We are applying for **[REDACTED]** *pursuant to Section 8.05(3) of the Main Board Listing Rules. You should read the following discussion and analysis in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2023, 2024 and 2025 included in "Appendix I—Accountants' Report" to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this document, including "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

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. We have developed an in-house digital system enabling the precision marketing of pharmaceutical products, and integrated our digitalized business and data platforms with a technology-powered operational infrastructure. This enables 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, enhance market efficiency and accessibility, and drive the proliferation of the out-of-hospital pharmaceutical circulation value chain.

We generate revenue primarily by selling pharmaceutical products we procured from pharmaceutical companies to downstream buyers. Because of 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, allowing us to generate profits when reselling their products to downstream customers. 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.

BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in note 3 to the Accountant's Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are affected by general factors affecting China's healthcare and pharmaceutical industry, especially the out-of-hospital pharmaceutical market and its available digital marketing and supply chain services in China, which are in turn driven by increasing disposable income and healthcare spending, rising awareness of health, aging population, increasing life expectancy, increasing penetration of mobile internet, favorable government policies and increasing coverage of medical insurance. Unfavorable changes in any of these general industry conditions could negatively affect the demand for our products and services and adversely affect our business prospects and results of operations.

We are affected by government policies and regulations that address all aspects of our operations, including qualifications and licensing requirements for online and offline sales of pharmaceutical and other health and wellness products, and online healthcare services, among other things. See also "Risk Factors—Risks Relating to Our Business and Industry—We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect our business and prospect." We have benefited from certain recent favorable regulatory and policy changes in China, especially various policy initiatives promoting the sales of pharmaceutical products. We expect that the implementation of these measures relating to the sales of pharmaceutical products will also affect market competition and drive industry consolidation.

While our business is influenced by general factors affecting China's out-of-hospital pharmaceutical market, we believe our results of operations have been, and are expected to continue to be, affected by a number of company-specific factors, including but not limited to the following:

Our ability to expand our collaboration with upstream pharmaceutical companies and product offerings

We generate revenue primarily by offering out-of-hospital pharmaceutical product sales services to upstream pharmaceutical companies. As a result, our results of operations are directly affected by the number of pharmaceutical companies and the number of pharmaceutical products we sell. During the Track Record Period, the number of pharmaceutical companies we served was 1,373 in 2023, 1,371 in 2024 and 1,562 in 2025. 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 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. We plan to activate the potential of selected products through precision marketing and channel expansion. We also plan to incubate new products with great potentials through our e-commerce stores. Through targeted marketing and providing operational support, we support the sales and marketing of new products and pharmaceutical companies with a view to establishing a demonstration effect that leads to additional partnerships with pharmaceutical companies. If we were able to effectively execute these business plans, we would be able to effectively expand our collaboration with upstream pharmaceutical companies and enhance our product offerings.

Our ability to enhance our digital marketing and supply chain services

Our ability to provide effective digital marketing and supply chain services to pharmaceutical companies and other market participants in the out-of-hospital pharmaceutical market is critical to the success of our business. China's out-of-hospital pharmaceutical market is large yet fragmented. In order to effectively address this market, service providers have to be capable of offering digital insights and efficient and effective e-commerce operation services. We provide comprehensive full scope e-commerce operation services encompassing integrated brand operations, sophisticated data monitoring and management systems, full-channel traceability capabilities, and intelligent inventory management services. Our e-commerce operation and precision digital marketing capabilities can boost product sales and maximize product visibility to end-customers. 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. Going forward, we plan to invest in advanced algorithms and AI applications to enhance our data processing and analytics capabilities, while delivering actionable marketing insights and upgrading our digital marketing services.

Our ability to expand the number of downstream buyers we serve

We serve as a nexus in the pharmaceutical circulation value chain. Leveraging our digital capabilities and insights in the out-of-hospital pharmaceutical market, we have established an efficient digital pharmaceutical circulation system that bridges the gap between upstream pharmaceutical companies and various types of downstream buyers and connects all stakeholders across the entire pharmaceutical circulation ecosystem.

We serve a diverse network of downstream buyers through: (i) reaching individual customers via third-party platforms, proprietary online stores, and our Yikangsi retail brand; (ii) penetrating dispensing terminals through a collaborative network of regional partners with visualized subsequent transaction data; and (iii) supplying pharmacy chains with end-to-end digital tracking. This comprehensive omni-channel sales services, powered by our data analytics, enable us to continuously refine our marketing capabilities and generate multidimensional operational value.

Our ability to expand the number of downstream buyers we serve and to deepen our cooperation relationship with them would contribute to our business and financial performance.

Our ability to control operating costs and expenses and improve efficiency

Our cost of sales primarily represents the cost of procuring pharmaceuticals from upstream pharmaceutical companies. We aim to further create value for upstream pharmaceutical companies by providing an effective and transparent channel for selling large volumes of their products and by offering them data insights on market demand, customer preferences and supply chain information. We will also further enhance our digital capabilities with AI technology. We believe this value proposition will deepen our relationships with upstream pharmaceutical companies, enabling us to obtain favorable terms including pricing terms, credit periods and volume-based rebates, and reduce our procurement costs.

Our selling and distribution expenses are the largest component of our operating expenses. Selling and distribution expenses primarily consist of marketing expenses, employee salary and expenses, depreciation and amortization expenses, office and service fees, warehouse and lease expenses and other expenses. Our selling and distribution expenses accounted for 3.2%, 3.8% and 2.8% of our revenue in 2023, 2024 and 2025, respectively. We expect our fulfillment expenses to increase in absolute amounts in the near future as we continue to grow our business, though we will continue to maintain relevant cost control measures.

We focus on streamlining our operations and the strategic allocation of resources in our sales and marketing functions. As our business grows in scale, we expect to have more operating leverage and realize structural cost savings.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our Consolidated Financial Statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2.3 and 3 to the Accountant's Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss with line items in absolute amounts and as a percentage of our revenue for the periods indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
REVENUE	2,915,971	100.0	2,875,345	100.0	3,388,124	100.0
Cost of sales	(2,719,696)	(93.3)	(2,703,165)	(94.0)	(3,157,902)	(93.2)
Gross profit	196,275	6.7	172,180	6.0	230,222	6.8
Other income and gains	791	0.0	1,850	0.1	757	0.0
Selling and distribution expenses	(92,635)	(3.2)	(110,166)	(3.8)	(95,088)	(2.8)
Administrative expenses	(36,711)	(1.3)	(42,287)	(1.5)	(60,665)	(1.8)
Research and development expenses	(1,795)	(0.1)	(2,003)	(0.1)	(1,615)	(0.0)
Reversal of impairment loss of financial assets, net	3,808	0.1	5,412	0.2	5,757	0.2
Other expenses	(667)	(0.0)	(980)	(0.0)	(1,152)	(0.0)
Finance costs	(8,407)	(0.3)	(13,694)	(0.5)	(19,000)	(0.6)
PROFIT BEFORE TAX	60,659	2.1	10,312	0.4	59,216	1.7
Income tax expense	(14,942)	(0.5)	(6,571)	(0.2)	(22,625)	(0.7)
PROFIT FOR THE YEAR	45,717	1.6	3,741	0.1	36,591	1.1
Attributable to:						
Owners of the parent	46,081	1.6	5,480	0.2	39,461	1.2
Non-controlling interests	(364)	(0.0)	(1,739)	(0.1)	(2,870)	(0.1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	45,717	1.6	3,741	0.1	36,591	1.1
Attributable to:						
Owners of the Company	46,081	1.6	5,480	0.2	39,461	1.2
Non-controlling interests	(364)	(0.0)	(1,739)	(0.1)	(2,870)	(0.1)

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Revenue

We derived our revenues from (i) sales of pharmaceutical products and (ii) others, which primarily include providing brand promotion and other services.

We provide digital marketing and supply chain services to various players in the out-of-hospital pharmaceutical market value chain. In our provision of digital marketing services, upstream pharmaceutical companies typically did not directly pay us service fees but instead grant us preferential procurement terms, including volume-based pricing advantages, allowing us to generate profits when reselling the products we procured from them to downstream customers. As such, during the Track Record Period, the majority of our revenue was generated from sales of pharmaceutical products. In some instances, upstream pharmaceutical companies and downstream customers would directly pay for the brand promotion, logistics and other services we provided in the form of service fees.

The following table sets forth a breakdown of our revenue both in absolute amounts and as a percentage of our total revenue for the periods presented.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of pharmaceutical products						
S2B2C	1,613,183	55.3	1,635,280	56.9	1,783,525	52.6
S2C	74,967	2.6	52,232	1.8	63,202	1.9
S2B2b	1,049,111	36.0	860,621	29.9	1,209,754	35.7
S2b	337	0.0	112,706	3.9	225,337	6.7
S2K	171,570	5.9	188,502	6.6	71,850	2.1
Other sales(1)	—	0.0	18,493	0.6	23,602	0.7
Others(2)	6,803	0.2	7,511	0.3	10,854	0.3
Total	**2,915,971**	**100.0**	**2,875,345**	**100.0**	**3,388,124**	**100.0**

Notes:

(1) Other sales primarily represent our sales of pharmaceutical products to hospitals. In 2024, we newly acquired a subsidiary in Shenyang, Liaoning Province, which subsidiary has some remaining business selling pharmaceutical products to hospitals. Such in-hospital business is not our primary focus, and we plan to gradually reduce its scale going forward.

(2) Others primarily include service fees generated from brand promotion and other services.

Cost of Sales

Our cost of sales primarily consists of product procurement costs. The following table sets forth a breakdown of our cost of sales in absolute amounts and as a percentage of total cost of sales, for the periods indicated.

	For the Years Ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Product procurement cost	2,707,264	99.5	2,688,998	99.5	3,143,124	99.5
Transportation cost	10,749	0.4	11,708	0.4	12,380	0.5
Service cost	1,628	0.1	1,782	0.1	1,370	0.0
Inventory write-down	55	0.0	677	0.0	1,028	0.0
Total	**2,719,696**	**100.0**	**2,703,165**	**100.0**	**3,157,902**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was RMB196.3 million in 2023, RMB172.2 million in 2024 and RMB230.2 million in 2025. Our gross profit margin was 6.7% in 2023, 6.0% in 2024 and 6.8% in 2025.

The following table sets forth a breakdown of our gross profits and gross profit margins for the periods presented.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of pharmaceutical products						
S2B2C	102,974	6.4	85,289	5.2	90,360	5.1
S2C	9,990	13.3	6,266	12.0	9,332	14.8
S2B2b	69,776	6.7	58,122	6.8	96,548	8.0
S2b	10	3.0	4,706	4.2	15,871	7.0
S2K	8,350	4.9	9,164	4.9	3,143	4.4
Other sales(1)	—	—	2,902	15.7	5,485	23.2
Others(2)	5,175	76.1	5,731	76.3	9,483	87.4
Total	**196,275**	**6.7**	**172,180**	**6.0**	**230,222**	**6.8**

Notes:

(1) Other sales primarily represent our sales of pharmaceutical products to hospitals. In 2024, we newly acquired a subsidiary in Shenyang, Liaoning Province, which subsidiary has some remaining business selling pharmaceutical products to hospitals. Such in-hospital business is not our primary focus, and we plan to gradually reduce its scale going forward.

(2) Others primarily include service fees generated from brand promotion and other services.

Other Income and Gains

Our other income and gains primarily consisted of government grants, bank interest income, and net foreign exchange gains. Government grants represent the cash received from the government after the government's approval of the applications that meet the requirements of its policies. There are substantial uncertainties as to whether or not and, if yes, when we will receive government grants. There is no assurance that we will continue to receive government grants in the future. In 2023, 2024 and 2025, our other income and gains were RMB0.8 million, RMB1.9 million and RMB0.8 million, respectively.

The following table sets forth a breakdown of our other income and gains both in absolute amounts and as a percentage of our total other income and gains for the periods indicated.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Other income						
Government grants	191	24.1	1,028	55.6	185	24.5
Bank interest income	514	65.0	786	42.5	441	58.2
Others	86	10.9	36	1.9	96	12.7
Total other income	**791**	**100.0**	**1,850**	**100.0**	**722**	**95.4**
Gain on disposal of items of property, plant and equipment and other assets	—	—	—	—	35	4.6
Total other income and gains	**791**	**100.0**	**1,850**	**100.0**	**757**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses consisted of marketing expenses, employee salary and expenses, depreciation and amortization expenses, office and service fees, warehouse and lease expenses and other expenses. Our marketing expenses consist of brand operation fees, platform fees and others, with brand operation fees amounting to approximately 80.1%, 84.5% and 69.7% of the total marketing expenses in 2023, 2024 and 2025.

The following table sets forth a breakdown of our selling and distribution expenses both in absolute amount and as a percentage of our total selling and marketing expenses for the periods indicated.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing expenses	42,997	46.4	55,154	50.1	43,296	45.5
Employee salary and expenses	39,017	42.1	41,536	37.7	36,468	38.4
Depreciation and amortization	3,732	4.0	5,519	5.0	8,148	8.6
Travel and business related expenses	3,388	3.7	3,254	3.0	2,186	2.3
Other expenses	3,501	3.8	4,703	4.3	4,990	5.2
Total	**92,635**	**100.0**	**110,166**	**100.0**	**95,088**	**100.0**

The divergence in the trends of revenue and selling and distribution expenses during the Track Record Period was primarily because our marketing activities are generally strategic, long-term investments. Such marketing activities often require a certain period to achieve their full commercial impact, as they involve market education, enhancement of product awareness, cultivation of customer demand and penetration into new sales channels and geographic markets. As market recognition and channel coverage gradually improve, the effects of such investments are expected to be progressively reflected in sales growth and customer acquisition, thereby generating sustainable long-term returns for us. As sales of these products grow, we will dynamically adjust the amount of such investment. Our operational team closely monitor market feedback and promptly adjust the spending ratio accordingly. Furthermore, as the portfolio of such collaborative products expands in the future, related promotional expenses are also expected to increase. Therefore, the selling and distribution expenses, including marketing expenses, did not fluctuate in reflection of the revenue fluctuation and are expected be continually optimized in line with the evolving operational strategies.

Administrative Expenses

Our administrative expenses consisted of employee salary and expenses, depreciation and amortization expenses, office expenses, business reception expenses, tax expenses, third-party service expenses and other expenses.

The following table sets forth a breakdown of our administrative expenses both in absolute amounts and as a percentage of our total administrative expenses for the periods indicated.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee salary and expenses	18,232	49.7	20,990	49.6	23,597	38.9
Depreciation and amortization	7,777	21.2	8,453	20.0	9,977	16.4
Office and travel expenses	4,151	11.3	5,043	11.9	5,695	9.4
Other tax expenses	4,708	12.8	4,600	10.9	5,571	9.2
Professional service expenses	1,433	3.9	2,526	6.0	2,055	3.4
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	410	1.1	675	1.6	775	1.3
Total	**36,711**	**100.0**	**42,287**	**100.0**	**60,665**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted of employee salary, welfare expenses and software expenses. These research and development expenses were mainly for improving our algorithm and data analytics capabilities, developing and maintaining our SaaS services, providing technological support to our pharmaceutical product suppliers, managing our supply chain and warehouses, and assuring the data security of our internal and external operations. In 2023, 2024 and 2025, our research and development expenses were RMB1.8 million, RMB2.0 million and RMB1.6 million, respectively.

Other Expenses

Our other expenses primarily consisted of loss on derecognition of financial assets, loss on disposal of items of property, plant, and equipment, and net foreign exchange losses. In 2023, 2024 and 2025, our other expenses were RMB0.7 million, RMB1.0 million and RMB1.2 million, respectively.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss on derecognition of financial assets at fair value through other comprehensive income	593	89.0	804	82.0	766	66.5
Loss on disposal of items of property, plant and equipment and other assets, net	18	2.7	29	3.0	—	0.0
Foreign exchange losses, net	5	0.7	7	0.7	115	10.0
Others	51	7.6	140	14.3	271	23.5
Total	**667**	**100.0**	**980**	**100.0**	**1,152**	**100.0**

Finance Costs

Our finance costs primarily consisted of interest on interest-bearing bank and other borrowings and interest on lease liabilities. The following table sets forth a breakdown of our finance costs both in absolute amounts and as a percentage of our total finance income and costs, net for the periods indicated.

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest on interest-bearing bank and other borrowings	7,612	90.5	12,886	94.1	18,085	95.2
Interest on lease liabilities	795	9.5	808	5.9	915	4.8
Total	**8,407**	**100.0**	**13,694**	**100.0**	**19,000**	**100.0**

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which we operate. In 2023, 2024 and 2025, we recorded income tax expenses of RMB14.9 million, RMB6.6 million and RMB22.6 million, respectively.

Chinese Mainland

Pursuant to the PRC Enterprise Income Tax Law and the respective regulations, our subsidiaries operating in the PRC are subject to enterprise income tax at a rate of 25% on the taxable income, except for those that enjoyed preferential income tax treatments as summarized below:

A preferential tax treatment is available to Wuhan Yikangsi Information Technology Co., Ltd. (武漢宜康思信息科技有限公司), which was recognized as a High and New Technology Enterprise in 2024 in Chinese mainland, and a preferential corporate income tax rate of 15% has been applied since then. The certificate of High and New Technology Enterprise must be renewed every three years.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of our qualifying subsidiaries is accrued at a rate of 8.25% on the first HK$2 million of the estimated assessable profits and at a rate of 16.5% on the estimated assessable profits above HK$2 million.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2025

Revenue

Our revenue increased by 17.8% from RMB2,875.3 million in 2024 to RMB3,388.1 million in 2025, primarily driven by growth in our sales to dispensing terminals and, to a lesser extent, sales to individual customers.

Revenue from S2B2C. Revenue under S2B2C increased from RMB1,635.3 million in 2024 to RMB1,783.5 million in 2025, primarily due to (i) the expanded collaboration with certain existing upstream pharmaceutical companies, including CMS. In particular, sales increased significantly after CMS strengthened its e-commerce marketing cooperation with us for certain products on third-party B2C and O2O platforms; and (ii) the successful establishment of partnerships with new upstream pharmaceutical companies, which expanded our product portfolio and contributed incremental sales.

S2C. Revenue from S2C increased from RMB52.2 million in 2024 to RMB63.2 million in 2025, mainly attributable to the overall growth of the S2C business segment and increased sales contribution from certain pharmaceutical brands, including Mentholatum.

Revenue from S2B2b. Revenue under S2B2b increased from RMB860.6 million in 2024 to RMB1,209.8 million in 2025, primarily due to the expansion of our sales network, which enhanced our capabilities to reach more dispensing terminals. This expansion supported the continued growth of certain existing products from existing pharmaceutical companies like Pfizer and, in the meantime, facilitated the establishment of new partnership over a dozen pharmaceutical companies across multiple product categories including albumin products from Octapharma.

Revenue from S2b. Revenue under S2b increased from RMB112.7 million in 2024 to RMB225.3 million in 2025, primarily attributable to (i) continued ramp-up of our new-developed online S2b business operated by our subsidiaries; and (ii) expansion to new platforms and channels targeting diversified markets.

Revenue from S2K. Revenue under S2K decreased from RMB188.5 million in 2024 to RMB71.9 million in 2025, primarily due to our strategic optimization of our product mix sold through pharmacy chains to phase out low-margin products, from brands such as Viatris, to mitigate cost and capital risk while focusing our resources on collaborations with greater sales value.

Cost of Sales

Our cost of sales increased by 16.8% from RMB2,703.2 million in 2024 to RMB3,157.9 million in 2025, which was in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 33.7% from RMB172.2 million in 2024 to RMB230.2 million in 2025. Our gross profit margin increased from 6.0% in 2024 to 6.8% in 2025.

S2B2C. Gross profit margin under S2B2C remained relatively stable at 5.2% in 2024 and 5.1% in 2025.

S2C. Gross profit margin under S2C increased from 12.0% in 2024 to 14.8% in 2025, primarily driven by the stable operating performance of the S2C business segment and the increased contribution from higher-margin products and brands.

S2B2b. Gross profit margin under S2B2b increased from 6.8% in 2024 to 8.0% in 2025, mainly due to (i) the increased proportion of high-margin pharmaceutical products such as Taiji's Wuzi Yanzong Wan and Meidakang's Sibishen sold through sales to dispensing terminals; and (ii) our ability to improve pricing and profitability as the relevant business operations gradually stabilized.

S2b. Gross profit margin under S2b increased from 4.2% in 2024 to 7.0% in 2025, primarily due to continued ramp-up of S2b channel attracting certain pharmaceutical companies to increase their resource allocation.

S2K. Gross profit margin under S2K decreased from 4.9% in 2024 to 4.4% in 2025, primarily due to our strategic tightening of the S2K business and the resulting changes in customer and product mix.

Other Income and Gains

Our other income and gains decreased by 59.1% from RMB1.9 million in 2024 to RMB0.8 million in 2025, primarily due to a decrease of RMB0.8 million in our government grants.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 13.7% from RMB110.2 million in 2024 to RMB95.1 million in 2025, with its marketing expenses decreased by RMB11.9 million, or 21.5%, during the same period, primarily due to the relatively higher brand operations fees in 2024 primarily devoted to Meidakang's Sibishen and Taiji's Wuzi Yanzong Wan, and our more disciplined marketing spending in 2025 to further optimize the efficiency of our marketing activities, including the implementation of predefined marketing budget caps and expenditure controls for individual marketing projects, as well as a decrease in employee salary and expenses.

Administrative Expenses

Our administrative expenses increased by 43.5% from RMB42.3 million in 2024 to RMB60.7 million in 2025, primarily we incurred **[REDACTED]** of **[REDACTED]** in 2025.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB2.0 million in 2024 and RMB1.6 million in 2025.

Other Expenses

Our other expenses increased by 17.6% from RMB1.0 million in 2024 to RMB1.2 million in 2025, primarily due to an increase of RMB0.1 million from the foreign exchange losses.

Finance Costs

Our finance costs increased by 38.7% from RMB13.7 million in 2024 to RMB19.0 million in 2025, primarily due to an increase of RMB5.2 million in interests on interest-bearing bank and other borrowings. We have been implementing a nationwide direct-supply network to our end customers by establishing multiple subsidiaries, resulting in significant initial investment which were supported by bank borrowings. Please refer to "Indebtedness—Interest-Bearing Bank and Other Borrowings" for the balance of our interest-bearing bank and other borrowings.

Income Tax Expense

Our income tax expense increased by 244.3% from RMB6.6 million in 2024 to RMB22.6 million in 2025, primarily due to an increase of RMB48.9 million, or 474.2%, in our profit before tax in the year.

Profit for the Year

As a result of the foregoing, we recorded profit for the year of RMB3.7 million in 2024 and RMB36.6 million in 2025.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2024

Revenue

Our revenue decreased slightly by 1.4% from RMB2,916.0 million in 2023 to RMB2,875.3 million in 2024.

S2B2C. Revenue under S2B2C slightly increased from RMB1,613.2 million in 2023 to RMB1,635.3 million in 2024 due to (i) the sustained performance of existing brands such as Viatris, which drove higher sales of chronic disease and male health products; and (ii) the successful launch of a series of new brand or project collaborations, including Shandong FuPai, Zhongsheng Pharmaceutical and Enhua, which generated new revenue streams.

S2C. Revenue from S2C decreased from RMB75.0 million in 2023 to RMB52.2 million in 2024, mainly attributable to a decrease in revenue from sales through commercial insurers of RMB18.7 million.

S2B2b. Revenue under S2B2b decreased from RMB1,049.1 million in 2023 to RMB860.6 million in 2024, primarily due to (i) the strategic discontinuation of Viatris' distribution cooperation with certain regional sales partners with weaker operational attributes, which led to a decline in sales; and (ii) the strategic discontinuation of our cooperation with the pharmaceutical company of Xiaotuozhi (消脱止), resulting in a decline in its sales under S2B2b.

S2b. Revenue under S2b increased from RMB0.3 million in 2023 to RMB112.7 million in 2024, primarily attributable to the newly-developed online S2b business operated by our subsidiaries starting in 2023.

S2K. Revenue under S2K remained relatively stable at RMB171.6 million in 2023 and RMB188.5 million in 2024.

Cost of Sales

Our cost of sales decreased slightly by 0.6% from RMB2,719.7 million in 2023 to RMB2,703.2 million in 2024, in line with changes in our revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 12.3% from RMB196.3 million in 2023 to RMB172.2 million in 2024. Our gross profit margin decreased from 6.7% in 2023 to 6.0% in 2024.

S2B2C. Gross profit margin under S2B2C declined from 6.4% in 2023 to 5.2% in 2024, primarily due to (i) intensified market competition among certain pharmaceutical companies, which led to a simultaneous decrease in sales volume and gross profit of certain relatively higher-margin pharmaceutical products such as Xiaotuozhi (消脱止), and (ii) a reduction in sales volume arising from terminated partnerships or strategic adjustments by certain pharmaceutical companies, such as Hanhui, which further reduced total gross profit.

S2C. Gross profit margin under S2C decreased from 13.3% in 2023 to 12.0% in 2024, primarily due to a lower contribution from sales through commercial insurers, which carry relatively higher margins, together with changes in product mix, selling prices, and platform- and promotion-related arrangements for certain S2C products across relevant platforms.

S2B2b. Gross profit margin under S2B2b remained relatively stable at 6.7% in 2023 and 6.8% in 2024.

S2b. Gross profit margin under S2b increased from 3.0% in 2023 to 4.2% in 2024, attributable to the newly-developed online S2b business operated by our subsidiaries starting in 2023.

S2K. Gross profit margin under S2K remained stable at 4.9% in 2023 and 2024.

Other Income and Gains

Our other income and gains increased by 133.9% from RMB0.8 million in 2023 to RMB1.9 million in 2024, primarily due to an increase of RMB0.8 million in government grants received in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 18.9% from RMB92.6 million in 2023 to RMB110.2 million in 2024, with its marketing expenses increased by RMB12.2 million, or 28.3%, during the same period, primarily driven by brand building investments for products in their incubation phase, such as Meidakang's Sibishen and Taiji's Wuzi Yanzong Wan.

Administrative Expenses

Our administrative expenses increased by 15.2% from RMB36.7 million in 2023 to RMB42.3 million in 2024, primarily due to additional administrative personnel costs resulting from additional administrative headcount in line with our business growth.

Research and Development Expenses

Our research and development expenses increased by 11.6% from RMB1.8 million in 2023 to RMB2.0 million in 2024, primarily due to changes in employee-related expenses, mainly comprising salary and welfare costs for personnel working on research and development projects to improve the technology infrastructure of our business operations.

Other Expenses

Our other expenses increased by 46.9% from RMB0.7 million in 2023 to RMB1.0 million in 2024, primarily due to an increase of RMB0.2 million in loss on derecognition of financial assets.

Finance Costs

Our finance costs increased by 62.9% from RMB8.4 million in 2023 to RMB13.7 million in 2024, primarily due to an increase of RMB5.3 million in interests on interest-bearing bank and other borrowings for our business expansion, including the establishment of a nationwide direct-to-end-user supply network and newly established subsidiaries. Please refer to "Indebtedness—Interest-Bearing Bank and Other Borrowings" for the balance of our interest-bearing bank and other borrowings.

Income Tax Expense

Our income tax expense decreased by 56.0% from RMB14.9 million in 2023 to RMB6.6 million in 2024, primarily due to a decrease of RMB50.3 million in our profit before tax.

Profit for the Year

As a result of the foregoing, we recorded profit for the year of RMB45.7 million in 2023 and RMB3.7 million in 2024.

Impact of COVID-19 Pandamic

The COVID-19 pandemic had a temporary impact on the sales of our cold and cough medications. More specifically, we generated revenue of RMB355.2 million in 2023 and RMB380.8 million in 2024 from such products, primarily due to increased market demand for cold and cough medications during the pandemic period. In 2025, revenue generated from such products slightly decreased to RMB371.9 million as the impact of the pandemic gradually subsided and market demand for such products returned to a more normalized level. During the pandemic period, our warehousing operations also experienced certain supply chain disruptions due to social-distancing and safety protocols. However, our Directors are of the opinion that such disruptions did not have a material impact on our operations or financial performance.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total current assets	979,301	1,086,821	1,584,070
Total non-current assets	51,262	67,290	125,457
Total assets	1,030,563	1,154,111	1,709,527
Total current liabilities	683,101	729,371	1,233,908
Total non-current liabilities	10,198	10,676	16,364
Total liabilities	693,299	740,047	1,250,272
Net current assets	296,200	357,450	350,162
Net assets	**337,264**	**414,064**	**459,255**
EQUITY			
Equity attributable to owners of the parent			
Share capital	10,283	10,532	10,532
Reserves	326,431	393,721	433,246
Non-controlling interests	550	9,811	15,477
Total equity	**337,264**	**414,064**	**459,255**

As at 1 January 2023, we recorded accumulated losses of RMB76.7 million, which was mainly due to our share-based compensation expense of RMB115 million in 2020. Our Chairman and management team joined the Company at the end of 2018 and conducted a business restructuring. They redefined the our strategy to focus on digital marketing in the out-of-hospital market, abandoning the traditional business operations. Therefore, 2019 can be considered the first operational year of our new direction. The majority of our accumulated losses originated from the traditional business prior to 2019. Following the restructuring, our profits have been largely positive. In 2020, we launched an equity incentive plan, resulting in share-based compensation expenses of RMB115 million, which led to a net loss for the year. However, the adjusted operating profit (excluding non-recurring items) remained positive.

Non-Current Assets and Liabilities

The following table sets forth a breakdown of our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	8,409	7,179	10,315
Right-of-use assets	14,218	17,871	25,544
Intangible assets	14,735	22,167	77,411
Prepayments, deposits and other receivables	6,635	14,662	10,400
Deferred tax assets	7,265	5,411	1,787
Total non-current assets	**51,262**	**67,290**	**125,457**
Non-current liabilities			
Lease liabilities	10,198	10,676	16,364
Total non-current liabilities	**10,198**	**10,676**	**16,364**

Property, Plant, and Equipment

Our property, plant, and equipment primarily comprised of vehicles, machines and equipment, furnitures and others, and leasehold improvements. Our property, plant, and equipment decreased from RMB8.4 million as of December 31, 2023 to RMB7.2 million as of December 31, 2024 primarily due to continued depreciation expenses. Our property, plant, and equipment further increased from RMB7.2 million as of December 31, 2024 to RMB10.3 million as of December 31, 2025 primarily due to the acquisition of new fixed assets in connection with the operations of new subsidiaries in 2025.

Right-of-use Assets

Our right-of-use assets primarily comprised of leasehold premises. Our right-of-use assets increased from RMB14.2 million as of December 31, 2023 to RMB17.9 million as of December 31, 2024 primarily due to new leases entered into for office and operational spaces in connection with subsidiary operations. Our right-of-use assets further increased from RMB17.9 million as of December 31, 2024 to RMB25.5 million as of December 31, 2025 primarily due to additional leases to support our ongoing operational needs.

Lease Liabilities

Our lease liabilities are related to leases of premises and plants for the purpose of our business operations.

The non-current portion of our lease liabilities increased from RMB10.2 million as of December 31, 2023 to RMB10.7 million as of December 31, 2024, and further to RMB16.4 million as of December 31, 2025, primarily due to the further addition of new operating leases for business operations.

Intangible Assets

Our intangible assets comprised of software, licenses and deferred development costs. Our intangible assets were RMB14.7 million, RMB22.2 million and RMB77.4 million as of December 31, 2023, 2024 and 2025, respectively.

Deferred development costs are the expenditure incurred in the development phase of software. The management of the Company tests the deferred development costs which are not yet available for use for impairment at least annually, and whenever there is an indication that the deferred development costs may be impaired, by comparing their carrying amounts with their recoverable amounts. The test for impairment of the deferred development costs is performed using the relief from royalty method and is based on the expected future cash flows generated from the royalty payments avoided for purchase of external software for the next 10 years.

Our deferred development costs were RMB4.3 million, RMB9.4 million and nil as of December 31, 2023, 2024 and 2025, respectively. Assumptions were used in the value in use calculation of deferred development costs as of December 31, 2023 and 2024. Key assumptions used in the calculation are as follows:

	As of December 31,	
	2023	**2024**
Revenue *(% compound growth rate of forecasted period)*	7.17%	6.00%
Pre-tax discount rate	27.93%	26.86%
Royalty rate	1%	1%

For more details about our impairment testing of deferred development costs, including the relevant sensitivity analysis and headroom, see Note 17 to the Accountants' Report in Appendix I to this document.

Current Assets and Liabilities

The following table sets forth a breakdown of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets:				
Inventories	302,083	292,545	604,960	649,556
Trade and bills receivables	454,724	497,378	538,542	825,665
Prepayments, deposits, and other receivables	110,818	156,552	299,069	312,957
Financial assets at fair value through profit and loss	—	—	100	—
Restricted bank deposits	50,109	30,162	35,406	35,406
Cash and cash equivalents	61,567	110,184	105,993	184,557
Total current assets	**979,301**	**1,086,821**	**1,584,070**	**2,008,141**

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current liabilities:				
Trade and bills payables	330,385	284,073	576,781	766,716
Other payables and accruals	49,524	54,650	65,581	90,526
Contract liabilities	3,517	4,281	6,919	19,107
Interest-bearing bank and other borrowings	293,701	377,009	569,199	746,993
Lease liabilities	4,963	9,307	10,216	8,669
Income tax payable	1,011	51	5,212	2,428
Total current liabilities	**683,101**	**729,371**	**1,233,908**	**1,634,439**
Net current assets	**296,200**	**357,450**	**350,162**	**373,702**

Our net current assets increased from RMB296.2 million as of December 31, 2023 to RMB357.5 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents from RMB61.6 million to RMB110.2 million, and (ii) an increase in prepayments, deposits, and other receivables from RMB110.8 million to RMB156.6 million, partially offset by a decrease in restricted bank deposits from RMB50.1 million to RMB30.2 million.

Our net current assets decreased from RMB357.5 million as of December 31, 2024 to RMB350.2 million as of December 31, 2025, primarily due to (i) an increase in trade and bills payables from RMB284.1 million to RMB576.8 million, and (ii) an increase in interest-bearing bank and other borrowings from RMB377.0 million to RMB569.2 million, partially offset by an increase in inventories from RMB292.5 million to RMB605.0 million.

Our net current assets increased from RMB350.2 million as of December 31, 2025 to RMB373.7 million as of April 30, 2026, primarily due to (i) an increase in trade and bills receivables from RMB538.5 million to RMB825.7 million, and (ii) an increase in cash and cash equivalents from RMB106.0 million to RMB184.6 million, partially offset by an increase in trade and bills payables from RMB576.8 million to RMB766.7 million.

Inventories

Our inventories consisted of trading merchandise. Inventories are stated at the lower of cost and net realizable value. Cost is determined at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is based on estimated selling prices in the ordinary course of business, less applicable variable selling expenses and contract fulfillment cost.

Our inventories remained relatively stable at RMB302.1 million as of December 31, 2023 and at RMB292.5 million as of December 31, 2024. Our inventories increased from RMB292.5 million as of December 31, 2024 to RMB605.0 million as of December 31, 2025, primarily due to our inventory buildup to support sales growth and the additional stock maintained by our newly established subsidiaries.

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	302,164	249,631	601,224
Over 1 year	1,460	45,132	4,763
Total	**303,624**	**294,763**	**605,987**

The following table sets forth our inventory turnover days for the periods indicated.

	As of December 31,		
	2023	2024	2025
Inventory turnover days[1]	35	40	52

Note:

(1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period.

Our inventory turnover days increased from 35 days in 2023 to 40 days in 2024 and further to 52 days in 2025.

As of April 30, 2026, RMB310.4 million, or 51.2%, of our inventories as of December 31, 2025 had been subsequently sold.

Trade and Bills Receivables

Our trade and bills receivables mainly represent trade receivables and bills receivables from downstream buyers. We hold bank acceptance bills in our ordinary course of business. The bills accepted by banks with high credit ratings in China — specifically, the six large commercial banks and nine listed joint-stock commercial banks are classified as "financial assets at fair value through other comprehensive income". Bills accepted by other banks are classified as "financial assets at amortized cost." The following table sets forth our trade and bills receivables as of the dates indicated.

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bill receivables at amortized cost			
Trade receivables	420,062	469,365	491,216
Less: impairment	(26,438)	(21,026)	(15,269)
Trade receivables, net	393,624	448,339	475,947
Bills receivable at amortised cost	61,100	11,601	30,332
Subtotal	454,724	459,940	506,279

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables at fair value through other comprehensive income			
Bills receivables	—	37,438	32,263
Total	**454,724**	**497,378**	**538,542**

Our trade and bills receivables increased from RMB454.7 million as of December 31, 2023 to RMB497.4 million as of December 31, 2024, primarily due to the expansion of our business with pharmacy chains and regional sales partners, which operated under longer credit terms, along with the launch of our new subsidiaries extending credit to clients. Our trade and bills receivables increased from RMB497.4 million as of December 31, 2024 to RMB538.5 million as of December 31, 2025, primarily due to the continued expansion of our sales operation.

We generally allow a credit term of 30 to 90 days, depending on customers' conditions, except for individual customers, where payment in advance is normally required. The following table sets forth the aging analysis of our trade receivables based on the invoice date and net of allowance as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	374,614	411,222	471,530
1 to 2 years	490	6,627	2,614
2 to 3 years	18,520	330	1,803
Over 3 years	—	30,160	—
Total	**393,624**	**448,339**	**475,947**

The aging analysis of trade receivable is based on carrying amount (net of allowance for credit losses). Our trade receivables aged within 1 year accounted for 95.2%, 91.7% and 99.1% as of December 31, 2023, 2024 and 2025. In 2024, we entered into debt restructuring agreements with certain obligors, which improved the recoverability of certain long-aged receivables. As a result, we reversed a portion of the allowance for credit losses. This reversal caused the carrying amount of receivables aged over three years as of December 31, 2024, to exceed the carrying amount of receivables aged 2-3 years as of December 31, 2023.

For bills receivables, the average aging is within six months based on the received date, which we believe that no impairment allowance is necessary as there is no significant change in credit quality and the balances are considered fully recoverable. For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit loss (ECL). We determine the ECL on these items by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The following table sets forth our trade receivables turnover days for the periods indicated.

	As of December 31,		
	2023	2024	2025
Trade receivables turnover days(1)	55	56	52

Note:

(1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period.

Our trade receivables turnover days remained stable at 55 days in 2023 and at 56 days in 2024, then decreased to 52 days in 2025, primarily due to our improved collection efficiency.

As of April 30, 2026, RMB382.8 million, or 77.9%, of our trade receivables as of December 31, 2025 had been subsequently settled. As of the date of this Document, RMB431.2 million, or 87.8%, of our trade receivables as of December 31, 2025 had been subsequently settled and the remaining proportion were overdue. Our major customers are primarily large, listed companies in China. During the Track Record Period, we did not experience any material bad debt losses and maintained smooth collaboration and communication with them. Our Directors are of the view that there are no material recoverability issues for the remaining balance. Futhermore, we have made adequate provisions in accordance with our ECL model.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consisted of prepayments, right-of-return assets, value added tax recoverable, and other receivables. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	96,698	123,248	227,584
Right-of-return assets	6,071	12,550	13,982
Value added tax recoverable	5,773	12,615	48,080
Prepaid corporate income tax	—	499	—
Deferred **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Deposits	1,700	1,660	1,645
Due from the non-controlling interest of a subsidiary	—	3,382	2,358
Other receivables	576	2,598	3,912
Total	**110,818**	**156,552**	**299,069**

Our prepayments, deposits and other receivables increased from RMB110.8 million as of December 31, 2023 to RMB156.6 million as of December 31, 2024, primarily due to (i) an increase in prepayments, which was primarily attributable to increased procurement from upstream pharmaceutical companies and increased prepayments resulted therefrom and (ii) an increase in our value added tax recoverable. Our prepayments, deposits and other receivables increased from RMB156.6 million as of

December 31, 2024 to RMB299.1 million as of December 31, 2025, primarily due to an increase in prepayments, which was primarily attributable to continued growth in procurement from upstream pharmaceutical companies and the corresponding prepayments made in connection therewith.

As of April 30, 2026, RMB176.4 million, or 59.0%, of our prepayment, deposits and other receivables as of December 31, 2025 had been subsequently settled.

Restricted Bank Deposits

Restricted bank deposits represented deposits we made with commercial banks in Chinese mainland as performance deposits for issuing bills, which we use for making payments to suppliers. Our restricted bank deposits decreased from RMB50.1 million as of December 31, 2023 to RMB30.2 million as of December 31, 2024, primarily due to a return of full cash collateral to us in light of our reduced need of bank acceptance guarantees. Our restricted bank deposits increased from RMB30.2 million as of December 31, 2024 to RMB35.4 million as of December 31, 2025, primarily due to changes in our provision of full cash collateral for bank acceptance guarantees.

Trade and Bills Payables

Our trade and bills payables primarily represented trade payables and bills payables in connection with our procurement from upstream pharmaceutical companies. Our trade payables are normally settled on terms of one to three months.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	265,281	226,260	511,515
Bills payable	65,104	57,813	65,266
Total	**330,385**	**284,073**	**576,781**

Our trade payables and bills payables decreased from RMB330.4 million as of December 31, 2023 to RMB284.1 million as of December 31, 2024, primarily reflecting our shift towards faster payment settlements with pharmaceutical companies. Our trade and bills payables increased from RMB284.1 million as of December 31, 2024 to RMB576.8 million as of December 31, 2025, primarily due to the establishment of two subsidiaries and our strategic increase of stock levels to support our sales growth.

The following table sets forth the aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	328,568	281,679	565,585
6–12 months	1,506	1,701	10,940

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
1–2 years	167	469	192
2–3 years	144	224	—
Over 3 years	—	—	64
Total	**330,385**	**284,073**	**576,781**

The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days(1)	36	33	39

Note:

(1) We calculate trade payables turnover days using the average of the beginning and ending balances of total trade payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period.

Our trade payables turnover days remained relatively stable at 36 days in 2023, 33 days in 2024, Our trade payables turnover days increased from 33 days in 2024 to 39 days in 2025, primarily due to an increase in our trade payables in line with our business expansion.

As of April 30, 2026, RMB338.6 million, or 66.2%, of our trade payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals represented payroll payables, refund liabilities, share subscription liability, other payables, and other tax payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	7,084	5,451	5,651
Output value added tax to be transferred	457	554	899
Other tax payables	2,833	3,675	3,476
Refund liabilities	6,500	13,319	15,055
Deposits	728	3,478	14,474
Advance received from investors	13,000	—	—
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables	18,922	24,173	23,042
Due to the non-controlling interest of a subsidiary	—	4,000	—
Total other payables and accruals	**49,524**	**54,650**	**65,581**

Our other payables and accruals increased from RMB49.5 million as of December 31, 2023 to RMB54.7 million as of December 31, 2024, primarily due to an increase in refund liabilities resulting from fluctuations in sales volume and return patterns from certain major S2B2C customers. Our other payables and accruals increased from RMB54.7 million as of December 31, 2024 to RMB65.6 million as of December 31, 2025, primarily due to an increase in deposits in connection with our newly established supplier relationships.

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount we ultimately expect we will have to return to the customer. The changes in refund liabilities were driven by fluctuations in sales volume and customer return patterns during the relevant periods, and did not indicate any material deterioration in our operations or financial position, as the refund liabilities as a percentage of our revenue amount to 0.2%, 0.5% and 0.4% in 2023, 2024 and 2025, respectively.

As of April 30, 2026, RMB25.8 million, or 39.3%, of our other payables and accruals as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities consisted of short-term advances received from customers in relation to our sale of pharmaceutical products.

Our contract liabilities increased from RMB3.5 million as of December 31, 2023 to RMB4.3 million as of December 31, 2024 and further to RMB6.9 million as of December 31, 2025, primarily due to increased prepayments from new customers under cash-in-advance terms.

As of April 30, 2026, RMB1.1 million, or 15.6%, of our contract liabilities as of December 31, 2025 had been subsequently recognised as revenue.

Lease Liabilities

Our lease liabilities related to leases of premises and warehouses for the purpose of our business operations.

The current portion of our lease liabilities increased from RMB5.0 million as of December 31, 2023 to RMB9.3 million as of December 31, 2024 and further to RMB10.2 million as of December 31, 2025, primarily due to the further addition of new operating leases for business operations.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our financing activities. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB61.6 million, RMB110.2 million and RMB106.0 million, respectively.

The following table sets forth our cash flows for the periods indicated.

	For the Years Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows used in operating activities. . .	(103,978)	(99,690)	(158,172)
Net cash flows used in investing activities . . .	(13,404)	(12,180)	(19,164)
Net cash flows from financing activities	110,035	160,487	173,145
Net increase/(decrease) in cash and cash equivalents.	(7,347)	48,617	(4,191)
Cash and cash equivalents at beginning of year	68,914	61,567	110,184
Cash and cash equivalents at end of the year	61,567	110,184	105,993

Net Cash (Used in) Operating Activities

In 2025, net cash used in operating activities was RMB158.2 million, primarily attributable to our profit before tax of RMB59.2 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of finance costs of RMB19.0 million, and (ii) changes in working capital, which primarily resulted from (a) increase in inventories of RMB299.3 million; (b) increase in prepayments, deposits and other receivables of RMB139.4 million; (c) increase in trade and bills receivables of RMB303.9 million, partially offset by increase in trade and bills payable of RMB522.8 million.

In 2024, net cash used in operating activities was RMB99.7 million, primarily attributable to our profit before tax of RMB10.3 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of finance costs of RMB13.7 million in relation to interests paid regarding bank and other borrowings, and (ii) changes in working capital, which primarily resulted from (a) an increase of RMB157.3 million in trade and bills receivables mainly due to our sales business with pharmacy chains and regional sales partners operating under longer credit terms and the provision of credit to clients, (b) a increase of RMB38.6 million in trade and bills payables mainly due to our faster payment settlements, and (c) an increase of RMB41.4 million in prepayment, deposit and other receivables mainly due to business activities incurring such prepayment, deposit and other receivables, partially offset by a decrease of RMB19.9 million in restricted bank deposit mainly due to the return of full cash collateral to us in light of our reduced need of bank acceptance guarantees.

In 2023, net cash used in operating activities was RMB104.0 million, primarily attributable to our profit before tax of RMB60.7 million, as adjusted by (i) non-cash and non-operating items, which primarily consisted of finance costs of RMB8.4 million in relation to interests paid regarding bank and other borrowings, and depreciation of right-of-use assets of RMB6.2 million, and (ii) changes in working capital, which primarily resulted from (a) an increase in inventories of RMB86.3 million mainly due to increased stock levels to support our sales growth, (b) an increase in restricted bank deposit of RMB50.1 million mainly due to our increased provision of full cash collateral for bank acceptance guarantees, and (c) an increase of RMB15.9 million in prepayment, deposit and other receivable mainly due to our upstream business growth, partially offset by an increase in trade and bills payables of RMB172.1 million mainly due to our expanded procurement activities.

We expect to record operating cash outflows in 2026, primarily due to working capital investments associated with our ongoing business expansion. In particular, we expect to maintain an appropriate level of strategic inventory reserves for selected products and incur procurement-related prepayments to support confirmed and expected demand from our expanding S2B2b and S2b businesses. Such cash outflows are expected to be growth-related and working-capital-driven, rather than attributable to any deterioration in the our profitability, receivables recoverability or customer payment behaviour.

Net Cash Used in Investing Activities

In 2025, net cash used in investing activities was RMB19.2 million, attributable to additions to intangible assets of RMB10.1 million and purchases of items of property, plant and equipment of RMB5.2 million.

In 2024, net cash used in investing activities was RMB12.2 million, attributable to additions of intangible assets of RMB8.7 million, acquisition of subsidiaries of RMB0.6 million, and purchases of items of property, plant and equipment of RMB3.9 million.

In 2023, net cash used in investing activities was RMB13.4 million, attributable to additions of intangibles assets of RMB6.3 million, acquisition of subsidiaries that are not business of RMB6.1 million, and purchases of items of property, plant and equipment of RMB1.1 million.

Net Cash Generated from Financing Activities

In 2025, net cash generated from financing activities was RMB173.1 million, primarily attributable to new bank and other loans of RMB953.2 million, partially offset by the repayment of bank and other loans of RMB756.1 million.

In 2024, net cash generated from financing activities was RMB160.5 million, primarily attributable to new bank and other loans of RMB619.3 million, partially offset by the repayment of bank and other loans of RMB492.7 million.

In 2023, net cash generated from financing activities was RMB110.0 million, primarily attributable to new bank and other loans of RMB444.2 million, partially offset by repayment of bank and other loans of RMB333.3 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31			As of April 30, 2026
	2023	**2024**	**2025**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current				
Interest-bearing bank and other borrowings	293,701	377,009	569,199	746,993
Lease liabilities	4,963	9,307	10,216	8,669

	As of December 31			As of April 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Non-current				
Lease liabilities	10,198	10,676	16,364	14,438
Total	**308,862**	**396,992**	**595,779**	**770,100**

Interest-Bearing Bank and Other Borrowings

As of December 31, 2023, 2024 and 2025, we had interest-bearing bank and other borrowings of RMB293.7 million, RMB377.0 million and RMB569.2 million, respectively.

The following table sets forth the details of our interest-bearing bank and other borrowings as of the dates indicated.

	As of December 31			As of April 30, 2026
	2023	2024	2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Bank loans	222,500	293,826	417,951	495,454
Other borrowings	71,201	83,183	151,248	251,539
Total	**293,701**	**377,009**	**569,199**	**746,993**

As of December 31, 2023, our bank loans had an effective interest rate of 3.5–4.0 per annum and our other borrowings had an effective interest rate of 4.0–6.5 per annum. As of December 31, 2023, bank loans amounting to RMB170.2 million were guaranteed by our Directors.

As of December 31, 2024, our bank loans had an effective interest rate of 3.4–4.0 per annum and our other borrowings had an effective interest rate of 3.6–5.2 per annum. As of December 31, 2024, bank loans amounting to RMB285.4 million were guaranteed by our Directors.

As of December 31, 2025, our bank loans had an effective interest rate of 3.0−4.1 per annum and our other borrowings had an effective interest rate of 3.5−4.0 per annum. As of December 31, 2025, bank loans amounting to RMB394.1 million were guaranteed by our Directors.

As of April 30, 2026, our bank loans had an effective interest rate of 3.0−4.1 per annum and our other borrowings had an effective interest rate of 3.5−4.0 per annum. As of April 30, 2026, bank loans amounting to RMB534.5 million were guaranteed by our Directors. Such bank loans guaranteed by related parties will be released upon the **[REDACTED]**.

Our other borrowings primarily consist of the borrowing from an affiliate engaging in factoring business of a major third-party e-commerce platform secured by trade receivables that were not derecognized, to accelerate our collection efficiency from such e-commerce platform under the S2B2C model. This supply chain factoring service provide financial solutions to the companies entering transactions with the e-commerce platform, featuring fully automated approval and instant disbursement. It supports flexible borrowing and repayment with daily interest accrual, at rates comparable to traditional banks, serving as a crucial temporary funding reserve for us during major e-commerce promotions.

As of April 30, 2026, we had obtained facilities of RMB721.5 million, of which RMB329.8 million, or 45.7%, was unutilized and available.

Lease Liabilities

As of December 31, 2023, 2024 and 2025, we had lease liabilities of RMB15.2 million, RMB20.0 million and RMB26.6 million, respectively.

The following table sets out our lease liabilities as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current portion	4,963	9,307	10,216	8,669
Non-current portion	10,198	10,676	16,364	14,438
Total	**15,161**	**19,983**	**26,580**	**23,107**

Our lease liabilities increased from RMB15.2 million as of December 31, 2023 to RMB20.0 million as of December 31, 2024, and further to RMB26.6 million as of December 31, 2025, primarily due to the addition of new operating leases for business operations.

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024 and 2025 and April 30, 2026, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

CAPITAL COMMITMENTS

We did not have any material capital commitments as of December 31, 2023, 2024 and 2025.

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into transactions with related parties in relation to guarantee of loans and purchase of pharmaceuticals and related products.

Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report in Appendix I to this Document was conducted on an arm's length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

For details about our related party transactions during the Track Record Period, see Note 34 to the Accountant's Report in Appendix I to this document.

KEY FINANCIAL RATIOS

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

	As of or for the Years Ended December 31,		
	2023	2024	2025
Gross profit margin(1)	6.7%	6.0%	6.8%
Net profit margin(2)	1.6%	0.1%	1.1%
Current ratio(3)	1.4	1.5	1.3
Return on equity(4)	14.6%	1.0%	8.4%
Return on assets(5)	4.8%	0.3%	2.6%

Notes:

(1) Represents gross profit for the period divided by revenue for the same period, expressed as a percentage.

(2) Represents profit for the period divided by revenue for the same period, expressed as a percentage.

(3) Current ratio is calculated based on the current assets divided by current liabilities.

(4) Return on equity is calculated by the profit for the period divided by the average of opening and closing total equity of each period and multiplied by 100%.

(5) Return on assets is calculated based on profit for the period divided by the average of opening and closing total assets of each period and multiplied by 100%.

See "—Key Components of Our Consolidated Statement of Profit or Loss" in this section for factors affecting our gross profit margin and net profit margin during the respective year.

Current Ratio

Our current ratio remained relatively stable at 1.4 as of December 31, 2023, 1.5 as of December 31, 2024, and 1.3 as of December 31, 2025.

Return on Equity

Our return on equity decreased from 14.6% in 2023 to 1.0% in 2024, primarily due to a decrease in our profit for the year and additional capital contribution from our shareholders. Our return on equity increased from 1.0% in 2024 to 8.4% in 2025, primarily due to an increase in our profit for the year.

Return on Assets

Our return on assets decreased from 4.8% in 2023 to 0.3% in 2024, primarily due to a decrease in our profit for the year. Our return on assets increased from 0.3% in 2024 to 2.6% in 2025, primarily due to an increase in our profit for the year.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of purchases of property, plant and equipment. Our capital expenditures were RMB1.1 million, RMB2.5 million and RMB6.6 million during the Track Record Period, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]**—Use of **[REDACTED]**." We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities and net **[REDACTED]** from the **[REDACTED]**.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including market risks (such as currency risk and interest rate risk), credit risk, liquidity risk, and capital management. We use financial instruments to hedge these risks. See Note 37 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS AND DIVIDEND POLICY

We did not declare any dividends during the Track Record Period. We have implemented a dividend policy and according to the PRC Company Law and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year, allocations to the statutory reserve equivalent to 10% of our profit after tax until the cumulative amount reaches 50% or more of the Company's registered capital. Additionally, we may, upon the approval of the shareholders' general meeting, make allocations to a discretionary common reserve prior to dividend distribution.

After completion of the **[REDACTED]**, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, we may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had distributable reserves of RMB433.2 million which are available for distribution to our Shareholders.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and loan and credit facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document primarily because we are optimizing the product mix and inventory structure and strengthening our market position and bargaining power which contributes to the operating cashflow, and in addition, we maintain strong relationships with banks, and have ample and stable credit lines in place to fully ensure our working capital needs are met.

We plan to take the following measures to improve our cash flow position:

- *Product Portfolio & Inventory Optimization:* Since 2024, we have actively adjusted our product structure by proactively discontinuing products with low profitability and high capital occupancy. We are in the process of reducing inventory levels, increasing inventory turnover ratio, and reducing inventory turnover days to enhance capital utilization efficiency.

- *Market Position & Cash Flow Cycle:* Our strengthened market position has led to increased credit lines and longer credit periods from key upstream suppliers. Downstream, with the sales to dispensing terminals growing year-on-year, the proportion of cash-on-delivery or pre-payment sales is also expected to rise. Our bargaining power with downstream customers continues to strengthen. This will result in a higher accounts receivable turnover ratio and a reduction in accounts receivable turnover days. The combined effect of these upstream and downstream factors will progressively enhance our capital utilization efficiency and steadily improve cash flow.

- *Profitability Enhancement:* With the continuous introduction of high-margin products, we anticipate sustained growth in both gross and net profit margins. This increased profitability will, in turn, contribute positively to our cash flow.

- *Financial Cooperation & Sufficient Funds:* We have consistently maintained strong cooperative relationships with banks, with its credit line increasing annually. In 2025, we received credit line increases from almost all of its existing partner banks, and have also established relationships with new partners. Consequently, we have ample available funds for the future.

[REDACTED]

Assuming an **[REDACTED]** of **[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** range stated in this Document), the **[REDACTED]** fees, commissions, together with the Stock Exchange listing fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the **[REDACTED]**, which are payable by us are estimated to be approximately **[REDACTED]** (equivalent to **[REDACTED]**). The **[REDACTED]** consist of **[REDACTED]** **[REDACTED]** expenses and **[REDACTED]** expenses (including fees and expenses of legal advisors and the reporting accountant of **[REDACTED]** and other fees and expenses of **[REDACTED]**), representing approximately **[REDACTED]** of our **[REDACTED]** from the **[REDACTED]**.

As of December 31, 2025, we incurred a total of **[REDACTED]** in **[REDACTED]**, among which **[REDACTED]** were recognized in our consolidated statements of profit or loss and other comprehensive income, and **[REDACTED]** was capitalized as deferred **[REDACTED]**. We estimate that the remaining estimated **[REDACTED]** after deducting the **[REDACTED]** incurred as of December 31, 2025 would be approximately **[REDACTED]**, among which **[REDACTED]** will be recognized in our consolidated statements of profit or loss and other comprehensive income, and approximately **[REDACTED]** will be charged against equity upon the **[REDACTED]**. The **[REDACTED]** above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary—Recent Development And No Material Adverse Change," our Directors confirm that, since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' report included in Appendix I to this document, and up to the date of this document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

See "Appendix II—Unaudited **[REDACTED]** Financial Information."