OVERVIEW

We are a major provider of digital marketing and supply chain services for the out-of-hospital market of pharmaceutical products in China. Through our online and offline pharmaceutical retail and wholesale operations we generate revenue primarily from selling pharmaceutical products to (i) individual customers through third-party e-commerce platforms and our e-commerce stores, (ii) dispensing terminals through regional sales partners and our e-commerce stores, and (iii) pharmacy chains. In terms of revenue in 2025, we ranked as the third largest digital marketing and supply chain services provider in the out-of-hospital pharmaceutical market in China, according to Frost & Sullivan.

With extensive experience in pharmaceutical sales, we provide pharmaceutical companies with comprehensive digital marketing and supply chain services to place pharmaceutical products in the out-of-hospital market. We work with upstream pharmaceutical companies to design and implement marketing strategies for the sales of pharmaceutical products and collaborate with downstream customers in brand promotion, advertisements and supply chain support. Our market competitiveness and capabilities as a digital marketing and supply chain services provider are underpinned by a robust digital operations and data analytics system. This system, which integrates digital operations with intelligent supply chain management, empowers us to deliver comprehensive omni-channel pharmaceutical sales services to pharmaceutical companies. We enable upstream pharmaceutical companies to effectively reach and serve end-customers in the large yet fragmented out-of-hospital pharmaceutical market, thereby enhancing market efficiency and accessibility, and facilitating the development of the out-of-hospital pharmaceutical circulation value chain. The following diagram illustrates our market presence in the out-of-hospital pharmaceutical markets during the Track Record Period[(1)].

(1) The operating data set forth in the diagram is calculated on a cumulative basis (after deduplication) during the Track Record Period.

(2) According to Frost & Sullivan, in terms of revenue in 2025.

(3) According to the list of 2024 China Top 100 Pharmaceutical Industrial Enterprises (2024年度中國醫藥工業百強企業), released by the China National Pharmaceutical Industry Information Center in July 2025.

(4) According to Frost & Sullivan, in terms of revenue in 2025.

(5) According to Frost & Sullivan, in terms of revenue in 2025.

Our Path of Evolution

The pharmaceutical market in China can be divided into the in-hospital and out-of-hospital market. The market size of the out-of-hospital pharmaceutical market in China has grown rapidly in recent years and its percentage as the total pharmaceutical market is also gradually growing due to government favorable policies and growing need for pharmaceuticals, according to Frost & Sullivan. However, industry participants face several challenges in addressing the increased demand in the out-of-hospital market. Pharmaceutical companies struggle to efficiently cover a wide range of downstream buyers given the highly fragmented nature of the market, market access barriers, and lacking of nationwide distribution and marketing services and the ability to timely collect market information.

To address the increased demand in the out-of-hospital market, we underwent strategic repositioning and developed a digital operational support system, integrated digital operation system and intelligent supply chain management system.

Our business has been evolving through the following phases:

- *2004−2018 Strengthen Market Position Phase*: We started our journey in pharmaceutical product sales in Guangzhou. During this phase, we focused on in-hospital prescription drug market and built solid customer relationships with predominant pharmaceutical companies through our provision of contract sales outsourcing service. We also built a team of experts with extensive experience in the pharmaceutical industry, which laid foundation for our transition to out-of-hospital market and digital transformation.

- *2019–2021 Online Transformation Phase*: We commenced our business operations and started to sell pharmaceutical products through online channel in late 2018. During this phase, we consolidated online sales channels to our existing sales network and developed professional online operation capabilities. In the meantime, we expanded our business further down to the pharmaceutical value chain to cover a vast number of downstream buyers in the out-of-hospital pharmaceutical market and achieved seamless supply chain integration. We also established intelligent sales data collection and management system.

- *2022–2024 Digital Ecosystem Empowerment Phase*: We assembled a team of over 60 tech experts to build a high-efficiency digital platform, enabling cross-business synergy. We also established a large database of downstream buyers in the out-of-hospital pharmaceutical market. During this stage, our revenue maintained steady growth, reaching RMB2,875.3 million in 2024.

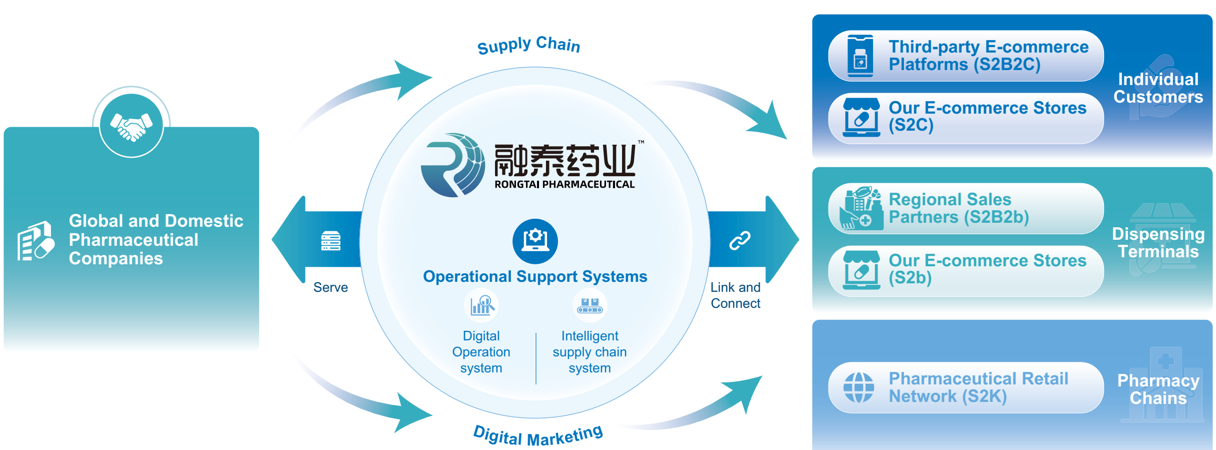
- *2025 and beyond AI Transformation Phase*: In 2025, our revenue increased to RMB3,388.1 million. We entered AI transformation phase in 2025. We aim to (i) establish an AI+IoT powered smart supply chain network for nationwide coverage, (ii) implement dynamic AI marketing to uncover market opportunities and optimize resource allocation, (iii) roll out

NLP + Rasa based 24/7 customer service, (iv) draw a comprehensive knowledge map for business partners to assist decision-making, and (v) launch AI powered auto-compliance monitoring to mitigate regulatory risks.

Leveraging our insights into the pharmaceutical sector, experience in pharmaceutical marketing, strong supply chain management capabilities, we are committed to providing upstream pharmaceutical companies with a comprehensive cross-channel coverage of the out-of-hospital pharmaceutical market. We have established an effective digital collaboration that spans the entire pharmaceutical circulation value chain, creating mutual benefits for both upstream pharmaceutical companies and downstream buyers.

Our Business Model

During the Track Record Period, our digital marketing and supply chain services covered a broad range of scenarios within the out-of-hospital pharmaceutical market. We have a professional team with extensive e-commerce operations expertise and market know-how, well-versed in the rules and caveats of selling pharmaceutical products in China. We offer comprehensive operational services encompassing strategic planning, marketing, traffic acquisition, sales enhancement, data analytics, and pre- and post-sales support, together with warehousing, logistics and distribution capabilities. This integrated approach provides pharmaceutical companies with one-stop services to address out-of-hospital channel coverage and execution challenges, while providing downstream buyers with efficient access to a broad portfolio of products and reliable fulfilment. The following diagram illustrates our business model and our roles in the out-of-hospital pharmaceutical circulation value chain.



During the Track Record Period, we generated revenue primarily from the sales of pharmaceutical products to (i) individual customers through third-party e-commerce platforms and our e-commerce stores, (ii) dispensing terminals through regional sales partners and our e-commerce stores, and (iii) pharmacy chains. We also generated a minor portion of our revenue from the sales of pharmaceutical products to hospitals, including essential medicines, emergency and critical care drugs and certain common medications, due to the acquisition of a new subsidiary. See "Financial Information—Key Components of Our Consolidated Statement of Profit or Loss—Revenue" and "History, Development and Corporate Structure—Our Major Subsidiaries."

Digitalized Sales to Individual Customers

Under our digitalized sales to individual customers, we serve as a bridge connecting upstream pharmaceutical companies with a large base of ultimate individual consumers. To effectively address diverse consumer retail scenarios and fulfill patients' medication needs, we reach individual customers through the following models: sales through third-party e-commerce platforms (S2B2C) and sales through our own e-commerce stores (S2C).

Sales through Third-party E-commerce Platforms (S2B2C)

Sales through third-party e-commerce platforms (S2B2C) represent our sales of pharmaceutical products to individual customers through third-party e-commerce platforms. While e-commerce platforms act as our direct customers and contractual counterparties under this model, the underlying business is inherently a consumer retail scenario where we facilitate the reach of pharmaceutical products to ultimate individual consumers. We procure pharmaceutical products from upstream pharmaceutical companies or their authorized distributors, and sell the products to these e-commerce platforms, who subsequently sell them to individual customers through their respective online systems. We also provide pharmaceutical companies with e-commerce enablement services, which primarily include integrated brand operations, sophisticated data monitoring and management, full-channel traceability capabilities, and intelligent inventory management services. Our broad collaboration network covers substantially all the major e-commerce platforms in China, including B2C and O2O e-commerce platforms such as JD Health, Ali Health, Meituan Health, Dingdang and Quanyuantang. This extensive sales latitude, combined with our technological capabilities, positions us as valued digital partner for pharmaceutical companies.

Sales through Our E-commerce Stores (S2C)

Sales through our e-commerce stores (S2C) represent our sales of pharmaceutical products to individual customers through our e-commerce stores. We have established our own branded stores on e-commerce platforms, including Yikangsi (宜康思) pharmacies, our retail pharmacy brand directly targeting individual customers. During the Track Record Period, we owned and operated our branded e-commerce stores, primarily Yikangsi pharmacies, on major B2C and O2O e-commerce marketplaces, such as Ali Health and Meituan Health, and sold pharmaceutical products directly to individual customers through these stores. Specifically, we owned and operated eight, nine and ten our own branded online pharmacies (e.g. Yikangsi pharmacies) in 2023, 2024 and 2025, respectively. We also collaborate with upstream pharmaceutical companies to establish and operate their official flagship stores on e-commerce platforms such as Ali Health. In this capacity, we are authorized to use their trade names and trademarks while retaining ownership of the stores. During the Track Record Period, we owned and operated five, 11 and 19 such pharmaceutical companies' stores in 2023, 2024 and 2025, respectively.

To address patients' unmet demand arising from the limited coverage of government sponsored social health insurance, we have also partnered with commercial insurers and/or online healthcare service providers designated by commercial insurers to create a "healthcare-medication-insurance" closed-loop model, offering affordable medication, especially original or brand-name drugs and imported drugs, to patients. Under this innovative model, we establish a digital platform capable of integrating commercial insurers' online healthcare services, and we own and operate the relevant online stores on these commercial insurers' platforms.

Digitalized Sales to Dispensing Terminals

In addition to sales to individual customers, we efficiently connects upstream pharmaceutical companies with downstream dispensing terminals, which include (i) out-of-hospital retail pharmacies; and (ii) primary healthcare institutions such as private clinics, township health centers, village clinics, and community medical institutions. To effectively address China's large yet fragmented out-of-hospital pharmaceutical market, we reach these dispensing terminals through two primary models: sales through regional sales partners (S2B2b) and sales through our own e-commerce stores (S2b).

Sales through Regional Sales Partners (S2B2b)

Under the S2B2b model, we sell pharmaceutical products procured from upstream pharmaceutical companies or their authorized distributors to our regional sales partners, and facilitate regional sales partners to sell pharmaceutical products through third-party B2B e-commerce platforms, such as YSB and 1 Yaocheng, to dispensing terminals. We also assisted regional sales partners during the Track Record Period by collecting transaction data through our data direct interconnection (DDI) system and providing guidance to the regional sales partners for the operations of their stores on third-party B2B e-commerce platforms. We have developed a continuously updated national database profiling approximately 1.7 million regional sales partners and dispensing terminals. We assist our partners by performing automated matching and data cleansing of DDI feedback data through precise query mechanisms and multi-dimensional geographic and terminal-attribute tagging. Through this model, we optimize the allocation of pharmaceutical companies' marketing resources through precisely identifying the requirements of downstream dispensing terminals. Specifically, we perform real-time automated matching of DDI data submitted by downstream partners against our standardized database to verify compliance with upstream manufacturers' requirements. This ensures precise delivery of promotional resources and prevents misallocation through immediate deviation alerts. Furthermore, these validated results enable accurate expense settlement and provide actionable insights for manufacturers' precision marketing.

Sales through Our E-Commerce Stores (S2b)

Sales through our e-commerce stores (S2b) represent our sales of pharmaceutical products to downstream dispensing terminals through our e-commerce stores. Starting in 2023, we strategically expanded our reach to more dispensing terminals through our e-commerce stores on third-party platforms such as YSB and 1 Yaocheng, thereby further strengthening our penetration in the out-of-hospital market.

Sales to Pharmacy Chains (S2K)

In addition to our services provided for the pharmaceutical sales to individual customers and dispensing terminals, we have strategically established partnerships with leading national and regional pharmacy chains across China as a complement to our other sales channels. Sales to pharmacy chains (S2K) represent our sales of pharmaceutical products to these national and regional pharmacy chains. Through centralized collaboration with pharmacy chains, we have developed a comprehensive out-of-hospital pharmaceutical retail network, offering pharmaceutical products in multiple therapeutic areas to pharmacy chains. This retail sales network also addresses prescription fulfillment market through retail pharmacy stores located near hospitals, facilitating prescription transfers and enhancing service capabilities across the pharmaceutical retail ecosystem. We provide a number of benefits to pharmacy chains including optimized contract terms with flexible settlement arrangements, operational supports, and multi-channel pricing strategies featuring performance-based discounts or rebates. Our involvement has optimized the sales management mechanism for pharmacy chains through a suite of strategic initiatives. We develop tailored sales programs that enhance product marketing policy flexibility for chain-specific product promotions.

Moreover, to efficiently and effectively serve upstream pharmaceutical companies and connect downstream buyers, we have established operational support systems that drive operational efficiency, intelligent automation, and data-driven decision-making across all business functions. These systems comprise (i) a digital operation system and (ii) an intelligent supply chain system. By unifying data, operations, and supply chain processes under a single intelligent framework, we have created an infrastructure that enhances efficiency, reduces costs, and delivers real-time visibility to our business operations.

Our Market Opportunities

Policy tailwind in the out-of-hospital pharmaceutical market

The out-of-hospital pharmaceutical market in China is experiencing robust growth, driven by a confluence of policy tailwinds and technological advancements. Underpinned by the national "Healthy China 2030" (健康中國2030) strategic initiative and reinforced by implementing regulatory policies, the out-of-hospital pharmaceutical market has evolved into a critical component of the country's healthcare ecosystem. The proliferation of digital healthcare services and modernized supply chain infrastructure have further catalyzed this expansion. According to the Frost & Sullivan, the out-of-hospital pharmaceutical market in China was RMB692.6 billion in 2025, and is expected to further increase to RMB1,022.4 billion in 2030, representing a CAGR of 8.1%. This growth rate substantially outpaces traditional hospital channels.

This overall development trend is evidenced in the following aspects:

Medical institutions: Healthcare policy reforms have created structural tailwinds for the expansion of the out-of-hospital market. The implementation of the zero-markup policy eliminated drug-related profit margins in public hospitals by September 2017. Concurrently, stringent controls on drug expenditure ratios, now capped below 30% for tertiary hospitals, have created institutional incentives to optimize prescription practices. The transition to DRG/DIP-based reimbursement mechanisms has further accelerated this trend. In addition, electronic prescription sharing platforms across 26 provincial-level regions have created the infrastructure for care coordination between treatment facilities and retail pharmacies, facilitating out-of-hospital dispensing.

Pharmaceutical companies: Volume-based procurement and consistency evaluation policy have motivated pharmaceutical companies to diversify sales channels. According to our PRC Legal Advisor, we, as an out-of-hospital pharmaceutical service provider, are not directly subject to policies primarily directed at public medical institutions such as the Two-Invoice System and the centralized volume-based procurement. However, our business operations and financial performance may be affected by certain policies in line with the industry practice. For example, policies allowing NRDL-listed medicines to be dispensed through designated retail pharmacies under mechanisms such as the "dual-channel" management facilitate the shift of demand from hospitals to out-of-hospital channels and benefit our business expansion. For innovative therapies, the dual-channel access mechanism has proven particularly impactful, ensured that all products entering the 2025 National Reimbursement Drug List (NRDL) negotiations in 31 provinces were also placed in the parallel sales system. As more pharmaceutical products sold in the out-of-hospital market are placed in the parallel sales system and covered by the medical insurance, the out-of-hospital pharmaceutical market further increased during the Track Record Period, according to Frost & Sullivan. These developments have also fostered deeper collaboration between pharmaceutical companies and pharmacy networks, with value-added services such as specialized medication therapy management and patient support programs emerging as key competitive differentiators.

Patient/consumer behavior: The implementation of tiered healthcare delivery systems has shifted a large number of patients visits to primary care, increasing demand for community pharmacies. Reforms to medical insurance financing, particularly adjustments to personal healthcare accounts, have created policy tailwind for retail pharmacy utilization. Online healthcare services continue to grow and social medical insurance coverage has expanded to multiple therapeutic areas, driving integration of online-to-offline medication access services. In addition, China's aging population also creates sustained demand for accessible pharmaceutical services, prompting retail pharmacies to enhance their chronic disease management capabilities.

Pain points in the out-of-hospital pharmaceutical market

As pharmaceutical companies expand into the out-of-hospital pharmaceutical market, they are increasingly facing challenges in channel development and management:

E-commerce channels for individuals: While traditional e-commerce platforms dominate user traffic, they generally lack pharmaceutical expertise. Their operation teams often have insufficient pharmacological knowledge and unable to provide specialized services. Consumer adoption is rising, so further market education remains necessary to support broader penetration and sustainable growth. For pharmaceutical companies, managing online channel also requires organizational restructuring. Traditional hospital-focused sales teams must transform into digital operations, facing talent shortages and channel conflict.

Downstream dispensing terminals: The out-of-hospital pharmaceutical market is large yet fragmented. Pharmaceutical companies face high costs and complex intermediate processes when connecting with dispensing terminals. They generally have limited visibility regarding subsequent sales to downstream buyers, and lack transparency regarding how marketing resources are allocated down the circulation value chain due to opaque cost structures. Traditional pharmaceutical sales companies often lack service capabilities to serve downstream buyers, resulting in low efficiency and insufficient coordination with pharmaceutical companies.

Against this backdrop, leveraging our understanding of the out-of-hospital pharmaceutical market, we have pioneered an innovative digital-enabled sales model integrating "e-commerce + specialized pharmaceutical precision marketing + omni-channel sales." This integrated service effectively bridges pharmaceutical companies with downstream buyers in the out-of-hospital market across online and offline channels. We help pharmaceutical companies identify market demand, precisely reach target populations to drive sales growth, enhance market penetration and improve efficiency across the out-of-hospital pharmaceutical value chain.

Our Value Propositions

We believe that we offer compelling value propositions to participants in the out-of-hospital pharmaceutical value chain. We serve as a nexus in the pharmaceutical circulation value chain. Leveraging our digital capabilities and insights, we have established an efficient digital pharmaceutical sales system that links upstream pharmaceutical companies with downstream buyers and connects stakeholders across the entire pharmaceutical circulation ecosystem.

Value proposition to upstream pharmaceutical companies

The out-of-hospital pharmaceutical market in China is large yet fragmented, comprising numerous small-scale, geographically dispersed dispensing terminals. Leveraging our market-leading expertise, brand operation capabilities, and extensive downstream coverage, we provide upstream pharmaceutical companies with direct access to the large base of downstream buyers. In addition, we offer marketing services to pharmaceutical companies. These services enable pharmaceutical companies to identify market trends, formulate data-driven strategies to address downstream demand, achieve broad customer reach, and drive incremental growth in the out-of-hospital pharmaceutical market.

Value proposition to e-commerce platforms

Our business and data platforms, combined with an advanced logistics infrastructure, enable precision operations spanning procurement, marketing, and sales. This integrated approach extends value to downstream e-commerce platforms.

For B2C e-commerce platforms, we enhance user engagement and conversion by offering diversified SKUs, optimized product portfolios, and targeted patient education complemented by performance-driven marketing content. For B2B e-commerce platforms, we improve sales efficiency and reduce intermediation costs through demand-driven channel management. Our national sales channels cover all provinces in China and diversified SKUs cover. By maintaining direct linkages between upstream pharmaceutical companies and downstream buyers, we shorten excessive layers of marketing policy transmission, ensuring faster inventory turnover and improved sales execution.

Value proposition to dispensing terminals

We have streamlined pharmaceutical sales channels by establishing direct connections between pharmaceutical companies and pharmacies and dispensing terminals, reducing excessive intermediate layers and enhancing product accessibility. Through operating our own stores on major B2B e-commerce platforms, we directly serve a wide scope of dispensing terminals. Our high-quality, efficient, and reliable supply chain capabilities enable immediate access to pharmaceutical products and value-added services at lower cost.

Value proposition to individual customers

Leveraging our therapeutic domain knowledge, we provide individual customers with accessible and precise patient education to support informed medication selection. Our health content ecosystem improves medication literacy, while our decision-support tools increase appropriate product matching accuracy. Through operating our own stores on major B2C and O2O e-commerce platforms, we apply platform-native marketing tools to amplify product and brand visibility, improving individual customers' medication accessibility.

Our Financial Performance

During the Track Record Period, our revenue decreased slightly from RMB2,916.0 million in 2023 to RMB2,875.3 million in 2024 and increased to RMB3,388.1 million in 2025. We recorded gross profit of RMB196.3 million in 2023, RMB172.2 million in 2024, and RMB230.2 million in 2025. Our gross profit margin decreased from 6.7% in 2023 to 6.0% in 2024 and increased to 6.8% in 2025. We recorded profit for the year of RMB45.7 million in 2023, RMB3.7 million in 2024, and RMB36.6 million in 2025.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

We are a major provider of digital marketing and supply chain services for the out-of-hospital market of pharmaceutical products in China

We are a major provider of digital marketing and supply chain services for the out-of-hospital market of pharmaceutical products in China. In terms of revenue in 2025, we ranked as the third largest marketing and supply chain services provider in the out-of-hospital pharmaceutical market in China, according to Frost & Sullivan. The ecosystem of participants in China's out-of-hospital market is complex and diverse, with no single giant dominating the market. Despite a large number of competitors in the market, we ranked among top five players which accounted for 13.7%, 4.6%, 1.3%, 1.3% and 1.2% of the total market share in China in 2025, respectively, according to Frost & Sullivan. See "Industry Overview—Overview of China's Out-of-hospital Digital Marketing and Supply Chain Services Market—Competitive Landscape of China's Out-of-Hospital Digital Marketing and Supply Chain Services—Market ranking."

Capitalizing on the rapid expansion of the out-of-hospital pharmaceutical market, we have established an internet-based digital system enabling the precision marketing of pharmaceutical products by utilizing our business and data platform and advanced logistics infrastructure. We deliver efficient and precise marketing and operational services to upstream pharmaceutical companies and bridge them directly with downstream buyers in China's large yet highly fragmented out-of-hospital pharmaceutical market.

Our extensive sales network is built upon close collaborations with B2C and O2O e-commerce customers. We are the largest online digital marketing and supply chain service provider in the out-of-hospital pharmaceutical market in China targeting individual customers. During the Track Record Period, we collaborated with 220 leading B2C and O2O e-commerce customers, including industry leaders such as JD Health, Ali Health, Meituan Health and Dingdang. Complementing these third-party partnerships, we also owned and operated 37 online pharmacies on B2C and O2O platforms during the Track Record Period. Through Yikangsi pharmacies, we sold pharmaceutical products directly to individual customers. On the institutional sales side, we sold pharmaceutical products to dispensing terminals through our collaborations with over 3,100 regional sales partners and through our 20 B2B e-commerce stores during the Track Record Period. In addition, we included approximately 672 pharmacy chains in our sales network during the Track Record Period, as a complement to our other sales channels.

Comprehensive experience in digitalized operation in the out-of-hospital pharmaceutical market

We deliver targeted product placement and marketing services tailored to specific product attributes. Our specialized approach enable pharmaceutical companies to optimize marketing resources to acquire new customer. We employ advanced big data analytics and trend analysis to conduct brand-specific category segmentation and positioning analysis, forming the foundation for our value-added brand operation services. This analytical capability has enabled us to develop an integrated service system encompassing: (i) online data analytics; (ii) brand strategy development; (iii) differentiated sales strategy formulation; (iv) store/channel operations; (v) digital marketing campaign planning and execution; and (vi) flagship store management services. Through these comprehensive service, we systematically enhance brand visibility and commercial performance across the entire product lifecycle.

In addition, leveraging our B2B data assets, we develop optimized resource allocation strategies for pharmaceutical companies, delivering actionable market insights that align with downstream demand patterns. In 2023, 2024 and 2025, we collaborated with 754, 1,705 and 2,458 regional sales partners respectively, and established a database profiling over 1.7 million existing and potential regional sales partners and dispensing terminals. This data foundation supports precision marketing. For pharmaceutical products with market recognition, we design standardized marketing resource allocation services that leverage our B2B platform coverage to ensure efficient end-customer reach while maintaining optimal online pricing structures. Our services enable pharmaceutical companies to achieve maximum channel penetration without compromising price discipline across digital platforms. For new pharmaceutical products that has lower or no market recognition, we employ a data-driven operational framework that combines granular analysis of B2B platform performance metrics with product-specific characteristics to execute tailored brand-building campaigns. This approach simultaneously enhances brand recognition and accelerates sales conversion. Furthermore, our platform facilitates sophisticated price policy management, enabling geographically differentiated marketing resource allocation among dispensing terminals. This multi-layered approach transforms conventional sales models into intelligent, data-optimized commercial ecosystems that drive measurable investment returns for pharmaceutical companies.

Our product selection methodology and precision marketing strategy are based on two competitive advantages. First, we identify pharmaceutical products best suited for digital sales, leveraging our e-commerce expertise to help pharmaceutical companies optimize product portfolios. Secondly, our understanding of downstream procurement patterns enables pharmaceutical companies to achieve deeper market penetration and increase sales efficiency. This approach transforms traditional product commercialization by combining data-driven selection with channel-specific activation. This approach has proven effective in (i) increase pharmaceutical companies' online product success rate; (ii) expand geographic coverage beyond traditional strongholds; and (iii) maintain disciplined channel management. This approach addresses key challenges pharmaceutical companies faced in transitioning from hospital-centric to omni-channel commercialization.

Our precision marketing have boosted out-of-hospital sales for leading pharmaceutical companies including Kenvue (科赴), Johnson & Johnson (強生), CMS (康哲) and Viatris (暉致). We have successfully established multiple category benchmarks, with notable commercial successes spanning in pediatric antipyretics (e.g., Motrin), gastric and intestine medications (e.g., Motilium), antifungals (e.g., Daktarin), cardiovascular therapies (e.g., Lipitor, Norvasc), NSAIDs (e.g., Celebrex), and ophthalmic products (e.g., Rohto). These commercial results validate our data-driven approach to identifying high-potential product candidates. The sustained performance of these flagship products across economic cycles demonstrates our ability to create enduring commercial value in the out-of-hospital pharmaceutical market.

Strategic partnership with leading pharmaceutical companies

We have offered digital marketing and supply chain services to pharmaceutical companies for years and have established strong industry credibility. During the Track Record Period, we collaborated with 1,373, 1,371 and 1,562 pharmaceutical companies and sold 5,568, 5,937 and 6,878 SKUs, in 2023, 2024 and 2025, respectively. The pharmaceutical companies we served include 15 of the global Top 20 pharmaceutical companies by revenue in 2025, such as Viatris (暉致), Kenvue (科赴), Johnson & Johnson (強生) and Pfizer (輝瑞), and 81 domestic 2024 China Top 100 Pharmaceutical Industrial Enterprises such as Baiyunshan (白雲山), Qilu (齊魯) and Lingrui (羚鋭). Built on our prior cooperation with these industry leaders, we continue to deepen our relationships. For instance, in August 2025, we entered into a framework agreement and established a strategic partnership with Pfizer China (輝瑞中國). In September 2025, we also entered into a framework agreement and established a strategic partnership with Santen Pharmaceutical (參天製藥), an international pharmaceutical company specializing in ophthalmology. These collaborations leverage our digital marketing and supply chain services to support pharmaceutical companies in expanding their presence in the out-of-hospital pharmaceutical market in China. We can serve both global pharmaceutical leaders requiring specialized China market entry services and domestic innovators seeking nationwide commercial expansion. This system of pharmaceutical brand partnerships creates natural cross-selling synergies, provides balanced revenue streams, and positions us as the partner of choice for pharmaceutical companies at various stages of their digital commercialization journey in China's rapidly evolving out-of-hospital pharmaceutical market.

Our product portfolio demonstrates both depth and specialization, with prescription drugs representing over 56.9% of our SKUs as of December 31, 2025. Our product offerings focus on therapeutic areas including chronic disease management, men's health, and hepatology, comprising a balanced mix of western medicine and traditional Chinese medicine SKUs. This curated product matrix enables us to meet diverse healthcare needs while maintaining specialization in high-value therapeutic categories. The strategic composition of our product assortment, with its emphasis on chronic condition medications and specialty drugs, positions us to capitalize on China's growing out-of-hospital pharmaceutical market. Our ability to maintain such a diversified yet focused product portfolio serves as a testament to our sophisticated supply chain capabilities and market understanding.

Our understanding of consumers, accumulated throughout our business operations, enables us to enhance pharmaceutical companies' omni-channel marketing. Through our data-driven insights into patient behaviors and purchasing patterns across both digital and physical channels, we have developed sophisticated marketing services that drive measurable commercial outcomes for pharmaceutical companies. This marketing expertise has fostered collaboration with upstream pharmaceutical companies, resulting in strengthened partnership loyalty and long-term strategic alignment. Our ability to translate consumer insights into actionable marketing strategies creates a virtuous cycle where enhanced marketing effectiveness leads to deeper pharmaceutical company engagement, which in turn provides us with greater access to premium products and marketing resources.

Our established partnerships with pharmaceutical companies ensure supply stability and competitive pricing. The scale of our operations enhances our procurement leverage, enabling us to secure increasingly favorable pricing from suppliers as our purchasing volume grows and maintain consistent product availability even during market fluctuations. This procurement strength allows us to offer competitive pricing to expand our customer base while maintaining price competitiveness. As our platform continues to scale up, we expect these procurement benefits to compound, further strengthening our value proposition to both upstream pharmaceutical companies and downstream buyers.

Comprehensive downstream coverage across all channels and scenarios, enabling efficient buyer engagement

Our business has achieved comprehensive coverage across the entire spectrum of the out-of-hospital pharmaceutical market, establishing a vertically integrated sales network that serves a wide range of downstream buyers.

We maintain strategic partnerships with leading e-commerce platforms including JD Health and Ali Health, while also cultivating collaborative relationships with specialized platforms such as Yuanxin Pharma. Our O2O capabilities are equally strong through integrations with instant delivery services such as Meituan Health and Dingdang, ensuring complete coverage of digital pharmaceutical e-commerce channels. Beyond e-commerce platforms, we have built an extensive physical sales network that includes partnerships with pharmacy chains. We have also achieved remarkable penetration in the highly fragmented long-tail market, serving dispensing terminals across urban and rural areas.

Our self-owned online stores serve as a strategic complement to our core platform operations by establishing direct connections with individual customers in the long-tail market. By maintaining direct relationships with individual customers in the long-tail market, we gain real-time visibility into purchasing behaviors, pricing sensitivities, and emerging demand trends. These insights inform our marketing strategies, enabling data-driven decision-making for both our pharmaceutical company partners and our own operations. The self-owned online store channel also functions as an innovation lab for new product categories, allowing us to test market viability before scaling sales across our broader sales network. This dual focus on both premium and long-tail channels creates a unique competitive position in the market.

This vertical integration provides us with first-hand market insights that enhance our marketing effectiveness and operational precision, and delivers these distinct advantages to upstream pharmaceutical companies in the pharmaceutical circulation value chain. The ability to effectively serve both ends of the market spectrum (from sophisticated urban e-commerce consumers to cost-conscious rural patients) and the ability to serve both end-customers and dispensing terminals in the long-tail market represent our core competitive strength. This strategic positioning enables us to provide upstream pharmaceutical companies with multi-dimensional and full-scope access to different downstream buyers, and thus allowing us to capitalize on the ongoing expansion of China's out-of-hospital pharmaceutical market. As the market evolves, our integrated sales network continues to demonstrate its adaptability across different sales channels and geographic regions.

Digitalized intelligent business ecosystem powered by big data analytics covering the entire out-of-hospital supply chain

We have established an integrated digital infrastructure comprising front-end applications encompassing office automation module for office operations, enterprise resource planning, central billing system, warehouse management system, and data analytics system. The front-end applications are based on three core middleware platforms: (i) a data middle platform that consolidates group-wide data to deliver advanced capabilities in data governance, AI model training, real-time analytics, and interactive visualization, (ii) a business middle platform, which interconnect all business systems to enable end-to-end digital operations across the entire value chain, and (iii) a technology middle platform, which is the underlying technical backbone that provides PaaS-layer components, including sales microservices, big data processing engines, AI development frameworks, and DevOps toolchains. The data middle platform serves as the neural center of our operations, aggregating and analyzing information flows across the organization. Coupled with our business operations platform that standardizes core processes, and supported by the underlying technology platform that ensures system interoperability, this triple-platform structure creates a unified digital ecosystem. This sophisticated architecture delivers particular value in enhancing operational efficiency and decision quality for our core business activities through data-driven insights. By providing real-time visibility into inventory movements, demand fluctuations, and market trends, the system enables more accurate purchasing decisions, optimized sales strategies, and responsive supply chain management. The integration of predictive analytics and machine learning algorithms further strengthens our capability to anticipate market changes and adjust operations proactively.

We have also established intelligent supply chain management system. The system is built upon technologies including: an Order Management System (OMS) for full lifecycle order processing and a Warehouse Management System (WMS) for smart inventory control. The system's interoperability creates a unified digital command center that delivers three key operational advantages: First, it provides comprehensive visibility into supply chain movements, allowing for proactive exception management. Second, it automates critical workflows between procurement, warehousing and sales functions, reducing manual intervention. Third, through advanced analytics, it generates actionable insights for continuous optimization of inventory turns, fulfillment accuracy and transportation efficiency. These integrated systems enable centralized management of information flow, physical sales, and commercial operations, delivering measurable improvements in overall operational efficiency and cost control. More importantly, the system's modular architecture featuring different functional units allows us to scale up with our expanding operations while maintaining the flexibility to adapt to evolving market requirements and business models in China's dynamic pharmaceutical sales landscape.

Through the application of IoT technologies, we have implemented advanced logistics optimization and resource management services. Our warehouses utilize mechanized and semi-automated equipment to enhance inventory turnover responsiveness while reducing sales costs. Specifically, the integration of IoT services has transformed our warehouse operations through three key mechanisms: (i) automated inventory tracking and location systems that minimize handling time, (ii) smart conveyor networks that optimize picking routes, and (iii) predictive maintenance capabilities that ensure maximum equipment uptime. Our IoT infrastructure creates a continuous feedback loop where operational data from connected devices informs ongoing process refinements. This dynamic system not only addresses current efficiency challenges but also adapts to evolving business requirements, ensuring sustainable competitive advantages in cost structure and service reliability as we scale our operations.

The convergence of these digital systems creates a operational ecosystem that not only supports our current business scale but provides the scalability required for future expansion. By continuously capturing and analyzing operational data across all touchpoints, we have built a self-reinforcing cycle of efficiency improvements that compounds over time, delivering sustainable cost advantages and service differentiation in the pharmaceutical sales sector.

Visionary management team with experience in both e-commerce and pharmaceutical industries

We are led by an experienced management team, headed by our founder, Mr. Chen Changqing. Mr. Chen is also the chairman of the board, and has served as an executive Director of our Company. Mr. Chen is a market pioneer and a renowned entrepreneur who has long-time passion for the pharmaceutical industry. He has been leading us in establishing and developing our vision, mission and culture, with a clear roadmap of long-term development. Mr. Chen is a seasoned entrepreneur with over 20 years of experience of business development and management in well-known companies such as China National Pharmaceutical Group Co Ltd ("**Sinopharm**") and CMS. Mr. Luo Qi, our general manager, and Mr. Wang Dong, our executive general manager, both had over 30 years of experience in leading domestic and international pharmaceutical companies such as Sinopharm, CMS and Roche. The experience and expertise our core management team accumulated previously allow us to use technological means to solve business problems especially in the out-of-hospital pharmaceutical market. The insights derived from such expertise was instrumental in understanding the critical issues faced by China's out-of-hospital pharmaceutical market and subsequently developing effective services based on technologies. Our management team are dedicated to delivering a wide range of pharmaceutical product with competitive prices to downstream buyers and leading the transformation in the China's out-of-market pharmaceutical circulation industry with their clear vision and passion. Our values, along with our employee training, career development and incentive programs, have contributed greatly to our talent acquisition and incubation.

OUR STRATEGIES

We are committed to becoming a technology-driven enterprise-level digital pharmaceutical services provider and contributing to the development of the pharmaceutical circulation value chain through building a precision marketing ecosystem. To achieve this goal, we intend to pursue the following strategies:

Further expand our product offering and our collaboration with pharmaceutical companies

Portfolio diversification & new product development: Leveraging our insights into the pharmaceutical industry, particularly the out-of-hospital pharmaceutical market, we plan to identify and market new potential bestsellers, expanding our SKU coverage to capitalize on growth opportunities in the expanding out-of-hospital pharmaceutical market. We will also pursue strategic acquisitions and partnerships to further diversify our product offerings while strengthening our control over sales and sales channels.

Strategic partnerships with leading pharmaceutical companies: We will deepen collaborations with leading pharmaceutical companies, securing broader authorized sales rights and revitalizing underperforming or "dormant" products to unlock incremental value. In particular, we will continuously seek to establish collaborations empowered by marketing with brand owners for products that we view as offering new market opportunities or were previously "dormant" and have potential for higher margins. Such dormant products may include products with exclusive production approvals, which generally target patient populations with a clear unmet therapeutic needs and possess differentiated therapeutic or market positioning supported by verified efficacy and approved product labeling market, as well as products with non-exclusive production approvals, where market opportunities relies on identifying and targeting differentiated gaps or underserved niches within established landscape, leveraging advantages such as superior cost-effectiveness, more flexible distribution, or enhanced service models. We plan to activate the potential of selected products through precision marketing and channel expansion such as penetrating county-level markets. At the same time, we plan to gradually phase out certain lower-margin products and replace them with products and projects with higher-margin potential, thereby continuously optimizing our product portfolio and profitability profile. These two approaches are operationally independent yet form a closed-loop cycle for business upgrade.

We also plan to incubate new products with great potentials through our proprietary channels. Through targeted marketing and operational support, we support the sales and marketing of the new products and pharmaceutical companies with a view to establishing a demonstration effect that attracts additional partnerships with pharmaceutical companies.

Establish a closed-loop ecosystem for the out-of-hospital pharmaceutical market

We plan to further develop and enhance our different sales channels and establish a closed-loop pharmaceutical circulation ecosystem for the out-of-hospital pharmaceutical market. We will further strengthen downstream partnerships, increase buyer loyalty or stickiness by creating more values for them so as to achieve comprehensive and efficient coverage across all channels.

- *For individual customers*: We plan to scale up our collaborations with leading B2C e-commerce platforms such as JD Health and Ali Health to expand our access to a large base of individual customers. We will also expand our collaboration with O2O platforms such as Meituan Health and Dingdang to accelerate penetration in on-demand delivery market and address patients' demand for urgent medication. Besides, we will also actively explore our cooperation with new media channel to enhance patient awareness campaigns and pilot new cooperation model to more effectively integrate online operations and offline supply chains.

- *For dispensing terminals*: We will expand our geographical coverage and deepen our market penetration. Through our subsidiaries and branches in the local markets, we aim to realize wider coverage of regional and national market and provide upgraded full-cycle services for pharmaceutical companies. This expanded network will further help us reach a larger base of downstream buyers, allowing us to realize rapid scaling of our B2B sales.

Conduct digitalized precision marketing and business operation using AI technology

AI & algorithm investment: We will invest in advanced algorithms and AI applications to enhance data processing and analytics capabilities, delivering actionable marketing insights and upgrading our digital marketing services.

Marketing initiatives: We plan to further enhance our digital marketing capabilities by applying AI technologies, particularly in the following aspects:

- *Customer experience*: We will develop in-house our own smart customer service function with natural language processing (NLP) technology and Rasa framework. We will also improve responsiveness and service efficiency by developing and deploying other AI-powered tools such as personalized recommendations, and AI-based credit assessment.

- *Campaign optimization*: We aim to maximize investment returns on marketing activities by realizing AI-powered precision marketing, automated content generation, and sentiment analysis.

Management & decision-making: We plan to utilize AI knowledge bases, automated workflows, and intelligent training systems to enhance management effectiveness and workforce capabilities. We also plan to establish an AI-powered decision-making framework and explore innovative business models featuring AI, making AI our core competitive advantage and long-term growth driver.

Establish an AI + IoT-enabled digitalized intelligent supply chain system

Intelligent logistics: We plan to further upgrade our intelligent logistics system by applying AI + IoT technologies and further enhance our supply chain capabilities so as to provide more efficient inventory management, warehousing and fulfillment management services to downstream buyers. By applying AI + IoT technologies, we are able to realize predictive maintenance, real-time logistics tracking and smart warehouse operations. The strategic convergence of IoT and AI will create a closed-loop intelligent operations system, delivering operational efficiency, cost optimization and digital advantages.

SaaS platform: We will continue to develop and deploy our own B2B SaaS platform. The platform will allow us to more closely connect upstream pharmaceutical companies with downstream buyers in the out-of-hospital market and enhance supply chain agility. We will also provide pharmaceutical companies with online training and targeted marketing policy deployment. We will attract more upstream and downstream participants in the pharmaceutical circulation value chain to our platform and provide superior services to the participants by further streamline pharmaceutical transactions.

Warehousing network expansion: We plan to further optimize warehousing network across China and accelerate delivery efficiency when serving dispensing terminals in the out-of-hospital pharmaceutical market.

OUR BUSINESS

Leveraging our understanding of the pharmaceutical industry, extensive marketing experience, and advanced digital capabilities, we are committed to providing upstream pharmaceutical companies with extensive and in-depth multi-channel coverage of the out-of-hospital pharmaceutical market and offering a synchronized digital system covering the entire out-of-hospital pharmaceutical circulation value chain to our business partners.

The out-of-hospital pharmaceutical market faces persistent challenges, such as excessive marketing layers, suboptimal resource allocation by pharmaceutical companies, limited downstream accessibility, and opaque cost structures. Therefore, we have built a digitally enabled pharmaceutical circulation system that integrates advanced data analytics, intelligent supply chain management, and omni-channel marketing services. Through our digitally enabled pharmaceutical circulation system, we serve as a nexus in the pharmaceutical circulation value chain, effectively bridging the gap between upstream pharmaceutical companies and a network of dispensing terminals, and connecting all stakeholders across the entire pharmaceutical circulation ecosystem.

For marketing and supply chain services provided in relation to B2C sales of pharmaceutical products, we generally collaborated with pharmaceutical companies to develop comprehensive marketing services. We alight on marketing strategies, new media brand promotion plan and staged investment, covering key areas such as e-commerce positioning, platform advertising, patient education and adherence programs, brand promotions and strategies for converting competitors' customers. We are responsible for the end-to-end execution of the operational plan. We handle payments to our downstream partners for their services, settling those costs either through a discount on the payments for product procurement or service fee.

For marketing and supply chain services provided in relation to B2B sales of pharmaceutical products, we generally design and decide on the digital marketing strategy, which typically specifies the marketing content, including marketing scope, including settlement rules, sales policies, target customer profiles, volume commitments, platform display standards for products and brands and requirements for data feedback. We then collaborate with pharmaceutical companies in plan execution to ensure alignment on the customers' actual performance metrics.

Our provision of digital marketing and supply chain services is supported by a robust digital operations and data analytics system, which includes our proprietary data direct interconnection, a secure pharmaceutical data platform that enables automated, multi-source data collection and AI-powered cleansing for accurate distribution insights, which helps brand owners optimize channel investments and marketing strategies while supporting distributors with validated performance data. Implementation delivers significant operational improvements, including daily reporting and enhanced market responsiveness. Our data driven approach increases downstream visibility for upstream pharmaceutical companies, allowing them to make data-informed resources allocation and formulate marketing strategies. Simultaneously, we provide dispensing terminals with improved upstream accessibility, providing them with access to a broad portfolio of high-quality products from a large number of top-tier pharmaceutical companies, ensuring cost-effective procurement and stable supply. Through our digitally enabled pharmaceutical circulation system, we have created a virtuous cycle where real-world performance data continuously refines operational and marketing strategies and optimizes product sales, driving increasingly effective resource deployment across the value chain. This new business model effectively addresses long-standing industry pain points under traditional sales model, reducing excessive marketing layers, maximizing ROI for pharmaceutical companies, and improving pricing transparency, and ultimately creating a more sustainable and high-performing out-of-hospital pharmaceutical circulation value chain.

The following diagram illustrates our business model and our roles in the out-of-hospital pharmaceutical circulation value chain.

Through our integrated approach, we serve upstream pharmaceutical companies to effectively achieve:

- *Expansive market coverage*: Systematic access to diverse sales channels covering all types of downstream buyers including regional sales partners, e-commerce platforms, and dispensing terminals, ensuring product availability across all key channels and substantially increasing sales volume.

- *Precision channel management*: Multi-dimensional value chain data delivers data-driven insights into sales performance, procurement pattern, inventory, and pricing, increasing downstream transaction visibility, facilitating customized marketing campaigns, precision channel management and strategic decision-making.

- *Comprehensive digital integration*: Directly reaching downstream buyers, reducing excessive marketing layers and enabling optimized resources allocation; real-time synchronization of supply chain data addressing opaque cost structure issue and enhancing operational transparency and efficiency.

For downstream buyers, we connect them with upstream pharmaceutical companies and further provide them with the following in the out-of-hospital pharmaceutical circulation value chain:

- *Abundant choices of products*: Abundant SKUs to downstream buyers, including prescription and OTC pharmaceuticals, healthcare products and medical devices, and stable supply of high-quality products enriching downstream buyers' product offerings.

- *Marketing resources and fair pricing*: Digitally uniting downstream buyers in the highly fragmented out-of-hospital pharmaceutical market into a virtual alliance, enabling them to achieve fair pricing and better marketing policy.

- *Efficient transaction process and reliable fulfillment*: Simplifying transaction process and minimizing transaction costs by reducing unnecessary transaction processes; intelligent order management and logistic infrastructure ensuring efficient, safe and fast delivery.

Our digital synergy framework not only enhances transactional efficiency but also fosters data-informed pharmaceutical circulations. This unique combination of pharmaceutical expertise and technological innovation positions us as an valued partner in the industry's digital transformation.

Our Business Model

Leveraging our industry insights and expertise in targeted marketing, we connect pharmaceutical companies with optimal e-commerce sales resources and provide them with e-commerce enablement services.

Digitalized Sales to Individual Customers

Sales through Third-party E-commerce Platforms (S2B2C)

We collaborate with predominant e-commerce platforms in China to directly reach individual customers for the sales of pharmaceutical products. We provide digital marketing and supply chain services by (i) selling pharmaceutical products via branded online stores on the e-commerce platforms, and (ii) providing marketing services to pharmaceutical companies for the operations of online stores on the e-commerce platforms. Under the S2B2C model, e-commerce platforms are our direct customers and contractual counterparties. We enter into sales framework agreements with such e-commerce customers and sell pharmaceutical products to them. We classify S2B2C as digitalized sales to individual customers, as this channel inherently operates as a consumer retail scenario where the products are marketed to and ultimately purchased by individual consumers through major e-commerce platforms. For the sales of pharmaceutical products, we procure pharmaceutical products from upstream pharmaceutical companies or their authorized distributors, and then sell the products to individual customers through B2C and O2O e-commerce platforms such as JD Health, Ali Health, Meituan Health, Dingdang and Quanyuantang. In addition to supplying pharmaceutical products to individual customers via online stores on these e-commerce platforms, we provide comprehensive e-commerce operation services encompassing integrated brand operations, sophisticated data monitoring and management systems and intelligent inventory management services. Our e-commerce operation and precision digital marketing capabilities can boost product sales and maximize product visibility to individual customers. Under this model, we serve as a bridge connecting upstream pharmaceutical companies and end-customers.

Specifically, we provide e-commerce operation services, comprehensive supply chain management services, brand performance optimization, and comprehensive market intelligence.

- *Online store operations*: We formulate overall operation strategies and plans across different channels. We also help with the execution of the operation plans.

- *Brand performance optimization*: We maintain consistent visual presentation of pharmaceutical products across different channels and offer branding and marketing services across different channels. We also engage in patient education activities to promote pharmaceutical product sales.

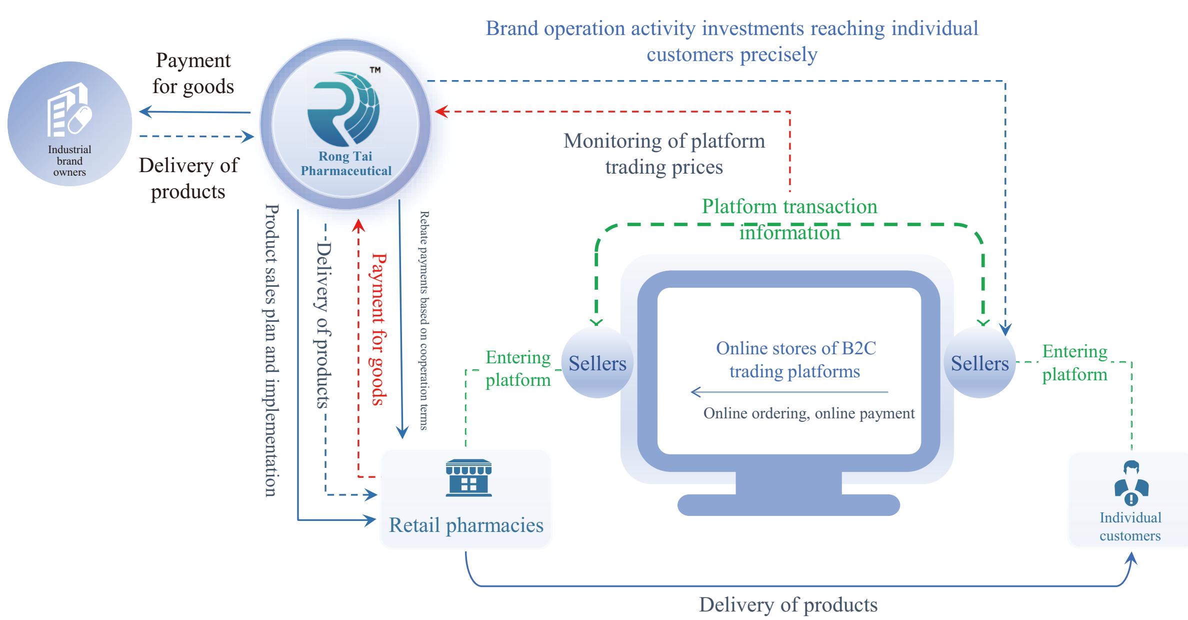
- *Comprehensive supply chain management services*: We directly engage in product listing and access, inventory management, product shipment and logistics, and value chain management across different channels.

- *Intelligent omni-channel price monitoring*: We monitor real-time price fluctuations across all major e-commerce channels. This system enables dynamic pricing strategy adjustments, detects gray market activities, maintains cross-platform price consistency, and automatically alerts pharmaceutical companies to abnormal discounting practices.

- *Big data analytics*: Drawing upon the large volume of information we have collected and our advanced analytics, we examine purchase behavior patterns, patient demographic characteristics, and medication usage scenarios. These insights facilitate precision marketing campaigns and efficient allocation of marketing resources.

- *Media promotion*: We conduct overall planning of media promotion services and help with the execution of media promotion plans. Our marketing optimization system synchronizes competitive product information both inside and outside the e-commerce platform, while connecting patient education content outside the platform and platform-specific promotional activities.

The following flow chart illustrates the typical sales transactions under S2B2C sales channel, covering the sales initiation, delivery of products and settlement of payments.



Leveraging our digital platform and data analytics capabilities, we have developed three core competitive advantages:

- *Full-channel intelligent price monitoring*. Our advanced monitoring and channel tracing services provide real-time detection of online price fluctuations, enabling pharmaceutical companies to make timely strategic pricing adjustments;

- *Consumer behavior analytics*. Through sophisticated analysis of purchasing patterns, patient profiles and medication scenarios, we deliver targeted consumer education programs that drive precise customer acquisition and repeat purchase management;

- *Integrated marketing optimization*. By synchronizing on-platform promotions with off platform health education content sharing, we enhance user engagement and improve conversion rates.

Operational Scale

In 2023, 2024 and 2025, we have established extensive collaborations with 101, 123 and 113 e-commerce customers to sell pharmaceutical products across major B2C and O2O e-commerce platforms including JD Health, Ali Health, Meituan Health, Dingdang and Quanyuantang. The majority of the e-commerce customers as of December 31, 2025 has maintained a relationship of three years or above with us. This extensive reach, combined with our technological capabilities, positions us as the valued digital partner for pharmaceutical companies.

We have also strategically selected a targeted portfolio of products well-suited for e-commerce marketing, encompassing both prescription and OTC medications with strong brand recognition and proven medical value. The prescription portfolio focuses on key therapeutic areas, including diabetes, cardiovascular health, anti-infectives, mental health, anti-asthma, oncology, male health, arthritis, and gout. The OTC portfolio consists of widely used household medications for colds, digestive health, vitamin and mineral supplements, dermatology, pain relief, and eye fatigue. Additionally, in alignment with government policies supporting traditional Chinese medicine (TCM), we have incorporated Chinese patent medicines into our e-commerce sales channel, further diversifying our product offerings and capitalizing on growing consumer demand. During the Track Record Period, the number of SKUs we sold through third-party e-commerce platforms targeting individual customers was 749 in 2023, 855 in 2024 and 1,319 in 2025.

Major Terms of Agreements

The following sets forth a summary of the major terms we entered with e-commerce platforms under the S2B2C model.

- *Buyer-Seller Relationship*. We provide pharmaceutical products to the e-commerce platforms. The platforms purchase products from us and subsequently sell them to end consumers.

- *Pricing*. We supply products at competitive market prices negotiated and agreed upon by both parties. The e-commerce platforms determine the final retail prices to consumers.

- *Sales Targets & Minimum Purchase Quantity*. The contracts generally do not impose explicit minimum purchase quantities or sales targets.

- *Product Liabilities, Recalls, and Indemnification*. We are committed to supplying products that comply with applicable national quality standards and relevant laws. We bear responsibilities and indemnification obligations for product defects, recalls, or material breaches of quality standards arising directly from our supply.

- *Rebates*. We may offer rebates or sales incentives to e-commerce platform customers, such as sales-based rebates, and cooperative marketing and promotional support.

- *Duration of Agreement*. Annual renewal.

- *Exclusivity and Non-Competition*. The agreements are generally non-exclusive, allowing the supplier to sell the same products on other platforms.

- *Termination Clause*. Either party has the right to terminate the agreement upon the occurrence of certain specified events, such as a material breach of contract by the other party, bankruptcy, or insolvency.

- *Delivery*. We are generally responsible for arranging the delivery of products to the locations designated by the e-commerce platforms. The transfer of risk and title typically occurs upon the platforms' receipt and acceptance of the products.

Under this model, we mainly generate revenue from reselling pharmaceutical products. Due to our proven e-commerce operational capabilities, precision marketing expertise, and strong sales performance, upstream pharmaceutical companies typically grant us preferential procurement terms, including volume-based pricing advantages. These preferable terms enable us to improve gross margins when selling pharmaceutical products to e-commerce platforms. Under rare circumstances, we also generate revenue purely from offering e-commerce operation services to upstream pharmaceutical companies, in which case we do not procure products and generate revenue from reselling the products.

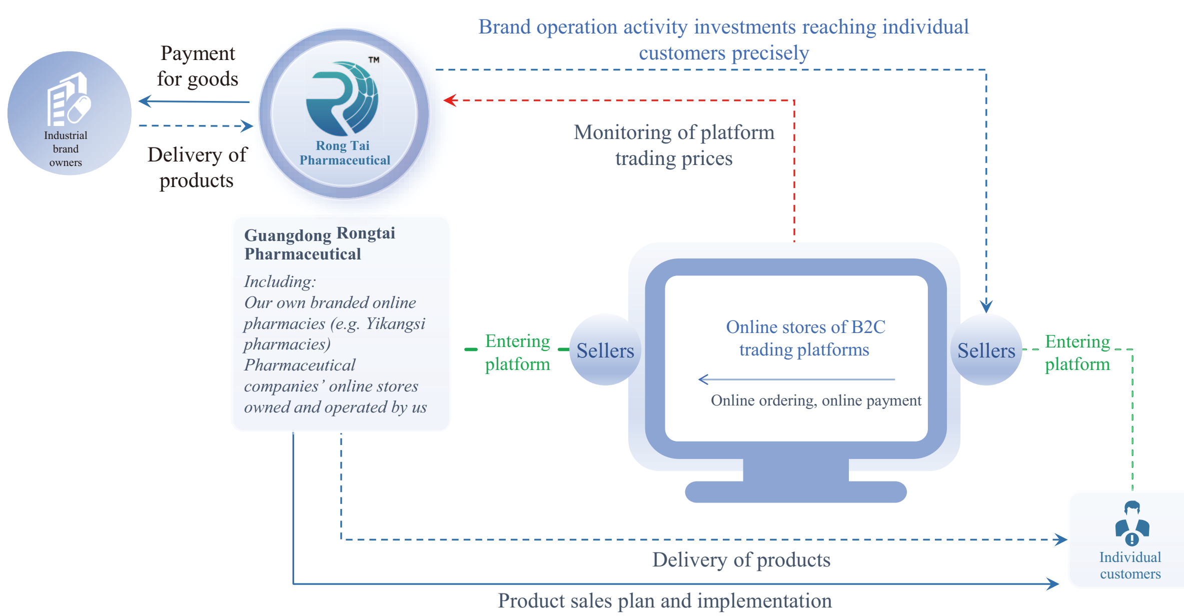
Sales through Our E-commerce Stores (S2C)

Apart from selling through third-party e-commerce platforms, we have also established our own online sales channel—Yikangsi pharmacies, our retail pharmacy brand targeting individual customers. Our Yikangsi pharmacies primarily function as a direct-to-consumer sales channel whereas our S2B2C model serves a broader purpose, encompassing brand promotion and patient education. This strategic differentiation between the two channels allows us to effectively address the needs of pharmaceutical companies, broadly cover the fragmented out-of-hospital market, and strengthen our overall market presence. During the Track Record Period, we owned and operated Yikangsi pharmacies on major B2C and O2O online platforms, such as Ali Health and Meituan Health. We simplify medication access by integrating prescription fulfillment, OTC medications and healthcare products into a single platform, catering to the rising demand for convenience among individual customers. We also owned and operated offline Yikangsi pharmacies in Guangzhou and Shenyang to enhance community engagement and customer royalty, supporting the operations of online Yikangsi pharmacies. During the Track Record Period, we owned and operated eight, nine and ten our own branded online pharmacies (e.g. Yikangsi pharmacies) on major B2C and O2O marketplaces as we continued to grow our online presence and 11, 16 and 13 offline Yikangsi pharmacies in 2023, 2024 and 2025, to support our online operations. These offline Yikangsi pharmacies primarily sold over-the-counter drugs, and mainly served residents in the surrounding communities.

Beyond our branded stores, we collaborate with upstream pharmaceutical companies to establish and operate their official flagship stores on B2C e-commerce platforms such as Ali Health. In this capacity, we are authorized to use their trade names and trademarks while retaining ownership of the stores. During the Track Record Period, we owned and operated five, 11 and 19 pharmaceutical companies' stores to further promote their brand based on our digital marketing capabilities.

Pharmaceutical companies engaged with us to promote their products due to multiple strategic and operational advantages. Firstly, we possess professional expertise in market positioning, customer analysis and promotional execution, which enables pharmaceutical companies to accurately reach target groups without investing heavily in building an in-house marketing team. Secondly, we possess mature channels and platform resources that can significantly expand the reach of pharmaceutical products and enhance brand visibility. Additionally, we are adept at data-driven marketing we can collect and analyze user behavior, sales trends and demand data to optimize promotion strategies, improve conversion rates and increase user stickiness. For pharmaceutical companies, we help streamline operational processes, reduce marketing costs and risks, and allow them to focus more on core competencies such as R&D and production, thereby achieving more efficient and sustainable market expansion.

The following flow chart illustrates the typical sales transactions under S2C sales channel, covering the sales initiation, delivery of products and settlement of payments.



Products sold through Yikangsi pharmacies mainly include pharmaceutical products sold on behalf of pharmaceutical companies, as well as selected products that we procure strategically, which are primarily best-selling or seasonal items, such as influenza-related medicines during peak seasons. This agile procurement approach has demonstrated its effectiveness in driving periodic sales surges for our proprietary online sales operations. We manage inventory levels based on factors such as supply conditions, pricing fluctuations, seasonality, product popularity and shelf life. Due to our proven digital sales capabilities and stable sales volumes, pharmaceutical companies are willing to supply products to us at better prices. Favorable supplier terms enable us to maintain higher gross margins. During the Track Record Period, our online Yikangsi pharmacies processed an average of over 64,092 orders monthly.

For the official flagship stores using trademarks and trade names of pharmaceutical companies that we own and operate on e-commerce platforms, we procure product from pharmaceutical companies or their authorized distributors and generate revenue by selling the products to individual customers through those flagship stores. We are also responsible for their overall operation, including strategic planning, refinement of operational strategies, storefront optimization, visual design, marketing execution, data analytics, and daily operational support such as product listings, pricing adjustments, promotional campaigns, and bundled product strategies. To ensure transparency, we provide pharmaceutical companies with regular operation reports, including daily sales data, weekly performance analytics, and monthly operational reviews. For products sold under this model, we normally select pharmaceutical products with strong market demand but are not yet dominated by a single brand, as well as drugs with exclusive generic names.

We typically enter into non-exclusive, annually renewable agreements with S2C platforms, which serve as technical service providers facilitating the online marketplace. Under this S2C model, we operate as an independent seller directly serving individual consumers. Orders from these customers are placed online, and the terms and conditions of such sales are governed by the confirmed electronic purchase orders. We usually set competitive retail prices jointly with our upstream pharmaceutical companies for brand flagship stores, and independently for our own branded stores. We pay the e-commerce platforms for their services. The service fees vary by the e-commerce platform, and generally comprise fulfillment fees (typically calculated as a percentage of the order value), fixed annual usage fees, logistics fees, and charges for value-added services such as advertising. These agreements do not impose any sales targets or minimum purchase quantities on us. We bear responsibility for product delivery, quality compliance, and product liability.

Under this business model, we generate revenue through selling pharmaceutical products to individual customers and providing e-commerce operation services to pharmaceutical companies.

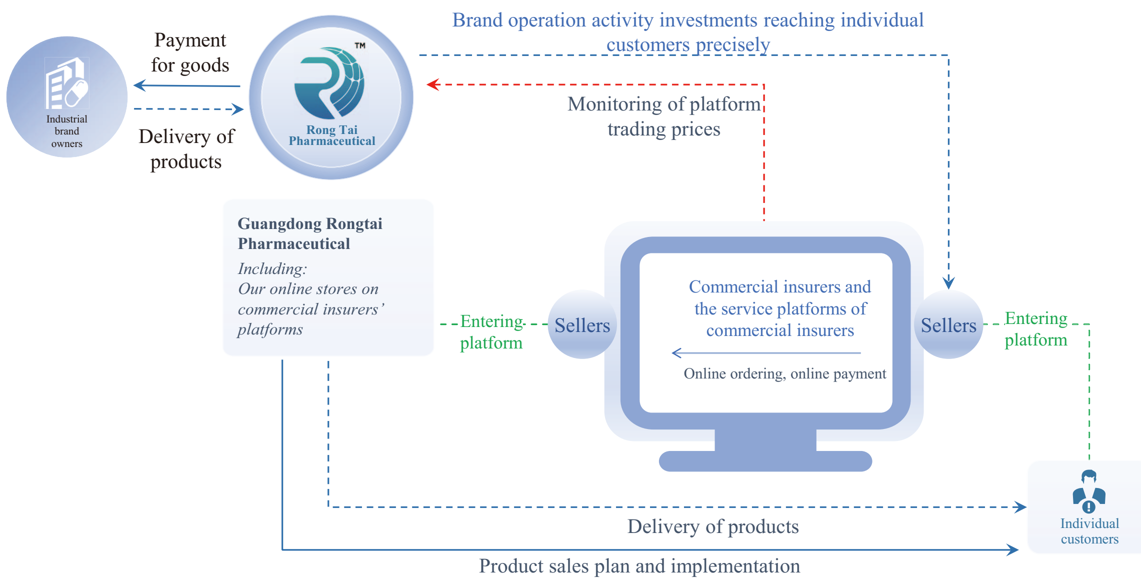
Cooperation with Commercial Insurers

To address patients' unmet demand arising from limited social health insurance, we partnered with commercial insurers to create a "healthcare-medication-insurance" closed-loop model. This model provides commercially insured patients with affordable access to high-quality medication, particularly original, brand-name drugs and imported drugs. Typically sponsored by employers for their workforce, these commercial policies offer supplemental medical coverage that complements public health insurance schemes.

When patients purchase medicines through commercial insurers' platforms, we provide medicines directly to patients, while handling prescription reviews, complaint management, and after-sales services in accordance with our agreements. For prescription drugs, patients access our pharmacies through the commercial insurers' platforms and obtained prescriptions issued by qualified physicians. After the relevant order is submitted, our pharmacists review the prescriptions prior to dispatch and delivery. We settle payments directly with commercial insurers rather than collecting from individual patients. This integration ensures a smooth experience for the end-users while streamlining the transaction process.

Through this model, we provide pharmaceutical supply chain services to commercial insurers and their covered patients. During the Track Record Period, we collaborated with 12 commercial insurers and/or online healthcare service providers. As of December 31, 2023, 2024 and 2025, we owned and operated nine, eight and eight online stores on commercial insurers' platforms, respectively. Revenue generated from sales through commercial insurers amounted to RMB15.1 million and RMB20.5 million in 2024 and 2025, respectively, representing only 0.5% and 0.6% of our total revenue, respectively. Our pharmacies have obtained the relevant licenses, including the Pharmaceutical Operation Licenses and Medical Devices Operation Licenses to operate this business.

The following flow chart illustrates the typical sales transactions under S2C sales in cooperation with commercial insurers, covering the sales initiation, delivery of products and settlement of payments.



We have implemented internal control measures for vetting commercial insurance platform providers, focusing on three main areas: (i) input and output evaluation, where we assess project scale, commission rates, and and other factors; (ii) assessment of operating status, which involves reviewing their registered capital, date of establishment, existing legal disputes; and (iii) payment cycle management, where we review the partner's financial standing prior to collaboration, establish clear contractual payment terms, and regularly monitor payment progress.

We typically enter into non-exclusive agreements with e-commerce platforms supporting commercial insurers, generally with a term of two to three years. Under these agreements, we sell and deliver pharmaceutical products directly to end customers, while the platforms facilitate the direct-payment mechanism and subsequently settle the transaction amounts with us. We pay the platforms a technology service fee based on cumulative sales volume. These agreements generally do not impose any minimum purchase quantities, sales targets, or additional periodic rebate obligations on us. We bear full and sole responsibility for product liability and quality standard compliance. The agreements may be terminated by either party upon a material uncured breach, insolvency, or revocation of requisite licenses.

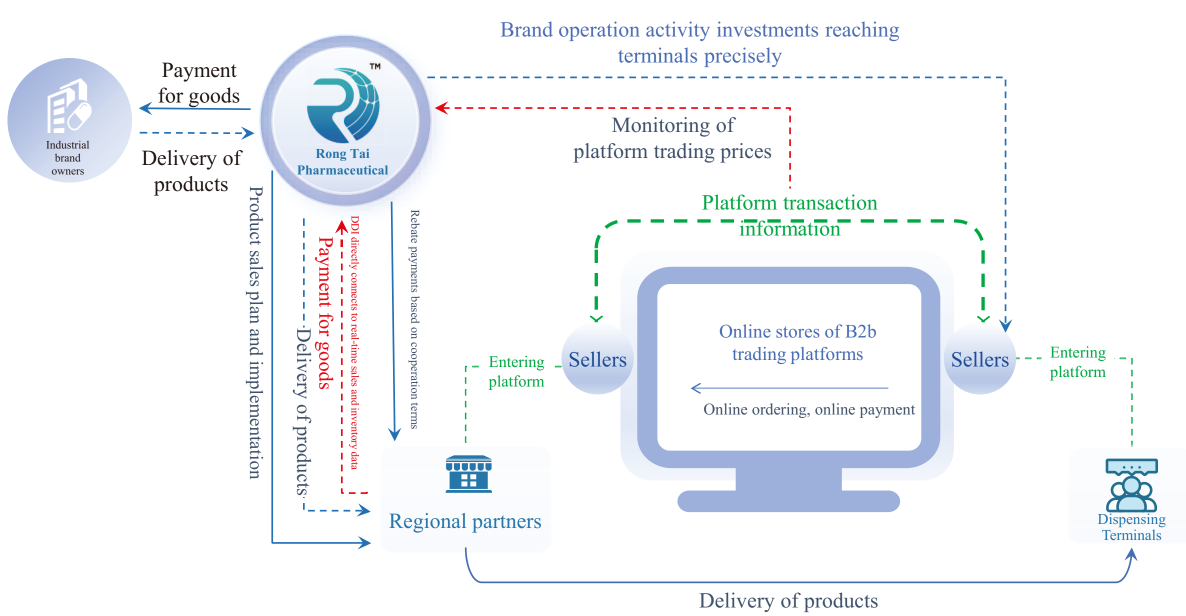
Digitalized Sales to Dispensing Terminals

Sales through Regional Sales Partners (S2B2b)

We have adopted a sales model that efficiently connects upstream pharmaceutical companies with downstream dispensing terminals which include (i) out-of-hospital retail pharmacies; and (ii) primary healthcare institutions such as private clinics, township health centers, village clinics, and community medical institutions. Under this model, we sell pharmaceutical products procured from upstream pharmaceutical companies or their authorized distributors to our regional sales partners, and facilitate regional sales partners to sell pharmaceutical products through third-party B2B e-commerce platforms, such as YSB and 1 Yaocheng, to dispensing terminals. Through this model, we enable pharmaceutical companies to effectively address China's large yet fragmented out-of-hospital pharmaceutical market.

Apart from providing supply chain services through selling the products we procured from pharmaceutical companies and their authorized distributors to these regional sales partners, we also provide digital marketing services by collecting transaction data through our data direct interconnection system and providing data-enabled operational support and guidance to regional sales partners, who open and operate their own online stores on third-party B2B e-commerce platforms. Under this model, regional sales partners manage the product inventory levels and day-to-day operation of their online stores. We provide recommended pricing, monitor pricing compliance through our price monitoring system and grant discount incentives based on the terms of the relevant cooperation agreements. We are responsible for delivering products to regional sales partners. Through our direct engagement in the subsequent sale of pharmaceutical products, we are able to optimize the allocation of pharmaceutical companies' marketing resources through precisely identifying the requirements of downstream dispensing terminals. We continuously analyze sales data collected through our proprietary data direct interconnection system and online transaction patterns. Our sales through regional sales partners complements our direct sales to dispensing terminals, facilitating our effective penetration into the large and highly fragmented market. See "—Our Digital Operations and Data Analytics System—Data Direct Interconnection System."

The following flow chart illustrates the typical sales transactions under S2B2b sales channel, covering the sales initiation, delivery of products and settlement of payments.



Through years of e-commerce operations and accumulation, we have also established a database of existing and potential downstream buyers. To effectively manage this database containing a large volume of downstream buyers, we applied tagging technology which uses electronic tags or labels for precise identification and tracking. We create tags or labels for our customers based on the database from multiple platforms including the National Medical Products Administration, provincial Medical Products Administrations, municipal Administration for Market Regulation. The labels include information such as customer name, terminal attribute labels geographic location, registration date, status and others.

Regional Coverage and Network Scale

During the Track Record Period, we collaborated with 754, 1,705 and 2,458 regional sales partners and reached over 293,000, 292,000 and 258,000 dispensing terminals in 2023, 2024 and 2025, respectively. The majority of our regional sales partners as of December 31, 2025 has maintained a relationship of one to three years with us. We also established a comprehensive database profiling over 1.7 million existing and potential regional sales partners and dispensing terminals through this business model in the same period. The scale and granularity of our database represent a clear industry leadership position, according to Frost & Sullivan.

The following table sets forth the distribution of our regional sales partners during the Track Record Perido by geographic region.

	Year ended December 31		
Regions in China	**2023**	**2024**	**2025**
Central(1)	265	542	836
East(2)	169	378	489
North(3)	111	196	270
Northeast(4)	50	225	289
Southwest(5)	105	262	400
Northwest(6)	54	102	174
Total	754	1,705	2,458

Notes:

(1) Central region mainly includes Guangdong, Henan, Hubei, Hunan, Guangxi and Hainan.

(2) East region mainly includes Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong.

(3) North region mainly includes Beijing Municipality, Tianjin Municipality, Hebei Province, Shanxi Province, Inner Mongolia.

(4) Northeast region mainly includes Liaoning, Jilin and Heilongjiang.

(5) Southwest region mainly includes Chongqing, Sichuan, Guizhou, Yunnan and Tibet.

(6) Northwest region mainly includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.

Our data analytics capabilities, in combination with our database covering regional sales partners and dispensing terminals, enable us to directly execute precision marketing campaigns pursuant to pharmaceutical companies' marketing policies, while managing the sales channel and product delivery logistics. While efficiently and effectively executing subsequent sales transactions, we also provide upstream pharmaceutical companies with a wide range of transaction data regarding subsequent sales. These data increase pharmaceutical companies' visibility towards downstream sales, allowing them to make data-informed resources allocation and formulate marketing strategies. The value we created for upstream pharmaceutical companies allows us to maintain collaborative relationships with pharmaceutical companies. For details of our data direct interconnection system, please refer to "— Our Digital Operations and Data Analytics System — Data Direct Interconnection System " in this section.

Movement in the Number of Regional Sales Partners

The table below sets forth the changes in the numbers of our regional sales partners during the Track Record Period.

	As of/For the year ended December 31,		
	2023	2024	2025
Number of regional sales partners at the beginning of the year	595	754	1,705
Number of new regional sales partners(1)	300	1,145	1,194
Number of terminated/inactive regional sales partners(2)	141	194	441
Number of regional sales partners at the end of the year	754	1,705	2,458
Turnover rate of regional sales partners (%)(2)	20.9	15.8	21.2

Notes:

(1) The significant increase in 2024 is primarily due to the new regional sales partners we collaborated through our subsidiaries in the PRC, as we leveraged our sales network and strategically moved to expand customer coverage, deepen market penetration and enhance both the depth and breadth of our market presence in the PRC.

(2) We define "terminated/inactive regional sales partners" for a given year as those regional sales partners who made purchases from us in the previous calendar year, but had not make purchases from us (yet) in the given year.

(3) "Turnover rates" are calculated as the number of terminated/inactive regional sales partners divided by the average number of regional sales partners in the year. For simplicity, the average number of regional sales partners is calculated by adding the number of regional sales partners at the beginning and at the end of the relevant year, and dividing the sum by two, without applying any weighted average calculation.

Major Terms of Agreements

The following sets forth a summary of the major terms we entered with regional sales partners under S2B2b.

- *Buyer-Seller Relationship*. We grant the regional sales partners a non-transferable right to sell products but reserve the right to sell directly in the same regions or appoint additional distributors.

- *Pricing*. The supply price for products is negotiated and confirmed on a case-by-case basis for each order. We retain the unilateral right to adjust supply prices based on market conditions, with the regional sales partners' acceptance of goods at a new price constituting agreement to the change.

- *Sales Targets and Minimum Purchase Quantity*. The agreements do not stipulate explicit annual sales targets or minimum purchase quantities.

- *Product Liabilities, Recalls, and Indemnification*. We are committed to supplying products that comply with applicable national quality standards and relevant laws. We bear responsibilities and indemnification obligations for product defects, recalls, or material breaches of quality standards arising directly from our supply.

- *Rebates*. Rebates and other sales incentives are offered at our discretion and are contingent upon the regional sales partners' meeting specific conditions.

- *Duration of Agreement*. Annual renewal.

- *Exclusivity and Non-Competition*. The agreements are explicitly non-exclusive, allowing us to sell the same products through other channels.

- *Termination Clauses*. Either party may terminate the agreement for cause upon the other's insolvency, a fundamental change in ownership or control that impacts performance, or if assets are seized.

- *Delivery*. Delivery is completed when products arrive at the regional sales partners' pre-designated address. The regional sales partners are responsible for inspecting the goods at the time of delivery.

Product Portfolio and Inventory Control

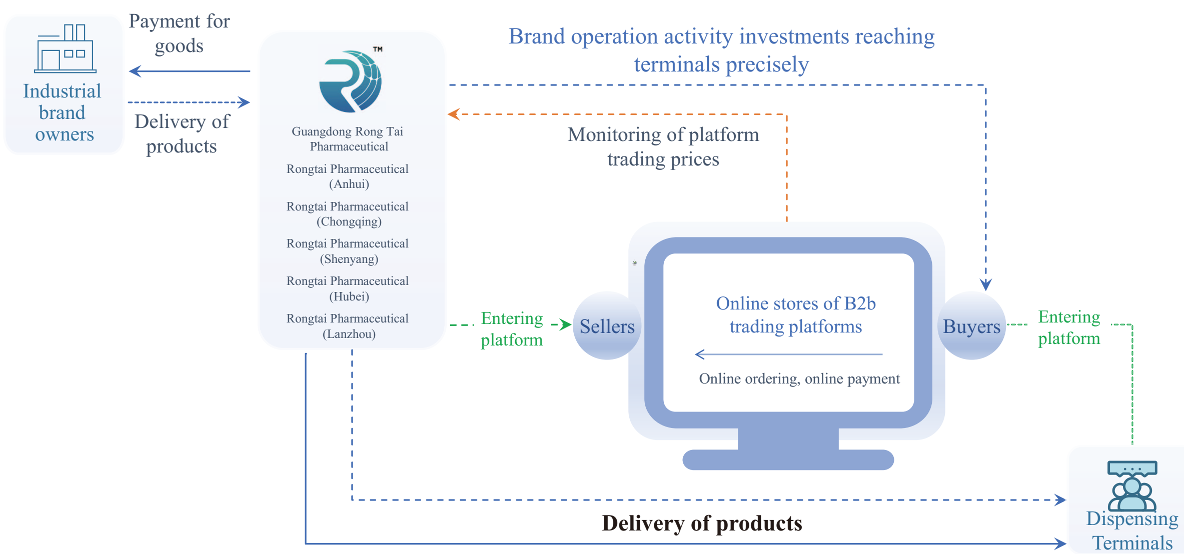
Through this digitalized sales channel, we cover a wide range of dispensing terminals. For independent pharmacies and small-and-medium chain pharmacies, our product offerings mainly include well-known OTC medications and prescription drugs driven by hospital prescriptions, with an emphasis on oral formulations. The product portfolio covers key therapeutic areas, including cold and cough, respiratory health, neurological disorders, anti-allergy, gastrointestinal conditions, dermatology, ophthalmology, rheumatism and bone pain, as well as vitamin and mineral supplements. For primary healthcare institutions, we strategically sell chronic disease prescription drugs and traditional Chinese patent medicines, addressing major treatment areas such as hypertension, hyperlipidemia, diabetes, cold and cough, anti-allergy, and respiratory health. This targeted approach ensures alignment with the specific needs of different healthcare providers while maximizing market penetration.

We also implemented internal control measures to prevent channel stuffing. We conduct internal performance assessment of our business team based on the customer's collection payment amount. In the event of abnormal inventory, downstream customers may extend the payment period due to excessive inventory levels, but we may deduct valuation points in performance evaluation of relevant responsible business team. In addition, we conduct data monitoring on customers' sales volume, inventory turnover and other metrics through our direct connection system, and issues early warnings to customers with high inventory levels.

Sales through Our E-Commerce Stores (S2b)

In addition to sales of pharmaceutical products through regional sales partners, starting in 2023, we have also sold pharmaceutical products to dispensing terminals directly through our e-commerce stores. Under this model, we establish and operate our own online stores on major third-party B2B e-commerce platforms, such as YSB and 1 Yaocheng, and sell pharmaceutical products from our own inventory to dispensing terminals. We manage our inventories and adjust inventory level based on fluctuation in supply and prices, seasonality, product popularity and shelf life.

The following flow chart illustrates the typical sales transactions under S2b sales channel, covering the sales initiation, delivery of products and settlement of payments.



Product sales plan and implementation

To achieve efficient nationwide coverage and deepen our penetration in the out-of-hospital market, we have established a multi-regional operational network. Beyond our headquarter in Guangdong which also covers Southern China market, we strategically located our subsidiary operations in Anhui to cover Eastern China market, Chongqing to cover Southwestern China market, Liaoning to cover Northeastern China market, Gansu to cover Northwestern and North China market and Hubei to cover Central China market. This extensive sales network and data asset enhance our capabilities in the out-of-hospital pharmaceutical market. By directly engaging with downstream buyers, we are able to optimize inventory management based on real-time demand movements, develop optimal sales strategies for different products, provide data-driven decision support to upstream pharmaceutical companies, and identify and capitalize on emerging market opportunities more efficiently. Through these operations, we have acquired first-hand transaction data and accumulated private domain customer base.

In 2023, 2024 and 2025, we operated one, eight and 20 online stores across B2B e-commerce platforms, respectively, as we continued to grow our business. Through our own online stores, we served an extensive number of dispensing terminals and assist pharmaceutical companies in accurately covering target customer groups. In 2024 and 2025, we connected over 154,000 and 171,000 dispensing terminals through our e-commerce stores, respectively, demonstrating our comprehensive coverage across various pharmaceutical sales channels.

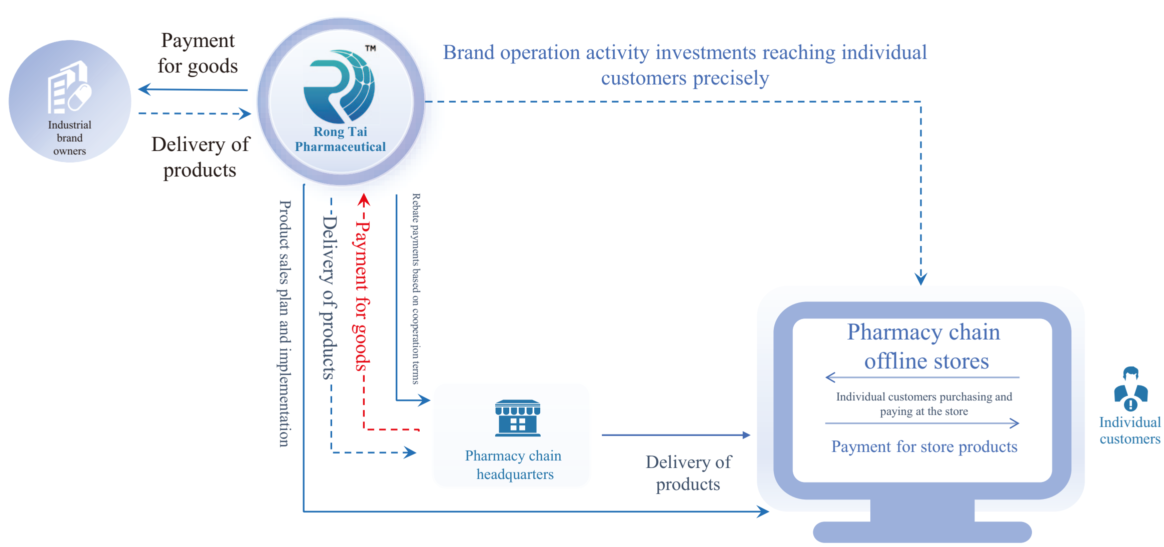
We started direct sales to downstream buyers through B2B e-commerce platforms in late 2023. This has enabled us to accumulate private domain customer. Through these operations, we have acquired first-hand transaction data that provides critical insights into purchasing patterns, inventory turnover, and market demand.

Similar to our arrangements under the S2C model, our sales to dispensing terminals are conducted through online stores operated by us on third-party B2B e-commerce platforms. Orders from these dispensing terminals are placed online and the terms and conditions of such sales are governed by the confirmed electronic purchase orders. The terms of our agreements with these B2B platforms are substantially similar to those under our S2C model. Specifically, these agreements are non-exclusive, annually renewable, and do not impose any sales targets or minimum purchase quantities. Furthermore, we pay service fees under comparable fee structures, typically determine supply prices independently, and retain full responsibility for product delivery, quality compliance, and product liability.

Sales to Pharmacy Chains (S2K)

Aside from online channels, we also strategically established offline partnerships with leading national and regional pharmacy chains across China. We generate revenue from selling pharmaceutical products directly to these pharmacy chains across China. Through centralized collaboration with pharmacy chains, we have developed a comprehensive out-of-hospital pharmaceutical retail network, offering pharmaceutical products in multiple therapeutic areas, such as oncology, anti-rejection, neurology, ophthalmology, cardiovascular, respiratory, dermatology, andrology, gynecology, and pediatrics, to pharmacy chains. We also address prescription fulfillment market through retail pharmacy stores located near hospitals, facilitating prescription transfers and enhancing service capabilities across the pharmaceutical retail ecosystem.

The following flow chart illustrates the typical sales transactions under S2K sales channel, covering the sales initiation, delivery of products and settlement of payments.



We provide a number of benefits to pharmacy chains including optimized contract terms, operational supports, and multi-channel price. Our involvement has optimized sales management mechanism for pharmacy chains through a suite of strategic initiatives. We also develop tailored sales programs that enhance product marketing policy flexibility for chain-specific product promotions. This comprehensive approach improves operational synergy effectiveness across all collaborative dimensions. The integrated solution addresses critical industry challenges including product commercialization, promotional rigidity, service capability gaps and pricing volatility, delivering measurable value to both pharmaceutical companies and pharmacy chains. The benefits we offer establish us as a trusted partner of pharmacy chains. In 2023, 2024 and 2025, the number of pharmacy chains in our sales network were 507, 425 and 435. The majority of our pharmacy chain customers as of December 31, 2025 has maintained a relationship of three years or above with us. The decrease in the number of pharmacy chains from 2023 to 2024 was primarily because we optimized our management of the pharmacy chains to focus on those with higher transaction volumes. These particular chain clients were prioritized for exit mainly due to (i) excessively long payment cycles, and (ii) the estimated market trend indicating a contraction in the number of their offline chain pharmacies.

Major Terms of Agreements

The following sets forth a summary of the major terms we entered with pharmacy chains, under the S2K model.

- *Buyer-Seller Relationship*. We provide pharmaceutical products to pharmacy chains. We provide all necessary legal business licenses, authorization letters, and quality documentation before transactions occur.

- *Pricing*. Pricing is determined through mutual commercial negotiations. We generally agree to maintain competitive pricing and may adjust our supply prices in response to market dynamics and mutual agreement.

- *Sales Targets and Minimum Purchase Quantity*. The agreements may include trial periods for new products and periodic sales reviews to monitor market reception. We are committed to maintaining a stable supply and fulfilling purchase orders in accordance with the agreements.

- *Product Liabilities, Recalls, and Indemnification*. We are committed to supplying products that comply with applicable national quality standards and relevant laws. We bear responsibilities and indemnification obligations for product defects, recalls, or material breaches of quality standards arising directly from our supply.

- *Rebates*. Rebate or reward policies are contemplated on a regular basis, tied to either purchase or sales value.

- *Duration of Agreement*. Annual renewal.

- *Exclusivity*. We generally supply products to pharmacy chains on a non-exclusive basis, while for certain specific products, we may grant our pharmacy chain partners designated distribution rights within specific geographic regions.

- *Termination Clauses*. The agreements may be terminated by mutual consent or by the purchaser under specific circumstances, including a material breach of contract, such as persistent failure to fulfill orders or compliance violation.

- *Delivery*. Delivery is completed when products arrive at the pharmacy chains' pre-designated address. The pharmacy chains conduct routine inspections upon receipt and retain the right to reject any non-conforming shipments.

Through the strategic partnership, we offer flexible payment terms to pharmacy chains to reduce their cash management pressure. For example, for certain products, we agreed with pharmacy chains that a small agreed amount would be settled at a later date to align with product quality assurance and after-sales service arrangements. In turn, we agreed with upstream pharmaceutical companies on corresponding flexible settlement terms under similar quality assurance and after-sales service arrangements. These arrangements ease pharmacy chains' initial ordering and facilitate the market entry and in-store launch of new pharmaceutical products from upstream pharmaceutical companies. Moreover, we provide operational support and multi-channel pricing to pharmacy chains. We formulate differentiated market access and pricing strategies for pharmacy chains, including offering discounts/rebates on sales price, predicated on an assessment of their operational scale, regional influence, store network coverage, as well as the prevailing competitive dynamics of the product market. We also provide performance-based rebates and incremental rebates tied to sales performance. In addition to our sales to the pharmacy chains, we also provide them with product marketing in accordance with the prescribing information with our market insight. This position us as a trusted partner of pharmacy chains.

Our Digital Operations and Data Analytics System

To efficiently serve upstream pharmaceutical companies and connect and empower downstream buyers with our digital marketing and supply chain services, we have established a digital operations and data analytics system that drives operational excellence, intelligent automation, and data-driven decision-making across all business functions. By unifying data, operations, and supply chain processes under a single intelligent framework, we have created a seamless infrastructure that enhances efficiency, reduces costs, and delivers real-time visibility to our business operations.

Our digital operations and data analytics infrastructure is supported by a highly specialized IT team of 68 professionals with dual expertise in pharmaceutical industry knowledge and internet technologies as of December 31, 2025. This team is led by senior technical experts with more than 20 years of practical experience across key domains including artificial intelligence, digital transformation, pharmaceutical e-commerce, supply chain technology and internet architecture. The team is organized into dedicated functional groups covering architecture design, product development, data analytics and AI research, enabling comprehensive capabilities from front-end operations to back-end supply chain management.

Data Direct Interconnection System

Development Process of Our Data Direct Interconnection System

We have developed in-house a digital marketing platform including a data direct interconnection system and a database. The development of data direct interconnection system requires initial evaluation such as defining data analysis needs with customers, signing commercial agreements confirming the agreed terms with regional sales partners and performing compatibility tests between the data direct interconnection system and the regional sales partners' local information systems, including testing on the compatibility of hardware, software and operational system. Following the evaluation, our IT department optimizes the data direct interconnection system based on the test results, and designs and implements an integrated solution on the device of regional sales partners to collect transactional data, which includes deploying specialized data collection software tools on the devices of regional sales partners, connecting to their local ERP system through methods such as application programming interfaces (APIs) or file transfer protocol (FTP) and stores the collected data in our database.

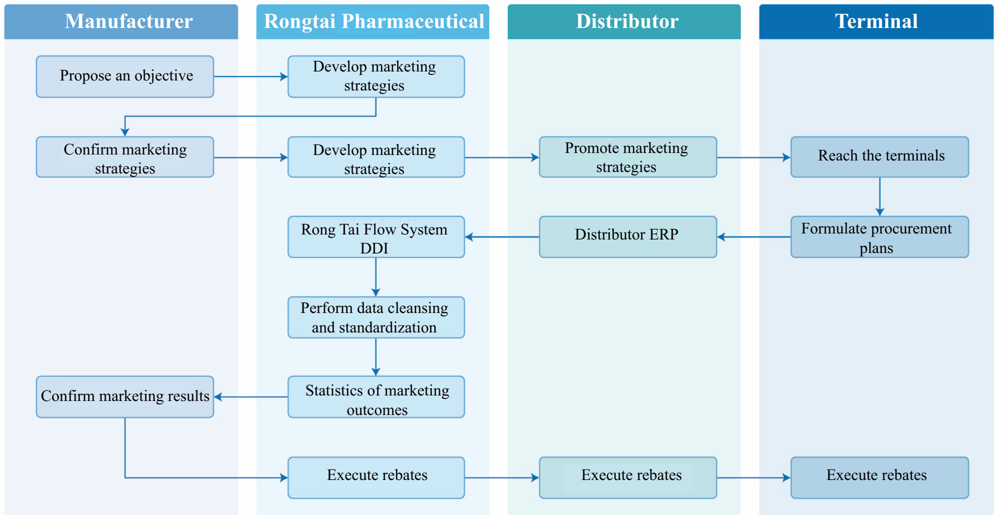
Key Functionalities of Our Data Direct Interconnection System

The system provides comprehensive visibility into operational data by intuitively displaying procurement, inventory, and sales situations across all channels, while also empowering pharmaceutical companies with precise investment management and the ability to formulate targeted regional marketing plans and action strategies. In particular, the system enables daily extraction of dispensing terminal sales data from the preceding 30–60 days, providing comprehensive distribution intelligence covering procurement, inventory and sales dimensions. The data cleansing process leverages AI-powered matching technology, achieving sustained accuracy rates exceeding 98.0%.

Through digital marketing platform, we assist regional sales partners by (i) generating validated data to support downstream sales partners and dispensing terminals in securing manufacturer investment and support programs; and (ii) facilitating dispensing terminal customer expansion and repurchase initiative planning through integration with our national database. Regional sales partners are required to establish a data connection for data direct interconnection concurrently with both us and the upstream pharmaceutical company.

We also optimize the allocation of pharmaceutical companies' marketing resources through (i) visualizing channel-specific procurement, inventory and sales performance metrics; (ii) enabling precision investment in dispensing terminal management through integration with our national dispensing terminal database; and (iii) supporting development of regional marketing strategies and tactical plans through combining analytics with the database.

The following diagram sets forth the optimized allocation of pharmaceutical companies' marketing resources through the data direct interconnection system.



Upon establishing the data direct interconnection, we initiate a process of automatically reconciling the incoming data direct interconnection against its master database. This reconciliation will utilize specific label attributes to categorize terminal types and geographic locations. Our operational personnel are responsible for validating data efficacy, statistically monitoring project milestones and ensuring adherence to designated channel investment criteria during execution.

Following this, we will provide operational data feedback to both the regional sales partners and the pharmaceutical companies, thereby ensuring the project effectively achieves its defined operational objectives. We conduct a bilateral verification process for the digital marketing services provided, cross-referencing the direct data interconnection statistical outcomes with other relevant data by (i) conducting compliance checks through verifying against the restricted sales list according to the entity names to ensure no sales are made to prohibited parties and confirming against the project-designated channels based on the end-user types to avoid any off-channel sales; and (ii) relaying identified data variance for merchant's validation.

Through the digital marketing platform and its integrated database, we collect and compile operational data for regional sales partners to track project progress. We obtain transactional information including the names of end-user entities receiving deliveries, end-user types, geographic tags and sales volume. Sales revenue is calculated based on the standard pricing set by upstream pharmaceutical companies. This enables participating regional sales partners to promptly and clearly monitor the progress of target achievement and identify any non-compliance of sales activities with project requirements, thereby preventing losses incurred by improper marketing practices.

As such, we provide data-driven evaluations for pharmaceutical companies on marketing resources utility effectiveness and ensure that investment in marketing efficiently reaches the designated target end markets. Based on the product transaction data collected through the data direct interconnection system, we conduct an in-depth analysis of metrics related to dispensing terminals, including new dispensing terminal acquisition, transaction activity levels, average transaction value, sales distribution by region and classification distribution of dispensing terminals. Combined with online follow-ups or offline visits to benchmark dispensing terminals, this analysis enables us to identify the actual demands of dispensing terminals and optimize the allocation of marketing resources.

Digital Operation System

Our digital operation system streamlines our business operations and adopts a modular architecture with functional units comprising front-end applications and digital middle-office system as the processing hub, designed to enhance operational efficiency and decision-making through integration and intelligent data processing.

Front-end Applications

Front-end applications of our digital operation system consist of interactive application systems designed to serve distinct operational functions across the organization. These applications feature intuitive interfaces that enable user interaction while ensuring efficient workflow execution. The front-end applications consist (i) office automation module for office operations, which centralizes administrative workflows and serves as the primary access point for our data analysis system, (ii) enterprise resource planning, which integrates core business processes such as finance, procurement, and supply chain management through a structured dashboard interface and enables role-based access to critical functions such as order processing, financial reporting, and inventory tracking, (iii) centralized billing system, which streamlines billing and financial transactions, offering a dedicated billing and invoicing interface for finance teams, automating transaction recording, reconciliation, receivables/payables tracking, and customizable reporting tools for real-time cash flow monitoring, (iv) warehouse management system, which provides a visualized operational interface for logistics personnel, supporting functions such as stock receiving, picking, dispatch, and cycle counting, and (v) data analytics system, which delivers actionable insights through sales, inventory, and receivables analytics.

In particular, our data analytics system systematically collects, processes and analyzes multi-dimensional business data, transforming raw information into actionable business intelligence. Our data analytics system is capable of conducting sales analysis, inventory analysis, accounts receivable analysis, and accounts payable analysis, providing comprehensive data support for our operational decision-making.

- *Sales analysis module*: Through intelligent multi-dimensional analysis (by department, product, customer, sales representative, and brand), this module enables decision-makers and operational teams to monitor sales dynamics in real time. The system not only accurately tracks sales trends for individual products and customers but also identifies potential risks through intelligent early-warning mechanisms, allowing management to take timely intervention measures. This enhances sales performance and strengthens customer relationship management.

- *Inventory analysis module*: Focusing on key metrics such as turnover rate, sell-through rate, and shelf-life management, this module enables real-time visual monitoring of inventory status. The system utilizes intelligent algorithms to identify slow-moving and near-expiry products, helping enterprises optimize inventory within the optimal time window. This reduces the risk of product obsolescence, improves capital turnover efficiency, and maximizes inventory value.

- *Accounts receivable analysis module*: This module provides real-time monitoring of customer receivables and overdue payment alerts. Decision-makers can intuitively assess customer credit status and payment term compliance, enabling data-driven adjustments to credit policies. Additionally, the system's intelligent collection reminder function ensures timely follow-up on overdue accounts, effectively mitigating bad debt risks and safeguarding healthy cash flow.

By delivering intelligent, real-time data insights, our data analytics system enhances operational efficiency and risk management capabilities, providing frontline operations with decision-support capabilities, enabling sustained growth and competitive advantage in the dynamic pharmaceutical market.

Middle-Office System

Our digital middle-office operation system as the processing hub is built upon three core middleware platforms: (i) a data middle platform that enables advanced analytics and intelligent decision-making, (ii) a middle platform for business operations that streamlines cross-functional workflows through process automation, and (iii) a technical middle platform that provides modular architecture with different functional units to support innovation.

- *Data middle platform*: This intelligent platform consolidates group-wide data (including business operations data, IoT device data) to deliver advanced capabilities in data governance, applications of AI model, real-time analytics, and interactive visualization. By unifying fragmented data assets, enabling data-driven decision-making and predictive analytics across business scenarios.

- *Business middle platform*: Designed to enhance operational agility, the platform categorizes common business functions, such as order management, payment processing, membership services, into standardized, reusable service modules. This modular architecture featuring different functional units accelerates front-end business operation, enabling rapid iteration and deployment of new products and customer-facing services.

- *Technology middle platform*: As the underlying technical backbone, the platform provides PaaS-layer components, including sales microservices, big data processing engines, AI development frameworks, and DevOps development model. It ensures high availability, elastic scalability, and security compliance, while reducing redundancy.

These interconnected platforms form an integrated digital middle-office system, a processing hub that connects all business systems, creating a unified digital operations framework that delivers improvements in operational efficiency, data consistency and business agility.

Intelligent Supply Chain Management System

We have developed an in-house intelligent supply chain management system, which comprises an order management system (OMS) for complete order lifecycle control and a warehouse management system (WMS) for optimizing inventory accuracy and storage. These systems form the technological backbone of our intelligent supply chain operations, enabling full-cycle automation, optimization, and real-time visibility across the entire supply chain, driving improvements in operational efficiency, accuracy, and cost-effectiveness.

- *OMS* serves as the centralized hub for omni-channel order orchestration, intelligently routing orders to the optimal fulfillment warehouse based on real-time inventory levels, proximity, and cost considerations. This dynamic allocation capability enhances processing efficiency while minimizing delays and operational redundancies.

- *WMS* automates inbound and outbound logistics, inventory tracking, and picking operations through advanced algorithms, including wave planning and smart bin allocation. The system achieves 99.9% inventory accuracy and improves warehouse throughput by synchronizing stock data across all nodes in real time.

These two systems operate in synergy, creating a unified workflow: upon receiving a customer order, OMS intelligently allocates the order, WMS performs automated picking and packing. The fully digitized process enables full-cycle end-to-end operational visibility and synchronization, resulting in higher operational efficiency, lower fulfillment costs, and enhanced customer satisfaction.

Our Fulfillment System

We have established a comprehensive and efficient nationwide fulfillment infrastructure, comprising six strategically located regional warehouses, including our headquarters warehouse in South China, as well as subsidiary warehouses in Central China, East China, Northeast China, Northwest China, and Southwest China. With a total warehouse area of around 29,000 square meters and over 80,000 storage locations, our infrastructure is capable of housing more than 48,000 SKUs, ensuring extensive coverage and rapid sales across key provinces and municipalities nationwide. Our intelligent fulfillment system is designed to support a high volume of orders, achieving expedited delivery within 1-2 business days. This enables us to respond swiftly and flexibly to downstream demand, enhancing customer satisfaction and reinforcing our competitive edge in the market.

To further optimize operational efficiency, we have implemented an advanced electronic labeling system and integrated logistics automation technologies, including automated sorting machines and AGV (automated guided vehicle) smart forklifts. The operation of these hardware is supported by our intelligent WMS systems. See "—Our Digital Operations and Data Analytics System—Intelligent Supply Chain Management System."

By continuously refining our algorithms and optimizing system architecture, we have developed tailored intelligent logistics services for diverse market scenarios. After the application of these hardware and software systems, we have improved operational efficiency and reduced warehousing costs, driving sustainable cost efficiencies and scalability across our supply chain operations. Through our technology-driven logistics ecosystem, we are well-positioned to meet evolving market demands while maintaining industry-leading service levels and cost-effectiveness.

Pharmaceutical Products

Product Mix

We sell a wide range of pharmaceutical products to downstream buyers. The products we sell can be categorized into prescription pharmaceuticals, OTC pharmaceuticals and other healthcare products. In 2025, prescription pharmaceuticals, OTC pharmaceuticals and other healthcare products represented 69.8%, 28.3% and 1.9%, respectively, of our total sales of pharmaceutical products.

Pricing Policies

We generally adopt a cost-plus pricing approach across our various sales channels to establish our baseline pricing and ensure profitability. Under this approach, we generally set a minimum floor price and recommended selling price. Specifically, our target profit is primarily determined by the retail price to individuals or terminals, less channel distribution margins, marketing expenses, allocated management costs, and procurement costs, plus rebates from brand owners.

The final transaction price is determined through commercial negotiations between our sales team and downstream buyers within this predefined range. When we determine the price range, we also consider a number of factors, including without limitation, brand awareness of upstream pharmaceutical companies, overall strengths of downstream channels, market demand for the product, the level of patient education required, the level of investment in brand marketing, sales strategies, sales scope and targets. Any deviation from the pricing range requires formal approval in accordance with our internal authorization protocols to ensure pricing discipline and margin integrity.

For products that require specific marketing and commercial strategies, including customer-specific pricing structures and promotional investment allocations, the final pricing has to be formulated by a management committee comprising senior personnel from marketing department, financial department and general manager's office and go through a structured review process. We normally do not separately charge fees in relation to marketing and commercial services we provide to pharmaceutical companies. Instead, pharmaceutical companies are willing to supply products to us at reduced procurement prices, which allows us to enjoy higher gross profit margin compared with sales-only products.

This approach combines system-enforced pricing controls and committee-approved commercial strategies for different type of products, maintaining both operational efficiency and strategic commercial decision-making. This pricing framework ensures pricing integrity while allowing necessary flexibility to address market dynamics.

Rebates granted by our suppliers or provided to our downstream customers are typically contingent upon the fulfillment of specific contractual targets. The applicable rebate ranges and policies vary depending on the customer type and product category, and are generally determined based on a combination of factors, such as procurement or sales volumes, payment terms, and market and terminal coverage. We have implemented a dedicated rebate management system in 2022, featuring an online approval process to manage the creation, collection, and fulfillment of all rebate schemes. According to Frost & Sullivan, it is commonly accepted industry practice to offer and receive such sales rebates. As advised by our PRC Legal Advisor, the preferential procurement arrangement entered into between the Company and its major suppliers complied with applicable laws and regulations, and such arrangements do not constitute any prohibited circumstances as set forth under the Anti-Unfair Competition Law of PRC (《反不正當競爭法》) or Provisional Regulations on the Prohibition of Commercial Bribery by the State Administration for Industry and Commerce (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》).

Product Return and Recall Policies

Pursuant to PRC laws and regulations, pharmaceutical products we sold to individual customers are not allowed to be returned unless there are quality issues. For pharmaceutical products we sold to non-individuals, we have implemented product return policies with specified requirements in compliance with requirements of the Administrative Standard of Pharmaceutical Operating Quality (《藥品經營質量管理規範》). Typically, before we accept product returns, internal approvals from both department heads and the general manager will be required. Returned products must match the original sales records. We will perform rigorous quality checks to rule out counterfeit or defective products. If quality is in doubt, further testing or regulatory inspection may be necessary. If it is determined that there are indeed quality issues with respect to the pharmaceutical products, we will accept the product return requests from our customers, and then return the relevant products to the upstream suppliers we procured those products from, leveraging our end-to-end digital tracking system.

In the case of product recall, when a recall is initiated by an upstream pharmaceutical company, we will immediately cease sales, notifying all affected customers, and isolating any remaining inventory. The sales team works with the pharmaceutical company to track down sold products while the warehouse team manages the physical return or safe destruction of recalled items pursuant to the pharmaceutical company's specific instructions. Pursuant to the best practice of the sales of pharmaceutical products, we generally do not permit unconditional product return for the products sold on e-commerce platforms, except for major e-commerce platforms including JD Health, Ali Health and Meituan Health. We have implemented precautious measures to review the orders placed via these platforms and ensure reasonable inventory level, which is in line with the industry practice according to Frost and Sullivan.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material product returns or recalls.

Quality Control Policies

We have implemented a QMS policy based on the requirements of national (GB/T 19001-2016) and international (ISO9001:2015) QMS standards and applicable laws and regulations in the PRC. See "Regulatory Overview—Regulations Relating to Pharmaceutical Operation" for more details.

The policy primarily specified (i) a designated Quality Management Department for the evaluation on our pharmaceutical product sales and regularly publishes quality control information and report; (ii) a quality control committee organized by Human Recourses Department for the internal review of product quality issues; (iii) a procedure for the annual internal review of quality issues and additional reviews as required by circumstances including material changes in corporate operations, product recall or material product complaints, third party reviews, as well as additionally implemented laws and regulatory requirements. Based on the internal review, we will issue report to respective department for further analysis and corrective actions, and track and verify the implementation results of the actions.

We have also implemented an overall product quality risk management policy. We will access uncertainties involved in the life-cycle of our pharmaceutical product sales, which may affect the quality of the products we sold. We use a five-level risk index classifying the risks of events assessed according to the frequency of occurrence and a five-level risk index assessing the seriousness of the risks according to their potential damage to our operations. In addition, we assess the detectability of risks on a three-tier scale. This evaluates the probability of discovering a risk before it impacts operations, based on whether it is detectable through routine monitoring, requires dedicated investigation, or is nearly undetectable. We will take risk control measures to reduce risks detected and take preemptive and contingent measures to prepare for undetectable risks.

Complaint-Handling Policy

We have also put in place internal policy and procedure for handling customer complaints in relation to product quality issues. Any reports of potential issues of production, packaging, testing, storage, or sales should be addressed pursuant to this policy. The purpose of the policy is to ensure the quality of drugs and services by addressing complaints promptly and systematically. Complaints can come from dispensing terminals or end-customers.

For complaints from dispensing terminals, the policy requires detailed documentation, immediate notification, and temporary suspension of the affected batch. We then investigate, verify the issue, and take action, such as resuming sales if the product is deemed safe or arranging returns/exchanges if a problem is confirmed. If the product is expired and beyond the scope of our liability, the complaint may not be accepted. For complaints from consumers, we collect detailed information, verify the product's origin, and investigate promptly. Depending on the findings, we may handle returns/exchange if a quality issue is confirmed, suggest further medical consultation if the product is used improperly, or report adverse effects pursuant to our internal policies. Suspected counterfeit products are reported to authorities.

The policy also specifies complaint channels, including email, phone, and social media, and requires annual checks to ensure these channels function properly. Additional agreements with product suppliers may override these procedures.

During the Track Record Period and up to the Latest Practicable Date, we have not received any material customer complaints.

DATA PRIVACY AND PROTECTION

Personal Information

We are committed to securing information we collected during the course of our business operation, including personal information from consumers, our suppliers and customers.

For consumers, the personal information we collect mainly includes:

(i) Information indirectly provided by e-commerce platforms and partner platforms. As for the former, after registered on an e-commerce platform, we have access to users' personal information in accordance with our operations on the platforms after the e-commerce platform obtains user consent. To complete the delivery of consumer orders, we will obtain order information provided by the e-commerce platform, including product or service information, order time, payment amount, and other necessary information. The user consent obtained by the e-commerce platform covers our access to such users' information through the platform. As for information provided through partner platforms, after obtaining user information authorization from a partner platform, we allow joint login to enable the user of a partner platform to become a user of our platforms. The information we collect mainly includes third-party platform user ID and user type. The user authorization obtained by the partner platform covers our access to such users' information through the platform.

(ii) Information we collect directly. We collect user personal information upon obtaining user consent or other lawful bases. The specific information mainly includes (a) consumer personal information, such as mobile phone number and name for user registration and login; (b) consumer behavior information, including keywords searched, links clicked, content browsed, dates and times of visits, web page request records, operating system, software version number and IP information; (c) consumer shopping information, when consumers purchase products from us, we will collect their third-party payment account information for payment verification, as well as the delivery address information, including recipient, address and mobile phone number; (d) consumer real-name information, when a consumer purchases prescription drugs, pursuant to relevant laws and regulations regarding e-prescription, real-name authentication will be required and we will need to collect users' full name and ID number; and (e) customer service information, we will collect the consumer's account name, mobile phone number, uploaded photos or videos, posted information and communication records with customer service.

For business partners, we normally collect basic information such as company name, name of the company's legal representative, business address and contact information. The information we collected is normally used for the purpose of generating purchase orders, product shipments, or other necessary matters in relation to business transactions.

We entrust a Chinese third-party cloud service provider to store all the personal and business data we collect in data centers deployed in the South China Region of Chinese mainland with security measures in place, including HTTPS encryption for data transmission, to safeguard sensitive information. This structured approach ensures regulatory compliance in material aspects, such as real-name authentication for prescriptions, while maintaining efficient and secure data handling across business functions. We transmit personal information primarily in the following ways: (i) Information indirectly provided by e-commerce platforms and partner platforms is transmitted to us via Application Programming Interfaces after the e-commerce platform or partner platform has obtained corresponding user consent or other lawful bases. While personal information transmitted by the e-commerce platform has been encrypted, the scope of personal information transmitted by partner platforms is limited to user ID and user type. (ii) For information we collect directly, we only transmit necessary information to cooperating service providers within the scope of user consent or other lawful bases for performing services, for example, we transmit the consumer's delivery information via Application Programming Interfaces to logistics service providers for the purpose of arranging delivery. We do not involve in the transmission of personal information from our consumers and business partners to overseas entities. We will only transfer personal information to third parties with the consent of the data subject or as permitted by law.

We delete personal information primarily in the following ways: (i) Personal information of consumers. We delete or anonymize consumer personal information after the storage period necessary to achieve the processing purposes has expired, except otherwise required by laws and administrative regulations. For example, unless otherwise required by laws and regulations, when a consumer terminates the account, we will delete the consumer's personal information accordingly. (ii) Personal information of business partners. In general, we continue to store personal information of business partners for the purpose of maintaining cooperation. When a business partner requests the deletion of personal information, we will take deletion or anonymization measures. For personal information described above, if the retention period prescribed by laws and regulations has not expired, or if deleting personal information is technically infeasible, we will seal the relevant data, with only necessary access limited to database administrator. In such cases, we will not carry out any other data processing activities except for the storage and necessary measures for security protection.

We are also committed to compliance with applicable personal information protection laws, regulations and industry standards. We have established specific regulations for the protection of personal information, namely the Personal Information Protection Management System, the Personal Information Classification and Grading Management System, and the Personal Information Security Incident Emergency Response System. These regulations clarify the principles for protecting personal information within the company, cover the institutional requirements for the entire lifecycle of personal information processing, and ensure that the company's protection of personal information complies with legal and regulatory requirements. We have also formulated comprehensive internal policies to safeguard various types of information in relation to our business operations and address risks in relation to our information system. For example, we have put in place an overall information security manual covering material aspects of our business activities. The ultimate purpose of the policy is to protect data confidentiality, integrity, and availability and to ensure secure operations, regulatory compliance, and trust with customers and business partners. Our executive general manager is responsible for the overall execution of the policy with functional departments being responsible for the execution of the policy in relation to its responsibilities. The policy sets out clear reporting lines for accountability. The policy also sets out overall goals and objectives and requires regular risk assessments to identify threats and vulnerabilities such as cyberattacks and data breaches. The risks are mitigated via controls measures such as encryption and access restrictions. Procedures to report and address security breaches are also set out in the policy. As required by the policy, we also need to regularly carry out compliance training to ensure that our business activities comply with relevant data security laws and industry standards. Our internal audit function and senior management are also involved in the internal audit procedure and management review process.

Cybersecurity and Information Security

It is our policy to only access user information that is necessary for, and relevant to, the services provided and we update our privacy policies and practices in accordance with regulatory developments.

We are subject to cybersecurity and data privacy laws and regulations in China and other applicable jurisdictions, including, without limitation, the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), pursuant to which we are required to maintain the confidentiality, integrity, and availability of the information of our users and customers, which is also essential to maintaining their confidence in our services. The interpretation and application of these PRC cybersecurity and data privacy laws and regulations are still evolving and are often subject to uncertainty. It hence remains uncertain whether the future regulatory changes would impose additional compliance requirements on companies like us, which may subject us to certain risks. See "Risk Factors—Risks Relating to Our Business and Industry—Our business generates and processes a large amount of data, and the improper use or disclosure of such data could harm our reputation and have a material adverse effect on our business and prospects."

During the Track Record Period and up to the Latest Practicable Date, we had not received any notice for processing data that "affects or potentially affects national security," nor had we received any notice of cybersecurity review. There is no further explanation or interpretation for "listing overseas" under the Measures for Cybersecurity Review 2022 (《網絡安全審查辦法》), given that (i) the term used in the Measures for Cybersecurity Review 2022 is "listing overseas" rather than "foreign listing," and (ii) according to the Exit and Entry Administration Law of the People's Republic of China, Hong Kong is not considered an overseas country or region Outside China, as confirmed by our PRC Legal Advisor, we believe that our proposed **[REDACTED]** in Hong Kong is not likely to fall into the scope of "listing overseas." See "Regulatory Overview—Regulations Relating to Cybersecurity and Information Security."

Additionally, on May 14, 2025, our PRC Legal Advisor conducted a real-name telephone consultation with the CCRC, a government authority designated by the CAC to specifically handle matters related to cybersecurity reviews. In the consultation, the CCRC confirmed that the term "listing overseas" specified in the Cybersecurity Review Measures does not include listing in Hong Kong, and thus, planning to **[REDACTED]** in Hong Kong would not trigger a cybersecurity review.

As of the Latest Practicable Date, (i) we had not been identified as operators of critical information infrastructure by the relevant authorities; (ii) we had not engaged in the processing of core data or Important Data, nor had we received any notices from the relevant authorities regarding the identification or reporting of Important Data processors or the catalog of Important Data, and we were not engaged in transmitting personal information overseas; (iii) we had not been subject to any significant fines, administrative penalties, compulsory corrective actions or other sanctions by regulatory authorities for violations of cybersecurity and data protection laws; nor had we experienced any data or personal information breaches or violations of cybersecurity, data protection or privacy laws that could have a material adverse impact on our business operations; (iv) we had not been involved in any cybersecurity review investigations conducted by the CAC or received any related inquiries, notifications, warnings or sanctions; (v) we had implemented effective cybersecurity and data protection policies, procedures, and measures to ensure the secure storage and transmission of data and to prevent unauthorized access or use of data; and (vi) we will continue to monitor developments in cybersecurity and data protection legislation and regulations, maintain ongoing communication with relevant government departments, and promptly take all the necessary actions to ensure ongoing compliance with applicable laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any administrative penalties in relation to applicable personal data and privacy protection laws and regulations, nor were we involved in any incidents of material data leakage, or any legal proceedings and/or dispute regarding data privacy.

RESEARCH AND DEVELOPMENT

Our vision and focus on innovation and digital transformation have fueled our growth and enabled us to continuously improve our existing offerings and develop new products and services. We believe a strong research and development capability is crucial to our continued success and ability to develop product offerings to keep up with rapid development and advances in software technology. We have established our research and development team in Guangzhou and Wuhan, focusing on technology innovations and the research and development of our software. As of December 31, 2025 we employed 68 dedicated research and development staff.

We closely attend to the needs of our customers and respond to their feedback and requests through developing new products and services or adding advanced or optimized features in existing products and services. See "—Our Digital Operations and Data Analytics System" for more details in relation to technologies that are material to our business operations.

During the Track Record Period, we incurred research and development expenses of RMB1.8 million in 2023, RMB2.0 million in 2024 and RMB1.6 million in 2025. These research and development expenses are mainly related to constantly improving our algorithm and data analytics capabilities, providing technological support to our pharmaceutical product suppliers, managing supply chain and warehouses, and assuring data security of our internal and external operations.

SALES AND MARKETING

We sell and market our products and services through business development activities. Sales and marketing are an essential portion of our business sourcing and the maintenance of upstream and downstream relationship. It is where we start to build close relationship with pharmaceutical companies and downstream sales partners and buyers and introduce them to our business.

Our sales and marketing team is built on well-trained sales force and strong data analytics capabilities, which is proven to be an efficient and cost-effective model to drive business expansion and maintain customer engagement. Our sales and marketing team comprises members who are familiar with the market and are trained with sales skills and pharmaceutical knowledge. They dive into the buyer level, conduct offline visits and collect feedback from downstream buyers through in-person interactions. The feedbacks they collected help us understand our downstream buyers and identify market expansion opportunities. As of December 31, 2025, our sales and marketing team consisted of 116 members across the country.

Our sales and marketing team is centrally and digitally managed. We provide our sales and marketing team with real-time buyer updates, geographical information and sales strategies for our sales and marketing team members to quickly respond to buyer requests. Our centralized and digitalized management has enabled us to maintain a dynamic balance, retaining a relatively large business development team while controlling customer acquisition costs at the same time.

We provide sales rebates to certain downstream sales partners or buyers. The sales rebates are tied to various sales performance targets. Depending on specific scenarios and our operational goals, sales performance targets could be sales volumes, which is the most common one. Sales performance targets could also be other operating parameters such as geographical market coverage and payment turnaround time. Sales rebates normally represent a certain percentage of the amount of contract prices we received from downstream sales partners or buyers. During the Track Record Period, the inclusion in or exclusion from medical insurance policies of our products did not have a material financial or operational impact on the Group.

CUSTOMERS

We have a broad base of customers, which primarily include e-commerce customers, regional sales partners, dispensing terminals, pharmacy chains and individual customers. During the Track Record Period, as we develop our business, our customer base has become less centralized. We do not rely on any single customer for its purchases from us. In 2023, 2024 and 2025, our top five customers accounted for 57.1%, 56.8% and 48.8% of our total revenue, respectively. Revenue from our largest customer alone accounted for 17.9%, 20.8% and 20.4% of our total revenue during the corresponding periods.

To the best of our knowledge, all of our five largest customers for each period during the Track Record Period are independent third parties. None of our Directors, their respective associates, or any Shareholders (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date), has any interest in any of our five largest customers for each period during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of agreements with our major customers.

The following tables set forth the details of the five largest customers in each year during the Track Record Period.

Customer	Major Type of Products and Services Provided	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue	% of Our Total Revenue
					(RMB'000)	
Year ended December 31, 2023						
Customer A	Medications	2017	Wire transfers	45 days	521,057	17.9
Customer B	Medications	2019	Wire transfers	30 days	450,359	15.4
Customer C	Medications	2017	Wire transfers	30 days	325,114	11.1
Customer D	Medications	2019	Wire transfers	45 days	213,395	7.3
Customer E	Medications	2013	Wire transfers	30 days	157,990	5.4
Total					1,667,915	57.1
Year ended December 31, 2024						
Customer A	Medications	2017	Wire transfers	60 days	597,348	20.8
Customer B	Medications	2019	Wire transfers	30 days	483,014	16.8
Customer C	Medications	2017	Wire transfers	30 days	344,755	12.0
Customer F	Medications	2018	Wire transfers	30 days	117,313	4.1
Customer G	Medications	2019	Wire transfers	30 days	88,119	3.1
Total					1,630,549	56.8
Year ended December 31, 2025						
Customer A	Medications	2017	Wire transfers	60 days	690,606	20.4
Customer B	Medications	2019	Wire transfers	30 days	490,262	14.5
Customer C	Medications	2017	Wire transfers	30 days	273,104	8.1

Customer	Major Type of Products and Services Provided	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue	% of Our Total Revenue
					(RMB'000)	
Customer F	Medications	2018	Wire transfers	30 days	99,874	2.9
Customer H	Medications	2023	Wire transfers	60 days	99,044	2.9
Total					1,652,889	48.8

Notes:

1. Customer A is a HKEX-listed online healthcare platform established in Beijing in 2020, providing pharmaceutical e-commerce and health management solutions.

2. Customer B is a HKEX-listed pharmaceutical e-commerce, smart healthcare and digital health services company established in Beijing in 1998.

3. Customer C, a subsidiary of a HKEX-listed digital pharmaceutical company, is a pharmaceutical supply chain management and digital services provider.

4. Customer D is a pharmaceutical distribution company providing pharmaceutical distribution, retail, and manufacturing services.

5. Customer E is a HKEX-listed company providing pharmaceutical and medical device distribution solutions.

6. Customer F is a healthcare technology company providing prescription outsourcing, medial payment and patient management services.

7. Customer G is a HKEX-listed digital healthcare company providing online medical consultations, medicine delivery and health management services.

8. Customer H is a pharmaceutical B2B e-commerce company that provides one-stop procurement and logistics services to pharmacies and healthcare distribution channels nationwide.

We believe we are fundamentally different from companies with a traditional distributorship business. As set out in the Industry Overview, the out-of-hospital supply chain in China involve multiple layers of sellers, covering a large yet fragmented market. Being part of this supply chain, we purchase products from upstream pharmaceutical companies, and sell them to different types of downstream customers. As one of the key value-adding services we provide the upstream pharmaceutical companies, our data monitoring and management capabilities allow us to follow the market trend and end-customer demand so that we could allocate our purchase resources primarily on the products that are sought after by the prevailing market. In addition, we do not manufacture any of the products we sell. Even though some of our customers would in turn resell the products they purchase from us to end-customers, they do not resell the products under our brand name or otherwise on our behalf. Finally, the nature of the out-of-hospital pharmaceutical business dictates a manner of circulation that is neither exclusive nor regionalized as the circulation of medications is meant to reach the largest population possible.

Our value-adding capabilities, including digital operations and marketing, allow us to obtain preferential terms generally unavailable to traditional pharmaceutical wholesalers, whose core functions are primarily logistics and settlement. According to Frost & Sullivan, the average gross profit margin for out-of-hospital marketing and supply chain service providers is less than 5%, compared to approximately 3% for traditional wholesalers. Furthermore, our operational and cost structures differ significantly. Traditional distributors primarily serve large public medical institutions with rigid pricing and long capital turnover cycles. In contrast, we focus on the fragmented out-of-hospital market, which requires frequent, small-batch deliveries, allows for market-driven pricing, and features a much faster capital turnover cycle and higher projected market growth. Please also see "Industry Overview — Overview of China's Out-of-hospital Digital Marketing and Supply Chain Services Market — Competitive Landscape of China's Out-of-Hospital Digital Marketing and Supply Chain Services — Differentiated business models".

As confirmed by Frost & Sullivan, our commercial arrangements with customers (including the key contract terms and the relevant revenue recognition policies we adopted) are in line with the industry norm used in the out-of-hospital pharmaceutical market. Considering the above, our Directors are of the view that we are not subject to channel stuffing, cannibalization, and other risks commonly associated with companies that adopt a distributorship business model.

Although a significant portion of our sales is generated through major third-party e- commerce platforms (including Ali Health and JD Health), we derive sales from multiple sales channels and, within each channel, maintain a diversified portfolio of partners and customers, such that we are not reliant on any single sales channel or counterparty for our business performance. Accordingly, our Directors are of the view that the Group does not face material concentration risk.

We operate across multiple sales channels to capture the highly fragmented out-of-hospital pharmaceutical market. According to Frost & Sullivan, our overlapping sales channels complement each other rather than being purely competitive, which is consistent with industry practice. To mitigate potential competition or cannibalization among our own channels, we have implemented a unified operations and price management system. This ensures that our pricing strategies, promotional events, and inventory allocations are centrally coordinated, allowing us to maximize overall market penetration across different segments.

SUPPLIERS

Our suppliers are primarily pharmaceutical companies and certain designated distributors of pharmaceutical companies. In 2023, 2024 and 2025, our top five suppliers accounted for 70.0%, 62.0% and 51.8% of our purchases, and purchases from our largest supplier alone accounted for 26.3%, 16.1% and 14.7% of our total purchases during each of these periods. According to Frost & Sullivan, Supplier A is the Chinese arm of one of the world's largest pharmaceutical companies, and given its leading position in the out-of-hospital pharmaceutical market, it is not uncommon for marketing and supply chain solution providers (particularly those leading providers) in the market to have a relatively high level of reliance on Supplier A. We have established stable cooperation relationship with Supplier A since 2022, and recently entered into a strategic cooperation agreement with Supplier A to further deepen our collaborations. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with Supplier A. Considering the above, we believe the risk that Supplier A will terminate or otherwise materially and adversely change our cooperation relationship is low. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in the supply of the products and services we sourced from our suppliers.

To the best of our knowledge, save for CMS (康哲), a reputable pharmaceutical company with decades of track record in supply of pharmaceutical products, all of our five largest suppliers for each period during the Track Record Period were independent third parties, and none of our Directors, their respective associates, or any Shareholders (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date), has any interest in any of our five largest suppliers for each period during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of agreements with our major suppliers. During the Track Record Period, the pricing and other terms of our purchases from CMS were negotiated on arm's length basis. See "Connected Transactions — Non-Exempt Continuing Connected Transactions".

The following sets forth a summary of material terms of the standard supply framework agreement we enter into with our suppliers, which are typically pharmaceutical companies and their distributors:

- *Term*: Our agreement with suppliers typically has a term of one year.

- *Products*: We purchase products from our suppliers who typically authorize us to be a sales agent for selling the products. Specific information of products shall be determined by the orders confirmed by the parties.

- *Pricing*: The specific price of the product shall be determined by the orders confirmed by both parties. The price is subject to change in accordance with market conditions and policy adjustments. Should our suppliers need to adjust the price, it must provide advance notice, and the final price shall be determined through mutual consultation and confirmation.

- *Delivery*: Suppliers shall be responsible for the delivery of the products to a particular location agreed by both parties. Suppliers shall bear all costs related to the transportation and insurance, as well as the risk of loss and damage prior to our receipt of the products. Upon receipt of the products, risk of loss and damage is transferred to us.

- *Payment settlement*: We shall pay the purchase price to the bank account designated by suppliers within the period agreed upon by both parties. The payment method shall be wire transfer or bank acceptance bill.

- *Product return*: Suppliers typically will not accept returns or exchanges of products unless there is a product quality issue.

- *Compliance*: Parties shall maintain valid certification and qualification during the course of dealing. Once any certification or qualification expires or is revoked, the holding party shall promptly inform the other party and take proper measure to manage any ongoing transactions. Parties undertake to provide each other certification, qualification, and other materials that is related with the transaction to make sure relevant laws, regulation and rules are complied with. Parties represent that information provided is authentic and valid.

- *Anti-corruption*: All commercial bribery and non-business benefit arrangements shall be eliminated. A party shall not solicit funds, goods and other benefits from the party's employees.

- *Safety reporting obligations*: During the performance of agreements, if we become aware of any safety incidents related to the products covered by agreements, we shall promptly report such incidents to our suppliers.

Product procurement costs are expected to continue to account for the vast majority of our total costs, while transportation costs and other operating costs are expected to remain immaterial as a percentage of total costs, supported by our established logistics arrangements. We expect this cost composition to remain stable in the foreseeable future, with fluctuations in absolute cost levels primarily driven by changes in business scale rather than structural shifts in cost components.

The following tables set forth the details of the five largest suppliers in each year during the Track Record Period:

Supplier	Major Type of Products and Services Provided	Year of Commencement of Business Relationship	Payment Method	Credit Term	Purchase	% of Our Total Purchase
					(RMB'000)	
Year ended December 31, 2023						
Supplier A	Medications	2019	Wire transfers and bill payable	33 days	902,156	26.3
Supplier B	Medications	2018	Wire transfers and bill payable	30 days	603,793	17.6
CMS (康哲)	Medications	2021	Wire transfers and bill payable	60 days	364,488	10.6
Supplier C	Medications	2021	Wire transfers and bill payable	0	284,235	8.3
Supplier D	Medications	2023	Wire transfers and bill payable	0	244,789	7.1
Total					2,399,461	70.0
Year ended December 31, 2024						
Supplier B	Medications	2018	Wire transfers and bill payable	30 days	521,427	16.1
Supplier E	Medications	2019	Wire transfers and bill payable	25 days	519,952	16.0
Supplier A	Medications	2019	Wire transfers and bill payable	33 days	480,546	14.8
Supplier C	Medications	2021	Wire transfers and bill payable	0	254,601	7.8
CMS (康哲)	Medications	2021	Wire transfers and bill payable	90 days	235,060	7.2
Total					2,011,586	62.0

Supplier	Major Type of Products and Services Provided	Year of Commencement of Business Relationship	Payment Method	Credit Term	Purchase	% of Our Total Purchase
					(RMB'000)	
Year ended December 31, 2025						
Supplier E	Medications	2019	Wire transfers and bill payable	25 days	649,594	14.7
Supplier B	Medications	2018	Wire transfers and bill payable	30 days	519,659	11.8
CMS (康哲)	Medications	2021	Wire transfers and bill payable	90 days	504,988	11.4
Supplier F	Medications	2018	Wire transfers and bill payable	45 days	400,585	9.1
Supplier C	Medications	2021	Wire transfers and bill payable	0	212,161	4.8
Total					2,286,987	51.8

Notes:

1. Supplier A is the Chinese business arm of a NYSE-listed global biopharmaceutical company specialized in the R&D, production and sales of innovative drugs and vaccines.

2. Supplier B is the Chinese business arm of a world-leading pharmaceutical group with its shares listed on NYSE, mainly engaged in the production of over-the-counter drugs.

3. China Medical System Holdings (深圳市康哲藥業有限公司) is a HKEX-listed company specialized in pharmaceutical marketing and product management.

4. Supplier C is a comprehensive pharmaceutical company specialized in R&D, production, and sales of drugs including oncology, anti-infectives and cardiovascular diseases.

5. Supplier D is a medical service provider specialized in the import, promotion and sales of blood products and specialty drugs.

6. Supplier E is the Chinese business arm of a global pharmaceutical and healthcare corporation with its shares listed on NASDAQ, mainly specialized in the development, manufacturing and sales of branded and generic medicines.

7. Supplier F is a pharmaceutical distribution company providing services in drug distribution and retail.

Inventory management

Our inventories consisted of pharmaceutical products we procured from suppliers. Based on our forecasted orders, our inventory management department conducts a daily check and update of our inventory level and plans our procurement accordingly. If the forecasted inventory falls below the stock level required to support near-term downstream sales, it triggers a regular replenishment cycle to cover projected demand for the upcoming period. We also conduct inventory aging analysis periodically to reduce the risk of inventory obsolescence. Furthermore, for our sales through online platforms, our intelligent supply chain management system enables us to closely monitors product demand. The system compiles statistics on out-of-stock orders and generates replenishment applications based on the aggregated out-of-stock quantities to ensure prompt order fulfillment. Upon store closures, any residual inventory is centralized by our headquarters. Qualified products are either reallocated to other operating stores or returned to suppliers, while unqualified or near-expiry products are safely disposed of in accordance with our internal policies.

As of December 31, 2023, 2024 and 2025, our inventory amounted to RMB302.1 million, RMB292.5 million and RMB605.0 million, and our inventory turnover days are 35 days, 40 days and 52 days in 2023, 2024 and 2025, respectively. See "Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position—Inventories."

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, we have overlapping customers/suppliers, both in a broader sense and in a narrower sense.

As elaborated above, we deliver comprehensive omni-channel pharmaceutical sales services to upstream pharmaceutical companies, enabling them to effectively reach and serve end-customers in the large yet fragmented out-of-hospital pharmaceutical market. Therefore, broadly speaking, these upstream pharmaceutical companies are also our customers, in the sense that we provide value-adding services to them, in exchange for payments. However, in most cases, they "pay" for our value-adding services not directly in the form of service fees, but instead by acting as our suppliers and allowing us to purchase pharmaceutical products from them (or their authorized distributors) at preferential procurement terms, so that we can generate profits when reselling the same products we procured from them to downstream customers.

Our preferential procurement terms with upstream pharmaceutical companies mainly include discounted procurement prices from manufacturers upon meeting certain sales targets, and such terms vary from supplier to supplier. Except in limited cases where manufacturers enter into written agreements with us for marketing services and directly pay service fees to us, they do not become our downstream customers.

Authorized distributors typically represent more than one pharmaceutical company and may therefore act as both our upstream suppliers and downstream customers. However, we do not engage in the resale of the same products back to the same suppliers. This is ensured by clear segregation of different brands and products in these transactions.

In addition to the above-mentioned overlapping customers/suppliers relationships in a broader sense, even if the terms "customers" and "suppliers" are construed in a narrower sense, we still have some overlapping customers/suppliers relationships during the Track Record Period.

During the Track Record Period, four, four and four of our top five customers were also our suppliers, but these overlapping customers contributed for only 3.3%, 0.1% and 1.1% of our total purchase for 2023, 2024 and 2025, respectively. We had such overlapping transactions with them primarily because all our major customers during the Track Record Period were either leading e-commerce platforms in China or leading pharmaceutical companies in China, each of whom has a very large business scale, a very broad product offerings, and simultaneously plays a number of different roles in the out-of-hospital pharmaceutical circulation value chain in China. In most cases, they act as our downstream customers and purchase pharmaceutical products from us; but in certain situations, they might be the authorized distributors for certain other pharmaceutical products so we occasionally make purchases from them for those pharmaceutical products. During the Track Record

Period, one, two and two of our top five suppliers were also our customers, but revenue generated from these overlapping suppliers accounted for only 0.0%, 0.1% and 0.0% of our total revenue for 2023, 2024 and 2025, respectively. We had such overlapping transactions with them because (i) even though as explained above, most pharmaceutical companies pay for the brand promotion and other services we provide them by granting us preferential procurement terms when we procure products from them, occasionally, they may also pay us directly in the form of service fees, which are recorded as "others" in our revenue breakdown. See "Financial Information —Results of Operations—Key Components of Our Consolidated Statement of Profit or Loss" for more information; and (ii) all our major suppliers are leading pharmaceutical companies in China, many of them simultaneously play a number of different roles in the out-of-hospital pharmaceutical circulation value chain in China. Some of them also engage in the business of pharmaceutical product distribution, and may occasionally purchase pharmaceutical products from us, and then resell to their downstream customers.

Our Directors confirmed that negotiations of the terms of our sales to and purchases from these customers and suppliers were conducted independently, and these sales and purchases were independent from one another and the terms therein are similar to those transactions with our other customers and suppliers. According to Frost & Sullivan, such overlapping sale/purchase arrangements with these market players are not uncommon in the industry, considering the large scale and broad business lines of those players, and our arrangements with them were in conformity with market norm.

SEASONALITY

Our results of operations are subject to mild seasonal fluctuations. We usually observe an increase in revenue in the second half of each calendar year when digital commerce platforms hold special promotional events during China's online shopping festivals on June 18, November 11, and December 12. We typically observe an increase in sales of our products immediately following these campaigns. An increase in the demand of pharmaceutical products during winter also contributes to the increase in revenue during the fourth quarter of each calendar year. Seasonal fluctuations have not thus far posed material operational and financial challenges to us. However, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

COMPETITION

We believe that our ability to compete effectively depends on many factors, including competitiveness of our services, variety of product offerings, pricing competitiveness, customer experience on our services, our technological capabilities, effectiveness of our risk management, our ability to partner with pharmaceutical companies and to customize services based on evolving customer needs, our marketing and selling efforts and the strength and reputation of our brands.

EMPLOYEES

As of December 31, 2023, 2024 and 2025 we had a total of 330, 463 and 461 employees. As of December 31, 2025, almost all of our employees were based in Chinese mainland. The following table sets forth the number of our employees by function as of December 31, 2025.

Functions	Employees	Percentage
Sales and marketing	116	25.2
Research and development	68	14.8

Functions	Employees	Percentage
Quality and warehouse	104	22.6
General and administrative	173	37.5
Total	**461**	**100.0**

Non-Compliance

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. During the Track Record Period, we had not contributed to social insurance and housing provident funds in full. The insufficient contribution to the social security was mainly due to (i) the relevant personnel's inadequate understanding of the regulatory requirements regarding full contributions, and (ii) difficulties in determining the exact contribution bases caused by fluctuations in employees' monthly salaries. During the same period, we also engaged a third party agent to make contributions to the social security and housing provident funds for certain employees because these employees were working in different cities and preferred their funds to be paid at their respective resident places for the convenience of utilizing such benefits locally.

We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2023, 2024 and 2025 amounted to approximately RMB7.3 million, RMB7.7 million and RMB6.9 million, respectively. Pursuant to the relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the shortfall contributions within a prescribed time limit and may be subject to a late payment fee of 0.05% of the delayed payment per day from the date on which the payment is payable. Based on the above, we estimate that, if we were required by the relevant authorities to make up for the shortfalls of social insurance contributions during the Track Record Period, the maximum amount of late payment fees payable as of December 31, 2025 would be approximately RMB4.9 million. In addition, if we fail to make the required payments within the prescribed time limit, we may be subject to an administrative penalty ranging from one to three times the outstanding contribution amount. Moreover, if we fail to pay the full amount of housing provident funds as required, the competent authority may order us to pay the shortfall within a prescribed time limit. If the relevant authorities order us to pay the shortfall of social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid such penalties for overdue payment.

In addition, according to the Notice of the General Office of the State Administration of Taxation on the Work Relating to the Collection and Administration of Social Insurance in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation on 13 September 2018, local governmental authorities are prohibited from taking enforcement measures to investigate and collect the outstanding social insurance on its own initiative.

Furthermore, on July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Pursuant to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the court shall support such claims. See "Regulatory Overview—Regulations Relating to Employment and Social Welfare" for details.

As advised by our PRC Legal Advisor, the New Judicial Interpretation is not expected to have a material adverse effect on our business operations based on that (i) the New Judicial Interpretation does not expand penalty exposure or repeal existing laws; and (ii) there is neither any written agreement with any employee nor any verbal undertaking provided by an employee, waiving our obligation to pay social insurance contributions.

During the Track Record Period, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions and we were not aware of any material or large-scale complaint filed by any of our employees regarding the social insurance and housing provident fund. As advised by our Advisor, the likelihood that we and our PRC subsidiaries will be required by the competent authorities to settle historical shortfalls in social insurance and housing provident fund contributions, or be subject to material administrative penalties arising from our failure to make full contributions and our engagement of a third-party agency to make such contributions on our behalf, is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no employee complaints occur. Based on the above, our Directors are of the view that such non-compliance incidents and the New Judicial Interpretation would not have a material adverse effect on our business operations or financial condition.

We will make efforts to rectify such non-compliance by (i) making contribution of social insurance and housing provident funds for our employees and (ii) gradually establishing subsidiaries in locations where our existing employees are based, to be directly responsible for the payment of their social insurance and housing provident funds without engaging third-party agents, with full implementation targeted by 2027, subject to any changes in applicable laws, regulations, or requirements of the competent authorities. To prevent the recurrence of similar non-compliance, we have implemented the following internal control measures: (i) strengthen the training of our personnel, including training various compliance-related topics for our employees; (ii) regularly keep abreast of the latest developments in PRC laws and regulations relating to social insurance and housing provident funds; and (iii) regularly consult with our PRC legal counsel for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments, and actively communicate with relevant social insurance and housing fund local authorities to ensure we have the most updated information about the relevant laws and regulations concerning social insurance and housing fund.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our recruiting and retention strategy, we offer employees competitive salaries and various benefits, including but not limited to share-based incentive plans, to attract and retain talented professional employees.

We primarily recruit our employees through recruitment agencies, on-campus job fairs and online channels, including our corporate website and social networking accounts. We have adopted a training program, pursuant to which employees regularly receive trainings from management, technology, regulatory and other internal speakers or external consultants. As required under the PRC regulations, we participate in housing fund and various employee social security plans, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which we make contributions for our employees. Bonuses and sales commissions are generally discretionary and based in part on employee performance and in part on the overall performance of our business. We plan to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

We typically enter into standard employment agreement and confidentiality agreements or clauses with our senior management and core personnel. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly and two years of confidentiality obligation after employment with us.

None of our employees are currently represented by labor unions. We believe that we maintain a good working relationship with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

PROPERTIES

Our corporate headquarters is located at Guangzhou, Guangdong Province, China. We do not own any properties. As of the Latest Practicable Date, we leased 46 properties in Guangzhou and various other cities in China with an aggregate gross floor area of approximately 37,342.9 square meters. Our leased properties in China primarily serve as offices, warehouses and offline pharmacies. The relevant lease agreements expire between May 31, 2026 and July 31, 2030. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our interests in land or buildings.

Failure to register lease agreements with relevant PRC authorities

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the housing and real estate authority. As at the Latest Practicable Date, we had not completed lease registration for the 35 properties we leased in the PRC, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to procure that the unregistered leases are registered. However, it is out of our Group's control on whether the lessor will cooperate to register such leases. Our PRC Legal Advisor has advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC laws, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB350,000. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from any regulatory authority regarding potential administrative penalties resulting from our failure to register the aforementioned lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations.

INTELLECTUAL PROPERTY

We rely on a combination of copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of the Latest Practicable Date, we had registered 56 software copyrights with the PRC National Copyright Administration, and 19 domain names in China. As of the Latest Practicable Date, we had also registered 142 registered trademarks with the PRC State Intellectual Property Office, with one additional trademark newly registered in Hong Kong.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. Monitoring unauthorized use of our technology is difficult and costly, and we cannot be certain that the steps we have taken will prevent misappropriation of our technology. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. In addition, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. In the event of a successful claim of infringement and our failure or inability to develop non-infringing technology or license the infringed or similar technology on a timely basis, our business could be harmed. Even if we are able to license the infringed or similar technology, license fees could be substantial and may adversely affect our results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position" and "—We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations."

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings in relation to infringement of any intellectual property rights which would have any material adverse impacts on our business, financial conditions, and results of operations.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all necessary licenses, approvals, and permits from the competent government departments and regulatory authorities that are material and necessary for our business operations in China, and such licenses, permits, approvals and certificates are valid and subsisting. There is no outstanding material license(s), permit(s) or approval(s) that would have a material adverse effect on our business operations.

The following table sets forth the details of material licenses, permits and approvals obtained by us as of the Latest Practicable Date:

Licenses/permits/approvals	Number of licenses/ permits/approvals	Earliest expiration date
Pharmaceutical Operation License (藥品經營許可證)	20	5/6/2027
Drug Production License (藥品生產許可證)	1	8/31/2028
Medical Devices Operation License (醫療器械經營許可證)	6	10/14/2026
Medical Devices Operation Filing Certificate (醫療器械經營備案憑證)	12	N/A
Filing of Internet Information Services for Drugs (互聯網藥品信息服務資格備案)	7	N/A
Food Operation Filing Certificate (食品經營備案憑證)	12	N/A
Customs Registration Receipt for Consignors/Consignees of Import & Export Goods (海關進出口貨物收發貨人備案回執)	1	N/A

INSURANCE

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. We also provide social security insurance including pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance, and housing fund plans for our employees. We consider our insurance coverage to be sufficient for our business operations in China.

In line with general market practice, we do not maintain any business interruption insurance or key-man life insurance, which are not mandatory under PRC Laws. See "Risk Factors—Risks Relating to Our Business and Industry—Our insurance coverage may not be adequate, which could expose us to significant costs and business risks." During the Track Record Period, we did not make any material insurance claims in relation to our business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Sustainable development is one of our fundamental strategies and we are committed to creating sustainable value for our stakeholders. We set out clear sustainable development goals to guide our operations. By actively taking on social responsibilities, we integrate the sustainable development of the wider community into our business growth.

ESG Governance and Management Framework

Following the **[REDACTED]**, we will establish a Board-level committee with the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board members have rich experience in overall business and corporate governance management, with diverse professional backgrounds in pharmaceuticals, technology, operations and corporate development, and include female directors. Such diversity enhances the breadth of the Board's perspectives in the decision-making process and its overall corporate governance capabilities.

Our Board will assume the responsibilities for ESG governance, including guiding and formulating ESG vision, strategy and structure in line with relevant laws, regulations, standards and our business needs, supervising their development and implementation, reviewing the compliance and applicability of ESG policies, and approving ESG reports and related disclosures. Our Board will regularly discuss the material ESG risks that could affect our operations and long-term sustainable development, provide views and suggestions to the implementation groups, and monitor and strengthen our overall ESG system.

Following the **[REDACTED]**, our Group plans to progressively strengthen ESG governance by: (1) incorporating external expert input when necessary; (2) enhancing Board members' understanding of ESG trends, regulatory requirements, and risk management; and (3) establishing regular training and update mechanisms. These measures will enable the Board to more effectively review ESG progress, identify key issues, and assess disclosure quality while fulfilling its supervisory responsibilities.

To identify material ESG issues, our Board will consider international and domestic standards and regulatory requirements. Through various stakeholders engagement and management discussions, the Board and ESG committee will prioritize core ESG issues. Our ESG Committee will monitor ESG management effectiveness, report implementation progress to the Board regularly, and the Group may engage third parties to evaluate ESG risks and optimize related strategies and internal controls if necessary. The implementation of ESG policies will involve cross-departmental collaboration of core departments such as supply chain, operations, human resources, marketing, legal and others, with relevant departments adjusting internal policies to accommodate material changes to relevant updated laws and regulations.

Identification, Assessment and Mitigation of ESG Risks

We recognize our exposure to ESG-related risks and continually work to optimize our ESG risk management and opportunity identification system. During the Track Record Period, we have not been subject to any material fines or penalties due to non-compliance with ESG related matters, which have adversely affected our financial condition or business operations.

Following the **[REDACTED]**, our Group plans to establish a more systematic framework for ESG risk identification, with the Board as the core supervision body and management as the primary implementing body, covering key areas such as operations, supply chain management, and information security. Our Group will also progressively develop tailored risk assessment principles to identify short, medium and long-term major ESG risks relating to climate change, transition policies, energy price volatility, compliance and reputation, and accordingly develop targeted response strategies including strengthening climate risk prevention, implementing green procurement, enhancing supply chain resilience and improving compliance monitoring.

Meanwhile, our Group will raise employees' ESG risk awareness through regular training and cross-department collaboration, integrate risk management into daily operations and decision-making, and disclose risk management progress and KPI changes in annual ESG reports to improve transparency.

Safety issues related to product quality

As an inherent risk in pharmaceutical transactions and services, product quality and unexpected side effects may lead to individual customer health disputes and legal claims, with increasing regulatory and public attention on drug safety. See "Risk Factors—Risks Relating to Our Business and Industry—We may become subject to product liability claims, which could cause us to incur significant expenses in settling the claims with upstream pharmaceutical companies."

To mitigate risks related to product quality and safety, we have formulated various management measures: (i) imposing detailed product quality standards for suppliers and third-party sellers on Our Online Marketplace, including certificate inspection, contractual constraints and quality record review; (ii) providing mandatory training on product quality and safety for employees to ensure their professional inspection capabilities.

Supply chain management

Sound supply chain management are essential for us to ensure reliable product quality and sustainability. Disqualified suppliers, or a failure to monitor, audit and manage different parties in the supply chain may expose us to risks of suppliers' non-compliance and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a supply chain approval process, through which suppliers must provide relevant qualifications or certifications, such as their business licenses, pharmaceutical production or transaction licenses, operation licenses, among others. If the suppliers are not compliant with the applicable laws and regulations regarding safety and quality or commit misconducts, we may terminate our contracts with them. We also maintain a quality test and control team to ensure the legal and regulatory compliance of each product.

Environmental protection

We monitor environmental, social and climate-related risks and opportunities that may impact our business, strategy and financial performance, and evaluate the magnitude of resulting impact over the short, medium and long-term horizon. We incorporate such factors into business strategy development, with timely adjustments based on the changing external environment.

Packaging and delivery

We have adopted environmentally friendly packaging and delivery measures: selecting packaging boxes recommended by algorithm for each order, to reduce packaging materials to the extent possible. We collaborate with third-party carriers to deliver products from our warehouses to downstream buyers. We do not have specific conservation or recycling requirements of the amount or type of packaging materials used by third-party carriers, but we tend to partner with those with sound environmental protection policies. In fact, our main delivery partners are public companies and they have their own ESG measure regarding green packaging and resource recycling.

Environmental Protection

Although our business operations do not cause significant environmental pollution, we are aware of the potential impacts on the environment. We have evaluated the Group's environmental performance, focusing on pharmaceutical waste disposal, greenhouse gas emissions and resource consumption, as well as waste management.

Pharmaceutical waste disposal

In the course of our business operations, we may need to dispose of pharmaceutical products that are expired, damaged, recalled, rejected or returned due to quality issues. Non-salable pharmaceuticals with proper identification and segregation of affected products are generally moved to a designated quarantine area clearly marked for destruction and locked in inventory systems to prevent accidental distribution. An internal condemnation request is then prepared, detailing product information, batch numbers, quantities, and reasons for disposal, which undergoes multi-level approval from quality assurance, finance, and management teams.

Following the **[REDACTED]**, our Group plans to establish an institutionalised framework for the management and disclosure of waste of pharmaceutical products, including clearly defining the statistical scope, classification principles, disposal method, and internal review procedures, with a view to ensuring the completeness and consistency of the relevant data. Our Group will progressively develop mechanisms for identifying, documenting, and reporting pharmaceutical waste across operational processes under this framework. The company intends to strengthen internal review and reporting mechanisms post-**[REDACTED]**, ensuring pharmaceutical waste management outcomes are reflected in annual reports and ESG disclosures, thereby forming an effective closed loop with board governance.

Quality personnel conduct thorough investigations, performing additional testing when needed, and document their findings in a non-conformance report. Once approved for disposal, the products are transferred to licensed hazardous waste contractors for environmentally compliant destruction. The destruction process is witnessed and documented by quality staff, with photographic or video evidence maintained for controlled substances and high-risk products.

Following destruction, inventory systems are updated to reflect the write-off, and financial teams process the loss according to accounting standards while exploring potential tax deductions where permitted. Regulatory reporting may be required for certain drug categories, with timelines varying by jurisdiction. All documentation, including destruction certificates and approval records, must be retained for a minimum of five years post-expiry to comply with good distribution practice requirements. The entire process emphasizes strict chain-of-custody controls to prevent diversion and ensure compliance with pharmaceutical waste regulations.

During the Track Record Period and up to the Latest Practicable Date, our Group has systematically recorded pharmaceutical waste data (including causes of loss, amounts, and quantities). According to these data, the loss rate has calculated for disclosure purposes. The relevant statistical information of our Guangzhou warehouse center is set out in the chart below.

	Year Ended December 31		
	2023	2024	2025
Loss amount in RMB (Tax-exclusive)	915,697.70	808,966.81	1,041,134.04
Sales volume in RMB (Tax-exclusive)	2,909,168,609.03	2,867,833,638.05	3,377,270,682.38
Loss rate	0.03%	0.03%	0.03%

Our Group plans to expand the coverage of its pharmaceutical waste disclosures from the current focus on our Guangzhou warehousing center to include other warehousing sites.

Resource Consumption and Greenhouse Gas Emissions

As we are not involved in any manufacturing activities, our primary energy consumption is purchased electricity (the main source of our greenhouse gas emissions), supplemented by diesel, water and packaging materials. We have implemented a series of internal policies to reduce our carbon footprint: (i) installing energy efficient lighting with automatic sensors; (ii) requiring double-sided printing; (iii) switching off certain IT equipment or automatic power shutdown for certain systems and devices, and (iv) standardizing air conditioning control through requirements on lowest temperature, regular maintenance, and optimal timing management.

Regarding Scope 3 emissions, following the **[REDACTED]**, our Group plans to progressively establish a system for the compilation of a Scope 3 emissions inventory by gradually refining the definitions of emissions categories and data collection methodologies, and organising baseline data having regard to our Group's business characteristics, with a view to forming a data foundation for the compilation of a Scope 3 emissions inventory applicable to our Group.

Regarding objectives and management arrangements, our Group plans to progressively establish a more comprehensive framework for managing ESG metrics and developing cross-departmental processes for data collection, review and updating. In line with regulatory requirements and industry practice, we intend to set directional and measurable management targets, without making specific quantitative commitments, in order to maintain appropriate flexibility in its disclosures.

During the track record period, the total consumption of various resources at our Guangzhou warehouse center was as follows:

	Year Ended December 31		
	2023	2024	2025
Water Consumption (m^3)	3,192	2,973	3,622
Electricity Consumption (MWh)	728	704	662
Diesel Consumption (L)[1]	3,652	865	709
Packaging Material (Wood, tons)	50	47	30
Packaging Material (Plastic, tons)	1.31	1.54	2.13
Packaging Material (Carton box, tons)	47	48	53

Note:

(1) Only taking into account diesel consumption by refrigerated trucks.

During the track record period, the paper savings at the office of our Guangzhou warehouse center were as follows:

	Year Ended December 31		
	2023	**2024**	**2025**
Office Paper Savings (sheets)	187,500	292,500	45,000

Following the **[REDACTED]**, our Group intends to expand disclosure from reporting only the volume of paper saved to disclosing the total volume of paper consumption, and to progressively put in place internal management procedures to ensure consistency of data sources and compliance with applicable regulatory requirements.

Following the **[REDACTED]**, our Group plans to progressively enhance its framework for managing greenhouse gas ("**GHG**") emissions to ensure data accuracy and consistency. This will involve developing emission source definitions, data collection procedures and calculation principles for Scope 1, 2, and 3 emissions applicable to our Group. This framework will initially cover office premises, warehousing, logistics, and IT infrastructure, with the scope of emissions accounting to be progressively expanded to our Group's business characteristics and data availability.

Furthermore, following the **[REDACTED]**, our Group intends to establish more detailed emission management principles for IT infrastructure operations and product delivery process. This includes identifying relevant indirect sources of emissions and formulating framework arrangements for energy efficiency improvements and equipment management. Our Group also plans to implement internal monitoring and review processes for emission management, disclosing progress and changes in relevant indicators in annual ESG reports. When necessary, it will seek external professional input to ensure overall emission management aligns with regulatory requirements and industry standards.

During the track record period, the Scope 1 and Scope 2 greenhouse gas emissions of our Guangzhou warehouse center were as follows:

	Year Ended December 31		
	2023	**2024**	**2025**
Scope 1 Emissions (tCO_2e)(1)	10	2	2
Scope 2 Emissions (tCO_2e)(2)	386	374	351
Total GHG Emissions (tCO_2e)	396	376	353

Notes:

(1) Direct greenhouse gas emissions generated from the use of diesel by company-owned vehicles at the Guangzhou warehouse center.

(2) Indirect greenhouse gas emissions generated from purchased electricity at the Guangzhou warehouse center.

Following the **[REDACTED]**, our Group plans to expand the coverage of its ESG metrics and related disclosures from the current focus on our Guangzhou warehousing center to include other warehousing sites, logistics networks, office premises and indirect emissions associated with the operation of our IT infrastructure, to establish a more comprehensive environmental management framework at the Group level. Additionally, our Group intends to continue to disclose such metrics and the progress of the relevant management measures in its annual ESG reports in order to enhance transparency and support the establishment of a consistent basis for disclosure.

In the future, we will continue our resource optimization and emission reduction efforts and work on a green and sustainable development model in our daily operations. To this end, the company will actively promote and realize the concept and practice of "green office." This includes:

- Continuously promote the concept of energy conservation and consumption reduction to enhance the environmental awareness of all employees;
- Regularly conduct systematic inspections and efficiency evaluations of high-energy and high-water-consumption equipment, prioritize their replacement with energy-saving and environmentally friendly alternatives such as high-efficiency LED lighting systems;
- Vigorously reduce the use of single-use products, promoting reusable alternatives, and promote digital office processes to minimize waste generation at the source;
- Actively encourage employees to adopt green commuting methods such as public transportation, cycling, and carpooling;
- Strictly enforce the "power off when leaving" policy to ensure all non-essential electrical equipment is powered off at the end of each workday, avoiding energy waste.

Through these systematic measures, we endeavor to effectively reduce resource consumption and greenhouse gas emissions in our operations, thus alleviating the burden on the environment.

Waste Management

In our daily operations, we are committed to implementing environmentally friendly management practices. Adhering to the "3R" principles (Reduce, Reuse, Recycle), we manage waste through source reduction and resource utilization. The main types of waste generated during our operations are general waste (office and domestic waste) and hazardous waste (mainly includes expired pharmaceuticals) that we strictly identify and manage in accordance with the National Catalogue of Hazardous Waste.

During the track record period, the waste generated at our Guangzhou warehouse center was as follows:

	Year Ended December 31		
	2023	2024	2025
Total Recyclable Waste (tons)	21	38	42
Total General Solid Waste (tons)	23	25	26.8
Total Hazardous Waste (tons)	3	2	2

For hazardous waste with potential environmental and safety risks, we have established a strict and systematic management system to ensure its entire lifecycle—from generation to final disposal—is controllable, compliant, and safe. Specific management measures cover the following key aspects:

- Select qualified third-party disposal suppliers for harmless treatment;
- Establish dedicated and compliant temporary storage areas for hazardous waste with safe distance from other zones and necessary protective facilities for fire, explosion, leakage, seepage and corrosion prevention;

- Develop and strictly implement standardized procedures for the storage and handling of hazardous waste, clarify requirements for classification, packaging, labeling, storage, retrieval, and regular inspections to ensure a safe and orderly temporary storage process;

- Conduct regular safety training and emergency drills, establish procedures, and emergency protocols related to hazardous materials to strengthen employees' environmental and risk prevention awareness, and emergency response capabilities.

Through these systematic management measures, we strive to minimize the environmental risks associated with hazardous waste management while continuously improving our environmental performance and actively fulfilling our environmental protection responsibilities.

Corporate Social Responsibility

Our commitment to corporate social responsibility is integral to our business strategy. We have built internal systems focused on protecting employee rights, ensuring supply chain compliance, maintaining high product quality, and contributing to social welfare. These systems are designed to align our growth with the well-being of our stakeholders. This foundation includes specific internal controls covering labor practices, occupational health and safety, product responsibility, and supplier management. We are continuously enhancing these protocols and measures after the **[REDACTED]** to strengthen risk prevention and corporate governance, and hope to create a positive social impact in the regions where we operate.

Employee Rights Protection

We are committed to fostering a fair, just, and inclusive employment environment and strictly abide by relevant law and regulations, including the Labor Contract Law and the Labor Law of the People's Republic of China. We have developed an Employee Handbook that clearly defines key areas such as recruitment and hiring, onboard training, promotions and transfers, compensation and benefits, performance appraisals, departure management, safety and health, and reward and punishment mechanisms, fully safeguarding the rights and interests of our employees. In addition, we have implemented specific system tailored to our operational characteristics, including, among others, the Employee Satisfaction Survey Management System and the Employee Regularization and Performance Review Management System. After the **[REDACTED]**, we plan to further enhance our anti-discrimination and anti-harassment systems, promote diversity and inclusion in the workplace, and provide a fair and equal working environment for our employees, business partners, and customers.

The following table sets forth the number of our employees by gender, employment type and age as well as the gender ratio during the Track Record Period.

		Year ended December 31		
Category		**2023**	**2024**	**2025**
By gender	male	148	226	225
	female	182	237	236
Employee gender ratio	male	44.8%	48.8%	48.8%
	female	55.2%	51.2%	51.2%

Category		Year ended December 31 2023	2024	2025
By age	51 years old and above	8	15	17
	41 to 50 years old	46	76	79
	31 to 40 years old	126	181	189
	30 years old and below	150	191	176

Occupational Health and Safety

We have established a systematic and institutionalized occupational health and safety management framework in compliance with the PRC Law on the Prevention and Control of Occupational Diseases and other regulations. This system is continuously refined through policies and procedures, including regular safety inspections, comprehensive emergency drills, and stringent labor protection protocols. With the core objective of creating a safe and healthy working environment for employees, we also implement comprehensive safety management, including self-inspections, fire drills, and providing appropriate personal protective equipment based on role-specific risk assessments.

In strict adherence to our Environmental Hygiene and Personnel Health Management System, employees in direct contact with pharmaceuticals are required to undergo annual health examinations at district-level (or higher) hospitals, epidemic prevention agencies, or professional health institutions. All employee health records are meticulously maintained.

Throughout the Track Record Period, we have not experienced any material safety incidents resulting in personal injury or related claims, litigation, or penalties.

Employee Development and Training

We are committed to developing a skilled workforce matching our strategic objectives, and have formulated a comprehensive four-category training curriculum in the Employee Handbook: induction training, on-the-job training, management development and external commissioned training. We also facilitate continuous learning through structured onboarding programs and require each department to conduct a minimum of one dedicated on-the-job training session annually to ensure the continuous enhancement of employee skills and overall competence. We provide targeted management training for leaders at all levels and specialized development courses for employees identified for promotion.

To ensure the highest return on investment in learning, we rigorously evaluate training efficacy through post-training reports, using these insights to continuously refine our programs. Additionally, we also support and encourage our employees to pursue ongoing continuing education opportunities that support both business needs and their individual career growth.

The following table sets forth our employee training performance indicators during the Track Record Period.

Category	Year ended December 31		
	2023	2024	2025
Total number of employees trained	334	266	226
Number of grassroots employees trained	307	239	201
Number of mid-level management employees trained	20	20	17
Number of senior management employees trained	7	7	8

Supply Chain Management

We have implemented supplier management systems, including a dedicated supplier and sales personnel audit system and a drug procurement management system, which standardize the processes for supplier qualification, onboarding, and ongoing procurement activities to ensure unwavering drug quality and operational compliance.

Following the **[REDACTED]**, our Group plans to progressively enhance our supply chain management policies. This includes reviewing existing practices and developing an institutional framework covering supplier access, contractual requirements, ongoing monitoring, and exit mechanisms to improve transparency and standardization. We also plan to evaluate the feasibility of adopting more environmentally friendly packaging materials and, where practical, incorporate relevant principles into our procurement processes. Additionally, we will establish a unified product quality testing and documentation process to ensure product safety and regulatory compliance, which allows us to strengthen internal monitoring procedures and refine contractual requirements as appropriate.

Our protocols mandate a comprehensive qualification review for all new suppliers, assessing their business qualifications, market reputation, and historical performance. All entities must provide valid pharmaceutical production and distribution licenses, along with other requisite documentation. Only upon successful completion of this review are they admitted to our approved supplier list. We also conduct annual performance reviews of active suppliers to determine their ongoing eligibility.

Our procurement management system requires a stringent supplier assessment prior to any purchase, verifying legal qualifications, business scope, and quality reputation to confirm contractual capability. A quality assurance agreement compliant with Good Supply Practice (GSP) is mandatory, and a on-site supplier audits may supplement when necessary. After the **[REDACTED]**, we plan to enhance this mechanism by integrating ESG criteria—including environmental protection and business ethics—into our supplier onboarding and monitoring processes, strengthening the sustainability and risk resilience of our supply chain.

Community Contributions

We are dedicated to supporting the advancement of national medical security system and facilitating the efficient allocation of medical resources across the country. Furthermore, we leverage our extensive channel coverage and supply chain management capabilities to continuously optimize our pharmaceutical distribution network. This enables us to enhance logistics responsiveness, particularly in underserved areas. Concurrently, we actively engage in a wide range of social welfare and community care initiatives, including bolstering primary healthcare services and donating essential medical and daily supplies.

Product Quality and Responsibility Management

Our Group adheres to high-quality pharmaceutical service standards and have implemented the ISO 9001 quality management system to standardize quality control processes. A comprehensive closed-loop quality management mechanism has been established covering initial marketing review, receipt and acceptance, after-sales inquiry, recall management and traceability records to ensure rigorous pre-market control and systematic post-market surveillance.

We are dedicated to providing safe, high-quality products and services. Prior to market release, a rigorous quality control system is activated, involving a meticulous review of registration documents, packaging, labeling, and quality standards for all new products. Market release is contingent upon final approval by a designated quality manager. Upon receipt of products, we re-verify supplier qualifications, transportation conditions, and inspect key documentation including the incoming inspection report, batch release certificate, and expiration date. Representative testing is performed on each batch. Any non-compliant products are immediately isolated and reported. Following market release, we conduct continuous monitoring of product performance and safeguard consumer rights through established systems for quality inquiry and drug recall. All quality issue reports trigger dedicated investigations. We maintain comprehensive records of any recalls from inventory locking and notification to final recall and destruction to ensure full traceability and facilitate ongoing improvement. After the **[REDACTED]**, we plan to further enhance our quality management system to improve environmental sustainability, performance, and safety of our products.

In the Track Record Period, we have not been subject to any material claims or penalties arising from product safety issues.

Our Group has established the "Marketing and Advertising Ethics and Compliance Policy (Pharmaceutical and Health Information)" and the "Online Platform Operation Compliance Guidelines (2025 Edition)". These policies require all published pharmaceutical and health information to be true, accurate and compliant, prohibit false, exaggerated and misleading content and emphasize respect for consumers' right to be informed and the security of their personal data.

A three-tier review system (business team, legal department, compliance officer) with professional pharmacist participation has been established for online content, and annual compliance audits, third-party partner blacklisting management are implemented to strengthen content review. In the event of non-compliance, we will apply a tiered penalty regime and, in serious cases, terminate relevant contracts and refer the matter to regulatory authorities. Additionally, we have established a 24/7 public opinion response mechanism and online dispute resolution channels to promptly address consumer complaints and negative public sentiment, with a tiered penalty regime for non-compliant behavior and termination of contracts in serious cases, and relevant matters referred to regulatory authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations. However, we may from time to time become a party to various legal, arbitration, or administrative proceedings arising in the ordinary course of business. See "Risk Factors—Risks Relating to Our Business and Industry—We may become subject to product liability claims, which could cause us to incur significant expenses in settling the claims with upstream pharmaceutical companies" for more details.

During the Track Record Period and as of the Latest Practicable Date, there was no litigation, arbitration, or administrative proceedings pending or, to our best knowledge, threatened against our Company or any of our Directors which would have a material and adverse effect on our financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control System

Our board of directors is responsible for overall risk management, including deliberation and decision-making of risk management system and policies, prevention of major risk and response to major crises. Our chief financial officer is responsible for implementing the risk management strategy, and overseeing the establishment and improvement of risk management and control mechanisms in functional departments, business units and regions. Our risk control division coordinates risk control and compliance work. The leaders of each functional department, business department, business unit, and regions are responsible for identifying, assessing and managing risks within their respective areas of responsibility.

We have established an audit committee to monitor the ongoing implementation of our risk management policies and to ensure that our internal control system is effective. The audit committee consists of three members, namely Dr. YU Yumiao, Mr. ZHANG Xiaolu and Ms. CHEN Qiao, all of whom are independent non-executive Directors. Dr. YU Yumiao (余玉苗) is the chairperson of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed "Directors and Senior Management" in this document.

We also maintain an internal audit department responsible for reviewing the effectiveness of internal controls and reporting identified issues to the audit committee and senior management. The audit committee reviews material issues and reports to the Board when necessary, ensuring effective oversight of our risk management and internal control framework.

Risk Management and Internal Control Measures

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

Prescribed Medication Management

To ensure compliance and reduce risks in relation to the sales of prescribed medications, we implemented a series of internal control measures, which prevent the sales of unlicensed or over-scope prescribed medications and the sales of substandard or counterfeit medications, as well as govern the sales through cold chain logistics, in physical retail locations and through online channels. For measures preventing the sales of unlicensed or over-scope prescribed medications, we implemented the *Supplier and Sales Personnel Review Policy* (《供應商及其銷售人員審核制度》), *Purchaser and Purchasing Personnel Review Policy* (《採購商及其採購人員審核制度》) and *Initial Product Review*

Policy (《首營品種審核制度》). Pursuant to the policies, our quality management department reviews and records in the digitalized operational system the required qualifications and licenses of suppliers, customers and pharmaceutical products. If the suppliers, customers or pharmaceutical products materials fail to meet the license requirements, the system will not process the sales order or process the transactions.

We also implemented internal control measures to prevent the sales of substandard or counterfeit medications, which include the *Medication Receiving and Acceptance Management Policy* (《藥品收貨與驗收管理制度》), *Medication Receiving Management Procedures* (《藥品收貨管理程序》), *Cold Chain Medication Receipt Management Procedures* (《冷鏈藥品收貨管理程序》) and *Medication Acceptance Operation Procedures* (《藥品驗收操作程序》). Pursuant to the policies, we manage the influx of substandard or counterfeit medications through rigorous incoming goods inspections. Upon the arrival of a shipment, our staff conduct a meticulous verification of the transportation vehicle, environmental conditions during transit, medication packaging, documentation and product quality certifications. Any goods failing to meet the above standards are rejected at the arrival of shipment.

For products requiring cold chain logistics, we also check the initial shipment time and temperature, in-transit temperature monitoring and arrival temperature and duration of shipment, ensuring conforming to specific product requirements. Non-compliance with any of these conditions may lead to the rejection of the product.

In addition, our internal control measures pertaining to the sale of prescribed medications in physical retail locations include the *Prescribed Medication Sales Management Policy* (《處方藥銷售管理制度》), *Management Policy for Medication Consultation and Guidance on Rational Medication Use* (《提供用藥諮詢、指導合理用藥等藥學服務管理制度》), *Prescription Review and Licensed Pharmacist Responsibility Management Policy* (《處方審核與執業藥師責任管理制度》), *Operating Procedures for Prescription Review, Dispensing, and Verification* (《處方審核、調配、核對操作規程》) and *Operating Procedures for Medication Display* and *Inspection in Business Premises* (《營業場所藥品陳列及檢查操作規程》). Pursuant to the requirements of the policies, prescription medications are stored in closed shelving units to prevent unauthorized access. Individuals seeking to purchase prescribed medications are required to present a valid prescription with the name of patient authenticated. The prescription must undergo review and approval by an on-site licensed pharmacist prior to the sales of the medication. The prescription is then recorded and archived for our future reference and compliance verification.

Moreover, the *Prescribed Medication Sales Management Policy* (《處方藥銷售管理制度》), *Management Policy for Medication Consultation and Guidance on Rational Medication Use* (《提供用藥諮詢、指導合理用藥等藥學服務管理制度》), *Prescription Review and Licensed Pharmacist Responsibility Management Policy* (《處方審核與執業藥師責任管理制度》) together with *Online Medication Sales Operation Procedures* (《藥品網絡銷售操作流程》) specified measures to manage online sales of prescribed medications. We ensure the standards of our online operation are consistent with offline sales and do not process any transaction without a proper prescription. Customers must initially present a valid prescription, which requires review and online approval by a licensed pharmacist before the order can be finalized and payment processed.

The online prescription review process is outlined as follows:

1. Individual consumers shall either obtain an electronic prescription from a licensed internet hospital or upload a scanned copy of a physician-issued prescription through our platform's system.

2. The electronic prescription or scanned prescription copy, in conjunction with the corresponding pharmaceutical purchase order, will be securely transmitted to partnering pharmacies and their qualified pharmaceutical professionals for standardized online review.

3. Following a thorough review and verification that the prescription complies with all regulatory requirements and clinical standards, the pharmaceutical professional will authorize the prescription drug sale to the individual consumer via the system.

4. Upon receiving the system authorization, our platform will finalize the transaction fulfillment process.

All transaction records, including those related to prescription reviews and pharmaceutical sales, are the exclusive property of the partnering pharmacies, who retain full control and management over these operations. Our platform does not possess any rights to access or retrieve these transaction records, including records of prescription drug purchase requests that have been rejected by pharmaceutical professionals.

In accordance with platform design specifications and applicable laws and regulations, prescription rejection scenarios may occur during the online review process. Common grounds for rejection include prescriptions lacking a valid physician's signature or official seal, incomplete patient or medication information, or other material deficiencies that fail to meet regulatory requirements. In such instances, the pharmaceutical professional will document the rejection in the system, and our platform will subsequently decline the transaction and suspend the dispensing of prescription drugs to the consumer.

We also separately display prescribed medications including the over-the-counter medication. In addition, packaging labels for prescribed medications are not displayed on the homepage or main product pages, and information regarding instructions, usage, dosage and indications is withheld until after prescription approval.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Information System Risk Management

Sufficient maintenance, storage and protection of data and other related information is critical to our business. We have implemented various internal procedures and controls to ensure that data is protected and that leakage and loss of such data is avoided.

We believe it is crucial that our sellers and buyers understand how we handle their information so that they can make informed choices in deciding how such information is used and shared. To this end, we collect personal information and data from our sellers and buyers only with their prior consent or other lawful basis, and we offer our sellers and buyers opt-out or opt-in options. We have established and implemented a strict company-wide policy on data collection, usage, disclosure, transfer and storage.

We have implemented a network of process and software controls to protect individual personal information and privacy. We encrypt data in network transmission. For back-end storage, we also use various encryption technologies at software and hardware levels to protect sensitive data. To minimize the risk of data loss or leakage, we conduct regular data backup and data recovery tests.

We collect and process data and narrowly tailor their usage to the extent possible.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control team works closely with our business units to (i) perform risk assessments and give advice on risk management strategies, (ii) improve business process efficiency and monitor internal control effectiveness, and (iii) promote risk awareness throughout our Company.

In accordance with our internal procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our consumers, merchants and relevant third parties. Our legal department examines the contract terms and reviews relevant documents for our business operations, and the necessary underlying due diligence materials, before we enter into any contract or business arrangements. In addition, our quality control teams under each business group are also responsible for reviewing the licenses and permits of the relevant counterparties and proposed commercial terms before we enter into any contract or business arrangements.

Our in-house legal department reviews our services for regulatory compliance before they are made available to the general public. Our in-house legal department and administrative department are responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Anti-corruption and Bribery Risk Management

As we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-corruption, anti-bribery, and conflict of interest matters. First, we have adopted a series of internal regulations against corruption, bribery, and fraudulent activities, which include measures against receiving bribes and kickbacks, and misappropriation of company assets. Second, we have implemented clear and strict policies and guidelines that prohibit the acceptance of gifts, hospitality and other offers by interested third parties.

Employees are required to acknowledge and accept our internal code of business conduct and ethics that lists in detail relevant policies and regulations, including, but not limited to, clear definitions of bribery, corruption, and interested parties. Third, our internal control department conducts internal control inspections regularly.

Furthermore, recent regulations on pharmaceutical marketing and anti-bribery, such as the Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks, restrict how pharmaceutical companies conduct academic promotion, patient education and medical-representative activities. These regulations affect the scope, format and compliance standards of our services. We must ensure that our service offerings, including academic support, compliant content delivery and patient-education programs meet regulatory standards.

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. We have a training program which regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest that employees can vote on. The training program schedules regular online and classroom trainings and reviews the content of the trainings.

We have in place an employee handbook and a code of conduct approved by our management and have distributed them to all our employees. The handbook contains internal rules and guidelines regarding work ethics, negligence and corruption. We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook.

AWARDS AND RECOGNITION

During the Track Record Period, we received awards and recognition in respect of our products, technology, and innovation, significant ones of which are set forth below:

Date	Award/Recognition	Awarding Institution
2023 ~ 2025	Future Healthcare Top 100 Enterprises	China Top 100 Innovative Healthcare Commercial and Supply Chain Service Rankings
2023	Grade A Taxpayer for Annual Tax Compliance	State Taxation Administration Guangzhou Tianhe District Tax Bureau
2022	Exemplary Enterprise in Compensation and Benefits	China Merchants Bank Guangzhou Branch
2020	Top 100 E-Commerce Enterprises	Guangdong E-Commerce Association & South China E-Commerce Alliance
2020	Guangdong Province Contract-Honoring and Creditworthy Enterprise	Guangdong Market Supervision Administration