,	
	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	23	16,388	31,090
		16,388	31,090
NET ASSETS		153,729	131,704
CAPITAL AND RESERVES			
Share capital	26(c)	189	189
Reserves		153,540	131,515
TOTAL EQUITY		153,729	131,704

Approved and authorized for issue by the Board on March 19, 2026.

Zhou Feng
Executive Director

Zou Yuming
Executive Director

The notes on pages 129 to 182 form part of these financial statements.



Consolidated Statement of Changes in Equity

(Expressed in RMB)

	Note	Share capital RMB'000 Note 26(c)	Share premium RMB'000 Note 26(f)(i)	Other reserves RMB'000 Note 26(f)(ii)	Shares held for the RSU Incentive Plan RMB'000 Note 26(d)	Share-based payments reserve RMB'000 Note 26(f)(iii)	Accumulated losses RMB'000	Total equity RMB'000
Balance at January 1, 2025		189	913,852	1,214,395	(2)	19,099	(2,015,829)	131,704
Changes in equity for 2025								
Profit and total comprehensive income for the year		-	-	-	-	-	11,832	11,832
Equity settled share-based transactions	26(f)(iii)	-	-	-	-	10,193	-	10,193
Shares vested under the restricted share units incentive plan ("RSU Incentive Plan")	26(f)(iii)	-	9,604	-	-	(9,604)	-	-
Balance at December 31, 2025		189	923,456	1,214,395	(2)	19,688	(2,003,997)	153,729
Balance at January 1, 2024		86	36,993	(785,509)	(8)	7,919	(1,160,944)	(1,901,463)
Changes in equity for 2024								
Loss and total comprehensive income for the year		-	-	-	-	-	(854,885)	(854,885)
Issuance of ordinary shares		18	-	-	(18)	-	-	-
Issuance of shares under initial public offering, net of issuance expenses	26(f)(i)	3	144,733	-	-	-	-	144,736
Equity settled share-based transactions	26(f)(iii)	-	-	-	-	743,330	-	743,330
Shares vested under the restricted share units incentive plan ("RSU Incentive Plan")	26(f)(iii)	-	732,126	-	24	(732,150)	-	-
Conversion of preferred shares		82	-	1,999,904	-	-	-	1,999,986
Balance at December 31, 2024		189	913,852	1,214,395	(2)	19,099	(2,015,829)	131,704

The notes on pages 129 to 182 form part of these financial statements.

Consolidated Statement of Cash Flows

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	19(b)	72,918	19,574
Income tax paid	25(a)	(67)	(33)
Net cash generated from operating activities		72,851	19,541
Payment for purchase of financial assets measured at FVPL			
		(14,712)	(107,595)
Proceeds from redemption of financial assets measured at FVPL			
		21,884	–
Payments for purchases of property, plant and equipment and other long term assets			
		(5,611)	(3,913)
Net cash generated from/(used in) investing activities		1,561	(111,508)
Financing activities			
Proceeds from the capital contributions			
		–	13
Proceeds from issuance of shares under initial public offering			
		–	177,571
Proceeds from bank loans			
	19(c)	17,382	19,042
Payments for restricted bank deposits			
		(163,311)	(147,701)
Proceeds from maturity of restricted bank deposits			
		165,995	112,751
Repayments of bank loans			
	19(c)	(16,373)	(21,041)
Capital element of lease rentals paid			
	19(c)	(17,134)	(18,769)
Interest element of lease rentals paid			
	19(c)	(1,288)	(1,715)
Interest paid			
	19(c)	(106)	(527)
Net cash (used in)/generated from financing activities		(14,835)	119,624
Net increase in cash and cash equivalents		59,577	27,657
Cash and cash equivalents at January 1		174,638	146,317
Effect of foreign exchange rate changes		(725)	664
Cash and cash equivalents at December 31		233,490	174,638

The notes on pages 129 to 182 form part of these financial statements.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Fangzhou Inc. (the “Company”) was incorporated in the Cayman Islands on September 26, 2019 as an exempted company with limited liability under the Companies Act (As Revised) (as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, “the Group”) are principally engaged in online retail pharmacy services, comprehensive medical services, wholesale and customized content and marketing solutions.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on July 9, 2024 (the “Listing”).

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2025 comprise the Company and its subsidiaries.

Item included in the consolidated financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. Consolidated financial statements is presented in RMB, rounded to the nearest thousand unless otherwise indicated.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except the investments in equity securities are stated at their fair value as explained in note 2(e).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

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

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

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

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

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Consolidation (Continued)

(i) Subsidiaries (Continued)

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Subsidiaries controlled through contractual arrangements

In order to comply with the laws in the People's Republic of China (the "PRC") and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its online consultation and e-prescription services, online retail pharmacy services and online academic community services in the PRC through certain PRC operating entities, whose equity interests are held by certain nominee shareholders (together "Nominee Shareholders"). The Group signed Contractual Arrangements with the PRC operating entities and the Nominee Shareholders. The Contractual Arrangements include exclusive consulting services agreements, exclusive purchase option agreement, equity pledge agreement and voting proxy agreements, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by Guangdong Fangfeng Technology Co., Ltd. ("Fangfeng Technology"), at the discretion of Fangfeng Technology;

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Consolidation (Continued)

(ii) Subsidiaries controlled through contractual arrangements (Continued)

- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entity's payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these PRC operating entities and accordingly account for them as entities controlled by the Group.

(e) Other investments in securities

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

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investments. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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

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

Machinery and equipment	3 – 10 years
Motor vehicles	4 years
Furniture, fixtures and other equipment	3 – 5 years
Leasehold improvement	Shorter of the lease term and estimated useful lives



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(f) Property, plant and equipment (Continued)

The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.

Depreciation methods, useful lives and residual value, if any, are reviewed annually.

(g) Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognized as expenses in the period in which they are incurred.

(h) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and any accumulated impairment losses (see note 2(j)).

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

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

Computer software	5 years
License	5 years
Trademark	10 years

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

(i) Leased assets

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

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

As a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate.

After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(j)).

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

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

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



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost (including cash and cash equivalents, restricted bank deposits, trade and other receivables and amounts due from related parties).

Financial assets measured at fair value are not subject to the ECLs assessment.

Measurement of ECLs

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

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

- trade and other receivables and amounts due from related parties: effective interest rate determined at initial recognition or an approximation thereof.

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(j)(i) apply.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognized for the right to recover products from customers sold with a right of return.

(l) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(s)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)).

(m) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables are stated at amortized cost, using the effective interest method less allowance for credit losses (see note 2(j)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(j).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method.

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of shares granted to directors, employees, advisers and other persons (collectively, “eligible persons”) is recognized as an expense with a corresponding increase in share-based payments reserve within equity. The fair value is measured at grant date using the equity allocation method or discounted cash flow method, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior periods is charged/credited to the profit or loss for the period of the review, with a corresponding adjustment to the share-based payments reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to the share-based payments reserve). The equity amount is recognized in the share-based payments reserve until the shares are vested (when it is included in the amount recognized in share premium).

(iii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and provision of services in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognizes revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Revenue and other income (Continued)

The Group's revenue and other income recognition policies are as follows:

(i) Online retail pharmacy services

Revenue from online retail pharmacy services is principally sales of pharmaceutical and healthcare products to individual customers on the Group's online retail pharmacy service platform, third party platforms and retail pharmacies, along which the Group provides online consulting services and after-sales consulting services.

The revenue from online retail pharmacy services is recognized at the point in time when control of pharmaceutical and healthcare products is transferred to the customers.

(ii) Comprehensive medical services

Revenue from comprehensive medical services is principally comprised 1) online consultation services, e-prescription services and sales of pharmaceutical and other products on the Group's comprehensive medical service platform to individual customers; and 2) physician consultation services, physical examination services, surgery services and sales of pharmaceutical products by the Group's hospital to individual patients.

(iii) Customized content and marketing solutions

Revenue from customized content and marketing solutions is principally comprised content and marketing solutions to pharmaceutical and healthcare products suppliers and third parties. The Group performs the services stipulated in the contracts during the continuous transfer of control of the services to the customers and recognises revenue over time.

(iv) Wholesale

Revenue from wholesale is recognized at the point in time when control of pharmaceutical and healthcare products is transferred to the customers.

(v) Discount vouchers

From time to time, the Group offers its customers discount vouchers for free of charge through various promotional and advertising activities, and the discount vouchers can only be utilized when future purchases are made by the customers on certain specified pharmaceutical and healthcare products of the Group. The Group recognizes the discount vouchers as a reduction in revenue when the customers apply the discount vouchers in future purchases.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Revenue and other income (Continued)

(vi) Interest income

Interest income is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The revenue from the sales of pharmaceutical and healthcare products through comprehensive medical service platform and hospital is recognized at the point in time when control of pharmaceutical and healthcare products is transferred to the customers.

Online consultation services, e-prescription services, physician consultation services, physical examination services and surgery service are generally rendered in a short period of time and revenue is recognized at a point in time on completion of the related services when the services are rendered and completed.

(vii) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognizes such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Related parties (Continued)

(b) (Continued)

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.



3 ACCOUNTING JUDGEMENT AND ESTIMATES

Key sources of estimation uncertainty

Notes 24 and 27 contain information about the assumptions and their risk factors relating to fair value of shares granted and financial instruments, respectively. Other key sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(a) *Recognition of deferred tax assets*

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit or loss in future years.

(b) *Provision for diminution in value of inventories*

Management reviews the ageing and expiry dates of inventories of the Group at the end of each reporting period, and makes provision on obsolete and slow-moving inventory items identified that are no longer suitable for sale. Management estimates the net realizable value for such inventories based primarily on current market condition and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's consolidated financial position.

(c) *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging of trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation among historical observed default rates and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are online retail pharmacy services, comprehensive medical services, wholesale and customized content and marketing solutions.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Online retail pharmacy services	1,873,395	1,404,790
Comprehensive medical services	788,221	646,549
Wholesale	780,170	550,949
Customized content and marketing solutions	84,376	105,080
	3,526,162	2,707,368

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set out as below:

	2025 RMB'000	2024 RMB'000
Disaggregated by timing of revenue recognition		
– Point in time	3,441,786	2,602,288
– Over time	84,376	105,080
	3,526,162	2,707,368

No revenue from individual customer contributes over 10% of total revenue of the Group during the years ended December 31, 2025 and 2024.

The Group has also applied the practical expedient in paragraph 121(a) of HKFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts of the Group are within one year or less.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment Reporting

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments. The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

(i) Segment results

	2025 RMB'000	2024 RMB'000
Disaggregated by segment		
Online retail pharmacy services		
Revenue	1,873,395	1,404,790
Gross profit	393,521	317,925
Comprehensive medical services		
Revenue	788,221	646,549
Gross profit	86,678	110,985
Wholesale		
Revenue	780,170	550,949
Gross profit	12,644	8,878
Customized content and marketing solutions		
Revenue	84,376	105,080
Gross profit	66,600	78,153
Reportable segment gross profit derived from the Group's external customers	559,443	515,941

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment Reporting (Continued)

(ii) Reconciliations of reportable segment profit or loss

	2025 RMB'000	2024 RMB'000
Disaggregated by segment		
Reportable segment profit derived from the Group's external customers	559,443	515,941
Other net income/(loss)	4,208	(28,062)
Selling and distribution expenses	(401,238)	(355,769)
Administrative expenses	(147,293)	(909,469)
Recognition of impairment losses	(1,698)	(334)
Finance costs	(1,396)	(77,160)
Consolidated profit/(loss) before taxation	12,026	(854,853)

(iii) Geographic information

Analysis of the Group's revenue and results as well as analysis of the Group's carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as over 99% of the Group's profit/loss from operations for the years ended December 31, 2025 and 2024 are generated from the PRC market.

5 OTHER NET INCOME/(LOSS)

	2025 RMB'000	2024 RMB'000
Government grants	615	415
Foreign exchange loss (note)	(725)	(12,878)
Fair value changes on financial assets measured at FVPL	1,628	(20,725)
Others	2,690	5,126
	4,208	(28,062)

Note: The foreign exchange loss for the year ended December 31, 2024 primarily resulted from the translation of the preferred shares which are denominated in USD.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	2025 RMB'000	2024 RMB'000
(a) Finance costs		
Interest on lease liabilities (note 11(b))	1,288	1,715
Interest on bank loans	108	522
Changes in the carrying amount of preferred shares	–	74,923
	1,396	77,160
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	135,174	138,727
Equity settled share-based transactions (note 24)	10,193	743,330
Contributions to defined contribution retirement plan (Note (i))	7,647	5,246
	153,014	887,303

Notes:

- (i) Pursuant to the relevant labour rules and regulations in the PRC, the Group's entities in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organized by the local government authorities whereby the Group's entities in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan.

The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

- (ii) Staff costs includes remuneration of directors and senior management (notes 8 and 28(a)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

6 PROFIT/(LOSS) BEFORE TAXATION (Continued)

	2025 RMB'000	2024 RMB'000
(c) Other items		
Amortization		
– intangible assets (note 12)	373	871
Depreciation (note 11)		
– property, plant and equipment	3,480	3,910
– right-of-use assets	17,228	19,335
	20,708	23,245
Recognition of impairment losses		
– trade debtors (note 27(a))	1,698	334
Auditors' remuneration	2,280	2,400
Research and development costs (i)	36,315	41,608
Listing expenses	–	19,484
Cost of inventories (note 15(b)) (ii)	2,929,624	2,144,549

Notes:

- (i) During the year ended December 31, 2025, research and development costs includes staff costs, depreciation and amortization of RMB35,545,000 (2024: RMB40,233,000), which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.
- (ii) During the year ended December 31, 2025, cost of inventories includes staff costs, depreciation and amortization of RMB4,003,000 (2024: RMB4,141,000), which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	194	32

(i) The Cayman Islands income tax

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents: (Continued)

(ii) Hong Kong income tax

For the subsidiary in Hong Kong, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the reporting period.

(iii) The PRC corporate income tax

The provision for current income tax in Chinese Mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the Corporate Income Tax Law of the PRC and the respective regulations except for the following subsidiaries:

Fangzhou Information Technology Co., Ltd. was certified as “High and New Technology Enterprises” and entitled to the preferential income tax rate of 15% for the years ended December 31, 2025 and 2024.

Certain subsidiaries was eligible as a small low-profit enterprise and entitled to a tax relief policy. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation	12,026	(854,853)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the jurisdictions concerned	10,126	5,428
Tax concessions	(5,519)	(3,233)
Tax effect of non-deductible expenses	594	877
Tax effect of temporary differences and tax losses not recognized in current year	(3,016)	(784)
Additional deduction of qualified research and development costs (note)	(1,991)	(2,256)
Actual tax expenses	194	32

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, an additional 100% of qualified research and development costs incurred is allowed to be deducted from taxable income.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

		2025				
	Note	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Retirement scheme contributions RMB'000	Equity settled share-based transactions RMB'000 Note (iii)	Total RMB'000
Executive directors						
Mr. Zhou Feng		-	3,109	-	-	3,109
Mr. Zou Yuming		-	1,733	33	-	1,766
Non-executive directors						
Mr. David Mckee Hand		-	-	-	-	-
Mr. Xie Fangmin	(i)	-	13,633	86	-	13,719
Independent non-executive directors						
Mr. Wang Haizhong		92	-	-	8	100
Mr. Kang Wei		92	-	-	8	100
Mr. Zhu Xiaolu		92	-	-	8	100
Total		276	18,475	119	24	18,894

		2024					
	Note	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity settled share-based transactions RMB'000 Note (iii)	Total RMB'000
Executive directors							
Mr. Xie Fangmin (chief executive)		-	5,615	1,068	81	190,350	197,114
Mr. Zhou Feng		-	3,100	1,068	-	175,866	180,034
Mr. Zou Yuming		-	1,739	-	33	86,715	88,487
Non-executive director							
Mr. David Mckee Hand		-	-	-	-	-	-
Independent non-executive directors							
Mr. Wang Haizhong	46	-	-	-	-	24	70
Mr. Kang Wei	46	-	-	-	-	24	70
Mr. Zhu Xiaolu	46	-	-	-	-	24	70
Total		138	10,454	2,136	114	453,003	465,845



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS (Continued)

Notes:

- (i) Mr. Xie Fangmin resigned as executive director and was nominated as non-executive director since December 7, 2025. The amount of salaries, allowances and other benefits of Xie Fangmin included a compensation of RMB8 million upon resignation in 2025.
- (ii) Except as disclosed above, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended December 31, 2024 and 2025.
- (iii) These represent the estimated value of shares granted to the directors under the Company's RSU Incentive Plan. The value of these shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(q)(ii). The details of the incentive plan are disclosed in note 24.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2024: two) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	2,627	2,397
Discretionary bonuses	300	340
Retirement scheme contributions	128	137
Equity settled share-based transactions	1,847	2,759
	4,902	5,633

The emoluments of the two (2024:two) individuals with the highest emoluments are within the following bands:

	2025	2024
HKD 1,000,001 – HKD 1,500,000	–	1
HKD 1,500,001 – HKD 2,000,000	1	
HKD 3,500,001 – HKD 4,000,000	1	–
HKD 4,000,001 – HKD 4,500,000	–	1
	2	2

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB10,856,000 (2024: loss of RMB854,885,000) and the weighted average number of 1,332,982,000 ordinary shares (2024: 975,922,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at January 1	1,340,267	617,562
Effect of shares held for the Company's RSU Incentive Plan at January 1 (note 26(d))	(10,205)	(57,429)
Effect of ordinary shares issued upon the Listing (note 26(c))	–	11,411
Effect of conversion of preferred shares to ordinary shares (note 26(c))	–	274,085
Effect of deemed issue of shares upon vesting under the Company's RSU Incentive Plan (note 24)	2,920	130,293
Weighted average number of ordinary shares at December 31	1,332,982	975,922

(b) Diluted earnings/(loss) per share

For the year ended December 31, 2025, the calculation of basic earning per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB10,856,000 and the weighted average number of 1,345,569,000 ordinary shares, as follows:

Weighted average number of ordinary shares (diluted)

	2025 '000
Weighted average number of ordinary shares at December 31	1,332,982
Diluted effect of the Company's RSU Incentive Plan	12,587
Weighted average number of ordinary shares (diluted) at December 31	1,345,569

For the year ended December 31, 2024, preferred shares and restricted share units were not included in the calculation of diluted loss per share, as their effect would have been anti-dilutive. Accordingly, diluted loss per share for 2024 was the same as basic loss per share.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and other equipment RMB'000	Leasehold improvement RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:						
At January 1, 2024	4,156	1,402	7,308	9,393	65,036	87,295
Additions	488	63	1,658	893	22,157	25,259
Disposals	(3)	–	(54)	(177)	(12,754)	(12,988)
At December 31, 2024	4,641	1,465	8,912	10,109	74,439	99,566
Additions	142	–	1,709	1,069	5,328	8,248
Disposals	–	–	(53)	–	(9,979)	(10,032)
At December 31, 2025	4,783	1,465	10,568	11,178	69,788	97,782
Accumulated depreciation:						
At January 1, 2024	(2,265)	(957)	(3,948)	(6,697)	(21,789)	(35,656)
Charge for the year (note 6(c))	(240)	(318)	(1,721)	(1,631)	(19,335)	(23,245)
Written back on disposals	3	–	53	168	12,566	12,790
At December 31, 2024	(2,502)	(1,275)	(5,616)	(8,160)	(28,558)	(46,111)
Charge for the year (note 6(c))	(298)	(156)	(1,703)	(1,323)	(17,228)	(20,708)
Written back on disposals	–	–	53	–	5,673	5,726
At December 31, 2025	(2,800)	(1,431)	(7,266)	(9,483)	(40,113)	(61,093)
Net book value:						
At December 31, 2025	1,983	34	3,302	1,695	29,675	36,689
At December 31, 2024	2,139	190	3,296	1,949	45,881	53,455

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(Expressed in RMB unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Pharmacies	1,978	1,599
– Warehouses	4,738	6,690
– Offices	10,275	10,430
– Dormitories	237	616
	17,228	19,335
Expense relating to short-term leases	2,737	2,215
Interest on lease liabilities (note 6(a))	1,288	1,715

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(c) and 23, respectively.

The Group has obtained the right to use other properties as its pharmacies, warehouses, offices and dormitories through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Lease payments are usually increased by each year to reflect market rentals.

12 INTANGIBLE ASSETS

	Computer software RMB'000	License RMB'000	Trademark RMB'000	Total RMB'000
Cost:				
At January 1, 2024	1,881	2,735	131	4,747
Additions	700	56	79	835
At December 31, 2024	2,581	2,791	210	5,582
Additions	554	10	277	841
At December 31, 2025	3,135	2,801	487	6,423
Accumulated amortization:				
At January 1, 2024	(320)	(2,134)	(18)	(2,472)
Charge for the year (note 6(c))	(261)	(598)	(12)	(871)
At December 31, 2024	(581)	(2,732)	(30)	(3,343)
Charge for the year (note 6(c))	(323)	(11)	(39)	(373)
At December 31, 2025	(904)	(2,743)	(69)	(3,716)
Carrying amounts:				
At December 31, 2025	2,231	58	418	2,707
At December 31, 2024	2,000	59	180	2,239



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

13 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company	Place of incorporation/ establishment and operation	Registered capital	Issued capital	Proportion of ownership interest		Principal activities
				Equity interest	Held through contractual arrangements	
Direct held by the Company						
Fangzhou Limited	Hong Kong	Hong Kong Dollar ("HKD") 10,000	HKD10,000	100%	-	Investment holding
Indirect held by the Company						
Guangzhou Fangzhou Pharmaceutical Co., Ltd. 廣州方舟藥業有限公司 (note)	Chinese Mainland	RMB5,000,000	RMB580,000	100%	-	Wholesale and supply chain
Guangzhou Fangzhou Medicine Co., Ltd. 廣州方舟醫藥有限公司 (note)	Chinese Mainland	RMB20,000,000	RMB70,000	-	100%	Retail
Guangdong Qishi Hospital Management Co., Ltd. 廣東啟石醫院管理有限公司 (note)	Chinese Mainland	RMB10,000,000	RMB5,000,000	-	100%	Medical Service

Note: The English translation of these companies' names are for reference only. The official names of these companies are in Chinese. These companies were incorporated in Chinese Mainland are registered as limited liability companies under PRC laws.

14 FINANCIAL ASSETS MEASURED AT FVPL

	2025 RMB'000	2024 RMB'000
Listed securities	15,829	14,129
Units in private funds	65,161	72,741
	80,990	86,870

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

15 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2025 RMB'000	2024 RMB'000
Pharmaceutical and healthcare products	180,404	141,421

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	2,932,453	2,180,053
Write-down of inventories	1,559	5,563
Reversal of write-down of inventories (note)	(4,388)	(41,067)
	2,929,624	2,144,549

Note: The reversal of write-down of inventories made in prior year arose due to an increase in the estimated net realizable value in 2025.

16 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade debtors	63,653	36,775
Less: loss allowance	(1,890)	(496)
	61,763	36,279
Purchase rebates with suppliers	54,212	35,117
Deposits	11,441	11,612
Other receivables	29,165	7,216
	156,581	90,224

All of the trade and other receivables are expected to be recovered or recognized as expense within one year or are on demand.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis:

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	44,569	23,099
Over 3 months but within 6 months	5,623	9,520
Over 6 months but within 1 year	7,525	3,047
Over 1 year	4,046	613
	61,763	36,279

Trade debtors are generally due within 120 days from the date of billing. Further details on the Group's credit policy are set out in note 2(j).

17 OTHER CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Input value-added tax to be verified or credited	47,842	32,943

18 RESTRICTED BANK DEPOSITS

As at December 31, 2025, deposits with bank RMB62,881,000 (December 31, 2024: RMB65,565,000) were pledged as securities for bills payable.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash on hand	152	141
Cash at bank	221,070	164,970
Cash equivalents placed at payment platforms	12,268	9,527
	233,490	174,638

As at December 31, 2025, the Group's cash and cash equivalents situated in Chinese Mainland amounted to RMB210,946,000 (December 31, 2024: RMB125,348,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations:

	Note	2025 RMB'000	2024 RMB'000
Profit/(loss) before taxation		12,026	(854,853)
Adjustments for:			
Recognition of impairment losses	6(c)	1,698	334
Expense of equity settled share-based transactions	24(b)	10,193	743,330
Finance costs	6(a)	1,396	77,160
Fair value changes on financial assets measured at FVPL	5	(1,628)	20,725
Foreign exchange loss	5	725	12,878
Net gain on disposal of property, plant and equipment		(2)	(13)
Depreciation	6(c)	20,708	23,245
Amortization of intangible assets	6(c)	373	871
Changes in working capital:			
Increase in inventories		(38,983)	(5,376)
Decrease in prepayments		6,621	1,810
Increase in trade and other receivables and other current asset		(82,954)	(20,445)
Increase in trade and other payables		145,356	17,046
(Decrease)/increase in contract liabilities		(2,713)	2,577
Increase in other current liabilities		102	285
Cash generated from operations		72,918	19,574



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000 (note 23)	Bank loans RMB'000 (note 22)	Total RMB'000
At January 1, 2025	47,891	3,001	50,892
Changes from financing cash flows:			
Proceed from bank loans	–	17,382	17,382
Repayment of bank loans	–	(16,373)	(16,373)
Interest paid	–	(106)	(106)
Capital element of lease rentals paid	(17,134)	–	(17,134)
Interest element of lease rentals paid	(1,288)	–	(1,288)
Total changes from financing cash flows	(18,422)	903	(17,519)
Other changes:			
Interest expenses (note 6(a))	1,288	108	1,396
Increase in lease liabilities from entering into new leases during the year	5,328	–	5,328
Disposal on lease liabilities	(4,307)	–	(4,307)
Total other changes	2,309	108	2,417
At December 31, 2025	31,778	4,012	35,790

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(Expressed in RMB unless otherwise indicated)

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Convertible redeemable preferred shares RMB'000	Lease liabilities RMB'000 (note 23)	Bank loans RMB'000 (note 22)	Total RMB'000
At January 1, 2024	1,911,521	44,714	5,005	1,961,240
Changes from financing cash flows:				
Proceed from bank loans	–	–	19,042	19,042
Repayment of bank loans	–	–	(21,041)	(21,041)
Interest paid	–	–	(527)	(527)
Capital element of lease rentals paid	–	(18,769)	–	(18,769)
Interest element of lease rentals paid	–	(1,715)	–	(1,715)
Total changes from financing cash flows	–	(20,484)	(2,526)	(23,010)
Other changes:				
Foreign exchange loss	13,542	–	–	13,542
Changes in the carrying amount of convertible redeemable preferred shares	74,923	–	–	74,923
Conversion of redeemable preferred shares	(1,999,986)	–	–	(1,999,986)
Interest expenses (note 6(a))	–	1,715	522	2,237
Increase in lease liabilities from entering into new leases during the year	–	22,157	–	22,157
Disposal on lease liabilities	–	(211)	–	(211)
Total other changes	(1,911,521)	23,661	522	(1,887,338)
At December 31, 2024	–	47,891	3,001	50,892



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

20 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Total trade and bills payables (ii)	495,726	348,627
Staff cost payables	23,817	32,439
Other tax payables	16,630	12,842
Deposits	1,567	1,962
Other payables and accrued charges	65,113	61,627
	602,853	457,497

Notes:

- (i) All of the trade and other payables are expected to be settled or recognized as income within one year or are repayable on demand.
- (ii) As of the end of the reporting period, the ageing analysis of total trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	252,177	154,351
1 to 3 months	175,797	133,623
Over 3 months but within 6 months	67,537	60,485
Over 6 months but within 1 year	113	11
Over 1 year but within 2 years	102	157
	495,726	348,627

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

21 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances from customers	16,016	17,408
Customers' loyalty points program	3,721	5,042
	19,737	22,450

Movements in contract liabilities:

	Contract liabilities RMB'000
Balance at January 1, 2024	19,873
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(19,873)
Increase in contract liabilities as a result of billing in advance	17,408
Increase in contract liabilities as a result of customers' loyalty points program	5,042
Balance at December 31, 2024	22,450
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(22,450)
Increase in contract liabilities as a result of billing in advance	16,016
Increase in contract liabilities as a result of customers' loyalty points program	3,721
Balance at December 31, 2025	19,737

As at December 31, 2025 and 2024, no receipts in advance from customers of the Group are expected to be recognized as income after more than one year.

22 BANK LOANS

As at December 31, 2025, all the Group's bank loans are unsecured and repayable within 1 year, the unutilized banking facilities of the Group amounted to RMB129,662,000 (December 31, 2024: RMB111,697,000). The Group was not subject to the fulfilment of covenants for the banking facilities.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the year:

	2025 RMB'000	2024 RMB'000
Within 1 year	15,390	16,801
After 1 year but within 2 years	11,748	14,485
After 2 years but within 5 years	4,640	16,605
	16,388	31,090
	31,778	47,891

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) RSU Incentive Plan

On January 1, 2020, the Board approved the restricted share units incentive plan (the "RSU Incentive Plan") which is a share-based incentive plan to reward, retain and motivate the Group's eligible persons as approved by the Board or the authorized administrator of the RSU Incentive Plan. Under the RSU Incentive Plan, the directors of the Company are authorized, at their discretion, to grant restricted share of the Company to eligible persons on a fair and reasonable basis with reference to the performance of the Company and contribution of the individuals.

The shares granted would vest on specific dates, on condition that eligible persons remain in service without any performance requirements. Once the vesting conditions underlying the respective shares are met, the shares are considered duly and validly issued to the eligible persons. Unless approved by the Board of the Company, any transfer of restricted shares prior to the Listing shall be void.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) RSU Incentive Plan (Continued)

(i) Movements in RSUs granted are as follows:

	Number of shares
Outstanding as of January 1, 2024	7,401,249
Cancellation during the period	(1,596,250)
Granted on April 1, 2024	178,865,898
Shares vested during the year	(174,466,209)
Outstanding as of December 31, 2024	10,204,688
Shares vested during the year	(5,774,688)
Outstanding as of December 31, 2025	4,430,000

As at December 31, 2025, the weighted average remaining vesting periods for the shares granted was 2.3 years (2024: 3.1 years).

(ii) Fair value of shares and assumptions

The fair value of services received in return for shares granted is measured by reference to the fair value of shares granted. The estimate of the fair value of the shares granted is measured based on equity allocation method.

Grant date	April 1, 2024
Fair value at measurement date (USD)	0.5963
Expected volatility	51.3%
Expected dividend yield	–
Risk-free interest rate	4.7%

The expected volatility was referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

- (b) Equity settled share-based transactions expenses recognized in the consolidated statements of profit or loss:

	2025 RMB'000	2024 RMB'000
Administrative expenses	5,719	733,012
Selling and distribution expenses	4,474	10,318
	10,193	743,330

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- (a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	14	15
Provisions for PRC corporate income tax (note 7(a))	194	32
Income tax paid	(67)	(33)
At the end of the year	141	14

- (b) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(r), the Group has not recognized deferred tax assets in respect of temporary differences and cumulative tax losses of certain subsidiaries located in the PRC as it is not probable that future taxable profits against which the losses or temporary differences can be utilized will be available in the relevant tax jurisdiction and entity.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets not recognized (Continued)

The following table presents the Group's deductible temporary differences and cumulative tax losses for which deferred tax assets were not recognized at the reporting dates:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cumulative tax losses	243,897	264,310
Deductible temporary differences	44,618	50,854
Total	288,515	315,164

The expiration information of the Group's unrecognized deferred tax assets in respect of cumulative tax losses is set out below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
2025	–	12,641
2026	53,139	106,460
2027	65,215	68,497
2028	31,965	36,689
2029	36,331	40,023
2030	57,247	–
Total	243,897	264,310



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26 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Shares held for the RSU Incentive Plan RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total (deficit)/ equity RMB'000
Balance at January 1, 2024	86	36,993	(329,539)	(8)	7,919	(587,262)	(871,811)
Changes in equity for 2024:							
Loss and total comprehensive income for the year	-	-	-	-	-	(873,419)	(873,419)
Issuance of ordinary shares	18	-	-	(18)	-	-	-
Issuance of shares by initial public offering, net of share issuance expenses	3	144,733	-	-	-	-	144,736
Equity settled share-based transactions	-	-	-	-	743,330	-	743,330
Shares vested under the RSU Incentive Plan	-	732,126	-	24	(732,150)	-	-
Conversion of preferred shares	82	-	1,999,904	-	-	-	1,999,986
Balance at December 31, 2024	189	913,852	1,670,365	(2)	19,099	(1,460,681)	1,142,822
Changes in equity for 2025:							
Loss and total comprehensive income for the year	-	-	-	-	-	(32,774)	(32,774)
Equity settled share-based transactions	-	-	-	-	10,193	-	10,193
Shares vested under the RSU Incentive Plan	-	9,604	-	-	(9,604)	-	-
Balance at December 31, 2025	189	923,456	1,670,365	(2)	19,688	(1,493,455)	1,120,241

(b) Authorized share capital

The authorized share capital of the Company was USD50,000 divided into 2,500,000,000 shares of a nominal value of USD0.00002 each.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

26 CAPITAL AND RESERVES (Continued)

(c) Issued share

The details of the changes in the issued ordinary shares of the Company was as follows:

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Nominal value of ordinary shares RMB'000
Ordinary shares, Issued			
At January 1, 2024	617,562,340	12	86
Issued during the year	151,042,178	3	21
Conversion of preferred shares	571,662,939	11	82
As December 31, 2024 and 2025	1,340,267,457	26	189

Note: In May 2024, the Company allotted and issued 127,242,178 Class A Ordinary Shares of par value of USD0.00002 each to the platforms for RSU Incentive Plan.

On 9 July 2024, the Company completed its Listing on the Stock Exchange and issued 23,800,000 shares at a initial offering price of HKD8.18 each.

(d) Shares held for the RSU Incentive Plan

As at December 31, 2025, 4,430,000 shares (2024: 10,204,688 shares) were held for RSU Incentive Plan which was equivalent to RMB1,500 (2024: RMB1,500).

(e) Dividends

The directors of the Company did not propose any declaration of dividend for the years ended December 31, 2025 and 2024.

(f) Nature and purposes of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and the fair value of vested shares of the Company in equity settled share-based transactions and the excess of the total proceeds received from the Company on the Listing over the total par value of shares issued of RMB144,733,000.



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(Expressed in RMB unless otherwise indicated)

26 CAPITAL AND RESERVES (Continued)

(f) Nature and purposes of reserves (Continued)

(ii) Other reserves

The balance of other reserves mainly represent the reserve arising from the conversion of the preferred shares of RMB1,999,904,000. All of the preferred shares were automatically converted into ordinary shares on a one to one ratio upon the Listing on 9 July 2024.

(iii) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of shares granted to the eligible persons of the Group as disclosed in note 24.

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions or enterprises with high-credit-quality, for which the Group considers to have low credit risk.

Notes to the Consolidated Financial Statements

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27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (Continued)

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2025, 49% of the total trade debtors was due from the Group's top five largest customers respectively (2024: 33%).

Individual credit evaluations are performed focusing on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 120 days from the date of billing. Debtors with balances that over the credit terms granted are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at December 31, 2025 and 2024:

	As at December 31, 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 6 months (inclusive)	0.48%	50,433	(241)
Over 6 months but within 1 year (inclusive)	3.59%	7,805	(280)
Over 1 year (inclusive)	25.28%	5,415	(1,369)
		63,653	(1,890)

	As at December 31, 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 6 months (inclusive)	0.60%	32,816	(197)
Over 6 months but within 1 year (inclusive)	3.00%	3,141	(94)
Over 1 year (inclusive)	25.00%	818	(205)
		36,775	(496)



Notes to the Consolidated Financial Statements

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27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (Continued)

Trade receivables (Continued)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade debtors is as follows:

	2025 RMB'000	2024 RMB'000
Balance at January 1	496	203
Amounts recognized during the year (note 6(c))	1,698	334
Amounts written-off during the year	(304)	(41)
Balance at December 31	1,890	496

Other receivables

Other receivables mainly included deposits and rebate from suppliers. As at December 31, 2025 there were neither significant increase of credit risk nor credit impaired for the balance of other receivables. The Group considered the receivables to be low credit risk since the counterparties have strong financial capacity to meet their contractual cash flow obligations in the near term. The expected credit losses on other receivables are not significant.

(b) Liquidity risk

Management of the Group reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows in order to monitor the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor its liquidity position and its compliance with loan covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the years ended December 31, 2025 and 2024 of the Group's financial liabilities (excluding contract liabilities), which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2025 RMB'000
Trade and other payables	510,759	–	–	510,759	510,759
Bank loans	4,049	–	–	4,049	4,012
Lease liabilities	16,199	11,136	20,057	47,392	31,778
	531,007	11,136	20,057	562,200	546,549

	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at December 31, 2024 RMB'000
Trade and other payables	425,058	–	–	425,058	425,058
Bank loans	3,092	–	–	3,092	3,001
Lease liabilities	18,285	15,380	17,128	50,793	47,891
	446,435	15,380	17,128	478,943	475,950

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets and financial liabilities are at fixed interest rates at the year end, including restricted bank deposits, bank loans, lease liabilities and Preferred Shares, and the change of market interest rate does not expose the Group to interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars (“USD”).

(i) Exposure to currency risk

The following table details the Group’s exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB translated using the spot rate at the year end date.

	Exposure to foreign currencies	
	2025 USD RMB’000	2024 USD RMB’000
Cash and cash equivalents	34,314	65,402
Net exposure arising from recognized assets	34,314	65,402

(ii) Sensitivity analysis

As at December 31, 2025, it is estimated that a general increase/decrease of 100 basis points in foreign exchange rates, with all other variables held constant, would have increased/decreased the Group’s profit after tax and accumulated losses of RMB257,000 (2024: decreased loss after tax and accumulated losses of RMB654,000).

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments which expose the Group to foreign currency risk at the year end. The analysis is performed on the same basis during each year end.

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(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement

Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurements as at		
	December 31, 2025 RMB'000	December 31, 2025 categorized into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Listed securities (note 14)	15,829	15,829	–	–
Units in private funds (note 14)	65,161	–	65,161	–
Total	80,990	15,829	65,161	–



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(Expressed in RMB unless otherwise indicated)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(e) Fair value measurement (Continued)

Financial assets measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at December 31, 2024 RMB'000	Fair value measurements as at December 31, 2024 categorized into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Listed securities (note 14)	14,129	14,129	–	–
Units in private funds (note 14)	72,741	–	72,741	–
Total	86,870	14,129	72,741	–

During the years ended December 31, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of assets using Level 2 is determined based on the the expected return from the the financial assets counterparties, taking into account of the observable market inputs.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Directors' fees	276	138
Salaries, wages and other benefits	18,475	12,851
Discretionary bonuses	–	2,476
Retirement scheme contributions	119	251
Equity settled share-based transactions	24	455,762
	18,894	471,478

Total remuneration is included in "staff costs" (see note 6(b)).

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

29 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		516	1,079
Investment in a subsidiary		705,875	696,482
Other non-current assets		2,261	–
		708,651	697,561
Current assets			
Financial assets measured at FVPL		80,990	86,870
Amount due from a subsidiary		320,661	329,767
Trade and other receivables		2,066	158
Prepayments		47	51
Cash and cash equivalents		22,937	49,301
		426,701	466,147
Current liabilities			
Amounts due to subsidiaries		6,009	6,009
Other payables		8,580	13,800
Lease liabilities		523	554
		15,112	20,363
Net current assets		411,589	445,784
Total assets less current liabilities		1,120,241	1,143,345
Non-current liabilities			
Lease liabilities		–	523
		–	523
NET ASSETS		1,120,240	1,142,822
CAPITAL AND RESERVES	26(a)		
Share capital		189	189
Reserves		1,120,051	1,142,633
TOTAL EQUITY		1,120,240	1,142,822



Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

30 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On January 27, 2026, the Company has issued 45,181,000 subscription shares and received a net consideration of HKD144.3 million. The subscription shares are equivalent to approximately 3.26% of the issued share capital of the Company after being allocated and expanded through the issuance of subscription shares.

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At December 31, 2025, the directors consider the immediate and ultimate controlling party of the Group to be Mr. Xie Fangmin and Mr. Zhou Feng by entering into an acting-in-concert arrangement since the incorporation of the Company.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025

Up to the date of the issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended December 31, 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to HKAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Notes to the Consolidated Financial Statements

(Expressed in RMB unless otherwise indicated)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED DECEMBER 31, 2025 (Continued)

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and HKFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.