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Application Proof of

Guangdong Rong Tai Pharmaceutical Co., Ltd.

廣東融泰藥業股份有限公司

(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

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Guangdong Rong Tai Pharmaceutical Co., Ltd.

廣東融泰藥業股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED] : [REDACTED] H Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share (payable in full in Hong Kong SAR dollars on application plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% and subject to refund)
Nominal value : RMB[0.1] per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



CITIC SECURITIES

[REDACTED]

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company on the [REDACTED] or such later date as may be agreed by the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company but in any event no later than 12:00 noon on [REDACTED]. The [REDACTED] will be not more than [REDACTED] per H Share and is currently expected to be not less than [REDACTED] per H Share. Applicants for [REDACTED] may be required to pay, on application (subject to application channels), the Maximum [REDACTED] of [REDACTED] per H Share together with brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] should be less than [REDACTED] per H Share. If, for any reason, the [REDACTED] is not agreed between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company at or before 12:00 noon on [REDACTED], the [REDACTED] (including the [REDACTED]) will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] range below as stated in this Document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED] and the [REDACTED] will be canceled and relaunched at the revised number of [REDACTED] and/or the revised [REDACTED] range, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement will be published on the websites of our Company at <https://www.rongtaipharm.com/> and the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed “Structure of the [REDACTED]” and “How to Apply for the [REDACTED]” in this Document.

The obligations of the [REDACTED] under the [REDACTED] are subject to termination by the [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to [8:00 a.m.] on the [REDACTED]. Further details of such circumstances are set out in “[REDACTED]”.

The [REDACTED] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be [REDACTED], sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The [REDACTED] are being [REDACTED] and sold outside the United States in offshore transactions in accordance with Regulation S.

ATTENTION

We have adopted a fully electronic application process for the [REDACTED]. We will not provide printed copies of this Document to the public in relation to the [REDACTED].

This Document is available at the websites of our Company at <https://www.rongtaipharm.com/> and the Stock Exchange at www.hkexnews.hk. If you require a printed copy of this Document, you may download and print from the website addresses above.

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

This Document is issued by our Company solely in connection with the [REDACTED] and the [REDACTED] and does not constitute an [REDACTED] to sell or a solicitation of an [REDACTED] to buy any security other than the [REDACTED] [REDACTED] by this Document pursuant to the [REDACTED]. This Document may not be used for the purpose of marketing, and does not constitute, an [REDACTED] or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a [REDACTED] of the [REDACTED] in any jurisdiction other than Hong Kong SAR and no action has been taken to permit the distribution of this Document in any jurisdiction other than Hong Kong SAR. The distribution of this Document and the [REDACTED] and sale of the [REDACTED] in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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SUMMARY

This summary aims to give you an overview of the information contained in this Document and should be read in conjunction with the full text of this Document. As this is only a summary, it does not contain all the information that may be important to you. You should read this Document in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this Document.

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 (i) to individual customers through third-party e-commerce platforms and our e-commerce stores, (ii) to dispensing terminals through regional sales partners and our e-commerce stores, and (iii) to 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. We have developed a 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, thereby enhancing market efficiency and accessibility. 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.

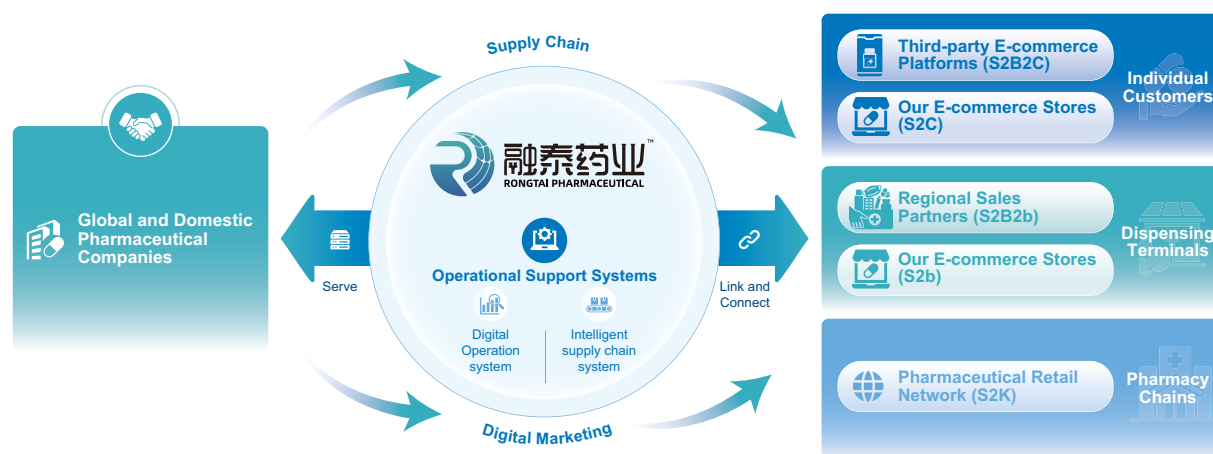
SUMMARY

- (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 BUSINESS MODEL

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, which comprise out-of-hospital channels directing pharmaceutical products from manufacturers to patients, to our business partners. 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, bridging the gap between upstream pharmaceutical companies and various types of downstream buyers, and connecting all stakeholders across the entire pharmaceutical circulation ecosystem.

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



We generate revenue primarily from selling pharmaceutical products (i) to individual customers through third-party e-commerce platforms (S2B2C) and our e-commerce stores (S2C), (ii) to dispensing terminals through regional sales partners (S2B2b) and our e-commerce stores (S2b), and (iii) to pharmacy chains (S2K).

Digitalized Sales to Individual Customers

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

Sales through third-party e-commerce platforms (S2B2C) represents our sales of pharmaceutical products to individual customers through third-party e-commerce platforms. We connect upstream pharmaceutical companies with optimal e-commerce sales resources. We procure pharmaceutical products from upstream pharmaceutical companies or their authorized distributors, and sell the products to individual customers through B2C and O2O e-commerce platforms such as JD Health, Ali Health, Meituan Health, Dingdang and Quanyuantang. We also provide pharmaceutical companies with

SUMMARY

e-commerce enablement services, which primarily include integrated brand operations, sophisticated data monitoring and management, full-channel traceability capabilities, and intelligent inventory management services. Under this model, we serve as a bridge connecting pharmaceutical companies and individual customers.

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. Apart from selling through third-party e-commerce platforms, we also established our own sales channels —Yikangsi (“宜康思”) pharmacies, our retail pharmacy brand directly targeting individual customers. Our Yikangsi pharmacies serve as an additional channel to place pharmaceutical products in the market. During the Track Record Period, we owned and operated 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 Yikangsi pharmacies. By integrating prescription fulfillment, OTC medications and healthcare products into a single platform, we simplify medication access and address the growing demand for convenience among individual customers. In addition, we have also established a digital platform capable of integrating commercial insurers’ online healthcare services and implemented patient education programs and medication adherence management programs. These programs cover major therapeutic areas such as cardiovascular diseases, psychiatric diseases, oncological diseases, dermatological diseases, influenza and common cold.

Digitalized Sales to Dispensing Terminals

Sales through Regional Sales Partners (S2B2b)

Sales through regional sales partners (S2B2b) represent our sales of pharmaceutical products to downstream dispensing terminals through our regional sales partners. 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.

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.

SUMMARY

Sales to Pharmacy Chains (S2K)

Aside from online channels, we also 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. We generate revenue from selling pharmaceutical products directly to these 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.

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;
- Comprehensive experience in digitalized operation in the out-of-hospital pharmaceutical market;
- Strategic partnership with leading pharmaceutical companies;
- Comprehensive downstream coverage across all channels and scenarios, enabling efficient buyer engagement;
- Digitalized intelligent business ecosystem powered by big data analytics covering the entire out-of-hospital supply chain; and
- Visionary management team with experience in both e-commerce and pharmaceutical industries.

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;
- Establish a closed-loop ecosystem for the out-of-hospital pharmaceutical market;
- Conduct digitalized precision marketing and business operation using AI technology; and
- Establish an AI + IoT-enabled digitalized intelligent supply chain system.

SUMMARY

MAJOR CUSTOMERS AND SUPPLIERS

Major 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, and we do not have concentrated consumer reliance. 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 years. For details, please see “Business — Customers” in this document.

Major Suppliers

Our suppliers are primarily pharmaceutical companies and certain designated distributors of pharmaceutical companies, to a lesser extent. 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 years. For details, please see “Business — Suppliers” in this document.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

According to Frost & Sullivan, the market size of China’s out-of-hospital pharmaceuticals digital marketing and supply chain services market has grown rapidly from RMB175.4 billion in 2020 to RMB256.6 billion in 2025 and is expected to reach RMB432.1 billion in 2030. The market size of China Out-of-Hospital Digital Marketing and Supply Chain Services targeting C-end has grown from RMB13.6 billion in 2020 to RMB34.7 billion in 2025 and is expected to reach RMB75.4 billion in 2030. In terms of revenue in 2025, we ranked third among the competitors in China’s out-of-hospital pharmaceutical digital marketing and supply chain services market and ranked first among the competitors in China’s out-of-hospital digital marketing and supply chain services targeting C-end, accounting for 1.3% and 5.3% of the market shares, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

We are applying for [REDACTED] pursuant to Rule 8.05(3) of the Main Board Listing Rules. The following tables present our summary of consolidated financial information as of and for the years ended December 31, 2023, 2024 and 2025. We have derived this summary from our financial information set forth in the Accountants’ Report set out in Appendix I to this Document. The summary financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section headed “Financial Information”.

SUMMARY

Summary of Consolidated Statements of Comprehensive Income

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 years 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)

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

We provide value-adding services to various players in the out-of-hospital pharmaceutical market value chain. In most of the cases, upstream pharmaceutical companies typically 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.

SUMMARY

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.

Our net profit declined from RMB45.7 million in 2023 to RMB3.7 million in 2024 primarily because (i) our gross profit margin decreased from 6.7% in 2023 to 6.0% in 2024 primarily due to a decreased proportion of high-margin pharmaceutical products sold under S2B2C, which led to a decrease in gross profit margin from sales under S2B2C from 6.4% in 2023 to 5.2% in 2024 while our revenue remained relatively stable; (ii) an increase in selling and distribution expenses of RMB17.6 million, mainly driven by higher marketing expenditures as we increased investments during the market incubation phase for certain new products; (iii) an increase in administrative expenses of RMB5.6 million, primarily due to higher personnel costs resulting from additional administrative headcount in line with our business growth; and (iv) an increase in finance costs of RMB5.3 million, primarily due to higher interest expenses arising from increased interest-bearing borrowings in connection with our business expansion, including the establishment of a nationwide direct-to-end-user supply network and the set-up of multiple subsidiaries.

Our net profit increased from RMB3.7 million in 2024 to RMB36.6 million in 2025, primarily because (i) an increased in our revenue of RMB512.8 million, primarily due to the increased product sales of certain pharmaceutical brands under S2B2b; (ii) our gross profit margin increased from 6.0% in 2024 to 6.8% in 2025 primarily due to the increased proportion of high-margin pharmaceutical products sold through sales to dispensing terminals and our ability to improve pricing and profitability as the relevant business operations gradually stabilized; and (iii) an decrease in selling and distribution expenses of RMB15.1 million, mainly driven by a decrease in marketing expenses resulting from our more disciplined marketing spending, which was partially offset by an increase of administrative expenses of RMB18.4 million, primarily due to the incurrence of [REDACTED] expenses.

SUMMARY

Summary 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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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

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 assets increased from RMB337.3 million in 2023 to RMB414.1 million in 2024, primarily due to a combination of capital injection from new shareholders.

Our net assets increased from RMB414.1 million in 2024 to RMB459.3 million in 2025, primarily due to an increase in our profit for the year.

SUMMARY

Summary of Consolidated Statements of Cash Flows

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 YEAR	61,567	110,184	105,993

Our net operating cash outflows during the Track Record Period was primarily due to the establishment of multiple subsidiaries from late 2023 to early 2025 which has significantly increased our working capital requirements during their start-up phase, resulting in a corresponding rise in bank borrowing. 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.

We plan to improve our cash flow position by (i) continuously optimizing our product portfolio and inventory structure, including phasing out low-profitability products and improving inventory turnover efficiency; (ii) leveraging our market position by enhancing our bargaining power with both upstream suppliers and downstream customers, thereby improving our accounts receivable turnover and overall capital utilization efficiency; (iii) continuous introduction of high-margin products, and (iv) maintaining stable relationships with banking partners and sufficient available credit facilities, which provide us with adequate financial support for future operations and growth.

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
Current ratio ⁽¹⁾	1.4	1.5	1.3
Return on equity ⁽²⁾	14.6%	1.0%	8.4%
Return on assets ⁽³⁾	4.8%	0.3%	2.6%

SUMMARY

Notes:

- (1) Current ratio is calculated based on the current assets divided by current liabilities.
- (2) 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%.
- (3) 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%.

Impact of COVID-19 Pandemic

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.

[REDACTED]

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Chen controlled an aggregate of approximately 46.31% of the total issued share capital of our Company, including (i) approximately 21.83% of the total issued share capital directly held by him and (ii) approximately 24.48% of the total issued share capital held

SUMMARY

by Guangzhou Changfeng, which was in turn controlled by Mr. Chen in his capacity as the sole general partner. Hence, our group of Controlling Shareholders comprises Mr. Chen and Guangzhou Changfeng. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), our Controlling Shareholders will control approximately [REDACTED]% of the total issued share capital of our Company and will remain as our Controlling Shareholders upon [REDACTED].

None of our Controlling Shareholders nor any of our Directors was, as of the Latest Practicable Date, interested in or engaged in any business, which, competes or is likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

DIVIDEND

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. 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.

RISK FACTORS

Our business and the [REDACTED] involved certain risks, which are set out in the section headed “Risk Factors” in this Document. You should read that section in its entirety before you decide to invest in the [REDACTED]. Some of the major risks we face include: (i) our business relies on downstream buyers of the pharmaceutical products we sell. Any material change in the market demand and purchasing power of the downstream buyers may materially and adversely affect our business, financial condition and results of operations; (ii) we procure pharmaceutical products from upstream pharmaceutical companies. Our collaboration with pharmaceutical companies is subject to a variety of risks; (iii) if we fail to adopt new technologies or adapt our platform to changing customer requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, our business may be materially and adversely affected; (iv) 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; (v) our sale of pharmaceutical products is subject to a variety of risks, which may have a material and adverse effect on our business, financial condition, and results of operations; (vi) we rely on our sales channels to sell pharmaceutical products and if we are not able to maintain such network, we may not be able to provide our digital marketing and supply chain services as expected; (vii) our business, financial condition and results of operations may be materially and adversely affected if we are unable to compete effectively in the out-of-hospital pharmaceutical market in China; and (viii) our expansion into new product categories and service offerings and substantial increase in product and service offerings may expose us to new challenges and more risks.

SUMMARY

[REDACTED]

Assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the indicative [REDACTED] [REDACTED] stated in this Document), the [REDACTED], commissions, together with the Stock Exchange [REDACTED] 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] [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.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately [REDACTED] after deducting the [REDACTED] and expenses payable by us in the [REDACTED], assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per H Share in this Document. We intend to use the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED], or [REDACTED], will be used for expand our cooperation with pharmaceutical companies, enhance our operation capabilities and service offerings;
- approximately [REDACTED], or [REDACTED], will be used for intelligent supply chain upgrade and data platform development;
- approximately [REDACTED], or [REDACTED], will be used for potential strategic investment or acquisition transactions;
- approximately [REDACTED], or [REDACTED], will be used to provide funding for our working capital and other general corporate purposes. For further details, please refer to the section headed “Future Plans and Use of [REDACTED]” in this Document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since the end of the Track Record Period, we have continuously developed our business. Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations, nor has there been any material adverse change in our revenue, cost of sales, gross profit, and gross profit margin, 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.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms shall have the following meanings. Certain technical terms are explained in the section headed “Glossary of Technical Terms” in this Document.

“Accountants’ Report”	the report from the Reporting Accountants dated [•], the text of which is set out in Appendix I to this Document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC” or “Accounting and Financial Reporting Council”	the Accounting and Financial Reporting Council of Hong Kong SAR
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on September 10, 2025 with effect from the [REDACTED], and as amended from time to time, a summary of which is set out in the section headed “Summary of the Articles of Association” in Appendix III to this Document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong SAR) on which banks in Hong Kong SAR are generally open for normal banking business

[REDACTED]

“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“China” or “PRC”	the People’s Republic of China and for the purposes of this Document only, except where the context requires otherwise, excluding Hong Kong SAR, Macau SAR and Taiwan, China
“CMS”	China Medical System Holdings Limited, a company incorporated in the Cayman Islands and is listed on the Stock Exchange (stock code: 867) and on the Singapore Stock Exchange (stock code: 8A8)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company”, or “our Company”	Guangdong Rong Tai Pharmaceutical Co., Ltd. (廣東融泰藥業股份有限公司), a limited liability company established in the PRC on May 9, 2004 and converted into a joint-stock company with limited liability on August 30, 2022
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Chen and Guangzhou Changfeng. For further details, see “Relationship with Our Controlling Shareholders”
“Conversion of Unlisted Shares into H Shares”	the conversion of 105,324,170 Unlisted Shares into H Shares on a one-for-one basis upon the completion of [REDACTED]. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [•], 2025 and an application for H Shares to be [REDACTED] on the Stock Exchange has been made to the Listing Committee
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSDC (Hong Kong)”	China Securities Depository and Clearing (Hong Kong) Company Limited
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the PRC
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Frost & Sullivan Report”	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

DEFINITIONS

“Frost & Sullivan”	Frost & Sullivan, the industry consultant, an independent third party
	[REDACTED]
“Group”, “our Group”, “we”, or “us”	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guangzhou Changfeng”	Guangzhou Changfeng Yide Enterprise Management Partnership (Limited Partnership)* (廣州長峰益德企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 21, 2018, and one of our Controlling Shareholders
“Guangzhou Yikangsi”	Guangzhou Yikangsi Health Pharmacy Co., Ltd. (廣州宜康思健康大藥房有限公司), a company with limited liability established in the PRC on January 22, 2021 and a wholly-owned subsidiary of the Company
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“H Share(s)”	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB0.1 each in the share capital of our Company, which are to be [REDACTED] for and [REDACTED] in HK dollars and for which an application has been made for [REDACTED] and permission to trade on the Stock Exchange

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong SAR” or “HK SAR”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong SAR dollars” or “HK dollars” or “HK\$”	Hong Kong SAR dollars, the lawful currency of Hong Kong SAR

[REDACTED]

“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“independent third party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

DEFINITIONS

[REDACTED]

“Latest Practicable Date”

May 17, 2026, being the latest practicable date for ascertaining certain information in this Document before its publication

[REDACTED]

“Listing Rules”

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Main Board”

the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

[REDACTED]

“MOFCOM” or “Ministry of Commerce”

the Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Chen”	Mr. Chen Changqing (陳長清), the chairman of our Board, an executive Director and one of our Controlling Shareholders
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

[REDACTED]

“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisor”	Global Law Office, our legal advisor as to PRC laws
“Pre-[REDACTED] Investments”	the Pre-[REDACTED] investments in our Company undertaken by the Pre-[REDACTED] Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this Document
“Pre-[REDACTED] Investors”	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed “History, Development and Corporate Structure” in this Document

[REDACTED]

DEFINITIONS

“Promoters”	the promoters for the purpose of the conversion of our Company into a joint stock limited liability company on August 30, 2022 [REDACTED]
“Reporting Accountant”	Ernst & Young
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rong Tai Chongqing”	Rong Tai Pharmaceutical (Chongqing) Co., Ltd. (融泰醫藥(重慶)有限公司), a company with limited liability established in the PRC on May 19, 2023 and a subsidiary of the Company
“Rong Tai Lanzhou”	Rong Tai Pharmaceutical (Lanzhou) Co., Ltd. (融泰醫藥(蘭州)有限公司), a company with limited liability established in the PRC on July 23, 2024 and a subsidiary of the Company
“Rong Tai Shenyang”	Rong Tai Pharmaceutical (Shenyang) Co., Ltd. (融泰醫藥(瀋陽)有限公司), a company with limited liability established in the PRC on August 8, 2002 and a subsidiary of the Company
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SEC”	the Securities and Exchange Commission of the United States
“SFC”	the Securities and Futures Commission of Hong Kong SAR
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Share(s)”	share(s) in the share capital our Company currently with a par value of RMB1 each, and following the Share Subdivision, will have a par value of RMB0.1 each
“Shareholder(s)”	holder(s) of our Share(s)
“Share Subdivision”	the subdivision of the Shares, which shall take effect immediately prior to [REDACTED], whereby each Share of par value RMB1 will be divided into 10 Shares of par value RMB0.1 each

[REDACTED]

DEFINITIONS

“Sole Sponsor”	CITIC Securities (Hong Kong) Limited
[REDACTED]	
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three financial years ended December 31, 2023, 2024 and 2025
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. persons”	U.S. persons as defined in Regulation S
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[REDACTED]

“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1 each, which is/are foreign investors and not listed on any stock exchange
“United States” or the “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“VAT”	value-added tax
“Wuhan Yikangsi”	Wuhan Yikangsi Digital Technology Co., Ltd. (武漢宜康思數字科技有限公司), a company with limited liability established in the PRC on September 30, 2021 and a subsidiary of the Company
“%”	per cent

Unless otherwise specified or the context otherwise requires: (i) statements contained in this Document assume no exercise of the [REDACTED]; (ii) all times refer to Hong Kong time; (iii) references to years, months and days in this Document are to calendar years, calendar months and calendar days, respectively; and (iv) all data and information set out in this Document is as of the Latest Practicable Date.

DEFINITIONS

In this Document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” “controlling shareholder/single largest group of shareholders” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires. In this Document, “” denotes translation of certain natural persons, legal persons, enterprises, governmental authorities, institutions, entities, organizations, departments, facilities, laws and regulations into Chinese or English (as the case maybe), etc., or another language included in this Document for identification purposes only. In the event of any inconsistency, the Chinese names or the names in their original languages prevail.*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“AI model”	mathematical algorithms which can take unstructured data as input and transform them into informative outputs through its capability of perceiving the world, transcribing and organizing information, enhancing or generating contents, or making decisions
“B2B”	business to business
“B2C”	business to consumer
“CAGR”	compound annual growth rate
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“DDI”	data direct interconnection system
“DevOps”	a software development methodology that combines software development (Dev) and IT operations (Ops) to streamline the process of delivering software applications and services
“dispensing terminals”	include (i) out-of-hospital retail pharmacies and (ii) primary healthcare institutions, which include private clinics, township health centers, village clinics, and community medical institutions
“downstream buyer”	an entity or individual that purchases goods or services from a seller in the downstream market, which is the stage of the production or circulation chain where finished products are sold to the end consumer
“DRG/DIP”	Diagnosis-Related Group and Diagnosis-Intervention Packet, both of which are case-based payment systems in healthcare to categorize patients for reimbursement purposes
“DTP”	direct to patient, refers to healthcare models where services, products, or information are delivered directly to patients, bypassing other traditional intermediaries like hospitals or pharmacies
“ESG”	environmental, social and governance
“green technology”	refer to the use of technology and scientific innovation to minimize or reverse negative environmental impacts

GLOSSARY OF TECHNICAL TERMS

“GSP”	good supply practice, refers to a set of guidelines and principles designed to ensure the reliability of incoming supply, such as in industries like pharmaceuticals
“HTTPS”	hypertext transfer protocol secure, a secure version of HTTP, the protocol used for communication between web browsers and websites; it encrypts data transmitted between the browser and the server, enhancing security by protecting sensitive information from eavesdropping and tampering
“IoT”	the Internet of Things, refers to a network of physical objects—“things”—embedded with sensors, software, and other technologies that enable them to connect and exchange data with other devices and systems over the internet
“IT”	Information Technology
“O2O”	online to offline, a business strategy where companies use online platforms to drive customers to physical stores
“OMS”	order management system
“OTC”	over-the-counter, a medicine that can be bought without a prescription
“out-of-hospital pharmaceutical circulation value chain”	comprise out-of-hospital channels directing pharmaceutical products from manufacturers to patients
“PaaS”	platform as a service, refer to a cloud computing model that provides a platform allowing developers to build, run, and manage applications without the complexity of managing the underlying infrastructure
“PSP”	patient support program(s)
“QMS”	quality management system
“R&D”	research and development
“Rasa”	an open-source machine learning framework that allows developers to build, test and deploy conversational AI applications
“ROI”	return on investment
“S2b”	supplier to dispensing terminal
“S2B2b”	supplier to business to small business customer, refers to a supply chain ecosystem where a supplier serves another business, which in turn serves another business or end-user (dispensing terminal), often through a commercial platform
“S2B2C”	supplier to business to consumer, an e-commerce model that integrates suppliers more closely with businesses, which in turn serve the end consumer

GLOSSARY OF TECHNICAL TERMS

“S2C”	supplier to consumer, an e-commerce business model that works by selling directly to consumers, bypassing traditional intermediaries like wholesalers or distributors
“S2K”	supplier to national and regional key pharmacy chains
“SaaS”	software as a service, a cloud-based software delivery model where applications are hosted by a service provider and made available to users over the internet
“SKU”	Stock Keeping Unit, a unique identifier, typically alphanumeric, assigned to a product for internal tracking and management of inventory
“SMS”	short message service, a text messaging service that allows users to send and receive short text-based messages between mobile devices
“WMS”	warehouse management system

FORWARD-LOOKING STATEMENTS

Certain statements in this Document are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “aim,” “consider,” “would,” “continue” and “outlook”) are not historical facts, but are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this Document), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- general political, market and economic conditions, including those related to the PRC;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business;
- our planned projects and goals;
- our ability to control or reduce costs;
- our ability to control our risks;
- our ability to maintain good relationships with business partners;
- our business prospects and expansion plans;
- our ability to successfully implement our business plans and strategies;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;
- our capital expenditure plans;
- various business opportunities that we may pursue;
- the actions and developments of our competitors;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and

FORWARD-LOOKING STATEMENTS

- all other risks and uncertainties described in the section headed “Risk Factors” in this Document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Document. Any such intentions may change in light of future developments.

All forward-looking statements in this Document are expressly qualified by reference to this cautionary statement.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the trading price of our H Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business relies on downstream buyers of the pharmaceutical products we sell. Any material change in the market demand and purchasing power of the downstream buyers may materially and adversely affect our business, financial condition and results of operations.

We sell pharmaceutical products procured from upstream pharmaceutical companies to downstream buyers, which mainly include regional sales partners, e-commerce platforms, dispensing terminals, as well as individual customers. In 2023, 2024 and 2025, we collaborated with 68, 236 and 339 pharmaceutical companies, respectively, and have generated revenue of RMB2,916.0 million, RMB2,875.3 million and RMB3,388.1 million in 2023, 2024 and 2025, respectively. The level of market demand and purchasing power of individual customers may affect the business of those downstream buyers and our business, financial condition, and results of operations. A number of factors beyond our control may affect the level of market demand and purchasing power of individual customers, including, among other things (i) general economic and industry conditions; (ii) disposable income of individual customers; (iii) unemployment levels; (iv) minimum wages and personal debt levels of individual customers; (v) government policies regarding medical and healthcare industries; (vi) medical insurance policies; (vii) outbreak of viruses or widespread illness; (viii) negative reports and publicity about the healthcare and pharmaceutical industry; (ix) fluctuations in the financial markets; and (x) natural disasters, war, terrorism, and other hostilities.

We procure pharmaceutical products from upstream pharmaceutical companies. Our collaboration with pharmaceutical companies is subject to a variety of risks.

We procure pharmaceutical products from upstream pharmaceutical companies. We typically enter into agreements with upstream pharmaceutical companies on an annual basis. Our business, results of operations, financial condition and prospects could be materially and adversely impacted if (i) we are unable to continue sourcing sufficient volumes of quality pharmaceutical products from our current suppliers, for causes including an inability to maintain existing supplier relationships; (ii) our suppliers fail to supply sufficient quantities of pharmaceutical products on time or supply products that do not meet the relevant quality standards, or (iii) our suppliers fail to honour the terms of agreement relating to product return or payment of storage, logistics or other fees (as the case maybe). In addition, as the scale of our business continues to grow, we may not be able to expand our sourcing network to include new suppliers on reasonable terms and prices. Furthermore, of the pharmaceutical products we sell to downstream buyers are manufactured in whole or in part outside of China. As a result, significant

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changes in tax or trade policies, tariffs or trade relations between China and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative sentiments towards China in response to increased import tariffs and other changes in China’s trade regulations, could result in significant increases in our costs, restrict our access to suppliers, depress economic activity, and have a material adverse effect on our businesses, operating results and cash flows. Additionally, our suppliers are subject to their own operational and financial risks that are outside our control. If the supply of pharmaceutical products is interrupted, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to adopt new technologies or adapt our platform to changing customer requirements or emerging industry standards, or if our efforts to invest in the development of new technologies are unsuccessful or ineffective, our business may be materially and adversely affected.

The market of our-of-hospital pharmaceutical marketing and supply chain services we operate in are characterized by rapid technological evolution, changes in customer requirements and preferences, frequent introductions of new products and services applying new technologies and the emergence of new industry standards and practices, according to the Frost and Sullivan report. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies, and respond to technological advances in a cost-effective and timely way.

We rely on our information technology systems and third party online platforms in providing digital marketing and supply chain services. For sales of pharmaceutical products to dispensing terminals through regional sales partners, we established data direct interconnection system and provided services based on the analysis of transaction data collected. If we fail to integrate any new technologies, we may not be able to upgrade our information technology systems including the data direct interconnection system. We may not be able to capture market trend in a more efficient manner and our ability to serve our clients with precise consumer targeting, enhanced customer retention and optimized conversion rates may be negatively affected. In addition, with the development of information technology and the use of AI and big data analysis, if our customers change their requirements and demand digital marketing services beyond the scope of our data analysis capabilities, our business operations may be negatively affected. In recent years, we invested in the development of many new technologies and business initiatives, such as AI, big data and cloud. During the Track Record Period, we incurred research and development expenses of RMB1.8 million in 2023 and RMB2.0 million in 2024 and RMB1.6 million in 2025. If we are unable to develop technologies successfully or adapt in a cost-effective and timely manner in response to changing market conditions or user requirements, our business, prospects, financial condition and results of operations may be materially and adversely affected. Also, for online stores, we rely on third party online platforms in selling the products to individual customers. If we are not able to keep up with the updates of third party online platforms, we may not be able to provide operation services that meet the demand of pharmaceutical companies.

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.

Due to the complex nature of our business, we are subject to legal and regulatory requirements of multiple industries in China. These industries primarily include internet, healthcare, pharmaceutical and out-of-hospital pharmaceutical industries, and also cover the pharmaceutical manufacturing, pharmaceutical circulation, pharmaceutical retail, and medical device industries. Regulations are evolving, and uncertainty exists with respect to the interpretation and enforcement of these regulations.

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We cannot assure you that future laws and regulations would not render our operations non-compliant or that we would always be in full compliance with applicable laws and regulations. Compliance with future laws and regulations may require us to change our business models and practices at an undeterminable and possibly significant financial cost. These additional monetary expenditures may increase future overhead, which may, in turn, have a material adverse effect on our business, financial condition and results of operations. Furthermore, the introduction of new services and products may require us to comply with additional, yet undetermined, laws and regulations, through, for example, obtaining appropriate permits and licenses. The failure to adequately comply with these future laws and regulations may delay, or possibly prevent, some of our products or services from being offered to users, which may have a material adverse effect on our business, financial condition and results of operations.

Any lack of requisite approvals, licenses or permits applicable to our business, or any non-compliance with relevant laws and regulations, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to governmental supervision and regulation by various PRC governmental authorities, including, but not limited to, the National Health Commission of the People’s Republic of China (the “NHC”), the National Medical Products Administration, formerly China Food and Drug Administration (the “NMPA” or “CFDA”), the Ministry of Industry and Information Technology of China (the “MIIT”), the State Administration for Market Regulation (the “SAMR”), formerly the State Administration for Industry and Commerce (the “SAIC”), the CAC, and the corresponding local regulatory authorities. Such governmental authorities promulgate and enforce laws and regulations concerning our business activities, such as sales and online operation of pharmaceutical products, provision of internet information, sales of food, non-commercial internet information services and equipment with licensed pharmacists, among other things. These regulations in general regulate the entry into, the permitted scope of, as well as approvals, licenses and permits for, the relevant business activities. However, the relevant laws and regulations are evolving, we may not obtain all necessary approvals, permits, licenses, filings and registrations, and we may not be able to maintain our existing approvals, permits and licenses and obtain or complete new ones in a timely manner. Any occurrence of the above could subject us to liabilities, fines, penalties and operational disruptions, or we could be required to modify our business model, which could materially and adversely affect our business, financial condition and results of operations.

Our sale of pharmaceutical products is subject to a variety of risks, which may have a material and adverse effect on our business, financial condition, and results of operations.

We generate a majority of our revenues from the sale of pharmaceutical products. Maintaining and increasing sales of pharmaceutical products is subject to a variety of risks, including (i) failure to successfully execute effective marketing and promotional programs necessary to maintain and increase awareness of our brand and products, to the extent permitted by applicable PRC laws and regulations; (ii) failure to implement effective pricing and other strategies in response to market competition; (iii) inability to respond to changes in demand and preferences of our customers in a timely manner; (iv) inability to stock an adequate supply of pharmaceutical products that meet the demand of downstream buyers; (v) inability to obtain and maintain regulatory or governmental permits, approvals and clearances, or to pass PRC government inspections or audits; and (vi) the risk of, and resulting liability from, any contamination, injury or other harm caused by any use, misuse of products sold by us. The

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occurrence of any such risks may cause a decrease in our product sales or demand for our services, damage our overall business and reputation, and may have a material and adverse effect on our financial condition and results of operations.

We rely on our sales channels to sell pharmaceutical products and if we are not able to maintain such network, we may not be able to provide our digital marketing and supply chain services as expected.

We rely on our sales channels including regional sales partners, e-commerce platforms, dispensing terminals and sizable chain stores to place pharmaceutical products into the market. Our ability to maintain and expand our sales channels may be affected by factors such as market demand from individual customers, ability to execute agreements and maintain relationships with our existing sales channels, ability to expand such channels by establishing relationships with new regional sales partners, e-commerce platforms, dispensing terminals or sizable key chain stores on favorable terms; and ability to timely identify and add or replace our sales channel partners based on the sales of pharmaceutical products. We may not be able to successfully manage our sales channels, and any consolidation or further expansion of such network may incur addition costs. Also, they may enter into sales agreements with downstream buyers, and we have no control over the sales activities and non-compliance of the downstream buyers. Downstream buyers’ non-compliance with sales agreements may negatively affect our brand or relationships with pharmaceutical companies. We also have to maintain adequate sales volumes of pharmaceutical products to expand our digital marketing and supply chain services in the out-of-hospital market. Furthermore, we cannot assure you that the sales channels we rely on for the sales of pharmaceutical products will not compete with each other, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition and results of operations may be materially and adversely affected if we are unable to compete effectively in the out-of-hospital pharmaceutical market in China, and we may fail to sufficiently and promptly respond to rapid changes in government regulations, treatment of diseases and customer preference.

The out-of-hospital pharmaceutical market in China is highly competitive. Our key competitors include traditional pharmaceutical supply chain companies and online and offline pharmaceutical marketing and supply chain companies. These companies may have substantially greater financial, technical, research and development, marketing, wholesale, retail and other resources than we do. They may also have longer operating histories, a larger customer base or broader market coverage. Furthermore, when we expand into other markets, we will face competition from new competitors, domestic or foreign, who may also enter markets where we currently operate. In addition, many operators in the healthcare industry have consolidated in recent years to create larger healthcare enterprises with greater bargaining power, which has resulted in greater pricing pressures. New developments frequently result in price competition, product obsolescence and altered market landscape. Any significant increase in competition may have a material adverse effect on our revenue and profitability as well as on our business and prospects. We may lose market share, and our financial condition and results of operations may deteriorate significantly if we fail to compete effectively.

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If we fail to provide satisfactory experience to various participants in the pharmaceutical circulation value chain, our business may be materially and adversely affected.

We serve as a nexus in the out-of-hospital pharmaceutical circulation value chain, establishing an efficient digital sales system that connects all stakeholders. Our results of operations depend on our ability to provide satisfactory experience to participants in the pharmaceutical circulation value chain and generate more monetization opportunities for our business. For example, we provide data insights and downstream demand visibilities to upstream pharmaceutical companies and help them sell their products efficiently and effectively. During the Track Record Period, we established a comprehensive database profiling over 1.7 million existing and potential regional sales partners and dispensing terminals. We also provide downstream buyers with a wide range of pharmaceutical products at competitive prices and help them efficiently conduct their operations. However, we cannot assure you that we are able to continuously provide satisfactory experience and create value for such participants, or at all.

Our expansion into new product categories and service offerings may expose us to new challenges and more risks while a decrease in the introduction of new brand name drugs and generic prescription drugs as well as increase in the cost to procure prescription drugs may also adversely affect our profitability.

In recent years, we have expanded our product offerings to include a wide range of products such as OTC drugs, prescription drugs, and other healthcare products. We also expanded the sales of certain pharmaceutical products to additional geographical regions in 2025. During the Track Record Period, we have established five subsidiaries nationwide and the number of regional sales partners we collaborated increased from 754 as of December 31, 2023 to 1,705 as of December 31, 2024 and further to 2,458 as of December 31, 2025. Moreover, during the Track Record Period, we collaborated with 1,373, 1,371 and 1,562 pharmaceutical companies in 2023, 2024, 2025 respectively, and sold pharmaceutical products encompassing multiple therapeutic areas including infectious diseases, pediatrics, immunology and rheumatology, endocrinology and metabolism, cardiovascular, respiratory, gastroenterology and hepatology, nephrology and urology, neurology and psychiatry, oncology, dermatology and traditional medicine, reflecting a comprehensive range of pharmaceutical products we marketed during the Track Record Period. As of December 31, 2025, our regional subsidiaries covered over 31 provinces in China.

Expansion into diverse new product categories and substantial increase in such expansion involves new risks and challenges. We may misjudge customer demand, resulting in inventory buildup and possible inventory write-down as well as unpleasant customer experience. It may also make it more difficult for us to inspect and control quality and ensure proper handling, storage and delivery of our products and the quality and customer reception of our services. We may experience higher return rates, more customer complaints and costly product liability claims as a result of selling them, which would harm our brand and reputation and our financial performance. Furthermore, we may not have much purchasing power in new categories of products to negotiate favorable terms with suppliers. The profitability of our business partially depends upon the utility of prescription drugs which is affected by the introduction of new and successful prescription drugs as well as lower-priced generic alternatives to existing brand name drugs. Inflation in the price of drugs also can adversely affect utilization. New brand-name drugs typically increase utilization and sales, while generics result in lower sales but higher gross margins. Accordingly, a decrease in the number or magnitude of significant new brand name

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drugs or generics successfully introduced, delays in their introduction, or a decrease in the utilization of previously introduced prescription drugs, could materially and adversely affect our results of operations.

Sale of prescription drugs is subject to stringent scrutiny, which may expose us to risks and challenges.

Sale of prescription drugs is subject to stringent scrutiny, which may expose us to risks and challenges. In particular, under the Measures for Supervision and Management of the Quality of Drug Operation and Use (《藥品經營和使用質量監督管理辦法》) promulgated by SAMR in 2023, a company is prohibited from either selling prescription drugs to consumers without prescription or offering prescription drugs or class A over-the-counter drugs directly as gifts or in disguised form as accompanying drugs or goods purchased to the public. A company in violation of such prohibitions will be required to make rectifications within a prescribed period of time and imposed a fine ranging from RMB5,000 to RMB50,000 in case of failure to make rectifications within a prescribed time limit, and will be imposed a fine ranging from RMB50,000 to RMB200,000 if harmful consequences are caused. The newly revised Drug Administration Law of the People’s Republic of China, or the Drug Administration Law, abolishes the restriction on online sale of prescription drugs and adopts the principle of keeping online and offline sales consistent. On August 2022, the SAMR issued the Measures for the Supervision and Administration of Online Drugs Sales (The “Measures”) (《藥品網絡銷售監督管理辦法》), aiming to enhance the supervision of online pharmaceutical sales and related platform services. The Measures provides specific and explicit rules for the online sales of prescription drugs, which is perceived to be more conducive to online prescription drug sellers including us, but also presents challenges for us to be in compliance. The Measures also provides that, among others, online prescription drug sellers shall (i) ensure the accuracy and reliability of the source of e-prescription, (ii) retain full records including the qualification documents of suppliers and electronic transaction records, and keep prescriptions and online medical records for the sales of prescription drugs, and (iii) disclose safety warnings including “prescription drugs should only be purchased and used with prescriptions and guidance of licensed pharmacists” when displaying information of prescription drugs. Any failure to comply with such laws and regulations could subject us to disciplinary warnings and administrative penalties, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects. Additionally, there may be loopholes in our scrutiny measures and such measures may not be able to detect prescriptions abuse or fraudulent orders effectively and timely.

We may become subject to product liability claims, which could cause us to incur significant expenses in settling the claims with upstream pharmaceutical companies.

We are exposed to risks inherent in marketing, selling and retailing pharmaceutical products. Claims, customer complaints or administrative penalties may arise if any of the products we sell is deemed or proven to be unsafe, ineffective or defective, or is found to contain illicit substances. We may also be subject to allegations of having engaged in practices such as sale of counterfeit and substandard medicines or other healthcare products, or providing inadequate warnings or insufficient or misleading disclosures of side effects. In addition, in the event that any use or misuse of the products we sell results in personal injury, suicide or death, product liability claims may be brought against us for damages. If we are unable to settle such claims with pharmaceutical companies and/or the claimants among other things, we may be subject to civil liabilities for physical injury, death or other losses caused by our products. In addition, we may be required to suspend sales or cease sales of the relevant

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products. Any product liability claims made against us could cause negative publicity, impairment of users’ confidence in us, significant decrease in sale volume and may result in fines and penalties from regulatory authorities. In the event that such product liability claims are attributable to our suppliers or business partners, there can be no assurance that we will obtain full indemnification from them. Even if we do, our reputation may still be severely impaired.

The online healthcare services market is immature and volatile and our collaboration with commercial insurers is still at an early stage of development. If the online healthcare services market does not develop, or develops more slowly than we expect, or if our collaboration with commercial insurers does not drive product sales, the growth of our business will be harmed.

We have been exploring business opportunities in collaboration with commercial insurers and/or online healthcare service providers designated by commercial insurers to create a “healthcare-medication-insurance” closed-loop scenario to address patients’ unmet demand. However, the online healthcare services market is relatively new and unproven, and it is uncertain whether it will achieve and sustain high levels of demand, customer acceptance and market adoption, the lack of which could have a material adverse effect on our business, financial condition or results of operations.

Our historical results of operations and financial performance are not indicative of future performance, as we continue to operate in the fast-growing out-of-hospital pharmaceutical market and we may not be able to grow our revenue as expected.

We operate in the emerging and dynamic out-of-hospital pharmaceutical circulation market in China. This industry is relatively new and it is uncertain whether such industry would achieve and sustain high levels of demand and market acceptance. Our revenue slightly decreased 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 profit for the year of RMB45.7 million in 2023, RMB3.7 million in 2024 and RMB36.6 million in 2025. However, our business operations may be affected by various factors including the overall economic environment, infrastructure for the operation of online platforms, evolving trends in the out-of-patient pharmaceutical market and relevant regulatory requirements, and our historical growth and past revenues may not be indicative of our future performance.

We cannot guarantee that our new business initiatives will be successfully implemented or generate sustainable revenue or profit.

We have been pursuing initiatives to diversify our business and unlock monetization potential, but many are new or still in early stages and may prove unsuccessful. See “Business — Our Strategies.” We may lack sufficient experience to execute these initiatives effectively, and our ability to predict customer needs may be limited. These efforts may also require increased spending on R&D, marketing, and compliance, with no assurance of effectiveness. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures, and control measures successfully. If we are not able to manage our growth effectively, our business and prospects may be materially and adversely affected. In addition, we may pursue strategic partnerships, investments and acquisitions to explore synergetic effects. Failure to properly address these risks and uncertainties similar as listed above may materially and adversely affect our ability to carry out acquisitions and other expansion plans, integrate and consolidate newly acquired or newly formed businesses, and realize all or any of the anticipated benefits of such expansion, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

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We depend on third-party logistics and delivery companies to fulfill and deliver orders placed by downstream buyers. If these logistics and delivery companies fail to provide reliable delivery services, our business and prospects, as well as our financial condition and results of operation, may be materially and adversely affected.

We leverage our large-scale operations and reputation to enter into contractual arrangements with a number of third-party express delivery companies with good reputation for the delivery of the pharmaceutical products to downstream buyers. Interruptions to or failures in these third-party delivery services could prevent the timely or proper delivery of the products to downstream buyers. These interruptions may be due to events that are beyond our control or the control of these delivery companies, such as inclement weather, natural disaster, transportation disruptions or labor unrest. We may not be able to find alternative delivery companies to provide delivery services in a timely and reliable manner, or at all. If products are not delivered in proper condition or on a timely basis, our business and reputation could suffer.

Any disruption to the operation of the warehousing facilities we use, or to the development of new warehousing and logistics facilities, could have a material adverse effect on our business, financial condition, and results of operations.

We rely on our warehousing and logistics facilities for the continuing operation of our business. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, earthquakes, terrorists attacks and wars, as well as changes in governmental planning for the land underlying these facilities, could significantly impair our ability to operate our business and destroy and inventory located in these facilities. Additionally, our fulfillment centers rely on an advanced electronic labeling system and integrated logistics automation technologies for guaranteeing operational efficiency and warehousing costs reduction. Any disruption to the operation of this advanced system would adversely and materially affect our business operations.

We are subject to risks associated with other parties with which we collaborate. If we cannot effectively cooperate with such other parties, or if such other parties fail to perform their obligations, provide reliable or satisfactory services, or operate their businesses, in each case in compliance with applicable laws and regulations, our business, financial condition and results of operations may be materially and adversely affected.

We collaborate with certain other parties in providing products and services to our customers. For example, we work with upstream pharmaceutical companies, regional sales partners, e-commerce platforms and other industry participants to sell pharmaceutical products. Any failure by these parties to continue with good business operations, comply with applicable laws and regulations or any negative publicity on these parties could damage our reputation, expose us to significant penalties and decrease our total revenues and profitability. Also, if we fail to retain existing or attract new parties to collaborate with us, the normal operations of our business may be affected, and our users may lose confidence in our products and services. If these other parties engage in activities that are negligent, illegal or otherwise harmful to the trustworthiness and security of our system, including the leak or negligent use of data, or if our users are otherwise dissatisfied with their service quality, we could suffer reputational harm, even if these activities are not related to, attributable to or caused by us.

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Our delivery, return and exchange policies may affect our results of operations.

We have adopted shipping policies that do not necessarily pass the full cost of shipping on to downstream buyers. For product return and exchange, we have adopted policies pursuant to the Administrative Standard of Pharmaceutical Operating Quality (《藥品經營質量管理規範》) for our sales to individual customers, which prohibits return or exchange of pharmaceutical products except that there are quality issues. Under the same Standard, as pharmaceutical wholesale operator, we are under the obligations to strengthen return management to guarantee drug quality and safety during the return process and prevent the mixing-in of counterfeit drugs. We may be required by law to adopt new or amend existing return and exchange policies from time to time. New policies may subject us to additional costs and expenses which we may not recoup through increased revenue. In addition, our ability to handle a large volume of returns is unproven. If our product return rates increase or become higher than expected, our revenues and costs can be negatively impacted. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We recorded net cash used in operating activities during the Track Record Period. If we continue to record net cash outflow from operating activities in the future, our liquidity and financial condition may be materially and adversely affected.

We recorded net cash used in operating activities of RMB104.0 million in 2023, RMB99.7 million in 2024 and RMB158.2 million in 2025. In the event that we are unable to generate sufficient cash flow from our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition may be materially and adversely affected. We can give no assurance that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

Failure to maintain optimal inventory levels and assortment of products could increase our operating costs or lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We need to maintain optimal inventory levels in order to operate our business successfully and to meet the demands of downstream buyers. We manage our inventories of pharmaceutical products, and thus exposed us to inventory risk as a result of rapid changes in product life cycles, changing consumer preferences, uncertainty of product developments and launches, manufacturer back orders as well as the volatile economic environment in China. We cannot assure you that we will accurately predict these trends and events and avoid over-stocking or under-stocking of products. Furthermore, demand for products could change significantly between the time when the products are ordered and the time when they are ready for delivery. When we begin to sell a new product, it is particularly difficult to forecast product demand accurately. Inventory levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect our liquidity. Conversely, if we underestimate customer demand, or if our suppliers fail to provide products to us in a timely manner, we may experience inventory shortages, which may in turn, result in unfulfilled customer orders, leading to a negative impact on our customer relationships.

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We may not be able to conduct our marketing activities effectively, properly, or at reasonable costs, and we are subject to limitations in promoting our services and products.

We invest resources in a variety of marketing and brand promotion efforts designed to enhance our brand recognition and generate more business opportunities. However, our brand promotion and marketing activities may not be well received and may not result in the levels of sales that we anticipate. Failure to refine our existing marketing approaches or to introduce new marketing approaches in response to the evolving market environment in a cost-effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

Under PRC laws and regulations, all advertisements published online containing drug names, applicable symptoms treated by such drugs (major functions) or other drug-related content, and advertisements published online containing medical device names and applicable scope, performance, structure and composition, function and other contents relevant to medical device are subject to examination by relevant governmental authorities. We are prohibited from publishing advertisements of prescription drugs on our website and must ensure that any advertisement of medical treatment, drugs or medical devices does not include any assertion as to the function and safety or any statement of curative rate and effectiveness of such medical treatment, drugs or medical devices. Any violation of advertisement-related laws and regulations may subject us to fine, or even suspension of our business or revocation of our business license. Further, there can be no assurance that our existing practices of monitoring our information dissemination process and publication would continue to be effective and would comply fully with laws and regulations, and we may be subject to regulatory penalties or disciplinary actions, which may materially and adversely affect our business and reputation.

We may be held liable for information or content displayed on, retrieved from or linked to our online stores/platform or created by us.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, advertisements, information, audio-video programs and other content through the internet. Even though we implement measures to review digital marketing materials in light of the relevant laws and regulations as well as our internal guidelines before they are published on our platform, such measures may not be effective and may still subject us to potential liabilities. In addition, the internet content providers and internet publishers are prohibited from posting or displaying over the internet any content that, among other things, violates PRC laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, frightening, gruesome, offensive, fraudulent or defamatory. In November 2016, China promulgated the Cyber Security Law, which came into effect on June 1, 2017, to protect cyberspace security and order. The Cyber Security Law tightens control of cyber security and sets forth various security protection obligations for network operators. If any of our Internet information were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations.

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Our wide variety of accepted payment methods subjects us to third-party payment processing-related risks.

We accept payments using a variety of methods, including payment on delivery, bank transfers, online payments through various third-party online payment platforms. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment and cash on delivery options. We are also subject to various rules, regulations and requirements governing electronic funds transfers, both in China and globally, which could change or be reinterpreted to make it difficult or impossible for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our users, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

We have a balance of intangible assets and we may incur impairment losses which could materially impact our financial position.

Our intangible assets primarily consist of software, licenses, and deferred development costs. Our intangible assets amounted to RMB14.7 million, RMB22.2 million and RMB77.4 million as of December 31, 2023, 2024 and 2025, respectively. At the end of each reporting period, we review the carrying amount of intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. In determining whether an asset is impaired, our management has to exercise judgment and make assumptions. Change of the underlying assumptions and key inputs could materially affect the estimation. While we did not recognize substantial impairment loss for intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future. In particular, the failure to generate financial results commensurate with our intangible assets estimates may adversely affect the recoverability of such intangible assets, and in turn result in impairment losses. As we carry a balance of intangible assets, any significant impairment losses charged against our intangible assets could have a material adverse effect on our financial position.

We are exposed to credit risk on our trade and bills receivables. If we fail to collect trade and bills receivables from downstream buyers in a timely manner, our business operations and financial condition may be materially and adversely affected.

We generally allow a credit term of 30 or 60 days for downstream buyers to make payments to us. We recorded trade and bills receivables of RMB454.7 million as of December 31, 2023, RMB497.4 million as of December 31, 2024 and RMB538.5 million as of December 31, 2025. Our trade receivables turnover days were 55 days in 2023, 56 days in 2024 and 52 days in 2025. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of the downstream buyers before entering into agreements or extending credit terms, neither can we guarantee that each of these downstream buyers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of downstream buyers to pay us in a timely manner may result in bad debt and adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

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In particular, we, as claimant, had been involved in legal proceedings against one of our downstream buyers (the “**Defaulted Downstream Buyer**”), claiming for RMB46.2 million in connection with defaulted payments for goods sold during 2021. Concurrently, we had been negotiating with the Defaulted Downstream Buyer to acquire certain drug products and related patents owned by its related parties such that most of the aforesaid claimed amount could be set-off against the consideration of such proposed acquisition. As of the Latest Practicable Date, this acquisition and set-off arrangement had been completed, and the dispute was successfully settled with the majority of the claimed amount recovered.

Additionally, in April 2025, we obtained favorable court judgments against two other downstream buyers and their joint guarantor for defaulted payments totaling approximately RMB7.9 million. Following our application for mandatory enforcement, the court closed the current enforcement procedures in March 2026 as no executable assets were identified at the time, subject to resumption once such assets are discovered. Such procedural closure does not affect the validity of our claims, and we will continue our collection efforts. However, there is no assurance that we will successfully recover these outstanding amounts or that similar defaults will not occur in the future. Out of prudence, we have made a full provision for such defaulted payments. Any failure to collect receivables in a timely manner may result in bad debts and adversely affect our liquidity, business operations, and financial condition.

We may not be able to fulfill our obligations in respect of contractual liabilities which may in turn affect our results of operation, liquidity, and financial position.

Under certain circumstances, we require advance payments from certain downstream buyers before delivery of pharmaceutical products. Our contract liabilities amounted to RMB3.5 million, RMB4.3 million and RMB6.9 million as of December 31, 2023, 2024 and 2025, respectively. If we fail to fulfill our obligations, we may not be able to reclassify the full amount of contract liabilities as revenue, and we will have to refund all or a portion of the payments made by the downstream buyers, which will adversely affect our results of operations, liquidity and financial position.

We may be subject to allegations, lawsuits, and administrative penalties relating to the sale, marketing and advertising of counterfeit or substandard products, which might damage our brand and reputation and have a material adverse effect on our business, financial condition, results of operations and business prospects.

Certain products sold in the pharmaceutical markets in China, referred to as counterfeit or substandard pharmaceutical products, may be manufactured without proper licenses or approvals and/or fraudulently mislabeled with respect to their content and/or manufacturer. These products are generally sold at lower prices than authentic pharmaceutical products, and, in some cases, are very similar in appearance to the authentic pharmaceutical products. Therefore, the presence of counterfeit products of pharmaceuticals sold by us can quickly erode our sales volumes and revenue for the relevant products. Furthermore, we may not be able to identify those counterfeit or substandard products we source from our suppliers. Any unintentional and unknowing sales of counterfeit or substandard products under our business, or sales of counterfeit and substandard products by third parties illegally using our brand names, may subject us to negative publicity, fines and other administrative penalties, or even result in litigation relating to the sale, marketing and advertising of those products.

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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.

Our business generates and processes a large amount of transaction and behavioral data. We face risks inherent in handling large volumes of data and in securing and protecting such data. In particular, we face a number of data related challenges related to our business operations, including (i) protecting the data in and hosted on our system, including against attacks on our system by external parties or fraudulent behavior by our employees; (ii) addressing concerns related to privacy and sharing, safety, security and other factors; (iii) complying with applicable laws and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and governmental authorities relating to such data; (iv) complying with applicable laws and regulations relating to the collection, use, disclosure or security of important data, if the applicable laws and regulations change to classify the large amount of data that our business generates and processes as important data; and (v) ensuring the compliance of third-party service providers with the data protection related clauses in agreements with us.

We are subject to increasingly stringent privacy and data protection laws, particularly in China. These include the Data Security Law, the Cybersecurity Law, and the Personal Information Protection Law (PIPL) of the PRC, which impose rigorous obligations on the collection, storage, and transfer of sensitive medical and personal data. Despite our efforts to maintain compliance, any failure, by us or our third-party collaborators to safeguard data could trigger severe enforcement actions, including fines, public censure, or criminal penalties for officers. Furthermore, as regulatory interpretations evolve, we may face increased compliance costs or restrictions on data processing that could materially and adversely affect our business operations and financial performance. See “Regulatory Overview—Regulations relating to cybersecurity and information security” and “Regulatory Overview—Regulations relating to personal information protection”.

Moreover, new laws or regulations concerning cybersecurity and data privacy, or the interpretation and implementation of existing cybersecurity and data privacy laws or regulations may be announced, published for public consultations, issued, or promulgated from time to time. For example, the Network Data Security Management Regulations (《網絡數據安全管理條例》), which came into effect on January 1, 2025, does not explicitly define what actions constitute “affecting or potentially affecting national security,” leaving it to the CAC to provide further clarification and detailed guidance. Also, the revised Measures for Cybersecurity Review (《網絡安全審查辦法》), or the Measures for Cybersecurity Review 2022 does not provide explanation or interpretation for “listing overseas.” See “Regulatory Overview — Regulations relating to cybersecurity and information security.” Moreover, if regulatory authorities in China were to exercise their broad discretionary power and classify us as a data processor “affecting or potentially affecting national security” under the Measures for Cybersecurity Review 2022, we might be subject to a cybersecurity review. Failure to pass this review could limit our ability to complete the [REDACTED], negatively affect our business operations and result in severe penalties and other regulatory actions. In addition, new laws or regulations concerning cybersecurity and data privacy, or the interpretation and implementation of existing cybersecurity and data privacy laws or regulations may be announced, published for public consultations, issued, or promulgated from time to time. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores,

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among other penalties, which could materially and adversely affect our business and results of operations. See “Regulatory Overview—Regulations Relating to Cybersecurity and Information Security” for further details.

Property defects of our leased properties or failure to renew our current leases could adversely affect our business.

We lease properties mainly for our offices, warehouses and offline pharmacies. We may not be able to renew our leases upon expiration on commercially reasonable terms, which could force us to relocate and incur significant expenses. Even if renewed, rental payments may increase due to high demand. Four leased properties lack property ownership certificates, creating uncertainties and potential relocation costs if challenged. Additionally, some leasehold interests are not registered with PRC authorities, which may expose us to fines. Penalties range from RMB1,000 to RMB10,000 per unregistered lease. According to article 706 of Civil Code, the validity of the lease agreements are not affected by the failure to register the lease agreements with the relevant government authorities. Although we have proactively requested that the applicable lessors complete or cooperate with us to complete the registration in a timely manner, we are unable to control whether and when such lessors will do so. In the event that a fine is imposed on both the lessor and the lessee, and if we are unable to recover from the lessor any fine paid by us, such fine will be borne by us. In addition, we may be subject to eviction or cessation actions of occupation of leased properties without registration. Even though there are other alternatives, we may incur additional costs for relocation, which may cause temporary disruption of our operations and negatively affect our financial performance.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete arrangements with our employees and others, to protect our proprietary rights. Our intellectual property rights could be challenged, invalidated, circumvented, misappropriated, or may not be sufficient. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. In addition, laws and regulations relating to intellectual property rights may not be applied consistently. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, without adequate remedies. Litigation to enforce our intellectual property rights could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We may not prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

Our operations or any aspects of our business may infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to legal proceedings and claims relating to the intellectual property rights. We cannot guarantee that our operations, services, or third-party offerings on our platform do not infringe third-party intellectual property rights. There may be existing patents we are unaware of that our services could

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inadvertently infringe. Further, the China’s patent laws are still evolving and uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If found to have violated others’ intellectual property rights, we may face liability, licensing fees, or be forced to develop alternatives. Defending such claims, regardless of merit, could divert resources and incur significant expenses. Successful claims against us may result in monetary liabilities and restrict our use of key intellectual property.

Any damage to the reputation and recognition of our brand names, including negative publicity against us, may materially and adversely affect our business operations and prospects.

Maintaining and enhancing the recognition and reputation of our brands are critical to our business and competitiveness. However, we cannot assure you that we will be able to maintain a positive reputation or brand name for all of our products and services in the future. Our reputation and brand names may be materially and adversely affected by a number of factors, many of which are beyond our control, including (i) adverse associations with the third party-branded products we sell or which are sold on our platform, including with respect to their efficacy or side effects; (ii) Lawsuits and regulatory investigations against us or otherwise relating to our products or the industry in general; (iii) Improper or illegal conduct by our employees or our business partners, that is not authorized by us; and (iv) adverse publicity associated with us, our products or our industry, whether founded or unfounded. Any damage to our brand names or reputation as a result of these or other factors may cause our products to be perceived unfavorably, and our business operations and prospects could be materially and adversely affected as a result.

Our business may be materially and adversely affected by adverse news, scandals, or other incidents associated with the PRC general health and wellness industry.

Incidents that reflect doubt as to the quality or safety of pharmaceutical products manufactured or sold by other participants in the PRC general health and wellness industry, including our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the health and wellness industry in general, even if such parties or incidents have no relation to us, our management, our employees, or our users. Such negative publicity may indirectly and adversely affect our reputation and business operations. In addition, incidents not related to product quality or safety, or other negative publicity or scandals implicating us or our employees, regardless of merit, may also have an adverse impact on us and our reputation and corporate image.

We may be the subject of anti-competitive, harassing, or other detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, users and revenues and adversely affect the price of our Shares.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. PRC laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to

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address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted in internet chat-rooms or on blogs or websites by anyone, whether or not related to us, on an anonymous basis. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, users and revenues and adversely affect the price of our Shares.

Our results of operations are subject to seasonable fluctuations.

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 seasonality of our business is subject to a variety of uncertainties and may increase further in the future. Our financial condition and results of operations for future periods may continue to fluctuate.

If our risk management and internal control system is not adequate or effective, or if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

Our ability to ensure accurate financial reporting and safeguard against fraud depends on the maintenance of effective internal controls. Following the [REDACTED], we will face increased pressure from the updated corporate governance requirements, which now mandate annual, detailed disclosures of our risk management findings. While we have implemented initiatives such as internal control reviews and mandatory employee training, we cannot guarantee that these measures will be immune to human error or employee misconduct. Any failure to sustain an effective control environment could lead to material inaccuracies in our financial statements, trigger regulatory sanctions, and severely diminish investor confidence in our Shares.

Our failure to comply with anti-corruption laws and regulations, or effectively manage our employees and business partners, could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to stringent anti-kickback, false claims, and healthcare fraud and abuse laws in China and other jurisdictions. Despite implementing internal controls and compliance procedures, we may be held liable for the misconduct of our employees, suppliers, consultants, or third-party distributors. Our reliance on distributors and our engagement with medical institutions, including the sponsorship of academic conferences, expose us to risks of alleged bribery or improper conduct. Any actual or perceived violations could trigger regulatory investigations, substantial civil and criminal penalties, and exclusion from government healthcare programs. Furthermore, the evolving and often ambiguous nature of these regulations requires significant resources for adherence. Any compliance failure by us or our commercial partners could result in severe reputational damage, costly litigation, and a material adverse effect on our business operations and financial performance.

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Our success depends on the continued efforts of our senior management and key employees. If one or more of our senior management or key employees were unable or unwilling to continue in their present positions, our business may be severely disrupted.

Our future success depends heavily upon the continued services of our senior management and our key employees in various corporate functions, who have contributed significantly to our business. Competition for talents could require us to offer higher compensation and other benefits in order to attract and retain them, which could increase our operating expenses and, in turn, materially and adversely affect our financial condition and results of operations. If we are unable to attract or retain the personnel required to achieve our business objectives, our business could be severely disrupted. We do not maintain key-person insurance for members of our management team. If we lose the services of any senior management, we may not be able to identify suitable or qualified replacements. Furthermore, if any of our executive officers joins a competitor or forms a competing company, we may lose a significant number of our existing business partners and potentially lose our substantial research and development results, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to recruit, train and retain qualified personnel or if we fail to do so in a cost-efficient manner, our business may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to recruit, train and retain qualified personnel, particularly healthcare, technical, fulfillment, marketing and other operational personnel with experience in the e-commerce industry and pharmaceutical industry. We have observed an overall tightening of the labor market and an emerging trend of shortage of labor supply. Failure to obtain stable and dedicated personnel may lead to underperformance of our operation. Labor costs in China have increased with China’s economic development, particularly in the large cities where we operate our business. Therefore, to maintain and enhance our competitiveness, we may from time to time need to adjust certain elements of our operations in response to evolving economic conditions and business needs. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

If any fraud, bribery, or other misconduct is committed by our employees, suppliers, customers or any third parties, we may be subject to economic losses and reputational damage.

Fraud or other misconduct by our employees, such as unauthorized business transactions, bribery and breach of our internal policies and procedures, unauthorized access to or leakage of the data of our business partners, or by third parties, such as breach of law, may be difficult to detect or prevent. It could subject us to financial loss and sanctions imposed by governmental authorities while seriously damaging our reputation. Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct committed by our employees, ecosystem participants or other third parties, and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This may materially and adversely affect our business, financial condition and results of operations.

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We may be unable to consummate or successfully integrate acquisitions and strategic alliances.

We may from time to time pursue acquisitions and strategic alliances that we believe will complement our current business by expanding into new areas, diversifying our customer base and enabling us to specialize, expand or enhance technological capabilities. We cannot assure you that we will be able to find suitable acquisition targets or partners with whom to form strategic alliances, and the failure to do so in a timely manner or at all may affect our ability to realize our growth objectives. The process of integrating with another company or integrating an acquired company, business, asset or technology may create unforeseen operating difficulties and expenditures. The areas where we face risks include: (i) significant costs of identifying and consummating acquisitions; (ii) uncertainties and risks associated with the valuation of acquisition targets; (iii) difficulties in integrating the management, technologies and employees of the acquired businesses; (iv) implementation or remediation of controls, procedures and policies at the acquired company; (v) coordination of products and services, sales and marketing, and other functions; (vi) retention of employees from the businesses we acquire; (vii) liability for activities of the acquired company before the acquisition; (viii) litigation or other claims in connection with the acquired company; (ix) in the case of overseas acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries; and (x) failure to achieve the intended objectives, benefits or revenue enhancing opportunities.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs.

We may also enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counter-party and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

Security breaches and attacks against our systems and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial conditions, and results of operation.

Our technology operations are vulnerable to disruptions arising from human error, natural disasters, power failure, computer viruses, spam attacks, unauthorized access and other similar events. Despite investing in security measures, we may not detect or prevent all attacks, including distributed denial-of-service attacks, viruses, phishing, employee misconduct, or other breaches. Such incidents could lead to unauthorized access, data misappropriation, or business interruption. As attack techniques constantly evolve, we may not anticipate or implement adequate protections. Future attacks could result in material damages, remediation costs, legal liability, and reputational harm. In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our users or other participants of our ecosystem, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to

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incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

We or our Directors or senior management may from time to time become party to litigation, other legal or administrative disputes and proceedings that may materially and adversely affect our reputation, business, financial condition or results of operations.

In the course of our ordinary business operations, we may become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings from time to time. Any ongoing litigation, legal proceedings, claims, disputes or arbitration proceedings may distract our senior management’s attention and consume our time and other resources. In addition, even if we ultimately succeed in such litigation, legal proceedings, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our insurance coverage may not be adequate, which could expose us to significant costs and business risks.

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. Any uninsured loss or damage to property, litigation or business disruption may result in us incurring substantial cost or diverting our resources, which could have an adverse effect on our results of operations. The damages and losses caused by occurrence of certain incidents, including fire, severe weather, earthquake, war, flooding, power outages may not be adequately covered by our insurance policies or at all. If we incur substantial liabilities that are not covered by our insurance policies, or if our business operations are interrupted for a significant period of time, we could incur costs and losses that could materially and adversely affect our financial condition and results of operations.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We may require additional cash resources for operating losses or future growth, including investments or acquisitions. If our cash resources are insufficient, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and the PRC governmental regulations over foreign investment and the PRC healthcare industry. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There is no assurance financing will be available on favorable terms, or at all. Failure to raise needed funds could restrict liquidity and materially harm our business. Any equity issuance could result in significant dilution to existing shareholders.

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Any deficiencies in fixed telecommunications networks and internet infrastructure, as well as mobile operating systems and networks in our places of operation, could impair the functioning of our technology system and the operation of our business.

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in our places of operation. Substantially all of our computer hardware and cloud computing services are currently located in our places of operation. Access to internet in our places of operation is maintained through state-owned telecommunications carriers under administrative control and regulatory supervision, and we obtain access to end-user networks operated by such telecommunications carriers to give customers access to our technology platform. We may lack alternatives in case of disruptions or failures. The failure of telecommunication and internet network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our technology platform. Any of such occurrences could delay or prevent our users from accessing our online website and mobile applications, and frequent interruptions could frustrate users and discourage them from using our services, which could cause us to lose users and harm our results of operations. In addition, we have limited control over the service fees charged by telecommunication and internet operators. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected.

Our technologies may contain undetected errors or may not operate properly. The possible failure to maintain the satisfactory performance of our technologies and services could materially and adversely affect our business and reputation.

Our technologies provide our customers and other participants in our ecosystem with the ability to conduct a variety of actions essential to the operations of our business and the delivery of our service. However, technology development is time-consuming, expensive and complex, and may involve unforeseen difficulties. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our technologies from operating properly and consequently adversely affect our information infrastructure and other aspects of our business where our technologies are applied. If our services do not function reliably, we may lose existing users or fail to attract new ones. Moreover, data services, supply chain management systems, and other technologies we provide to the industry participants are complex and those we offer may develop or contain undetected defects or errors. Material performance problems, defects or errors in our existing or new software and applications and services may arise in the future and may result from interface issues between our systems and data that we did not develop and the function of which is beyond our control or undetected in our testing. These defects and errors, and any failure by us to identify and address them, could result in diversion of development resources, harm to our reputation and increased service and maintenance costs, resulting in a material adverse effect on our reputation, business, results of operations and prospects.

Any occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic or other events, such as wars, acts of terrorism, environmental accidents, power shortage, labor unrest or communication interruptions. Our operations could be disrupted if any of our employees were suspected of having any of the epidemic illnesses, since this could require us to quarantine some or all of such employees or

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disinfect the warehouses used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the global or PRC economy in general. Our operations could also be severely disrupted if our users or other participants were affected by such natural disasters, health epidemics or other outbreaks.

RISKS RELATING TO GOVERNMENT REGULATIONS

Developments in the political and economic policies, as well as the evolving laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Due to our extensive operations in China, our business, financial condition, results of operations and prospects are affected by economic, political, and legal developments in China. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such matters as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of commercial law. In addition, the interpretation and implementation of the laws and regulations relating to the pharmaceutical industry and the e-commerce industry also evolve from time to time. Any of the foregoing may affect our business, financial condition, results of operations and prospects.

We have not made adequate contributions to the social insurance and housing provident fund, which could subject us to penalties.

According to the Social Insurance Law of the PRC, the Regulations on Management of Housing Provident Fund and other applicable PRC regulations, any employer operating in China must contribute social insurance premium and housing provident funds for its employees. Any failure to make timely and adequate contribution of social insurance premium or housing provident funds for its employees may trigger an order of correction from competent authority requiring the employer to make up the full contribution of such overdue social insurance premium or housing provident funds within a specified period of time, otherwise the competent authority may further impose fines or penalties. We make contributions of social insurance premiums for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits, as well as the housing provident funds. During the Track Record Period, we were not in strict compliance with the requisite contribution requirements in relation to some of our PRC employees. See “Business — Employees — Non-Compliance” for further details.

As of the Latest Practicable Date, we had not received any order of correction or any fines or penalties from the competent authority as a result of any such failure. During the Track Record Period and based primarily on compliance letters issued by the relevant competent social insurance and housing provident fund authorities, there was no record of administrative penalties imposed on any member of our Group that hires employees for violations of the relevant laws and regulations. As advised by our PRC Legal Advisor, the likelihood that we will be required to settle all historical social insurance premiums and housing provident funds and be subject to material administrative penalties due to our failure to make full contributions of social insurance premium and housing provident funds for some of our employees during the Track Record Period is remote provided that there are no material adverse changes in the current regulatory policies and environment and no employee complaints occur.

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However, we cannot assure you that the competent authority will not require us to rectify any non-compliance by making contribution of overdue social insurance premium or housing provident funds or to pay any overdue fine or penalty related thereto.

We are a PRC tax resident, and we are subject to PRC tax on our global income, and the dividends payable to investors and gains on the sale of our H Shares by our investors are subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares. Non-PRC resident individual shareholders are generally subject to a 20% withholding tax on China-sourced dividends and capital gains under the PRC Individual Income Tax (IIT) Law. However, pursuant to Cai Shui Zi [1994] No. 020 and Cai Shui Zi [1998] No. 61, such individuals are currently exempt from IIT on dividends from foreign-invested enterprises and gains from the transfer of listed shares, respectively. While these exemptions remain in effect as of early 2026, they are subject to future regulatory shifts. For non-resident enterprise shareholders, a 10% withholding tax is typically applied to both dividends and capital gains under the PRC Enterprise Income Tax Law and Guo Shui Han [2008] No. 897. Eligible shareholders may seek reduced rates under applicable tax treaties, though such benefits are subject to approval by PRC tax authorities. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may materially and adversely affect the value of our H Shares.

We are subject to consumer protection laws that could require us to modify our current business practices and incur increased costs.

We are subject to numerous PRC laws and regulations that regulate retailers generally or govern online retailers specifically, such as the Consumer Protection Law. If these regulations were to change or if we, suppliers or third-party merchants on our online platform were to violate them, the costs of certain products or services could increase, or we could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the products or services offered on our platform and hurt our business and results of operations. For example, the amended Consumer Protection Law, which became effective in March 2014, requires that, except for certain types of products (such as drugs), consumers are generally entitled to return goods purchased within seven days upon receipt without giving any reasons if they purchased the goods over the internet. Consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from merchants or service providers. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

Under current foreign exchange regulations of Chinese mainland, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through

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licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Prior registration and other procedures with competent government authorities or its designated banks are required where Renminbi is to be converted into foreign currency and remitted out of Chinese mainland to pay capital expenses. Furthermore, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of Chinese mainland.

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our subsidiaries in China as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

Payment of dividends is governed by PRC law and regulations.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

We are subject to complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance and could adversely affect our business and financial performance.

There has been increasing awareness of matters relating to environmental, social and governance (“ESG”) among investors, regulatory authorities, and the general public. The PRC government has been increasingly emphasizing the importance of ESG factors in recent years and has implemented various laws and regulations accordingly. Failure to comply with such applicable laws and regulations may subject us to penalties and adversely affect our business, financial condition, results of operations and reputation. Considering the unpredictable nature of social trends, it could cost us a substantial amount of time and resources to constantly monitor the latest developments in ESG laws and regulations that

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may become applicable to us. Any potential changes in social trends and policies relating to ESG could significantly increase our regulatory compliance costs or require us to alter our existing practices in a way that might interrupt our business operations.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payment to our Shareholders and our ability to finance in foreign currencies.

The conversion of RMB into foreign currencies should be in compliance with relevant laws and regulations. We receive substantially all of our revenue in RMB, and undertake certain transactions denominated in foreign currencies. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions can be made in foreign currencies without prior approval of the SAFE by complying with certain procedural requirements. However, the laws, regulations and governmental policies regarding currency conversion are generally complex and developing. If we cannot obtain sufficient foreign currencies to satisfy our foreign currency demands via the foreign exchange regulation system, we may not be able to pay dividends in foreign currencies to our Shareholders. Moreover, foreign exchange transactions under our capital account are subject to the relevant foreign exchange regulations and policies and may need registration with the SAFE or banks designated by the SAFE. These regulations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our Directors and senior management.

Almost all of our assets are located in Chinese mainland and all of our executive Directors and senior management reside in Chinese mainland. Therefore, it may be difficult for investors to directly effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors and senior management. It also may be difficult for you to bring a direct action against us or our PRC resident individuals in a PRC court if your claim is based on the liability provisions of non-PRC securities laws. On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (“the New Arrangement”), which came into effect on January 29, 2024. The New Arrangement superseded the previous arrangement that required a choice-of-court agreement by the parties for inter-jurisdictional recognition and enforcement of judgments between Chinese mainland and Hong Kong. The New Arrangement established a mechanism of mutual recognition and enforcement with greater clarity and certainty, covering a broader scope of civil and commercial matters. Nevertheless, enforcement of Hong Kong judgments in Chinese mainland is still subject to certain reservations, prerequisites and necessary procedures as stipulated in the New Arrangement, which may create difficulties for investors seeking to enforce Hong Kong judgments against us or our Directors, Supervisors, and management.

Filing with the CSRC may be required in connection with our capital raising activities, and we cannot predict whether we will be able to complete such filing.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (the “Overseas Listing Trial Measures”) and five relevant guidelines, which became effective on March 31, 2023. The Overseas Listing Trial

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Measures require, among others, that PRC domestic companies that seek to initially offer and list securities in overseas markets, either directly or indirectly, file the required documents with the CSRC within three business days after its application for overseas listing is submitted. For details, see “Regulatory Overview—Regulations Relating to Overseas Offering and Listing.” We are required to comply with the filing procedures of the CSRC within a specific time limit as required by the Overseas Listing Trial Measures, the failure of which may restrict our ability to complete the proposed [REDACTED]. We may be subject to filing or other requirements by other PRC government authorities under the PRC laws in the future. Any failure to complete the relevant procedures may have an adverse effect on our capital raising activities.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The value of RMB against other currencies may fluctuate and depends to a large extent on domestic and international economic and political developments, supply and demand in the local market as well as changes resulting from relevant government’s policies. While our revenue, costs and expenses are principally denominated in RMB, some of our revenue generated, and some of our cost and expenses of production incurred by us, are denominated in US dollars. Therefore, our revenues, cost of sales and operating expenses are exposed to fluctuations among such currencies, and could result in exchange losses. Any appreciation of RMB against the Hong Kong dollars may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. Any unfavorable movement in the exchange rate may lead to an increase in our costs or a decline in sales, which could materially and adversely affect our business, financial condition and results of our operations.

RISKS RELATING TO THE [REDACTED]

There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

No public market currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of our negotiations with the [REDACTED] (for themselves and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the market price of the H Shares following the [REDACTED]. While we have applied for our H Shares to be [REDACTED] on the Stock Exchange, a [REDACTED] does not guarantee the development or sustainability of an active and liquid trading market. The market price of our H Shares may decline following the [REDACTED] due to factors beyond our control. Notably, a significant portion of our H Shares will be subject to [REDACTED] restrictions from the [REDACTED], which may constrain trading volume and liquidity in the short term. The presence of these restrictions means that even if a trading market develops, it may not be sustained, and the market price may not reflect our long-term intrinsic value.

There will be a time gap of several business days between [REDACTED] and [REDACTED] of our H Shares. Holders of our H Shares are subject to the risk that [REDACTED] of our H Shares could fall during the period before trading of our H Shares begins.

Our H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after determination of the [REDACTED]. As a result, investors may not be able to sell or [REDACTED] our H Shares during that period. Accordingly, holders of our

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H Shares are subject to the risk that the price of our H Shares could be lower than [REDACTED] before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

The trading price of our H Shares may be volatile which could result in substantial losses to you.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities market have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that the price of our H Shares may be subject to changes not directly related to our performance.

Because the [REDACTED] per Share is higher than the net tangible book value per Share, purchasers of our H Shares in the [REDACTED] will experience immediate dilution.

The [REDACTED] of our H Shares is higher than the net tangible book value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution. Existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible assets value per share of their shares.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. For details of our intended use of [REDACTED], see “Future Plans and Use of [REDACTED]” in this document. However, our management will have discretion as to the actual application of our net [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net [REDACTED] from this [REDACTED].

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our H Shares for return on your investment.

Our ability to pay dividends depends on generating sufficient earnings. Whether we declare dividends will be subject to shareholder approval and various factors, including financial performance, legal requirements (PRC and Hong Kong), and capital needs. Consequently, there is no guarantee regarding the timing, amount, or certainty of future dividend payments.

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A significant increase or perceived significant increase in the supply of our H Shares in public markets in the future could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of our H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may (i) further limit our ability or discretion to pay dividends; (ii) increase our risks in advance economic conditions; (iii) adversely affect our cash flows; or (iv) limit our flexibility in business development and strategic plans.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.

Our Unlisted Shares may be converted into H Shares through the “Full Circulation” process, potentially increasing the supply and impacting the market price of our H Shares. While these shares rank pari passu with existing H Shares, they are subject to a statutory one-year [REDACTED] period under the PRC Company Law following our [REDACTED]. Furthermore, any conversion requires mandatory filing with the CSRC and the approval of the Hong Kong Stock Exchange. The introduction of a significant volume of previously unlisted equity into the public market after the expiry of the [REDACTED] period may lead to perceived or actual selling pressure, which could adversely affect the prevailing market price and our ability to raise future capital.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], our Controlling Shareholders will collectively beneficially own approximately [REDACTED] of the voting power of our outstanding share capital, assuming that the [REDACTED] is not exercised. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, subject to the Listing Rules, our Articles of

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Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, contained in this document.

We rely on independent industry reports and government data to provide context for our market position. While we have taken reasonable care to ensure the accuracy of this information, it is based on estimates and research methodologies that are beyond our control. The Frost & Sullivan Report, in particular, relies on primary and secondary research that may be subject to interpretation. Investors are cautioned that the industry statistics and forecasts included in this Document have not been independently verified and may not be consistent with other information compiled within or outside China. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED] nor our or their respective affiliates and advisers, or any other party involved in the [REDACTED], and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

We disclaim responsibility for any media coverage or financial projections regarding the [REDACTED] published prior to this Document. We did not authorize such information and make no representations regarding its accuracy. In the event of conflicting information, you should rely solely on the contents of this Document.

Forward-looking information in this document is subject to risks and uncertainties.

This Document contains forward-looking statements regarding our future plans and strategies, identified by terms such as “expect,” “will,” and “intend.” These are estimates based on management’s judgment and are subject to risks, detailed in the “Risk Factors” section, that could cause actual results to differ materially. These statements are not guarantees of future performance, and investors should not place undue reliance on them.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG SAR

According to Rules 8.12 and 19A.15 of the Listing Rules, our Company must have sufficient management presence in Hong Kong SAR. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong SAR. Since all our business operations are not principally located, managed or conducted in Hong Kong SAR, and our Directors consider that the relocation of our executive Directors to Hong Kong SAR or the appointment of additional executive Directors who will be ordinarily resident in Hong Kong SAR would not be beneficial to, or appropriate for, our Company and therefore would not be in the best interests of our Company and our Shareholders as a whole, our Company does not, and, for the foreseeable future, will not, have two executive Directors who are ordinarily resident in Hong Kong SAR for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between the Stock Exchange and us by way of the following arrangements:

- (i) **Authorized Representatives:** both of our Company’s authorized representatives, Mr. Zhang Baozeng (張寶增) and Mr. Wong Chun Wing Samuel (黃俊穎), will act as our Company’s principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

- (ii) **Directors:** each Director has provided their mobile phone number, office phone number, fax number (if any) and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives.

Each of our Directors not ordinarily residing in Hong Kong SAR possesses or can apply for valid travel documents to visit Hong Kong SAR and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time;

- (iii) **Compliance Advisor:** we have appointed Altus Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. Pursuant to the Note of Rule 3A.23, the Compliance Advisor will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that our authorized representatives, Directors and other officers will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor’s duties as set forth in Chapter 3A of the

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

Any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the Compliance Advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and/or our Compliance Advisor; and

- (iv) **Legal advisors:** we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong SAR after the [REDACTED].

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. The Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience,” the Stock Exchange will consider the individual’s: (a) length of employment with the issuer and other issuers and the roles he or she played; (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.

Our Company considers that while it is important for the company secretary to be familiar with the relevant securities regulation in Hong Kong SAR, they also need to have experience relevant to our Company’s operations, nexus to the Board and close working relationship with the management of our Company in order to perform the function of a company secretary and to take the necessary actions in the most effective and efficient manner. It is for the benefit of our Company to appoint a person who is familiar with our Company’s business and affairs as company secretary.

We have appointed Mr. ZHANG Baozeng (“**Mr. Zhang**”) and Mr. Wong Chun Wing Samuel (黃俊穎) (“**Mr. Wong**”) as our joint company secretaries. Since Mr. Zhang does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. Zhang, we have appointed Mr. Wong, an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the [REDACTED] so as to enable Mr. Zhang to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Wong as our joint company secretary. Pursuant to the Chapter 3.10 of the Guide for New Listing Applicants, such waiver has been granted on the conditions that:

- (i) Mr. Wong is appointed as a joint company secretary to assist Mr. Zhang in discharging his functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules;
- (ii) our Company will further ensure that Mr. Zhang has access to the relevant training and support to enable he to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. Our Hong Kong legal advisors have provided training to Mr. Zhang on the principal requirements of the Listing Rules and the Hong Kong SAR laws and regulations applicable to our Company after the [REDACTED]. In addition, Mr. Zhang will endeavor to familiarize himself with the Listing Rules, including any updates thereto, during the three-year period from the [REDACTED];
- (iii) Mr. Zhang has confirmed that he will attend no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of a company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules; and
- (iv) prior to the end of the three-year period, the qualifications and experience of Mr. Zhang and the need for on-going assistance of Mr. Wong will be further evaluated by our Company. The Company will then endeavor to demonstrate to the Stock Exchange’s satisfaction that Mr. Zhang, having had the benefit of the assistance of Mr. Wong for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. Our Company understands that the Stock Exchange may revoke the waiver if Mr. Wong ceases to provide assistance to Mr. Zhang during the three-year period or if there are material breaches of the Listing Rules by our Company.

For biographical information of Mr. Zhang and Mr. Wong, see “Directors and Senior Management.”

CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as described in the section headed “Connected Transactions” of this Document. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules once the Shares are [REDACTED] on the Stock Exchange in respect of such non-exempt continuing connected transactions. For further details, see “Connected Transactions” in this Document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name and Nationality	Address
<i>Executive Directors</i>	
Mr. Chen Changqing (陳長清) (Chinese)	B32-01, No. 1, Bilin 3 rd Street, Zhonghaiyuan Mountain Villa, Zhonghaiyucheng Nanyuan, Luogang Street, Huangpu District, Guangzhou, Guangdong Province, PRC
Mr. Luo Qi (駱旗) (Chinese)	Room 2305, Building 3, Phase 1, Zhuguang Yujing Garden, No. 768 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, PRC
Mr. Wang Dong (王東) (Chinese)	5-3-102, Fengcuiyuan, Yangguangxin Road, Jianxin Community Residents Committee, Erqi Street, Shizhong District, Jinan City, Shandong Province, PRC
Mr. Zhang Baozeng (張寶增) (Chinese)	Room 803, Building 241, Nanya Garden Community, Tianhe South Street, Tianhe District, Guangzhou, Guangdong Province, PRC
<i>Non-executive Directors</i>	
Ms. Chen Qiao (陳巧) (Chinese)	A7-1701, West District, TaiDa Aili Garden, Binhai New Area, Tianjin, PRC
Ms. Wu Xiaoyi (吳小儀) (Chinese)	Room 1503, No. 8, Shijinan, 1st Street, Jinbi Shiji Garden, Huangpu District, Guangzhou City, Guangdong Province, PRC
<i>Independent Non-executive Directors</i>	
Dr. Yu Yumiao (余玉苗) (Chinese)	Room 102, Building 8, District 9, Wuhan University, Wuhan, Hubei Province, PRC
Mr. Zhang Xiaolu (張曉路) (Chinese)	1201, Unit 1, Building 12, Jinfa Community, Shuilan Road, Nanhu Avenue, East Lake High-tech Zone, Wuhan City, Hubei Province, PRC
Mr. Zhang Ping (張平) (Chinese)	Flat A, 20/F, Block 21, Grand Victoria, 8 Lai Ying Street, Cheung Sha Wan, Kowloon, Hong Kong

For further details regarding our directors, please see the section headed “Directors and senior management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong SAR

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. law:

Jia Yuan Law Office
Suites 3502-03, 35/F
One Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC law

Global Law Office
27/F Tower B,
China Resources Land Building,
No. 9668 Shennan Avenue,
Nanshan District, Shenzhen

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong SAR law:

Jingtian & Gongcheng LLP
Suites 3203–3209, 32/F,
Edinburgh Tower, The Landmark
15 Queen’s Road Central
Hong Kong SAR

As to PRC law

Beijing Jingtian & Gongcheng Law Firm
Room 1401A, Tower 2
Kerry Center Qianhai, Qianhai Avenue
Shenzhen, Guangdong, PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Auditor and Reporting Accountants

Ernst & Young
*Certified Public Accountants and
Registered Public Interest Entity Auditor
under the Accounting and
Financial Reporting Council Ordinance*
27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**
2504 Wheelock Square 1717
Nanjing West Road
Shanghai, PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office

1101–1108, 11/F
No. 11, Xiancun Road
Tianhe District, Guangzhou
Guangdong, PRC

Principal Place of Business in Hong Kong SAR

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

Company’s Website

<https://www.rongtaipharm.com/>

(the information contained on the website does not form part of this Document)

Joint Company Secretaries

Mr. Zhang Baozeng (張寶增)
Room 803, Building 241
Nanya Garden Community
Tianhe South Street, Tianhe District
Guangzhou, Guangdong Province, PRC

Mr. Wong Chun Wing Samuel (黃俊穎)
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Authorized Representatives

Mr. Zhang Baozeng (張寶增)
Room 803, Building 241
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Tianhe South Street, Tianhe District
Guangzhou, Guangdong Province, PRC

Mr. Wong Chun Wing Samuel (黃俊穎)
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Audit Committee

Dr. YU Yumiao (余玉苗)
(Chairperson)
Mr. ZHANG Xiaolu (張曉路)
Ms. CHEN Qiao (陳巧)

Remuneration Committee

Mr. ZHANG Ping (張平)
(Chairperson)
Dr. YU Yumiao (余玉苗)
Mr. Zhang Baozeng (張寶增)

Nomination Committee

Mr. CHEN Changqing (陳長清)
(Chairperson)
Mr. ZHANG Xiaolu (張曉路)
Mr. ZHANG Ping (張平)

Compliance Advisor

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

[REDACTED]

Principal Banks

China CITIC Bank Co., Ltd
Guangzhou Baiyun New City Branch
Room 101, 102, 107 & 602,
No. 239 Yuncheng Nansi Road
Baiyun District
Guangzhou, Guangdong Province, PRC

China Minsheng Bank Co., Ltd
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INDUSTRY OVERVIEW

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OVERVIEW OF THE OUT-OF-HOSPITAL PHARMACEUTICAL MARKET

Market Size of Out-of-Hospital Pharmaceutical 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. From 2020 to 2025, the market size has grown from RMB509.2 billion to RMB692.6 billion and is expected to reach RMB1022.4 billion in 2030, representing a CAGR of 6.3% from 2020 to 2025 and 8.1% from 2025 to 2030.

The out-of-hospital pharmaceutical market can be segmented into over-the-counter (OTC) drugs and prescription drugs. In 2025, China’s total out-of-hospital pharmaceutical market is expected to reach RMB692.6 billion, with RMB262.7 billion from OTC drugs and RMB430.0 billion from prescription drugs. In 2030, the size of China’s out-of-hospital pharmaceutical OTC market is expected to reach RMB378.9 billion, with the CAGR of 7.6%, and prescription drug market will reach RMB643.5 billion, with a CAGR of 8.4%, from 2025 to 2030. The projected slower growth of OTC drugs compared with prescription drugs is mainly attributable to the fact that the OTC segment has already been the core component of China’s out-of-hospital pharmaceutical market with a relatively high level of maturity and a large existing base, whereas prescription drugs are currently experiencing faster growth driven by policy-supported prescription outflow from hospitals and the continuous expansion of retail and online pharmacy channels.

The growth is mainly fueled by the continued outflow of prescriptions, stronger demand for chronic disease and specialty drugs in retail channels, and rising consumer health awareness, which supports both OTC and prescription drug demand in the out-of-hospital setting.

Policy and Structural Drivers of the Out-of-Hospital Pharmaceutical Market

Policies Supporting Innovative Drugs

The PRC government has introduced policies to encourage pharmaceutical innovation and improve regulatory efficiency, focusing on accelerating review and approval procedures, establishing breakthrough and priority pathways, and strengthening industry development support.

Representative policies include the Notice on Optimizing the Examination, Assessment and Approval of Drug Registration 《關於優化藥品註冊審評審批有關事宜的公告》, the Notice on Soliciting Opinions on the Working Procedures of Breakthrough Therapeutics and the Priority Review

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and Approval Process 《關於突破性治療藥物工作程序和優先審評審批工作程序徵求意見的通知》, the Drug Registration Management Measures 《藥品註冊管理辦法》, the Working Procedures for Review of Breakthrough Therapeutics (Trial) 《突破性治療藥物審評工作程序(試行)》, the Reform of Review and Approval System for Drugs and Medical Devices to Encourage Innovation (the Opinion) 《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》, the Guidance for Pharmaceutical Research in Phase III Clinical Trials of Innovative Drugs (Chemicals) 《創新藥(化學藥)III期臨床試驗藥學研究信息指南》, the “14th Five-Year Plan” National Drug Safety and High-quality Development Plan 《“十四五”國家藥品安全及促進高質量發展規劃》, and the Guidance from the National Healthcare Security Administration and the State Administration of Traditional Chinese Medicine on Medical Insurance Support for the Development of Traditional Chinese Medicine Inheritance and Innovation 《國家醫療保障局和國家中醫藥管理局關於醫保支持中醫藥傳承創新發展的指導意見》.

These policies provide a regulatory and institutional framework that supports innovative drug development and commercialization.

Favorable Policies for the Out-of-Hospital Pharmaceutical Market

Policies promoting prescription circulation reform, pharmaceutical distribution modernization and digital healthcare development have facilitated the development of out-of-hospital channels.

Representative policies include the Prescription Management Measures 《處方管理辦法》, the 12th Five-Year Plan for Deepening the Reform of the Medical and Health System and Its Implementation Plan 《“十二五”期間深化醫藥衛生體制改革規劃暨實施方案》, the Guiding Opinions on the Pilot Reform of Public Hospitals 《關於公立醫院綜合改革試點的指導意見》, the Opinions on Promoting the Development of “Internet + Medical and Health” 《關於促進“互聯網+醫療健康”發展的意見》, Interim Measures for Internet-based Medical Treatment Management (Trial) 《互聯網診療管理辦法(試行)》, the Guiding Opinions on Establishing and Improving the “Dual-Channel” Management Mechanism for National Medical Insurance Negotiated Drugs 《關於建立完善國家醫保談判藥品“雙通道”管理機制的指導意見》, the Measures for the Record-filing Administration of Medical Representatives (Trial) 《國家藥監局關於發佈醫藥代表備案管理辦法(試行)的公告》, and the Guiding Opinions on High-Quality Development of the Pharmaceutical Distribution Industry During the 14th Five-Year Plan Period 《商務部關於“十四五”時期促進藥品流通行業高質量發展的指導意見》.

These measures support prescription diversion, enhance compliance in pharmaceutical circulation, and promote the integration of retail pharmacies into the medical insurance reimbursement system.

Structural and Demand Drivers

In addition to policy support, healthcare reforms such as the zero-markup drug policy and centralized volume-based procurement reduced hospitals’ reliance on drug mark-ups and prioritized cost-effective generics, which may limit access of certain patented and branded drugs in public hospitals.

Population aging and the increasing prevalence of chronic diseases drive demand for long-term medication. At the same time, rising health awareness and digital consumption habits encourage patients to seek more convenient access points, including retail pharmacies, community healthcare institutions and O2O delivery services.

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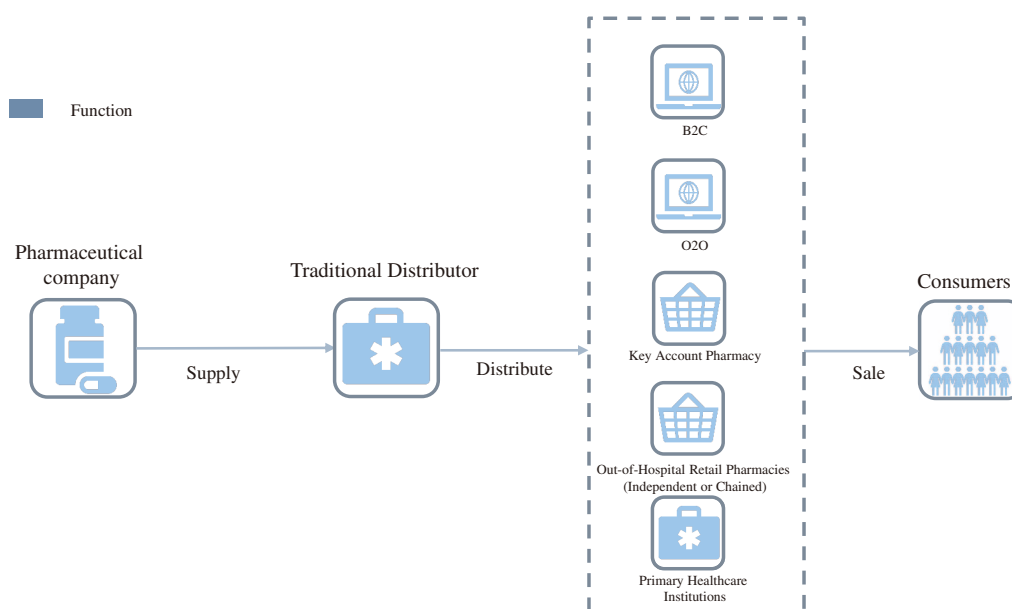
The development of B2C e-commerce and digital healthcare platforms has further diversified medicine purchasing channels beyond hospitals.

OVERVIEW OF CHINA’S OUT-OF-HOSPITAL DIGITAL MARKETING AND SUPPLY CHAIN SERVICES MARKET

Out-of-hospital digital marketing and supply chain services refer to pharmaceutical distribution solutions provided to pharmaceutical companies, enabling them to reach and effectively serve downstream buyers in the large yet fragmented out-of-hospital pharmaceutical market. Specifically, the services mainly include marketing services and supply chain services.

Under the traditional distribution model, pharmaceutical companies mainly rely on distributors to deliver products to healthcare institutions, retail pharmacies and E-commerce platforms. Such distributors primarily perform logistics and distribution functions, with limited involvement in marketing activities and minimal feedback on terminal sales performance.

Traditional Pharmaceutical Distribution Model

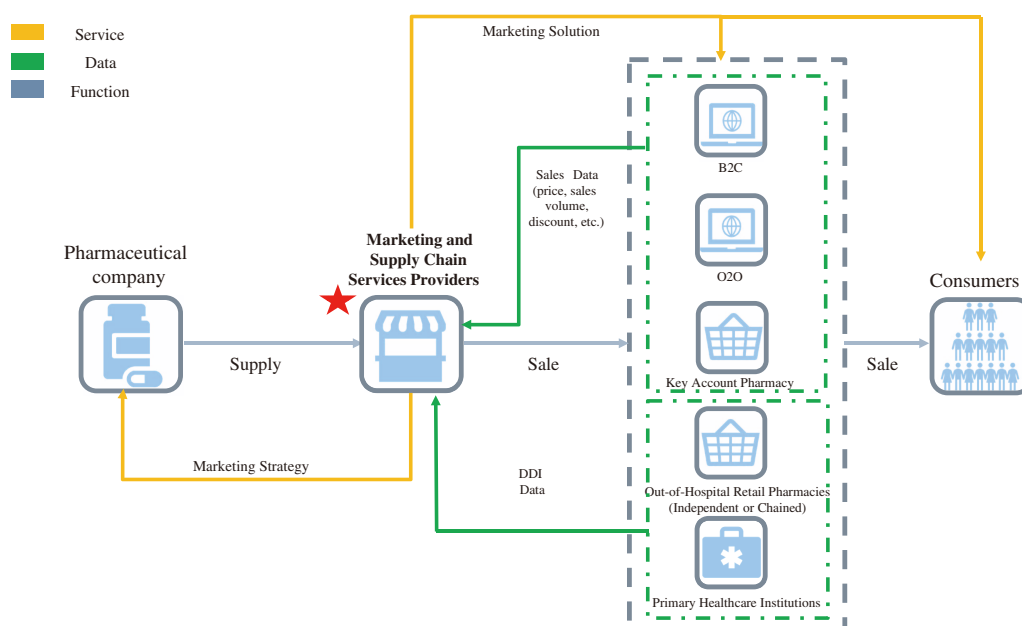


Source: Frost & Sullivan analysis

Compared with traditional distributors, out-of-hospital digital marketing and supply chain service providers not only undertake distribution functions but also integrate marketing solutions that span upstream pharmaceutical companies, retail pharmacy networks, and end customers, thereby addressing the fragmented nature of the out-of-hospital market more effectively.

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Out-of-Hospital Digital Marketing and Supply Chain Services Model



Source: Frost & Sullivan analysis

Marketing services in the out-of-hospital scenario mainly refer to e-commerce operation services, which mainly include (i) online storefront and daily operations, product operations, pricing strategy and promotional campaigns, traffic acquisition and advertising management, among others; and (ii) data-driven precision marketing services, which mainly cover digital profiling and precision targeting of terminal customers, smart product selection and regional sales strategy, custom channel policies and execution monitoring, sales monitoring and data feedback from terminals, among others.

Supply chain services in the out-of-hospital scenario mainly include pharmaceutical warehousing and tiered distribution, smart replenishment and inventory collaboration, market access and channel compliance support, order fulfillment and digital coordination, provision of sell-through data feedback and market insight.

There are a number of critical gaps faced by industry participants in the out-of-hospital pharmaceutical market:

- Pharmaceutical companies struggle to efficiently cover a wide range of downstream buyers in the out-of-hospital pharmaceutical market. In particular, small and medium pharmaceutical companies cannot build their own marketing teams to focus on out-of-hospital downstream sales, especially in third and fourth-tier cities. As a result, quality products cannot effectively reach downstream markets and downstream buyers also lack accessibility to diversified pharmaceutical products;

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- There is a lack of integrated nationwide distribution and marketing solutions. To reach downstream buyers nationwide, pharmaceutical companies need to cooperate with multiple regional distributors, which can lead to information silos and complicated settlement processes, which in turn results in low distribution efficiency, poor inventory control, and prolonged payment cycles;
- There are high market access barriers and weak promotion efforts for new and niche products. Downstream pharmacies increasingly value turnover efficiency and are reluctant to stock new products. Meanwhile, there is a lack of pharmaceutical product education and pharmacist training. As a result, innovative and disease-specific drugs are difficult to gain market traction and recognition; and
- Poor data feedback leads to a disconnected marketing loop. Traditional distribution system fails to provide effective sales information, patient data, and behavioral feedback, making it impossible for enterprises to accurately optimize marketing strategies or adjust supply plans.

Companies offering marketing and supply chain service through centralized integration and digital empowerment are able to effectively address these challenges from the following aspects.

- Service providers consolidate nationwide distribution resources, enabling pharmaceutical companies to expand into lower-tier markets and achieve broader coverage, thereby improving the accessibility of diversified pharmaceutical products.
- Service providers offer standardized processes and unified settlement systems, reducing fragmented products, enhancing distribution efficiency, improving inventory management, and shortening payment cycles.
- Service providers not only assist pharmaceutical companies in developing out-of-hospital marketing strategies, but also provide marketing solutions and patient education at the terminal side. This dual-sided approach improves product visibility and facilitates the adoption of new products in the out-of-hospital market.
- Service providers establish data collection and monitoring mechanisms covering sales performance, prescription circulation and patient engagement, and provide structured feedback to pharmaceutical companies. This enhances transparency in the out-of-hospital market and enables enterprises to make more informed decisions regarding product supply and marketing allocation.

Market Size of China’s Out-of-Hospital Digital Marketing and Supply Chain Services Market

The market size of China’s out-of-hospital digital marketing and supply chain services market has grown rapidly in recent years. From 2020 to 2025, the market size has grown from RMB175.4 billion to RMB256.6 billion and is expected to reach RMB432.1 billion in 2030, representing a CAGR of 7.9% from 2020 to 2025 and 11.0% from 2025 to 2030.

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Competitive Landscape of China’s Out-of-Hospital Digital Marketing and Supply Chain Services

Fragmented market nature

The China’s out-of-hospital market has a large number of diverse competitors. The ecosystem of participants in China’s out-of-hospital market is complex and diverse, with no single giant dominating the market. The main competitors can be categorized as follows:

- *National traditional pharmaceutical distributors.* These companies are large in scale but typically focus their business on the hospital market (in-hospital sector). Their out-of-hospital business is only one component of their overall operations and has not achieved comprehensive coverage of the vast out-of-hospital market.
- *Digital pharmaceutical service platforms specializing in the out-of-hospital market.* In recent years, a number of digitally-driven platform-based companies have rapidly emerged. They focus on integrating out-of-hospital terminals but are still generally in the stage of market expansion and regional penetration, with their market shares not yet highly concentrated.
- *A large number of regional and local pharmaceutical service providers.* These providers constitute the main body of the market. They deeply cultivate specific provinces or regions, securing their place through localized networks and customer relationships. While individually small in scale, these small and medium-sized service providers exist in vast numbers and collectively account for the majority of the market share.

Moreover, the highly fragmented end demand determines the decentralized nature of market supply. End customers such as independent pharmacies, small chain drugstores and primary healthcare institutions exhibit distinct procurement characteristics of small volumes, high frequency, lack of concentration and regional complexity. Large service-oriented companies, constrained by operational costs and efficiency, struggle to fully and efficiently cover such fragmented and down-tiered demand. Therefore, the market is filled with a multitude of small and medium-sized, regional pharmaceutical service providers. These players, leveraging their flexibility and localized service advantages, have become key participants maintaining the operation of the out-of-hospital market. This structural feature of fragmented demand leading to decentralized supply, is one of the fundamental reasons for the persistently low market concentration.

Differentiated business models

The following table sets forth the differentiation between the traditional pharmaceutical distribution model and our business model.

	Traditional Pharmaceutical Distribution	Our Out-of-Hospital Digital Marketing and Supply Chain Services
Gross profit margin	The average gross profit margin for the traditional pharmaceutical wholesalers is approximately 3%.	The average gross profit margin for the out-of-hospital digital marketing and supply chain services providers is approximately 6%.

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	Traditional Pharmaceutical Distribution	Our Out-of-Hospital Digital Marketing and Supply Chain Services
Pricing	Pricing is largely mark-up based, with wholesalers earning a standard distribution margin and having limited influence over terminal retail prices.	Pricing remains subject to national reimbursement rules but is more market-driven, as the Group supports pharmaceutical companies in developing channel-specific retail prices and promotion strategies across both offline retail pharmacies and online platforms, informed by terminal demand and data feedback.
Revenue Sources	Revenue primarily comes from distribution margins on product resale and limited fees for logistics and warehousing.	Revenue mainly derives from digitalized sales of pharmaceutical products across multiple out-of-hospital channels, including sales to individual customers, dispensing terminals and sizable pharmacy chains, supplemented by service fees for brand promotion, digital operations and other value-added services.
Operation Flows	A linear and batch-based process in which products flow from manufacturers to wholesalers and then to pharmacies or primary healthcare institutions, with wholesalers mainly performing physical circulation and having limited engagement with terminal operations or sales feedback.	A more integrated and data-enabled process whereby the Group receives products from pharmaceutical companies and distributes them across multiple out-of-hospital channels—including online platforms, self-operated e-commerce stores, regional distributors, B2B digital stores and sizable pharmacy chains—while providing marketing execution, digital operations, inventory coordination and sell-through data feedback throughout the process.
Value Chain Positioning	Positioned mainly as a mid-stream circulation intermediary responsible for product transfer, logistics and settlement, with limited involvement in marketing activities, terminal operations or consumer engagement.	Positioned as an integrated commercialization partner spanning upstream pharmaceutical companies and downstream retail terminals and online platforms, providing marketing execution, digital operations, data insights and supply chain coordination, thereby enabling more efficient coverage and sell-through in the fragmented out-of-hospital market.

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	Traditional Pharmaceutical Distribution	Our Out-of-Hospital Digital Marketing and Supply Chain Services
Level of Regulation. . .	Primarily subject to GSP requirements, drug circulation supervision and invoice and flow management under a relatively standardized and stable regulatory framework.	Subject to GSP requirements as well as a broader set of regulations governing retail pharmacies, online drug sales, medical insurance usage, promotional compliance, data governance and digital operation activities. Recent national policies promoting prescription outflow, digital marketing, intelligent supply chains and full-process traceability have further clarified the regulatory framework for out-of-hospital channels while allowing more flexibility for market-driven operations compared with traditional wholesaling.
Market Size and Growth rate. . .	The traditional pharmaceutical wholesaling market reached approximately RMB1746.8 billion in 2025 and is expected to grow at a CAGR of 5.9% from 2025 to 2030.	The out-of-hospital digital marketing and supply chain services market reached approximately RMB256.6 billion in 2025 and is expected to grow at a CAGR of 11.0% from 2025 to 2030.

Market ranking

Among the competitors in China’s out-of-hospital digital marketing and supply chain services market, we ranked third by revenue in 2025, accounting for 1.3% of the market share.

Ranking	Market players	Revenue (billions of RMB, 2025)	Market share
1	Company A	35.1	13.7%
2	Company B	11.9	4.6%
3	Our Group.	3.4	1.3%
4	Company C	3.2	1.3%
5	Company D	3.2	1.2%

Company A is an integrated pharmaceutical services enterprise. Its main businesses include digital pharmaceutical distribution and supply chain services, exclusive agency and brand promotion of pharmaceutical products, OEM (contract manufacturing) services, retail business, consumer healthcare and value-added services, as well as digital pharmaceutical logistics services and supply chain solutions. Company B is a pharmaceutical distribution and supply chain services enterprise. Its main businesses include nationwide pharmaceutical distribution, exclusive distribution and product promotion services, logistics and supply chain solutions, as well as technology-enabled value-added services. Company C’s businesses include brand operation services covering marketing, product promotion and

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distribution support, pharmaceutical distribution, and retail pharmacy business. Company D is an integrated pharmaceutical and healthcare industry enterprise. Its main businesses include nationwide pharmaceutical distribution and supply chain services, pharmaceutical commercialization and market access support, as well as retail pharmacy operations and healthcare services.

Key drivers of out-of-hospital digital marketing and supply chain service market

The continued expansion of the out-of-hospital pharmaceutical market, supported by policies facilitating external prescription fulfillment and growing demand for chronic disease management, provides a foundation for the development of marketing and supply chain service providers. At the same time, the fragmented nature of out-of-hospital channels—including DTP pharmacies, retail chains, community clinics and e-commerce platforms—adds complexity to channel management and increases demand for integrated service solutions. The adoption of digital technologies such as data analytics and cloud-based systems further enhances demand forecasting, inventory management and operational efficiency, supporting the development of professional service platforms.

Entry barriers of the out-of-hospital digital marketing and supply chain service market

The out-of-hospital pharmaceutical distribution industry is subject to stringent regulatory requirements, including GSP certification, drug traceability systems and prescription review mechanisms, particularly for prescription drugs, cold-chain products and medical insurance-covered medicines. Compliance with evolving regulatory standards requires robust qualifications, system integration capabilities and operational processes. In addition, access to specialized distribution channels—such as DTP pharmacies, leading pharmacy chains, prescription exchange platforms and internet hospital network—often involves lengthy negotiations, strict qualification standards and concentrated channel resources, especially in major metropolitan markets. Furthermore, establishing nationwide warehousing, distribution and settlement systems with digital integration capabilities requires significant operational scale and coordination. Pharmaceutical companies also increasingly require data transparency and feedback mechanisms from distribution partners, particularly during early-stage commercialization of innovative drugs, which places higher demands on system infrastructure and compliant data management capabilities.

Future trends of out-of-hospital digital marketing and supply chain service market

Regulatory requirements in pharmaceutical distribution are becoming more stringent, with GSP certification, enterprise qualifications and drug traceability systems forming the foundation of industry compliance. Service providers are increasingly required to embed standardized compliance processes into warehousing, distribution, information systems and data management. At the same time, the development of data infrastructure—including more standardized collection and governance of sales, inventory and prescription data, as well as improved interoperability—enhances data availability and consistency. In addition, digital technologies such as data analytics and artificial intelligence are being applied to demand forecasting, inventory management and marketing operations, supporting more efficient resource allocation and refined operational management.

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OVERVIEW OF THE OUT-OF-HOSPITAL DIGITAL MARKETING AND SUPPLY CHAIN SERVICES TARGETING C-END

Out-of-hospital digital marketing and supply chain services targeting the C-end refer to integrated digital solutions that support pharmaceutical companies in engaging individual consumers through online retail channels. These services cover the full operational cycle—from e-commerce store management, content planning and customer service to media promotion, channel management and membership operations. By leveraging real-time sales data, sales performance analytics and membership profiling, service providers help optimize digital marketing strategies, improve conversion and build sustainable consumer loyalty.

The development of retail pharmacies in China has progressed through three distinct stages: from traditional offline pharmacies, primarily focused on physical stores and in-person drug sales; to a hybrid sales model, incorporating online prescription and limited delivery services; and most recently, evolving into digital retail pharmacies, characterized by comprehensive online sales, 24-hour operations, rapid home delivery, and value-added health management services.

However, transitioning to digital retail has introduced operational complexities, such as sophisticated inventory management, fragmented logistics, and the necessity for targeted customer engagement. Consequently, this shift highlights the growing importance of effective digital marketing strategies and integrated supply chain services. Digital marketing enables precise consumer targeting, enhanced customer retention, and optimized conversion rates, while integrated supply chain solutions address logistical challenges, streamline inventory processes, and ensure timely order fulfillment. Together, these elements are becoming critical success factors in the increasingly competitive and digital-centric out-of-hospital pharmaceutical market targeting C-end. In this context, pharmaceutical e-commerce has emerged as a key enabler, providing compliant channels for reaching patients directly.

The out-of-hospital digital marketing and supply chain services for B2C & O2O e-commerce

Depending on the type of customers served, pharmaceutical e-commerce can be categorized into B2C e-commerce and O2O e-commerce. Accordingly, the out-of-hospital digital marketing and supply chain services market targeting C-end can also be categorized based on the same logic.

B2C medical e-commerce platform serves individual customers, offering online pharmaceutical product purchasing services. In recent years, B2C healthcare e-commerce market model has grown rapidly driven by increased consumer acceptance of online medication purchases. Service providers in this market normally provide B2C e-commerce operation services, helping pharmaceutical companies increase brand exposure, accurately reach target consumers, and improve conversion rates on major online B2C platforms. They also provide full-cycle support including store management, content planning, and customer service. Service providers also assist pharmaceutical companies with consumer insights and marketing optimization, enabling them to build sustainable online user assets and enhance product promotion efficiency and long-term competitiveness in the out-of-hospital retail market.

O2O mode is also a major part of the online healthcare distribution market. The O2O pharmaceutical e-commerce platform also targets individual customers, providing online drug purchases and offline delivery services. The transaction volume of O2O pharmaceutical e-commerce is rapidly increasing, and the market exhibits diversified competition. Revenue comes from obtaining a portion of sales profits through commission of retail pharmacies.

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As external prescription fulfillment and digital retail channels expand, these C-end services have become critical infrastructure for pharmaceutical companies to strengthen brand presence and improve commercial performance in the out-of-hospital retail market.

Market size of China’s out-of-hospital digital marketing and supply chain services market Targeting C-end

The market size of China out-of-hospital digital marketing and supply chain services targeting C-end has grown rapidly in recent years. From 2020 to 2025, the market size has grown from RMB13.6 billion to RMB34.7 billion and is expected to reach RMB75.4 billion in 2030, representing a CAGR of 20.5% from 2020 to 2025 and 16.8% from 2025 to 2030. The expected lower growth rate for China’s C-end out-of-hospital pharmaceuticals digital marketing and supply chain services market from 2025 to 2030 is due to the high market base established in the preceding years. From 2020 to 2025, special factors such as the pandemic and related favorable policies drove the explosive growth in the market. Since 2025, as the effects of these one-time driving factors normalize, the market has been gradually entering a more mature phase of integrated development. Its growth momentum is shifting from reliance on external dividends to the deep operation of the existing market, optimization of supply chain efficiency, and enhancement of service value. Consequently, although the industry as a whole continues to maintain a growth trajectory, the growth rate has naturally moderated to a more sustainable level that aligns with the current market scale and developmental stage.

Competitive landscape of the out-of-hospital digital marketing and supply chain services market targeting C-end

Among the competitors in China’s out-of-hospital digital marketing and supply chain services targeting C-end, we ranked first by revenue in 2025, accounting for 5.3% of the market share in 2025.

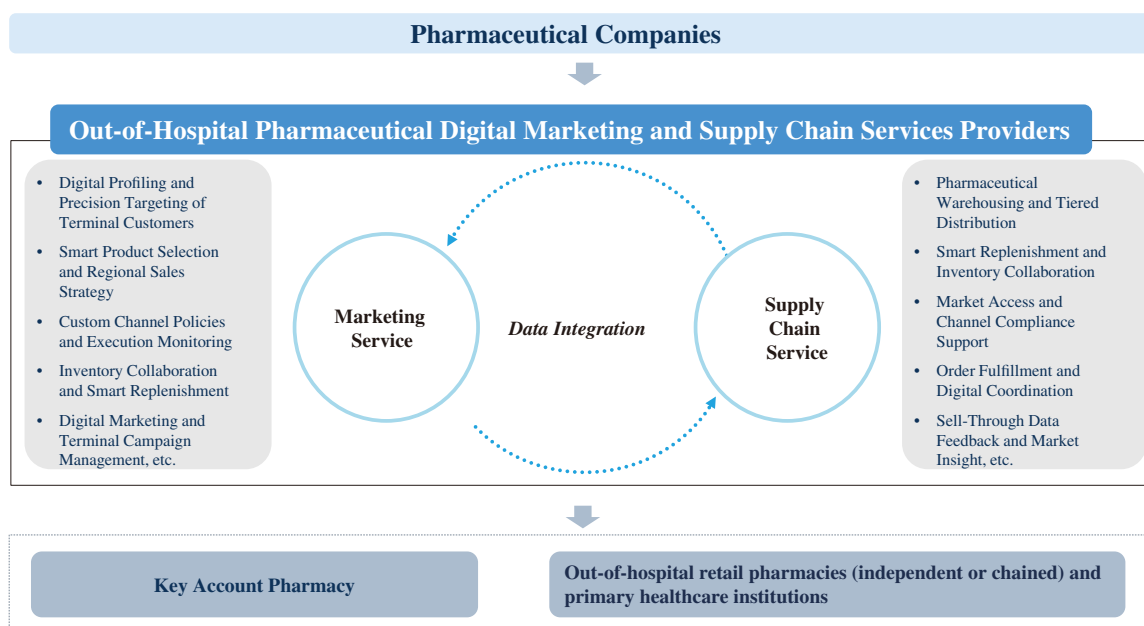
Ranking	Market players	Revenue (billions of RMB, 2025)	Market share
1	Our Group.	1.8	5.3%
2	Company C.	1.7	4.8%
3	Company A.	1.1	3.3%
4	Company D.	0.9	2.5%
5	Company B.	0.8	2.2%

OVERVIEW OF THE OUT-OF-HOSPITAL DIGITAL MARKETING AND SUPPLY CHAIN SERVICES MARKET TARGETING B-END

In the out-of-hospital retail channel, pharmaceutical companies rely on marketing and supply chain service providers to ensure efficient product distribution. Through these intermediaries, medications are delivered to a wide range of terminal points, including regional distributors, key account pharmacy chains, small- and medium-sized pharmacy chains, independent drugstores, and community clinics. Regional distributors may either serve these terminals directly or leverage B2B digital platforms to reach smaller pharmacy chains, independent stores, and clinics more efficiently. This channel helps pharmaceutical companies expand their market reach, streamline logistics, and enhance brand presence across diverse retail scenarios.

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Marketing and supply chain providers provide comprehensive support for pharmaceutical companies by integrating supply chain services, digital tools, and data-driven solutions. They help improve operational efficiency, reduce procurement and inventory costs, and optimize product assortment and replenishment cycles. By leveraging terminal-level data and intelligent analytics, these platforms enable merchants to execute precision marketing and make informed decisions, ultimately enhancing customer loyalty and sell-through performance. In an increasingly fragmented and competitive market, companies empower merchants to build a more efficient, agile, and sustainable operational system.



Source: Frost & Sullivan Analysis

Market size of the out-of-hospital digital marketing and supply chain services market targeting B-end

The size of the out-of-hospital digital marketing and supply chain services market targeting B-end has grown rapidly in recent years. From 2020 to 2025, the market size has grown from RMB161.8 billion to RMB220.9 billion and is expected to reach RMB356.7 billion in 2030, representing a CAGR of 6.4% from 2020 to 2025 and 10.1% from 2025 to 2030.

Competitive Landscape of China Out-of-Hospital Digital Marketing and Supply Chain Services Market Targeting B-end

The out-of-hospital digital marketing and supply chain services market targeting B-end is primarily dominated by industry giants such as Jointown and China Resources Pharmaceutical Commercial Group, which have extensive nationwide distribution capabilities and coverage of large national and regional pharmacy chains. Jointown provides pharmaceutical companies with nationwide distribution, brand promotion, and digital supply chain services; China Resources Pharmaceutical Commercial Group leverages its extensive hospital and retail network to offer comprehensive B-end services including distribution, logistics, channel access, and product promotion. Our company also participates in this market, focusing on enhancing supply chain efficiency, digital channel management, and marketing support for pharmaceutical manufacturers and dispensing terminals such as out-of-hospital retail pharmacies and primary healthcare institutions.

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REGULATIONS RELATING TO FOREIGN INVESTMENT

The Company Law of the PRC (《中華人民共和國公司法》), which was amended by the SCNPC on December 29, 2023 and became effective on July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”) promulgated by the National People’s Congress of the PRC (the “**NPC of the PRC**”) came into effect. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors, while the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law and other laws. The PRC government implements the administration system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The current Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and came into effect on November 1, 2024. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment and proposes the establishment of a foreign investment information reporting system.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises.

Besides, on December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

REGULATIONS RELATING TO NON-COMMERCIAL INTERNET INFORMATION SERVICES

According to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council on September 25, 2000, amended on January 8, 2011 and 6 December 2024, internet information services are categorized as either commercial or non-commercial services. The commercial internet information services are

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subject to a permit system while the non-commercial internet information services to a record-filing system. Entities engaged in providing non-commercial internet information services shall fill with competent telecom administrative authority or State Council’s department in charge of information industry.

REGULATIONS RELATING TO PHARMACEUTICAL OPERATION

In September 1984, the SCNPC promulgated the Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (the “**Drug Administration Law**”), which was amended in 2001, 2013, 2015 and 2019 respectively, to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no pharmaceutical operation, including pharmaceutical wholesale and pharmaceutical retail business, is permitted without obtaining the Pharmaceutical Operation License. If the trading of drugs is conducted without a Pharmaceutical Operation License, the illegal incomes by selling drugs shall be confiscated and the local Food and Drug Administration (the “**FDA**”, which is now known as the Medical Products Administration, or the “**MPA**”), shall impose the fine ranging from 15 to 30 times of the value of the illegally sold drugs (including sold or unsold drugs). The Implementation Rules for the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》), was promulgated by the State Council in August 2002 and amended in 2016, 2019, 2024 and 2026, which emphasized the detailed implementation rules of drugs administration. On 27 September 2023, the SAMR promulgated the Measures for the Supervision and Administration of the Quality of Pharmaceutical Operation and Use (《藥品經營和使用質量監督管理辦法》). Accordingly, pharmaceutical wholesalers or retailers must fulfill certain requirements and qualifications with respect to management system, personnel, facilities and others in order to be granted the Pharmaceutical Operation License. The valid term of the Pharmaceutical Operation License is five years and application for renewal shall be submitted within the period of six months to two months prior to its expiration. Prescription drugs may not be sold or given away by pharmaceutical retailers without valid prescriptions. The MPA shall review the renewal application in accordance with the procedures and requirements for applying for a Pharmaceutical Operation License as stipulated in Measures for the Supervision and Administration of the Quality of Pharmaceutical Operation and Use (《藥品經營和使用質量監督管理辦法》), and may conduct on-site inspections when necessary. A decision on whether to grant the Pharmaceutical Operation License shall be made prior to the expiration of the validity period of the drug supply certificate.

According to the Measures on Prescription Drugs and OTC Drugs Classification Management (Trial) (《處方藥與非處方藥分類管理辦法(試行)》) and the Interim Provisions on the Circulation of Prescription and OTC Drugs (《處方藥與非處方藥流通管理暫行規定》), which were both promulgated by the State Drug Administration, which was restructured and integrated into the SFDA, and became effective in January 2000, drugs are divided into prescription drugs and over-the-counter drugs, or OTC drugs. For prescription drugs, the dispensing, purchase and use can only be based on the prescription issued by the certified medical practitioner or certified medical assistant practitioner. In addition, the prescription drugs can only be advertised and promoted in professional medical magazines. OTC drugs, on the other hand, are further divided into Class A and Class B and they both can be purchased and used without a prescription and promoted in public upon approval by the relevant governmental authorities. The pharmaceutical wholesale enterprises distributing prescription drugs and/or OTC drugs, as well as pharmaceutical retail enterprises selling prescription drugs and/or Class-A OTC drugs are required to obtain the Pharmaceutical Operation License.

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REGULATIONS RELATING TO FOOD OPERATION

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), promulgated on February 28, 2009 and latest amended on September 12, 2025, and the Implementation Regulations of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》), issued on July 20, 2009 and latest amended on October 11, 2019, and effective on December 1, 2019, the business operators shall obtain a license in accordance with the laws and regulations in order to engage in food production, sale or catering services.

The Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) promulgated by SAMR on 15 June 2023 further stipulates the requirements and procedures of food operation licensing and filing. Except for a few specified circumstances, food operation operators shall obtain the food operation license for each business venue where they engage in food operation activities. The food operation license is valid for five years. If only pre-packaged food is sold, it must be registered with the local Market Supervision and Management Department at or above the county level. The Group has completed the filing with the local Market Supervision authority and has been granted the Food Operation Filing Certificates (食品經營備案憑證).

REGULATIONS RELATING TO INTERNET PHARMACEUTICAL TRANSACTION

On 3 August 2022, SAMR published the Supervision and Administration Measures of Online Pharmaceuticals Sales (《藥品網絡銷售監督管理辦法》) (the “**Measures for Online Pharmaceuticals Sales**”), which took effect on 1 December 2022, aiming to enhance the supervision of online pharmaceutical sales and related third-party platform services. Key obligations for online pharmaceutical sellers include operating within the approved business scope, filing with and reporting changes to the local medical products administration, and displaying the Pharmaceutical Operation License prominently on the sales page. The Measures for Online Pharmaceuticals Sales also assign specific responsibilities to third-party platform providers for overall supervision. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with Measures for Online Pharmaceuticals Sales.

For the purpose of the implementation of the Drug Administration Law and the Measures for Online Pharmaceuticals Sales, and the safety use of drugs by the public, on 30 November 2022, NMPA published the first version of the List of Drugs Prohibited for Sale Online (《藥品網絡銷售禁止清單(第一版)》) (the “**Prohibited List**”). The Prohibited List specifies the detailed categories of the drugs prohibited from selling online (the “**Prohibited Pharmaceuticals**”), including the following two main categories: (i) drugs that are prohibited from selling by laws and regulations, including vaccines, blood products, anesthetics, psychotropic drugs, toxic drugs for medical use, radiopharmaceuticals, pharmaceutical precursor chemicals, medicinal preparations of medical institutions and traditional Chinese medicine granules; and (ii) other drugs that are prohibited from online retailing.

REGULATIONS RELATING TO ONLINE DRUG INFORMATION SERVICES

According to the Administrative Measures for Online Drug Information Service (《互聯網藥品信息服務管理辦法》), promulgated by SFDA on 8 July 2004 and amended on 17 November 2017, the Internet drug information service refers to the activities of providing medical information (including medical devices) and other services to Internet users through the Internet, and where any website intends to provide Internet drug information services, it shall, prior to applying for an operation permit

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or record-filing from the State Council’s department in charge of information industry or the telecom administrative authority at the provincial level, file an application with the provincial FDA, and shall be subject to the examination and approval thereof for obtaining the qualifications for providing Internet drug information services. The validity term for a Qualification Certificate for Internet Drug Information Services is five years and may be renewed at least six months prior to its expiration date upon a re-examination by the licensing authority. Where, after examination, the original licensing authority deems the conditions satisfied, it shall issue a new certificate. Pursuant to the Measures Regarding the Administration of Drug Information Service over the Internet, the Internet drug information services are classified into two categories, namely, profit-making services and non-profit making services. Profit-making services refer to that of providing Internet users with drug information in return for service fees whilst non-profit-making services refers to that of providing Internet users with drug information which is shared and accessible by the public through the Internet free of charge. Furthermore, the information relating to drugs shall be accurate and scientific in nature, and its provision shall comply with the relevant laws and regulations. No product information of stupeficient, psychotropic drugs, medicinal toxic drugs, radiopharmaceutical, detoxification drugs and pharmaceuticals made by medical institutes shall be distributed on the website. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with Administrative Measures for Online Drug information Service. Advertisements relating to drugs (including medical devices) shall be approved by the CFDA or its competent branches, and shall specify the approval document number.

REGULATIONS RELATING TO MEDICAL DEVICES OPERATION

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (《醫療器械經營監督管理辦法》) (the “**Measures on Medical Devices**”) was promulgated by SAMR on 10 March 2022 and took effect on 1 May 2022. Pursuant to the Measures on Medical Devices, NMPA shall be responsible for the supervision and administration of nationwide business operations concerning medical devices. Medical devices are divided into three classes depending on the degree of risks of medical devices. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating license and entities engaged in distribution of Class II medical devices shall complete filings with the competent local MPA, while entities engaged in distribution of medical devices of Class I are not required to conduct any filing or obtain any license. In addition, in accordance with Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), promulgated by the State Council on 4 January 2000 and lastly amended on 6 December 2024, for those engaged in the operation of Class II medical devices, the operating enterprise shall register with the local NMPA. Class II medical devices whose product safety and effectiveness are not affected by the circulation process may be exempted from operation filing. For the operation of Class III medical devices, the operating enterprise shall apply for a business permit from the local NMPA. The Medical Devices Operation License (醫療器械經營許可證) is valid for five years. The Measures on Medical Devices stipulates that a medical device operator must apply to renew its license between 90 and 30 working days before it expires. The licensing authority will then review the application, potentially including an on-site inspection, and must decide whether to approve the renewal before the current license’s expiration date.

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REGULATIONS RELATING TO ONLINE SALES OF MEDICAL DEVICE

On 20 December 2017, the CFDA promulgated the Measures for the Administration and Supervision of Online Sales of Medical Devices (《醫療器械網絡銷售監督管理辦法》) (the “**Online Medical Devices Sales Measures**”), which became effective on 1 March 2018. According to the Online Medical Devices Sales Measures, enterprises engaged in online sales of medical devices must be medical device manufacture and operation enterprises with medical devices production licenses or operation licenses or being filed for record in accordance with laws and regulations, unless such licenses or record-filing is not required by laws and regulations. Pursuant to the Online Medical Devices Sales Measures, an enterprise engaging in online sales of medical devices shall carry out online sale of medical devices through its own website or a third-party platform for online trading services for medical devices. An enterprise engaging in online sale of medical devices through its own website shall obtain a Qualification License for Internet Drug Information Services. Enterprises engaging in online sales of medical devices shall take technical measures to ensure the data and materials of medical devices online sales are authentic, complete and retrospective. For the enterprises engaging in online sales of medical devices, such enterprises shall display its medical device production and operation license or record-filing certificate on visible place of its homepage, and the information of the medical devices published on the website shall be consistent with the related contents registered or filed for record; in addition, the business scope shall not exceed the scope of its production and operation license or the scope filed for record.

REGULATIONS RELATING TO DRUG PACKAGE INSERT AND LABELING

The Provisions for Drug Package Insert and Labeling (《藥品說明書和標籤管理規定》) issued by NMPA, establish mandatory requirements for the content and presentation of drug package inserts and labels to ensure medication safety and protect patients’ right to be informed. The regulation mandates that all information must be scientifically accurate, clear, and legible. The specific format, content, and writing requirements for the package insert must comply with the relevant regulations formulated by the NMPA.

The inner and outer labels of a drug are required to contain detailed information, including the drug name, ingredients, indications, dosage and administration, adverse reactions, contraindications, and storage conditions.

REGULATIONS RELATING TO ADVERTISING

The Advertising Law of the People’s Republic of China (2021 Amendment) (《中華人民共和國廣告法(2021年修正)》) establishes a stringent regulatory framework for drug advertising, requiring that all advertisements must undergo pre-release review and obtain approval from provincial-level market regulators, with their content strictly limited to the particulars of the package insert approved by the national drug authorities and prohibited from exceeding this scope; the law explicitly bans the use of endorsers for recommendations or testimonials, and further prohibits any assertions or guarantees of efficacy or safety, any claims regarding cure or effectiveness rates, any comparative claims against other products, and any recommendations from institutions or patients, in addition to imposing a complete ban on advertising for specific categories including narcotics, psychotropic drugs, and toxic drugs for medical use.

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REGULATIONS RELATING TO NON-MEDICAL HEALTH PRODUCTS

Pursuant to the Food Safety Law of the People’s Republic of China(《中華人民共和國食品安全法》) and the relevant provisions of the Measures for the Health Food Registration and Filing Administration(《保健食品註冊與備案管理辦法》), health food products must undergo registration or filing procedures, and their claimed health functions shall have scientific basis and shall not involve disease prevention or treatment functions. Meanwhile, according to Article 78 of the Food Safety Law, the labeling and instructions of health food products must be consistent with the registered or filed content and shall carry the statement “This product cannot replace medicine”.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMER PROTECTION

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by SCNPC on 22 February 1993 and most recently amended on 29 December 2018, applies to all production and sale activities in China. Pursuant to this law, products offered for sale must satisfy relevant quality and safety standards. Enterprises may not produce or sell counterfeit products in any fashion, including forging brand labels or giving false information regarding a product’s manufacturer. Violations of state or industrial standards for health and safety and any other related violations may result in civil liabilities and administrative penalties. Severe violations may subject the responsible individual or enterprise to criminal liabilities.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”), which was promulgated on 28 May 2020, and became effective on 1 January 2021, the infringed party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage. Where the product defects are caused by the producers, the sellers shall have the right to recover the same from the producers after paying compensation. If the products are defective due to the fault of the seller, the producer may, after paying compensation, claim the same from the seller.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on 31 October 1993 and was amended on 27 August 2009 and 25 October 2013. Under the amendments made on 25 October 2013, all business operators must pay high attention to protecting customers’ privacy and must strictly keep confidential any consumer information they obtain during their business operations. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

The Administrative Standard of Pharmaceutical Operating Quality (《藥品經營質量管理規範》) was promulgated on 25 June 2015 and was amended on 13 July 2016. The Standard requires operators to implement strict controls on their operation of pharmaceutical products, including standards regarding staff qualifications, premises, warehouses, inspection equipment and facilities, management and quality control, and to strengthen return management to guarantee drug quality and safety during the return process and prevent the mixing-in of counterfeit drugs. For retail sales, the Standard states that the drugs shall not be returned or replaced once sold for any reasons except for the reason of drug quality.

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REGULATIONS RELATING TO CYBERSECURITY AND INFORMATION SECURITY

The Decision Regarding the Protection of Internet Security (《關於維護互聯網安全的決定》), enacted by the SCNPC, on 28 December 2000 and amended on 27 August 2009, provides that any activities conducted through the internet, if constituting a crime under PRC laws, are subject to criminal punishment.

On 1 July 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》). The National Security Law provides that the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

The Cybersecurity Law of PRC (《中華人民共和國網絡安全法》), enacted by SCNPC on 7 November 2016 and amended on 28 October 2025, with the revised version taking effect from 1 January 2026, provides that network operators must set up internal security management systems that meet the requirements of a multi-level protection system for cyber security, including appointing dedicated cyber security personnel, taking technical measures to prevent computer viruses, network attacks and intrusions, taking technical measures to monitor and record network operation status and cyber security incidents, and taking data security measures such as data classification, backups and encryption.

On 13 March 2019, the CAC and the SAMR jointly issued the Notice on the Implementation of App Security Certification (《關於開展App安全認證工作的公告》), which encourages mobile application operators to voluntarily obtain app security certification, and search engines and app stores are encouraged to recommend certified applications to users.

The Measures for Cybersecurity Review (《網絡安全審查辦法》) was promulgated on 13 April 2020 and was amended on 28 December 2021, with the revised version (the “**Measures for Cybersecurity Review 2022**”) taking effect from 15 February 2022. The Measures for Cybersecurity Review 2022 provides that the relevant operators shall apply with the Cybersecurity Review Office of the CAC for a cybersecurity review under the following circumstances: (i) Internet platform operators holding over one million individuals’ personal information aiming for listing overseas; (ii) operators of “critical information infrastructure” purchasing Internet products and services that affects or may affect national security. In addition, any network product or service or any data processing activity that affects or may affect national security as deemed by member organizations of the cybersecurity review mechanism shall be reviewed under the Measures for Cybersecurity Review 2022 after the Cybersecurity Review Office reports it to the Central Cyberspace Affairs Commission as per the procedure and the latter approves a review. Article 10 of the Measures for Cybersecurity Review 2022 also set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review.

On 10 June 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》), which took effect on 1 September 2021. The Data Security Law provides for data security obligations on entities and individuals carrying out data activities. The Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is

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tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of Important Data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. However, the scope of Important Data is still under development and may be further clarified by various PRC governmental authorities by way of issuing ministry-level measures, regulatory guidelines and/or national standards. In addition, the Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information.

On 30 July 2021, the State Council promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which took effect on 1 September 2021. According to the Regulations on Security Protection of Critical Information Infrastructure, a “critical information infrastructure” refers to an important network facility and information system in important industries such as, among others, public communications and information services, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people’s livelihood, or the public interests in the event of damage, loss of function, or data leakage. The competent governmental authorities of the aforementioned important industries will be responsible for (i) organising the identification of critical information infrastructures in their respective industries in accordance with certain identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) were jointly promulgated by the MIIT, the CAC and the Ministry of Public Security (the “MPS”) on 12 July 2021 and took effect on 1 September 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to these provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. Network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to these provisions, the breaching parties may be subject to administrative penalty as regulated in accordance with the Cybersecurity Law.

On 24 September 2024, the State Council published the Network Data Security Management Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025. The Network Data Security Management Regulations require network data processors whose data processing activities affect or may affect national security to undergo a national security review in accordance with relevant state regulations.

In the meantime, the governmental authorities have also enhanced the supervision and regulation on cross-border data transfer. For example, on 7 July 2022, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the “**Measures for Cross-border Data Transfer**”) were issued by the CAC, which became effective on September 1 2022. The Measures for Cross-border Data Transfer require that any data processor providing important data collected and generated during operations within the PRC or personal information that should be subject to security

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assessment according to law to an overseas recipient shall conduct security assessment. Another example is that, on 22 February 2023, the Measures for the Prescribed Agreement on Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) (the “**Measures for Prescribed Agreement**”) were released by the CAC, which came into force on 1 June 2023. The Measures for Prescribed Agreement attach the prescribed agreement template that could be used to satisfy one of the conditions for cross-border transfer of personal information under Article 38 of the Personal Information Protection Law. On March 22 2024, the CAC issued the Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》) (the “**Cross-Border Data Flows Provisions**”), which came into effect on the same day, providing the following circumstances under which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer: (i) critical information infrastructure operators providing personal information or important data overseas; and (ii) data processors other than critical information infrastructure operators providing important data overseas, or cumulatively providing overseas personal information (excluding sensitive personal information) of more than one million individuals or sensitive personal information of more than 10,000 individuals since January 1 of the current year. “Important data” is defined under Measures for Cross-border Data Transfer as any data, the tampering, damage, leakage, or illegal acquisition or use of which, may endanger national security, the operation of the economy, social stability, public health and security, etc. The Cross-Border Data Flows Provisions also provides that, where the data processors other than critical information infrastructure operators provide personal information (excluding sensitive personal information) overseas of not less than 100,000 but not more than one million individuals, or the sensitive personal information of not more than 10,000 individuals, cumulatively as of January 1 of the current year, it shall conclude a standard contract with overseas recipients or pass the authentication on personal information protection. Articles 3 to 6 of the Cross-Border Data Flows Provisions mainly provide the exemptions from applying for the security assessment or authentication, and filing the standard contracts. Exemptions include but are not limited to international trade, cross-border transportation, academic cooperation, transactional manufacturing, marketing and other activities that do not involve personal information or important data, among others. In addition, the Cross-Border Data Flows Provisions clarify that data processors are not required to conduct security assessment for outbound data transfer for data that has not been notified or published as “important data” by relevant departments or regions. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties.

REGULATIONS RELATING TO PERSONAL INFORMATION PROTECTION

The Cybersecurity Law imposes certain data protection obligations on network operators, including that network operators may not disclose, tamper with, or damage users’ personal information that they have collected, or provide users’ personal information to others without consent. Moreover, network operators are obligated to delete unlawfully collected information and to amend incorrect information.

The Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which was issued by the MIIT on 29 December 2011 and took effect on 15 March 2012, stipulate that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of a user, unless otherwise stipulated by laws and administrative regulations. An internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information as necessary for

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the provision of its services. An internet information service provider is also required to properly store user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

The Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), which was issued by the SCNPC on 28 December 2012 and took effect on the same day, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), which was issued by the MIIT on 16 July 2013 and take effect on 1 September 2013, stipulate that any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scope.

With respect to the security of information collected and used by mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), which was issued by the CAC, the MIIT, the MPS, and the SAMR on 23 January 2019, app operators shall collect and use personal information in compliance with the Cybersecurity Law and shall be responsible for the security of personal information obtained from users and take effective measures to strengthen personal information protection. Furthermore, app operators shall not force their users to make authorisation by means of default settings, bundling, suspending installation or use of the app or other similar means and shall not collect personal information in violation of laws, regulations or breach of user agreements.

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or disclose personal information of others.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on 1 November 2021. The Personal Information Protection Law applies to the processing of personal information of individuals within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, for analyzing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations.

Furthermore, the Personal Information Protection Law stipulates the rules for cross-border transfer of personal information. Any cross-border transfer of personal information is subject to the condition that it is necessary to provide the personal information to a recipient outside the territory of the PRC due to any business need or any other need, as well as the satisfaction of at least one of the conditions prescribed by the Personal Information Law.

REGULATIONS RELATING TO ONLINE TRADING

According to the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》), as promulgated by the SAMR on 15 March 2021 and revised on 18 March 2025, an online trading business shall continuously publicize the information of business entities or a link to such information in a prominent position on the homepage of its website or the main page of its business activities.

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REGULATIONS RELATING TO ANTI-MONOPOLY

According to the PRC Anti-unfair Competition Law (《中華人民共和國反不正當競爭法》), which took effect on 1 December 1993 and last amended on 27 June 2025, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities.

The PRC Anti-monopoly law (《中華人民共和國反壟斷法》), which took effect on 1 August 2008 and last amended on 24 June 2022, prohibits monopolistic conduct such as entering into monopoly agreements, abusing market dominance and concentration of undertakings that may have the effect of eliminating or restricting competition. On 10 March 2023, the SAMR issued the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), which took effect on 15 April 2023, to further prevent and prohibit the abuse of dominant market positions. On 7 February 2021, the Anti-Monopoly Commission of the State Council promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms (《國務院反壟斷委員會關於平台經濟領域的反壟斷指南》) (“**Anti-Monopoly Guidelines**”), which took effect on the same date and will operate as a compliance guidance for platform economy operators under the existing PRC anti-monopoly laws and regulations.

REGULATIONS RELATING TO ANTI-BRIBERY

According to the Compliance Guidelines for Pharmaceutical Companies to Prevent Commercial Bribery Risks (《醫藥企業防範商業賄賂風險合規指引》) issued by the SAMR on January 10, 2025, pharmaceutical companies shall be the primary responsible entities for preventing commercial bribery risks, and shall assume primary responsibilities, strengthen internal control and compliance management to prevent commercial bribery risks, and consciously resist commercial bribery practices.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》) and related rules and regulations. The Chinese patent system adopts a first-to-file principle. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness and practicability. The duration of a patent right is either 10 years, 15 years or 20 years from the date of application, depending on the type of patent right.

Copyright

Copyrights in the PRC, including software copyrights, are principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) and related rules and regulations. Under the Copyright Law of the PRC, the term of protection for software copyrights is 50 years.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》), promulgated by the National Copyright Administration on 20 February 2002, regulate registrations of software copyrights, exclusive licensing contracts for software copyrights and assignment agreements. The National Copyright Administration administers software copyright registration and the Copyright

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Protection Center of China is designated as the software registration authority. The Copyright Protection Center of China grants registration certificates to the computer software copyrights applicants which meet the relevant requirements.

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) and related rules and regulations. Trademarks are registered with the Trademark office of National Intellectual Property Administration, formerly the Trademark Office of the State Administration of Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and effective as of 1 November 2017. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and applicants become domain name holders upon successful registration.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), employers must execute written labor contracts with full-time employees. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011 and as amended on 29 December 2018, enterprises in China are required to pay social insurance premiums, including basic endowment insurance, basic medical insurance, unemployment insurance, maternity insurance and employment injury insurance. An employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated time limit and be subject to a daily 0.05% late fee since the payment is due. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue.

According to the Regulations on Management of Housing Fund (《住房公積金管理條例》) which was promulgated by the State Council on 3 April 1999 and became effective on 3 April 1999 and as lastly amended on 24 March 2019, employers and individuals within China are required to pay housing accumulation funds. An employer that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated time limit; otherwise, an application may be made to a local court for compulsory enforcement. According to the Interpretation II of the Supreme People’s Court of Issues Concerning the Application of Law in the Trial of 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)》), which was promulgated on July 31, 2025 and came into effect on September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or undertaking invalid. Furthermore, where the employer

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fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People’s Court shall support such claims.

REGULATIONS RELATING TO LEASING

Pursuant to the Law of the PRC on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》), when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department.

According to the Civil Code, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC in March 2007 and latest amended in December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council in December 2007 and lastly amended in December 2024, other than a few exceptions, the income tax rate for both domestic enterprises and foreign-invested enterprises is 25%. Enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Besides enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. A non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. An income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Value-Added Tax

The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated by the SCNPC on December 25, 2024 and effective from January 1, 2026, together with its implementation regulations effective from the same date, supersede the previous provisional regulations. All enterprises and individuals engaged in the sale of goods, provision of services, sale of intangible assets or real property, and importation of goods within the PRC are liable for value-added tax (“VAT”). The generally applicable VAT rates are 13%, 9%, 6% and 0%.

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Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise is the beneficial owner of the dividends and directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) (the “**SAT Circular 60**”), which became effective in November 2015, require that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》) (the “**SAT Circular 35**”) on 14 October 2019, which became effective on 1 January 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular of the State Administration of Taxation on Several Issues regarding the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which was issued on 3 February 2018 by the SAT, effective as of 1 April 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to

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prove his or her status of the “beneficial owner” shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties.

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On 17 February 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant five guidelines, which came into force on 31 March 2023.

According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) domestic companies that seek to offer or list securities overseas directly means that PRC companies limited by shares offer or list securities in overseas securities markets; and (iii) any PRC company limited by shares are required to file with the CSRC within three business days after its application for overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to rectification ordered by the CSRC, warning, and fine of RMB1 million to RMB10 million.

Besides, PRC domestic companies seeking to Overseas Offering and Listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, State-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conducts Overseas Offering and Listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, shall not divulge any state secret or the work secrets of state authorities, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Measures also provides the circumstances where the Overseas Offering and Listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) that constitute threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that controlled by the controlling shareholder(s) and/or the actual controller.

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On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Provision on Confidentiality**”), which came into force on March 31, 2023. According to the Provision on Confidentiality, where any PRC domestic company provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic companies providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.

Full Circulation of H Shares

“Full Circulation” represents listing and circulating on the Stock Exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On 14 November 2019, CSRC announced the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》), as amended on 10 August 2023, which allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for “Full Circulation”. After completing the required filing with the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the transfer of registration with the China Securities Depository and Clearing Corporation Limited of the shares related to the application has been completed.

On 31 December 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share “Full Circulation” Business (《H股“全流通”業務實施細則》), which are applicable to cross-border transfer registration, depository and holding, details maintenance, transaction entrustment and instruction transmission, settlement, clearing participant management, nominee holder services and other related operations involved in H-Share Full Circulation Business.

On 20 September 2024, the CSDC issued the H-Share Full Circulation Business Guide for CSDC Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) and subsequently amended it in June 2025, which are applicable to the H-Share Full Circulation Business which includes activities such as preparation, account arrangement, cross-border transfer registration

REGULATORY OVERVIEW

and overseas centralized depository, initial records and records of changes of onshore shareholding details, corporate actions, clearing and settlement, and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Co., Ltd. amended the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which apply to the share custody and depository, nominee services, settlement arrangements and risk management measures involved in the H-Share Full Circulation Business.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on 29 January 1996 and was lastly amended on 5 August 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange, (“SAFE”) or its local counterpart is obtained.

On 30 March 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**SAFE Circular 19**”). According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

The Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “**SAFE Circular 13**”) which became effective on 1 June 2015 and was amended on 30 December 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

Pursuant to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Management Policy of Capital Account Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (“**SAFE Circular No. 16**”) issued by the SAFE on June 9, 2016, and amended on 4 December 2023, if there is any inconsistency between the previous circular (e.g., SAFE Circular No. 19) and SAFE Circular No. 16, SAFE Circular No. 16 shall prevail. SAFE Circular No. 16 will standardize the settlement of foreign exchange for all domestic institutions. In addition, the use of foreign exchange earnings from capital items by domestic institutions shall comply with the principles of truthfulness and self-consumption within the scope of business operation.

REGULATORY OVERVIEW

On 26 January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities.

According to the Circular of the People’s Bank of China and the State Administration of Foreign Exchange on Issues Related to the Administration of Funds Related to Overseas Listings by Domestic Enterprises (Yin Fa [2025] No. 252) (《關於境內企業境外上市資金管理有關問題的通知》), which took effect on April 1, 2026, a domestic joint stock company that completes an overseas listing or issuance of overseas depositary receipts following recordation with the China Securities Regulatory Commission is required to apply for overseas listing registration with a bank in its place of incorporation within 30 working days of the first trading day or the completion of any over-allotment. Proceeds from such overseas listings must, in principle, be repatriated to China promptly; any overseas retention for purposes such as overseas direct investment, overseas securities investment, or overseas lending must be approved or filed with the competent authorities prior to the completion of the overseas offering or over-allotment. Funds repatriated in foreign currency are to be deposited into the company’s capital account-settlement accounts and may be settled into RMB at the company’s discretion, while funds repatriated in RMB may be deposited into either capital account-settlement accounts or domestic RMB bank settlement accounts. The use of proceeds must remain consistent with the relevant content specified in publicly disclosed documents, including the document, bond offering circular, shareholder circular, and resolutions of the board of directors or shareholders’ meeting.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are a leading out-of-hospital pharmaceutical service provider in China specialized in digital marketing and supply chain services. Our Company was originally established in May 2004 by Mr. Zhao Haifeng (趙海峰) (“**Mr. Zhao**”) and Mr. Huang Yu (黃宇) (“**Mr. Huang**”), whose interests were subsequently acquired by Mr. Chen in April 2018. Under the leadership of Mr. Chen, the chairman of the Board, an executive Director and one of the Controlling Shareholders, we have developed an in-house digital precision marketing system and integrated our digitalized business and data platforms with intelligent logistics infrastructure. This enables us to deliver comprehensive omni-channel pharmaceutical sales services to pharmaceutical companies. Please refer to the section headed “Directors and Senior Management” for details relating to Mr. Chen’s experience and qualification.

MILESTONES OF DEVELOPMENT

The following is a summary of our major business development milestones:

Year	Event
2004	Our Company was established as a limited liability company in Guangzhou, Guangdong, the PRC, under the former name of Guangdong Kanghong Pharmaceutical Co., Ltd. (廣東康虹醫藥有限公司).
2019–2021	We underwent a strategic repositioning and began focusing on out-of-hospital pharmaceutical market. Our sales volume increased significantly from between 2019 and 2021 as we launched our fully integrated digitalized sales to target individual customers.
2020	The name of our Company was changed from Guangdong Kanghong Pharmaceutical Co., Ltd. to Guangdong Rong Tai Pharmaceutical Co., Ltd. (廣東融泰醫藥有限公司) in September.
2021	We completed the Angel Round Pre-[REDACTED] Financing (as defined below) and the Series A Pre-[REDACTED] Financing (as defined below).
2022	On August 30, 2022, our Company was converted into a joint stock company with limited liability under the name of Guangdong Rong Tai Pharmaceutical Co., Ltd. (廣東融泰藥業股份有限公司).
2022–2024	Our revenue maintained a steady growth, reaching approximately RMB2,875.3 million in 2024, as we became a leading out-of-hospital pharmaceutical service provider in China specialized in digital marketing and supply chain services, having established and began utilizing our database of 1.7 million dispensing terminals and downstream buyers.
	We completed the Series B Pre-[REDACTED] Financing (as defined below).
2025	In July, our B2B SaaS platform was officially launched.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal business activities, date and place of establishment of each of our major subsidiaries, which made a material contribution to our results of operations during the Track Record Period, as of the Latest Practicable Date:

Name of Entity	Principal Business Activities	Date and place of establishment	Shareholding
Guangzhou Yikangsi . . .	Retail of pharmaceutical products	January 22, 2021	100%
Rong Tai Shenyang . . .	Pharmacy sector wholesale	August 8, 2002	51% ⁽¹⁾
Wuhan Yikangsi	System operation, research and development	September 30, 2021	82% ⁽²⁾

Notes:

- On April 2, 2024, our Company made a capital contribution of approximately RMB10,408,000 in Rong Tai Shenyang as a strategic move to expand our sales network to cover the north-eastern region of the PRC. As of the Latest Practicable Date, Rong Tai Shenyang was owned as to 49% by Shenyang Manxin Business Service Partnership (Limited Partnership)* (瀋陽滿鑫商務服務合夥企業(有限合夥)) (“**Shenyang Manxin**”), which was in turn owned as to 12% by Mr. Liu Xin (劉鑫) as general partner, 56% by Mr. Yu Shihui (于世輝) as limited partner, and an aggregate of 32% by the remaining three individual limited partners (with none of them holding 30% or more). Apart from Mr. Zhang Hongliang (張洪亮), a former employee of Rong Tai Shenyang, each of the remaining partners of Shenyang Manxin is a current employee of Rong Tai Shenyang.
- As of the Latest Practicable Date, Wuhan Yikangsi was owned as to 80% by the Company and 20% by Wuhan Yirongkang Enterprise Management Partnership (Limited Partnership)* (武漢益融康企業管理合夥企業(有限合夥)) (“**Wuhan Yirongkang**”). As of the same date, Wuhan Yirongkang was owned as to 25% by Mr. Zhou Zhiyong (周智勇) as general partner, 10% by Guangzhou Yikangsi as limited partner, and an aggregate of 65% by the remaining seven individual limited partners (with none of them holding 30% or more). Other than Guangzhou Yikangsi, an direct wholly-owned subsidiary of our Company, each of the eight individual partners of Wuhan Yirongkang is a current employee of our Company or Wuhan Yikangsi.

MATERIAL ACQUISITION, MERGER AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we considered to be material to us.

MAJOR SHAREHOLDING CHANGES OF OUR GROUP

1. Early development of our Company and acquisition by Mr. Chen

On May 9, 2004, our Company was established as a limited liability company in the PRC with an initial registered capital of RMB5,000,000, which was owned as to 50.00% and 50.00% by Mr. Zhao and Mr. Huang, respectively. Mr. Zhao is one of our substantial Shareholders. Mr. Huang is a business partner of Mr. Zhao and is an independent third party. Since our inception, our Company had engaged primarily in the sale of pharmaceutical products.

In April 2018, Mr. Chen acquired an aggregate of 50% equity interest in our Company at a consideration of RMB2,500,000, being equivalent to the amount of registered capital acquired. Our Company became owned as to 50.00% and 50.00% by Mr. Zhao and Mr. Chen, respectively as at April 27, 2018.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

At the relevant time, Mr. Chen, who already had years of experience in the pharmaceutical industry, identified the Company as an established platform undergoing transformation that could capture the rapid growth of the out-of-hospital pharmaceutical market in the PRC. To the best of our knowledge, Mr. Huang, on the other hand, was looking to divest his investment in light of his own investment objectives and the Company’s demand for further investment to enable continuous development. Consequently, the aforesaid acquisition allowed Mr. Chen to pursue further business development in the out-of-hospital market with the Company while allowing Mr. Huang to divest his original investment in the Company. For further information of Mr. Chen’s experience in the pharmaceutical sector, see the section headed “Directors and Senior Management”.

2. Shareholding changes between 2019 and 2020

Between August 2019 and January 2020, our Company underwent a series of equity transfers in furtherance of our original plans to procure a [REDACTED] with an offshore [REDACTED] vehicle. As part of such transfers, (i) Hengrong Techno Limited (恒榮技研有限公司) (“**Hengrong Techno**”), an independent third party of the Company, first acquired equity interests of RMB125,000, each representing 2.5% equity interests in the Company, from each of Mr. Chen and Mr. Zhao, for a total consideration of RMB125,000 in August 2019, and (ii) Mr. Chen, Mr. Zhao and Hengrong Techno transferred all their shares to Hong Kong Rongtai in December 2019, such that our Company became wholly owned by Hong Kong Rongtai Health Company Limited (香港融泰健康有限公司) (“**Hong Kong Rongtai**”), currently a wholly owned subsidiary of our Company which was then owned by Mr. Chen and Mr. Zhao indirectly in equal shares, in December 2019. Considering that the Company decided not to pursue the offshore and is restructured back as an onshore investment vehicle, Hengrong Techno re-invested in the Company by way of subscribing new shares in the Company at such valuation was the same as that for the aforementioned equity transfers that took place in August 2019. For details, please refer to the paragraph headed “— 4. Subscription by employee shareholding platform and Hengrong Techno in October 2020” in this section below.

In September 2020, we no longer wished to pursue the aforesaid offshore restructuring and underwent further equity transfers, such that we became owned as to 49.5% by Mr. Chen, 49.5% by Mr. Zhao and 1.0% by Hong Kong Rongtai.

3. Pre-[REDACTED] Investments

We have entered into several rounds of Pre-[REDACTED] Investments with our Pre-[REDACTED] Investors. For further details, please refer to the paragraphs headed “—Details of the Pre-[REDACTED] Investments” in this section below.

As of the Latest Practicable Date, all considerations for subscriptions or acquisition of Shares from the Company or our Shareholders have been irrevocably settled and legally completed.

4. Subscription by employee shareholding platform and Hengrong Techno in October 2020

In October 2020, Guangzhou Changfeng and Hengrong Techno, respectively, subscribed for RMB2,578,125 and RMB234,375 of the registered capital of the Company at consideration of RMB25,781,250 and RMB2,343,750, which took into account the valuation of the Group in August 2019, when Hengrong Techno first acquired equity interest in our Company. These subscriptions were completed and fully settled by Guangzhou Changfeng and Hengrong Techno on May 18, 2021 and December 4, 2020 respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Guangzhou Changfeng was established in the PRC as a limited partnership on May 21, 2018. As of the Latest Practicable Date, Guangzhou Changfeng serves as an employee shareholding platform and was owned as to approximately 3.03% by Mr. Chen, our chairman of the Board, executive Director and one of the Controlling Shareholders, acting as the sole general partner of Guangzhou Changfeng. Mr. Chen is responsible for the management of Guangzhou Changfeng. The remaining equity interests were held by nine limited partners, none of whom owns 30% or more of the partnership interests of Guangzhou Changfeng, including, among others, Mr. Luo Qi (駱旗), Mr. Wang Dong (王東) and Mr. Zhang Baozeng (張寶增), each an executive Director, Mr. Zhang Weizheng (張衛征) and Mr. Cheng Huaping (程華平), each a member of our senior management, and Ms. Chen Dongqing (陳冬青), our mid-level management and sister of Mr. Chen. As of the Latest Practicable Date, Guangzhou Changfeng held approximately 24.48% of the issued Shares.

Hengrong Techno is a private company incorporated in Hong Kong which is owned as to Shu Koka as to 60% and SHU Tsugumine as to 40%. At the time of its first introduction as a shareholder in August 2019, our Company intended to engage Shu Tsugumine as an external consultant to assist in developing overseas markets. The shareholding by Hengrong Techno was therefore not for financing purposes, and Hengrong Techno is not a professional investment institution. Accordingly, the nature of Hengrong Techno’s investment shall be distinguished from other Pre-[REDACTED] Investors. Hengrong Techno is an investment holding company and each of its shareholders is an independent third party.

5. Conversion into a Joint Stock Company with Limited Liability

On July 18, 2022, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company to Guangdong Rong Tai Pharmaceutical Co., Ltd. (廣東融泰藥業股份有限公司). Pursuant to the promoters’ agreement entered into by all the then Shareholders on even date, all promoters approved the conversion of RMB367,919,166.31 in net assets value of our Company as of October 31, 2021 into 10,283,246 Shares of RMB1 par value each, with the remaining RMB357,635,920.31 in net assets converted to capital reserves of our Company. The 10,283,246 Shares were issued to the then Shareholders of our Company in proportion to their capital contribution to our Company. Upon the completion of registration on August 30, 2022, our Company was converted into a joint stock company with limited liability, and renamed as Guangdong Rong Tai Pharmaceutical Co., Ltd. (廣東融泰藥業股份有限公司).

6. 2025 Share Transfers

Pursuant to the share transfer agreement dated August 31, 2025, (i) Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) (“**Shenzhen Capital**”) agreed to transfer 117,188 shares, representing approximately 1.11% of the equity interest in our Company, to A & B Assets Management at the consideration of RMB26,417,534; and (ii) Shenzhen Hongtu Healthcare Industry Equity Investment Fund Partnership (Limited Partnership)* (深圳紅土醫療健康產業股權投資基金合夥企業(有限合夥)) (“**Hongtu Healthcare**”) agreed to transfer 58,594 shares, representing approximately 0.56% of the equity interest in our Company, to A & B Assets Management at the consideration of RMB13,191,233. The consideration was fully settled on September 4, 2025.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pursuant to the share transfer agreement dated August 31, 2025, Nanshan Hongtu agreed to transfer 88,735 shares, representing approximately 0.84% of the equity interest in our Company, to Nanjing Ruike Venture Capital Partnership (Limited Partnership) (南京瑞可創業投資合夥企業(有限合夥)) (“**Nanjing Ruike**”) at the consideration of RMB20,000,000. The consideration was fully settled on September 3, 2025.

Pursuant to the share transfer agreement dated August 31, 2025, Nanshan Hongtu agreed to transfer 110,918 shares, representing approximately 1.05% equity interest of the Company, to Lisheng Investment Development (Guangzhou) Co., Ltd. (麗生投資發展(廣州)有限公司) (“**Lisheng Investment**”) at the consideration of RMB25,000,000. The consideration was fully settled on September 2, 2025.

Pursuant to the share transfer agreement dated August 31, 2025, Nanshan Hongtu agreed to transfer 22,184 shares, representing approximately 0.21% equity interest of the Company, to Chongqing Tongchuang Mingyu Enterprise Management Partnership (Limited Partnership) (重慶同創銘宇企業管理合夥企業(有限合夥)) (“**Chongqing Mingyu**”) at the consideration of RMB5,000,000. The consideration was fully settled on September 1, 2025.

Pursuant to the share transfer agreement dated August 31, 2025, Qinghai Ningda agreed to transfer 46,530 shares, representing approximately 0.44% of the equity interest in our Company, to Chongqing Mingyu at the consideration of RMB10,000,000. The consideration was fully settled on September 5, 2025.

To the best of the Company’s knowledge, the divestments of investments in 2025 were attributable to the following reasons: (i) Nanshan Hongtu and Hongtu Healthcare disposed of their respective shareholdings as their investment funds were approaching maturity; (ii) Shenzhen Capital divested its shareholding pursuant to its internal policy requiring coordinated investment or exit with other affiliated funds, and Nanshan Hongtu, Hongtu Healthcare, Shenzhen Capital are affiliated entities; and (iii) Qinghai Ningda divested its shareholding to pursue other investment opportunities in line with its own commercial decisions and investment objectives.

To the best of the Company’s knowledge, the share transfers mentioned above (collectively, the “**2025 Share Transfers**”) were entered into after arm’s length negotiations, taking into consideration of the financial performance and business prospects of the Company and prevailing market conditions. Immediately after the 2025 Share Transfers, A & B Assets Management, Nanjing Ruike, Lisheng Investment and Chongqing Mingyu held approximately 11.42%, 0.84%, 1.05% and 0.65% of the equity interest in our Company, respectively.

7. Share Subdivision

Pursuant to the resolutions of our shareholders passed on September 10, 2025, the Share Subdivision was approved, under which each Share with a par value of RMB1 in the share capital of our Company will be subdivided into ten Shares with a par value of RMB0.1 each. The Share Subdivision will take effect upon the [REDACTED] becoming unconditional and immediately prior to the completion of the [REDACTED]. Following the Share Subdivision, our registered capital will be RMB10,532,417, divided into 105,324,170 Shares, each with a par value of RMB0.1.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

DETAILS OF THE PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

Our Company concluded several rounds of investments with the Pre-[REDACTED] Investors. The following table summarizes the key terms of the Pre-[REDACTED] Investments to our Company made by the Pre-[REDACTED] Investors by way of subscription:

	Angel Round Pre-[REDACTED] Financing ⁽¹⁾	Series A Pre-[REDACTED] Financing ⁽²⁾	Series B Pre-[REDACTED] Financing ⁽³⁾
Date of agreement	December 11, 2020	May 28, 2021	May 6, 2024
Last date of settlement	March 31, 2021	August 4, 2021	May 11, 2024
Approximate cost per Share ⁽⁴⁾ . .	HK\$5.12	RMB17.07	RMB25.28
Amount of registered capital/Shares subscribed	RMB976,600	RMB1,494,146	RMB249,171
Amount of consideration paid for equity subscription	RMB50,000,000	RMB255,000,000	RMB63,000,000
Discount to the [REDACTED] ⁽⁵⁾	[86.7]%	[51.4]%	[28.0]%
Valuation of our Company ⁽⁶⁾ . . .	Pre-money: Approx. RMB400 million ⁽⁷⁾ Post-money: Approx. RMB450 million	Pre-money: Approx. RMB1,500 million ⁽⁸⁾ Post-money: Approx. RMB1,755 million	Pre-money: Approx. RMB2,600 million ⁽⁹⁾ Post-money: Approx. RMB2,663 million
Basis of determination of the valuation and consideration . . .	The basis of determination for the consideration of the Pre-[REDACTED] Investments were from arm’s length negotiation between our Company and the Pre-[REDACTED] Investors after benchmarking similar companies in the industry, with reference to among others, (i) the status of our business operations and financial performance at the relevant time, (ii) the business value of the Company and its subsidiaries at the time of the Pre-[REDACTED] Investments, and (iii) the market conditions and the market value of comparable companies at the relevant time. For details, see notes (7), (8) and (9) below.		
Use of proceeds and whether they have been fully utilized	We utilized the proceeds for the development and operation of our principal business of our Group. As of the Latest Practicable Date, approximately 100% of the net proceeds from the Angel Round Pre-[REDACTED] Financing, the Series A Pre-[REDACTED] Financing and Series B Pre-[REDACTED] Financing had been utilized by our Group.		
[REDACTED] period	Subject to a [REDACTED] period of 12 months following the [REDACTED] pursuant to the PRC Company Law.		

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

	Angel Round Pre-[REDACTED] Financing ⁽¹⁾	Series A Pre-[REDACTED] Financing ⁽²⁾	Series B Pre-[REDACTED] Financing ⁽³⁾
Strategic benefits of the Pre-[REDACTED] Investments brought to our Group	Our Group would benefit from the additional capital injected by the Pre-[REDACTED] Investors in our Group, their business resources, knowledge and experience, potential business opportunities and benefits that may be provided by them, and their investments demonstrate their commitment and confidence in the business performance and operations, strengths and long-term prospects of our Group. Further, one of our non-executive Directors represent certain of our Pre-[REDACTED] Investors and he complements our executive Directors to support good corporate governance.		

Notes:

- (1) Investors who subscribed equity interest as part of our capital increase in the Angel Round Pre-[REDACTED] Financing include A & B Assets Management (as defined below). Our Angel Round Pre-[REDACTED] Financing also involved transfers of equity interests amounting to RMB665,237 for a total consideration of approximately RMB40.2 million in aggregate, from Mr. Chen, Mr. Zhao and investment vehicle controlled by them, as applicable. Such share transfers were agreed in December 2020 and fully settled by April 2021. Accordingly, investors involved in our Angel Round Pre-[REDACTED] Financing include A & B Assets Management, Shanghai Shengqi, Tianjin Kangchen (each as defined below) and Ms. Huang Maohui (黄茂慧), an independent third party.
- (2) Investors who subscribed equity interest as part of our capital increase in the Series A Pre-[REDACTED] Financing include Nanshan Hongtu, Guangzhou Zhengda, Ningbo Weiming, Lishui Tongda, Fuhai Youxuan No. 2, Shenzhen Capital, Hangzhou Huipu, Qianhai Kekong Fuhai, Hongtu Healthcare and Horgos Dadao (each as defined below). Our Series A Pre-[REDACTED] Financing also included transfers of equity interests amounting to RMB292,970 for a total consideration of RMB50 million in aggregate from Mr. Zhao. Such share transfers were agreed in May and June 2021 and fully settled by July 2021. Accordingly, investors involved in our Series A Round Pre-[REDACTED] Financing include Nanshan Hongtu, Guangzhou Zhengda, Ningbo Weiming, Lishui Tongda, Fuhai Youxuan No. 2, Shenzhen Capital, Hangzhou Huipu, Qianhai Kekong Fuhai, Hongtu Healthcare, Horgos Dadao, Hangzhou Hida and Ningbo Xianda (other than Shenzhen Capital and Hongtu Healthcare, each as defined below).
- (3) Investors who subscribed equity interest as part of our capital increase in the Series B Pre-[REDACTED] Financing include Ezhou Changrong, Wu'e Tongcheng and Ningbo Shida (each as defined below). In April 2022, Mr. Zhao, as transferor, and Taizhou Sida, Qinghai Ningda and Horgos Dadao (each as defined below), each as a transferee, agreed to transfer equity interests of RMB336,054 in aggregate for a total consideration of RMB100 million with anti-dilution rights granted in favour of the transferees. Such transfers were fully settled in June 2022.

In May 2024, the aforesaid anti-dilution rights were exercised following the subscription under the Series B Pre-[REDACTED] Financing. Pursuant to the exercise of such rights, the total equity interests held by the aforesaid transferees were increased from RMB336,054 to RMB465,305 and was completed in June 2024.

Accordingly, the Series B Pre-[REDACTED] Financing involves Taizhou Sida, Qinghai Ningda, Horgos Dadao (each as defined below), Ezhou Changrong, Wu'e Tongcheng and Ningbo Shida.

- (4) The cost per Share paid by the Pre-[REDACTED] Investors was calculated based on the amount of investment made by the relevant Pre-[REDACTED] Investors and number of Shares acquired in each respective round of investment, as adjusted to reflect subsequent capital injections, the conversion of our Company from a limited liability company to a joint stock limited liability company in August 30, 2022 and the Share Subdivision.
- (5) The discount to the [REDACTED] is calculated based on the foreign exchange rate as of the Latest Practicable Date and the assumption that the [REDACTED] is [REDACTED] per H Share (being the mid-point of the indicative [REDACTED] range).
- (6) The post-money valuation of our Company equals the total consideration paid by each round of Pre-[REDACTED] Investors divided by the percentage of equity interests held of such investors immediately following their investments.
- (7) The valuation of our Company for the Angel Round Pre-[REDACTED] Financing was determined by arms-length negotiation considering the Group having established a fully integrated supply chain across regions in China and a proprietary e-commerce platform for pharmaceutical e-commerce in late 2020 and early 2021.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (8) The valuation of our Company for the Series A Round Pre-[REDACTED] Financing was determined by arms-length negotiation considering the Group achieved significant sales volume increase between 2019 and 2020. The increase in valuation during the Series A financing was primarily driven by significant improvements in our operational performance and strategic positioning during the period between the Angel Round Financing and the Series A Financing. During this period, the Group undertook a number of strategic initiatives, including the establishment of two major subsidiaries, Guangzhou Yikangsi and Wuhan Yikangsi, which expanded the Group’s business coverage and enhanced its service capabilities. We began developing marketing services to empower sales, resulting in a substantial improvement in revenue generation. These developments reflect a material enhancement in the Group’s financial performance and growth prospects, which were key factors considered by the investors in determining the valuation for the Series A financing.
- (9) The valuation of our Company for the Series B Round Pre-[REDACTED] Financing was determined by arms-length negotiation considering the Group achieved significant sales volume increase in 2022 and 2023.

Special rights granted to the Pre-[REDACTED] Investors

Certain Pre-[REDACTED] Investors were granted special rights including divestment rights, information rights, rights of first refusal, restrictions on sale, drag-along rights, anti-dilution right, and/or right of entitlement of same favorable terms offered to other investors by the Company and/or certain existing Shareholders. Save for the divestment rights, which have been terminated before our submission of [REDACTED] application to the Stock Exchange, all the other special rights have been or will be terminated before [REDACTED].

In the event that: (i) our Company withdraws our [REDACTED] application; (ii) our [REDACTED] application is rejected or returned by the Stock Exchange; or (iii) our Company fails to complete our [REDACTED] for any other reasons, the divestment rights granted by the existing Shareholders, and the special rights other than the divestment rights granted by the Company, shall be reinstated. The divestment rights granted by the Company had been irrecoverably terminated in October 2021.

Information regarding the Pre-[REDACTED] Investors

The background information of our Pre-[REDACTED] Investors is set out below. To the best of the Company’s knowledge, information and belief, all the Pre-[REDACTED] Investors are independent third parties.

Name of the Pre-[REDACTED] Investors

Background

A & B Assets Management Limited (佐佑資產管理有限公司) (“A & B Assets Management”)

A & B Assets Management is a private company limited by shares established under the laws of Hong Kong and primarily engages in investment holding. A & B Assets Management is wholly-owned by A & B Brother Limited incorporated in the British Virgin Islands whose shares are 100% owned by Mr. Lam Kong (林剛). Mr. Lam is the controlling shareholder, chairman and chief executive of CMS. Each of A & B Assets Management, CMS and Mr. Lam is an independent third party, but for the interests held by A & B Assets Management in the Shares, which rendered it a substantial Shareholder of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Shanghai Shengqi Enterprise Management Partnership (Limited Partnership)* (上海聖齊企業管理合夥企業(有限合夥)) (“**Shanghai Shengqi**”)

Background

Shanghai Shengqi is a limited partnership established under the laws of the PRC and is managed by Beijing Apollo Jupiter Biopharmaceutical Technology Co., Ltd.* (北京阿波羅木星生物醫藥科技有限公司) (“**Beijing Apollo**”) and Shenzhen Gaosheng Consulting Management Co., Ltd.* (深圳高聖諮詢管理有限公司) (“**Shenzhen Gaosheng**”), as its general partners. Beijing Apollo is wholly-owned by Shanghai Yansheng Enterprise Management Co., Ltd.* (上海嚴聖企業管理有限公司), which is in turn wholly-owned by Beijing Minzhahui Information Consulting Co., Ltd.* (北京民智匯信息諮詢有限公司), a company held by Mr. Chen Yiqian (陳亦謙), an independent third party, as to 99.00%. Shenzhen Gaosheng is owned as to 45.00% by Beijing Apollo and as to 55.00% by Shenzhen Taiyi Investment Co., Ltd.* (深圳泰壹投資有限公司), which is in turn owned as to 80.00% by Mr. Qu Rong (瞿鎔), an independent third party. As of the Latest Practicable Date, Shanghai Shengqi was owned as to approximately 4.09% by Beijing Apollo, 0.04% by Shenzhen Gaosheng, 61.98% by Mr. Deng Hui (鄧輝), an independent third party, and 33.88% by Ningbo Meishan Bonded Port Area Gaosheng Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區高聖投資管理合夥企業(有限合夥)) (“**Ningbo Meishan**”). Ningbo Meishan is owned as to approximately 12.20% by Mr. Qiu Sinian (仇思念), an independent third party, and five limited partners, none of which holds one-third or more of the interest therein. Shanghai Shengqi primarily engages in investment.

Tianjin Kangchen Ruixin Pharmaceutical Group Co., Ltd.* (天津康晨瑞信醫藥集團有限公司) (“**Tianjin Kangchen**”), together with A & B Assets Management, Shanghai Shengqi and Huang Maohui (黃茂慧), the “**Angel Round Pre-[REDACTED] Investors**”)

Tianjin Kangchen is a company established under the laws of the PRC with limited liability. As of the Latest Practicable Date, Tianjin Kangchen was owned as to 20% by Total Success Development Limited and as to 80% by Tianjin Langhui Pharmaceutical Technology Development Co., Ltd.* (天津朗輝醫藥科技發展有限公司), which is in turn wholly-owned by Mr. Zhu Jiang (朱江), an independent third party. Tianjin Kangchen primarily engages in investment in pharmaceutical and healthcare industry.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Background

Shenzhen Nanshan Hongtu Equity Investment Fund Partnership (Limited Partnership)* (深圳市南山紅土股權投資基金合夥企業(有限合夥)) (“**Nanshan Hongtu**”)

Nanshan Hongtu is a fund in the form of limited partnership established under the laws of the PRC whose general partner is Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd.* (深圳市南山紅土股權投資基金管理有限公司). Shenzhen Nanshan Hongtu Equity Investment Fund Management Co., Ltd. is wholly owned by Shenzhen Capital. Major limited partners of Nanshan Hongtu include (1) Shenzhen Hongtu Venture Capital Co., Ltd. (深圳市紅土創業投資有限公司), a wholly-owned subsidiary of Shenzhen Capital, holding 40.00% of the limited partnership interest in Nanshan Hongtu, and (2) Shenzhen FOF Investment Co., Ltd. (深圳市引導基金投資有限公司) and Shenzhen Huitong Financial Holdings Fund Investment Co., Ltd. (深圳市匯通金控基金投資有限公司), each a local government investment platform in Shenzhen and holding 35.00% and 14.00% of the limited partnership interest in Nanshan Hongtu. Save as disclosed above, Nanshan Hongtu has no other limited partner which individually holds more than 10.00% limited partnership interest in Nanshan Hongtu. Nanshan Hongtu primarily engages in private equity investment fund management, venture capital fund management services.

Guangzhou Zhengda Venture Capital Partnership (Limited Partnership)* (廣州正達創業投資合夥企業(有限合夥)) (“**Guangzhou Zhengda**”)

Guangzhou Zhengda is a limited partnership established under the laws of the PRC. Its general partners are: (1) Tianjin Haida Venture Capital Management Co., Ltd.* (天津海達創業投資管理有限公司) (“**Tianjin Haida**”), which is owned as to 50.02% by Tianjin Xinhua Enterprise Management Consulting Co., Ltd.* (天津信華企業管理諮詢有限公司) and 49.98% by Hangzhou Yiheng Equity Investment Partnership (Limited Partnership)* (杭州義恒股權投資合夥企業(有限合夥)); and (2) Hangzhou Haidabicheng Entrepreneurship Investment Management Partnership (Limited Partnership) (杭州海達必成創業投資管理合夥企業(有限合夥)) (“**Hangzhou Haidabicheng**”). Tianjin Xinhua Enterprise Management Consulting Co., Ltd. is owned as to 83.70% by Mr. Wang Wengang (王文剛) and 16.30% by Mr. Liu Jie (劉傑), each an independent third party. Hangzhou Yiheng Equity Investment Partnership (Limited Partnership) is owned as to 51.00% by Mr. Hu Deyuan (胡德源) as general partner and 49.00% by Mr. Jiang Huiming (蔣惠明) as limited partner, each an independent third party. As of the Latest Practicable Date, Guangzhou Zhengda was owned as to approximately 3.77% by Tianjin Haida and approximately 1.13% by Hangzhou Haidabicheng. Guangzhou Zhengda had 12 limited partners, holding approximately 95.10% of the interest in Guangzhou Zhengda in aggregate, the largest of which are Mr. Yue Yang, an independent third party, and Guangzhou Small and Medium Enterprise Development Fund Co., Ltd. (廣州中小企業發展基金股份有限公司), each holding approximately 18.87% of its partnership interest. Guangzhou Zhengda primarily engages in venture capital investment and consultancy services.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Background

Ningbo Meishan Free Trade Port Zone Weiming Venture Capital Partnership (Limited Partnership)* (寧波梅山保稅港區惟明創業投資合夥企業(有限合夥)) (“**Ningbo Weiming**”)

Ningbo Weiming is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Meishan Free Trade Port Zone Zijin Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區子今投資管理合夥企業(有限合夥)), which is controlled by Ms. Liu Xiaojuan (柳小娟), an independent third party. As of the Latest Practicable Date, Ningbo Weiming had ten limited partners, holding approximately 99.50% of the interest in Ningbo Weiming in aggregate, of which, 30.62% was held by Ningbo Haorong Enterprise Management Consulting Co., Ltd.* (寧波浩榮企業管理諮詢有限公司) as the largest limited partner. Ningbo Weiming is principally engaged in capital investments with an investment focus on the manufacturing, technology, media, telecommunications, pharmaceuticals industries.

Lishui Tongda Venture Capital Partnership (Limited Partnership)* (麗水同達創業投資合夥企業(有限合夥)) (“**Lishui Tongda**”)

Lishui Tongda is a limited partnership established under the laws of the PRC, and its general partners are Tianjin Haida and Hangzhou Haidabicheng, each holding approximately 0.65% of the interests. As of the Latest Practicable Date, Lishui Tongda had 14 limited partners, holding approximately 98.71% of the interest in Lishui Tongda in aggregate, the largest of which is Mr. Yang Yuliang (楊玉良), an independent third party, holding approximately 19.35% of its partnership interest. Lishui Tongda is primarily engaged in venture capital investment.

Shenzhen Fuhai Youxuan No. 2 High-tech Venture Capital Partnership (Limited Partnership)* (深圳市富海優選二號高科技創業投資合夥企業(有限合夥)) (“**Fuhai Youxuan No. 2**”)

Fuhai Youxuan No. 2 is a limited partnership established in the PRC. It is principally engaged in equity investment in new technology industry and venture capital investment. Its general partner is Shenzhen Dongfang Fuhai Venture Capital Management Co., Ltd. (深圳市東方富海創業投資管理有限公司) (“**Dongfang Fuhai Venture Capital**”), which is in turn wholly owned by Shenzhen Oriental Fortune Capital Co., Ltd. (深圳市東方富海投資管理股份有限公司) (“**OFC**”). As of the Latest Practicable Date, OFC is held by a total of 19 shareholders, including (i) Mr. Chen Wei (陳瑋), an independent third party, the chairman of OFC, and his controlled entities, namely Wuhu Fuhai Jiutai Investment Consulting Partnership (Limited Partnership)* (蕪湖市富海久泰投資諮詢合夥企業(有限合夥)) and Wuhu Fuhai Juli Investment Consulting Partnership Enterprise (Limited Partnership)* (蕪湖市富海聚利投資諮詢合夥企業(有限合夥)) as to 48.42%, (ii) Guangdong Baolihua New Energy Co., Ltd.* (廣東寶麗華新能源股份有限公司), an independent investor and the second largest shareholder of OFC as to 27.78%, and (iii) 15 other independent investors or shareholders of OFC, each holding no more than 10.00% of the interests in OFC. OFC focuses on the investment in technology, media and telecom, green technology, new material and advanced manufacturing technology and healthcare sectors. As of the Latest Practicable Date, Fuhai Youxuan No. 2 was held as to (i) 2.51% by Dongfang Fuhai Venture Capital, (ii) 5.01% by OFC and (iii) 92.48% by 44 other limited partners, none of which holds one-third or more of the interest therein.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Background

Hangzhou Huipu Direct
Equity Investment
Partnership (Limited
Partnership)* (杭州匯普直
方股權投資合夥企業(有限
合夥)) (“**Hangzhou
Huipu**”)

Hangzhou Huipu is a limited partnership established in the PRC owned by Zhongsheng Huipu (Tianjin) Investment Management Corporation Limited (中盛匯普(天津)投資管理有限公司) (“**Zhongshenghuipu Investment**”) as to 70.00%, Hangzhou Haidabicheng as to 10.00%, both acting as its general partner, and Mr. Dong Shihai (董世海) as to 20.00%. Zhongshenghuipu Investment is owned as to 80.00% by Zhongshenghuipu (Tianjin) Technology Co., Ltd. (中盛匯普(天津)科技有限公司), which is in turn wholly-owned by Mr. Tao Jianguo (陶建國), an independent third party.

Shenzhen Qianhai Kekong
Fuhai Youxuan Venture
Capital Partnership (Limited
Partnership)* (深圳市前海
科控富海優選創業投資合夥
企業(有限合夥)) (“**Qianhai
Kekong Fuhai**”)

Qianhai Kekong Fuhai is a limited partnership established in the PRC, the general partner of which is Shenzhen Qianhai Kekong Gangshen Venture Capital Investment Co., Ltd. (深圳市前海科控港深創業投資有限公司), being owned as to 50.00% by OFC, 30.00% by Gangshenlian Investment (Shenzhen) Co., Ltd.* (港深聯投資(深圳)有限公司) (“**Gangshenlian Investment**”) and 20.00% by Shenzhen Qianhai DreamWorks Operation Co., Ltd.* (深圳市前海夢工廠運營有限公司) (“**Qianhai Menggongchang**”). As of the Latest Practicable Date, Gangshenlian Investment is owned as to 50.00% by Ms. Tao Wenshi (陶文詩), 35.00% by Mr. Hu Yi (胡翊), and 15.00% by Mr. Xie Yifeng (謝一鋒), each an independent third party. Qianhai Menggongchang is wholly-owned by Shenzhen Qianhai Industrial Development Group Co., Ltd.* (深圳市前海產業發展集團有限公司), which is in turn wholly-owned by Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen (Shenzhen Qianhai Comprehensive Bonded Zone Administration (深圳市前海港深現代服務業合作區管理局(深圳市前海綜合保稅管理局))). As of the Latest Practicable Date, Qianhai Kekong Fuhai had 45 limited partners, the largest of which is Jiaying Dongjiashun Phase II Equity Investment Partnership (Limited Partnership)* (嘉興東家順二期股權投資合夥企業(有限合夥)) holding approximately 16.20% of its partnership interest, while none of the other ultimate beneficial owners of Qianhai Kekong Fuhai is interested in more than 10.00% partnership interest.

Horgos Dadao Venture Capital
Co., Ltd.* (霍爾果斯達到創
業投資股份有限公司)
 (“**Horgos Dadao**”)

Horgos Dadao is a limited liability company established in the PRC wholly owned by Tianjin Haida. It is primarily engaged in equity investment and venture capital investment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Background

Hangzhou Hida Mingde

Venture Capital Partnership (Limited Partnership)* (杭州海達明德創業投資合夥企業(有限合夥)) (“**Hangzhou Hida**”)

Hangzhou Hida is a limited partnership established in the PRC. Its general partner is Horgos Dadao, holding approximately 3.69% of the partnership interests. As of the Latest Practicable Date, Hangzhou Hida had nine limited partners, holding approximately 96.31% of the interest in Hangzhou Hida in aggregate, the largest of which is Tibet Taida Xinyuan Technology Co., Ltd.* (西藏泰達新原科技有限公司), holding approximately 36.86% of the partnership interests. Tibet Taida Xinyuan Technology Co., Ltd. is wholly-owned by Tianjin Taida Science and Technology Investment Co., Ltd.* (天津泰達科技投資股份有限公司), of which the largest shareholder is Tianjin Taida Industrial Development Group Co., Ltd.* (天津泰達產業發展集團有限公司), ultimately controlled by Tianjin Economic and Technological Development Zone State-owned Assets Supervision and Administration Bureau* (天津經濟技術開發區國有資產監督管理局). Hangzhou Hida is an established fund specializing on investments in the biopharmaceutical sector.

Ningbo Xianda Venture

Capital Partnership (Limited Partnership)* (寧波先達創業投資合夥企業(有限合夥)) (“**Ningbo Xianda**”, together with Nanshan Hongtu, Guangzhou Zhengda, Ningbo Weiming, Lishui Tongda, Fuhai Youxuan No. 2, Shenzhen Capital, Hangzhou Huipu, Qianhai Kekong Fuhai, Hongtu Healthcare, Horgos Dadao and Hangzhou Hida, the “**Series A Pre-[REDACTED] Investors**”)

Ningbo Xianda is a limited partnership established under the laws of the PRC, and its general partners are Tianjin Haida, holding approximately 1.82% of the interests, and Hangzhou Haidabicheng, holding approximately 0.45% of the interests. As of the Latest Practicable Date, Ningbo Xianda had 12 limited partners, holding approximately 97.73% of the interest in Ningbo Xianda in aggregate, the largest of which is Mr. Dai Jiangang (戴建鋼), an independent third party, holding approximately 22.73% of its partnership interest. Ningbo Xianda is primarily engaged in equity investment and venture capital investment.

Taizhou Sida Venture Capital

Partnership (Limited Partnership)* (台州思達創業投資合夥企業(有限合夥)) (“**Taizhou Sida**”)

Taizhou Sida is a limited partnership established under the laws of the PRC and, its general partners are Tianjin Haida, holding approximately 3.68% of the interests, and Hangzhou Haidabicheng, holding approximately 0.74% of the interests. As of the Latest Practicable Date, Taizhou Sida had 10 limited partners, holding approximately 95.58% of the interest in Taizhou Sida in aggregate, the largest of which is Ms. Wang Ping (王萍), an independent third party, holding approximately 18.38% of its partnership interest. Ms. Chen Qiao, our non-executive Director, is one of the limited partners, holding approximately 2.94% of the partnership interest. Taizhou Sida is primarily engaged in equity investment and venture capital investment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors

Background

Qinghai Ningda Venture

Capital Co., Ltd.* (青海寧達創業投資有限責任公司) (“**Qinghai Ningda**”)

Qinghai Ningda is a limited liability company established in the PRC. As of the Latest Practicable Date, Qinghai Ningda was owned as to 51.00% by Shunliban Information Services Co., Ltd.* (順利辦信息服務股份有限公司) and 49.00% by Qinghai State-owned Assets Investment Management Co., Ltd.* (青海省國有資產投資管理有限公司), which is in turn owned as to approximately 94.30% by State-owned Assets Supervision and Administration Commission of Qinghai Province* (青海省政府國有資產監督管理委員會) and approximately 5.69% by Qinghai Guoyuan Social Security Fund Investment Management Co., Ltd.* (青海國源社保基金投資管理有限責任公司). Shunliban Information Services Co., Ltd. primarily engages in e-marketing and software services. Qinghai Ningda is primarily engaged in equity investment and venture capital investment.

Ezhou Changrong

Development
No. 1 Special Investment
Fund Partnership (Limited
Partnership)* (鄂州市昌融
發展壹號專項投資基金合夥
企業(有限合夥)) (“**Ezhou
Changrong**”)

Ezhou Changrong is a limited partnership established under the laws of the PRC. As of the Latest Practicable Date, Ezhou Changrong was owned as to 1.00% by Ezhou Changrong Private Equity Fund Management Co., Ltd.* (鄂州市昌融私募基金管理股份有限公司), 15.00% by Mr. Lu Yanting (陸彥廷), an independent third party, and 84.00% by Ezhou Wu’e Science and Technology Innovation Industry Investment Fund Partnership (Limited Partnership) (鄂州市武鄂科創產業投資基金合夥企業(有限合夥)). Both of Ezhou Changrong Private Equity Fund Management Co., Ltd. and Ezhou Wu’e Science and Technology Innovation Industry Investment Fund Partnership (Limited Partnership) are ultimately wholly-owned by State-owned Assets Supervision and Management Commission of Ezhou Municipal People’s Government* (鄂州市國有資產監督管理委員會). Ezhou Changrong is primarily engaged in equity investment.

Wu’e Tongcheng Development Science and Technology Innovation Industry Investment Fund Partnership (Limited Partnership)* (湖北武鄂同 城發展科創產業投資基金合 夥企業(有限合夥)) (“**Wu’e Tongcheng**”)

Wu’e Tongcheng is a limited partnership established under the laws of the PRC. As of the Latest Practicable Date, Wu’e Tongcheng was owned as to approximately 0.10% by Hubei Gaotou Huimeng Venture Capital Management Co., Ltd.* (湖北高投匯盟創業投資管理有限公司) as general partner, 29.97% by Changjiang Xinshidai Ezhou Industrial Investment Fund Partnership (Limited Partnership)* (長江鑫時代鄂州產業投資基金合夥企業(有限合夥)) as limited partner and 69.93% by Hubei Ezhou Huarong District Urban Construction Investment Co., Ltd.* (湖北鄂州華容區城市建設投資有限公司) as limited partner. Hubei Gaotou Huimeng Venture Capital Management Co., Ltd. is wholly-owned by Hubei Provincial High Technology Industry Investment Co., Ltd.* (湖北省高新產業投資集團有限公司), which in turn is controlled by State-owned Assets Supervision and Administration Commission of Hubei Provincial People’s Government (湖北省人民政府國有資產監督管理委員會). Hubei Ezhou Huarong District Urban Construction Investment Co., Ltd. is wholly-owned by Finance Bureau of Huarong District Ezhou City* (鄂州市華容區財政局). Wu’e Tongcheng is primarily engaged in equity investment.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of the Pre-[REDACTED]

Investors	Background
Ningbo Shida Enterprise Management Partnership (Limited Partnership)* (寧波適達企業管理合夥企業(有限合夥)) (“ Ningbo Shida ”) (together with Taizhou Sida, Qinghai Ningda, Ezhou Changrong, and Wu’e Tonghceng, the “ Series B Pre-[REDACTED] Investors ”)	Ningbo Shida is a limited partnership established under the laws of the PRC, with its general partner being Ningbo Jiayi Enterprise Management Co., Ltd. (寧波嘉奕企業管理有限公司), holding approximately 0.38% of the interest in Ningbo Shida. As of the Latest Practicable Date, Ningbo Jiayi Enterprise Management Co., Ltd. was owned as to 70% by Foshan Xiaoguo Enterprise Management Co., Ltd. (佛山市小果企業管理有限公司), which was in turn owned as to 99% by Ms. Liang Xiaoyun (梁小雲), an independent third party. As of the Latest Practicable Date, Ningbo Shida had 11 limited partners, holding approximately 99.62% of the interest in Ningbo Shida in aggregate, the largest of which are Mr. He Botao (何波濤) and Mr. Zhou Jianqiang (周劍強), each holding approximately 15.27% of its partnership interest. All limited partners of Ningbo Shida are independent third parties. Ningbo Shida is primarily engaged in equity investment.
Chongqing Mingyu	Chongqing Mingyu is a limited partnership established under the laws of the PRC. As of the Latest Practicable Date, Chongqing Mingyu is owned as to approximately 66.67% by its general partner Zhong Xuan, and 33.33% by its limited partner Qiao Lin, each an independent third party. Chongqing Mingyu is primarily engaged in equity investment.
Lisheng Investment	Lisheng Investment is a limited liability company established in the PRC. As of the Latest Practicable Date, Lisheng Investment is owned as to 100% by Fu Yaobo, an independent third party. Lisheng Investment is primarily engaged in equity investment.
Nanjing Ruike	Nanjing Ruike is a limited partnership established under the laws of the PRC. As of the Latest Practicable Date, Nanjing Ruike is owned as to 98% by its general partner Sun Jue, and 2% by its limited partner Wen Shuyan, each an independent third party. Nanjing Ruike is primarily engaged in equity investment.

Sole Sponsor’s Confirmation

The Sole Sponsor has confirmed that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New [REDACTED] Applicants.

PRC Legal Advisor’s Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the Pre-[REDACTED] Investments in all material respects, and the Pre-[REDACTED] Investments were conducted in compliance with the applicable PRC laws and regulations in all material respects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALIZATION

The table below sets out the capitalization of our Company as of the date of this Document and immediately upon the completion of the Share Subdivision and the [REDACTED] (assuming that the [REDACTED] is not exercised):

Shareholder	As of the date of this document		Upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)			
	Number of Unlisted Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares
Our Controlling Shareholders						
Mr. Chen	2,299,218	21.83%	[REDACTED]	[REDACTED]	—	—
Guangzhou Changfeng	2,578,125	24.48%	[REDACTED]	[REDACTED]	—	—
Sub-total	4,877,343	46.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Shareholders						
Mr. Zhao	1,277,270	12.13%	[REDACTED]	[REDACTED]	—	—
A & B Assets Management	1,202,382	11.42%	[REDACTED]	[REDACTED]	—	—
Tianjin Haida⁽¹⁾						
Guangzhou Zhengda	281,251	2.67%	[REDACTED]	[REDACTED]	—	—
Taizhou Sida	269,877	2.56%	[REDACTED]	[REDACTED]	—	—
Lishui Tongda	181,641	1.72%	[REDACTED]	[REDACTED]	—	—
Ningbo Xianda	174,024	1.65%	[REDACTED]	[REDACTED]	—	—
Hangzhou Hida	116,016	1.10%	[REDACTED]	[REDACTED]	—	—
Horgos Dadao	13,442	0.13%	[REDACTED]	[REDACTED]	—	—
Sub-total	1,036,251	9.83%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	As of the date of this document		Upon completion of the Share Subdivision and the [REDACTED] (assuming the [REDACTED] is not exercised)			
	Number of Unlisted Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Unlisted Shares	Approximate ownership percentage in Unlisted Shares
Shanghai Shengqi	351,564	3.34%	[REDACTED]	[REDACTED]	—	[REDACTED]
Ningbo Weiming	234,376	2.23%	[REDACTED]	[REDACTED]	—	[REDACTED]
Hengrong Techno	234,375	2.23%	[REDACTED]	[REDACTED]	—	[REDACTED]
Mr. Tan Yi	175,782	1.67%	[REDACTED]	[REDACTED]	—	[REDACTED]
Qinghai Ningda	144,245	1.37%	[REDACTED]	[REDACTED]	—	[REDACTED]
Wu'e Tongcheng	118,653	1.13%	[REDACTED]	[REDACTED]	—	[REDACTED]
Fuhai Youxuan No. 2	117,188	1.11%	[REDACTED]	[REDACTED]	—	[REDACTED]
Hangzhou Huipu	117,188	1.11%	[REDACTED]	[REDACTED]	—	[REDACTED]
Lisheng Investment	110,918	1.05%	[REDACTED]	[REDACTED]	—	[REDACTED]
Nanjing Ruike	88,735	0.84%	[REDACTED]	[REDACTED]	—	[REDACTED]
Qianhai Kekong Fuhai	87,891	0.83%	[REDACTED]	[REDACTED]	—	[REDACTED]
Tianjin Kangchen	87,891	0.83%	[REDACTED]	[REDACTED]	—	[REDACTED]
Ezhou Changrong	79,102	0.75%	[REDACTED]	[REDACTED]	—	[REDACTED]
Nanshan Hongtu	71,133	0.68%	[REDACTED]	[REDACTED]	—	[REDACTED]
Chongqing Mingyu	68,714	0.65%	[REDACTED]	[REDACTED]	—	[REDACTED]
Ningbo Shida	51,416	0.49%	[REDACTED]	[REDACTED]	—	[REDACTED]
Others						
Other investors taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]	—	[REDACTED]
Total	10,532,417	100%	[REDACTED]	[REDACTED]	—	[REDACTED]

Notes:

- (1) As of the Latest Practicable Date, Tianjin Haida is indirectly interested in the 1,036,251 Shares held by Guangzhou Zhengda, Taizhou Sida, Lishui Tongda, Ningbo Xianda, Hangzhou Hida and Horgos Dadao, amounting to approximately 9.83% of the Company's total issued share capital.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires that there must be an open market in the securities for which listing is sought. This will normally mean that for a class of securities new to listing, at least a minimum prescribed percentage of that class of securities must be held by the public at the time of listing. Where the expected market value of the class of securities at the time of listing is over HK\$6,000,000,000 but not exceeding HK\$30,000,000,000, the minimum prescribed percentage is determined at the higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK\$1,500,000,000 at the time of listing; and (ii) 15%. Assuming that the [REDACTED] is not exercised, based on an [REDACTED] of (i) [REDACTED] per Share (being the minimum [REDACTED] of the indicative [REDACTED] range), the [REDACTED] of our Shares immediately upon [REDACTED] is expected to be [REDACTED]; (ii) [REDACTED] per Share (being the mid-point of the indicative [REDACTED] range), the [REDACTED] of our Shares immediately upon [REDACTED] is expected to be [REDACTED]; and (iii) [REDACTED] per Share (being the maximum [REDACTED] of the indicative [REDACTED]), the [REDACTED] of our Shares immediately upon [REDACTED] is expected to be [REDACTED]. Accordingly, at least 15% of the total number of issued shares must be held by public upon [REDACTED] (based on the minimum [REDACTED] and maximum [REDACTED] of the indicative [REDACTED] range).

Immediately upon completion of the [REDACTED], a total of [REDACTED] H Shares held by our core connected persons, including Mr. Chen, Guangzhou Changfeng, Mr. Zhao and A & B Assets Management, will not be counted towards the public float of the Company, representing approximately [REDACTED] of our total issued Shares upon [REDACTED]. A total of [REDACTED] H Shares to be held by Guangzhou Zhengda, Taizhou Sida, Lishui Tongda, Ningbo Xianda, Hangzhou Hida, Horgos Dadao, Qinghai Ningda and Hangzhou Huipu will be excluded from the calculation of public float. A total of [REDACTED] H Shares converted from the Unlisted Shares and will be held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company), and the [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised) will count towards public float of the Company, which represents approximately [REDACTED] of our total issued Shares upon [REDACTED]. The public float of our Company immediately upon completion of the [REDACTED] is higher than the prescribed percentage of Shares required to be held in public hands under Rule 8.08(1) of the Listing Rules, thereby satisfying Rule 8.08(1) of the Listing Rules.

[REDACTED]

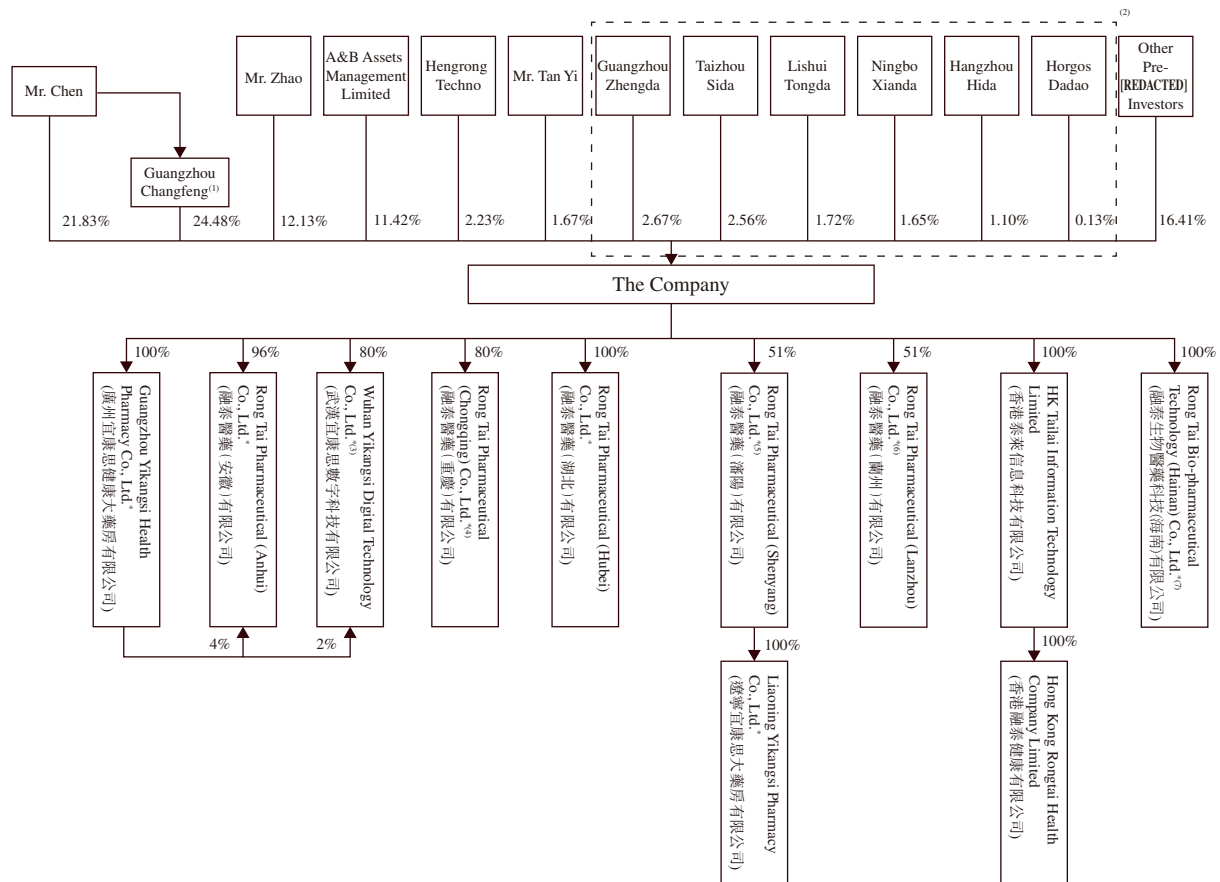
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

Our corporate and shareholding structure immediately prior to the completion of the Share Subdivision and the [REDACTED] is as follows:



Notes:

- (1) As of the Latest Practicable Date, Guangzhou Changfeng was owned as to approximately 3.03% by Mr. Chen, who was acting as the sole general partner.
- (2) As of the Latest Practicable Date, Tianjin Haida is indirectly interested in the 1,036,251 Shares held by Guangzhou Zhengda, Taizhou Sida, Lishui Tongda, Ningbo Xianda, Hangzhou Hida and Horgos Dadao, amounting to approximately 9.84% of the Company's total issued share capital.
- (3) As of the Latest Practicable Date, Wuhan Yikangsi was owned as to 80% by the Company and 20% by Wuhan Yirongkang. As of the same date, Wuhan Yirongkang was owned as to 25% by Mr. Zhou Zhiyong (周智勇) as general partner, 10% by Guangzhou Yikangsi as limited partner, and an aggregate of 65% by the remaining seven individual limited partners (with none of them holding 30% or more). Other than Guangzhou Yikangsi, a direct wholly-owned subsidiary of our Company, each of the eight individual partners of Wuhan Yirongkang is a current employee of our Company or Wuhan Yikangsi.
- (4) As of the Latest Practicable Date, the remaining 20% equity interest of Rong Tai Chongqing was owned as to 10% by Chongqing Rongli Enterprise Management Partnership (Limited Partnership) (重慶融粒企業管理合夥企業(有限合夥)) (“**Chongqing Rongli**”), as to 6% by Chongqing Rongju Enterprise Management Partnership (Limited Partnership) (重慶融聚企業管理合夥企業(有限合夥)) (“**Chongqing Rongju**”), and as to 4% by Chongqing Rongshi Enterprise Management Partnership (Limited Partnership) (重慶融勢企業管理合夥企業(有限合夥)) (“**Chongqing Rongshi**”). Chongqing Rongli was owned as to 70% by Ms. Zhao Li (趙麗) as general partner, and 30% by Ms. Zhang Qi (張琪) as limited partner, each an Independent Third Party. Chongqing Rongju was owned as to 83.33% by Ms. Yang Jiangping (楊建萍) as general

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

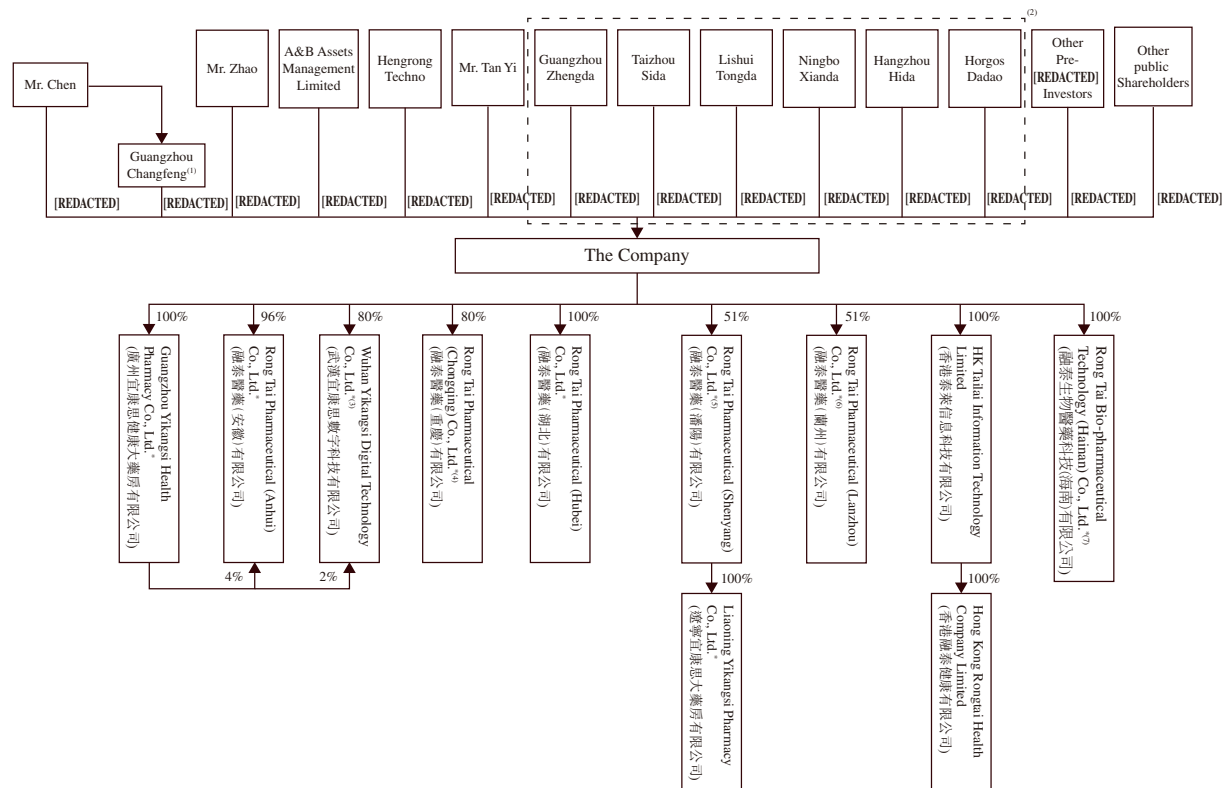
partner, and 16.67% by Ms. Li Jifeng (李繼鳳) as limited partner, each a current employee of Rong Tai Chongqing. Chongqing Rongshi was owned as to 50% by Ms. Hang Lingmei (杭玲美) as general partner, and 50% by Mr. Sang Xiaoxiao (桑曉曉) as limited partner, each an Independent Third Party.

- (5) As of the Latest Practicable Date, the remaining 49% equity interest of Rong Tai Shenyang was owned as to 49% by Shenyang Manxin, which was in turn owned as to 12% by Mr. Liu Xin (劉鑫) as general partner, 56% by Mr. Yu Shihui (于世輝) as limited partner, and an aggregate of 32% by the remaining three individual limited partners (with none of them holding 30% or more). Apart from Mr. Zhang Hongliang (張洪亮), a former employee of Rong Tai Shenyang, each of the partners of Shenyang Manxin is a current employee of Rong Tai Shenyang.
- (6) As of the Latest Practicable Date, the remaining 49% equity interest of Rong Tai Lanzhou was owned as to 49% by Gansu Jianyou Pharmaceutical Co., Ltd. (甘肅健友藥業有限公司), which was in turn owned as to 92.61% and controlled by Mr. Han Hekuan (韓河寬), an Independent Third Party.
- (7) On October 31, 2025, our Company completed the acquisition of the 100% equity interest in Rong Tai Bio-pharmaceutical Technology (Hainan) Co., Ltd.*, which was formerly known as Hainan Kangruihe Bio-pharmaceutical Technology Co., Ltd. (海南康瑞和生物醫藥科技有限公司), (“**Rong Tai Hainan**”) from independent third parties for a total consideration of RMB5 million, which was determined based on arm’s length negotiation after considering the net asset value and the strategic value of the business of Rong Tai Hainan.

During the Track Record Period, the amount of asset held and the revenue generated by Rong Tai Hainan in 2025 insignificant and Rong Tai Hainan was operating at loss. Each of the applicable size tests is below 5% for the purpose of Rule 4.05A of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED]

Our corporate and shareholding structure immediately after the Share Subdivision and the [REDACTED] is as follows:



Note: Please refer to notes (1) – (7) of the sub-section headed “—Corporate Structure Immediately prior to the [REDACTED]” in this section above for details.

BUSINESS

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.

BUSINESS

- (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

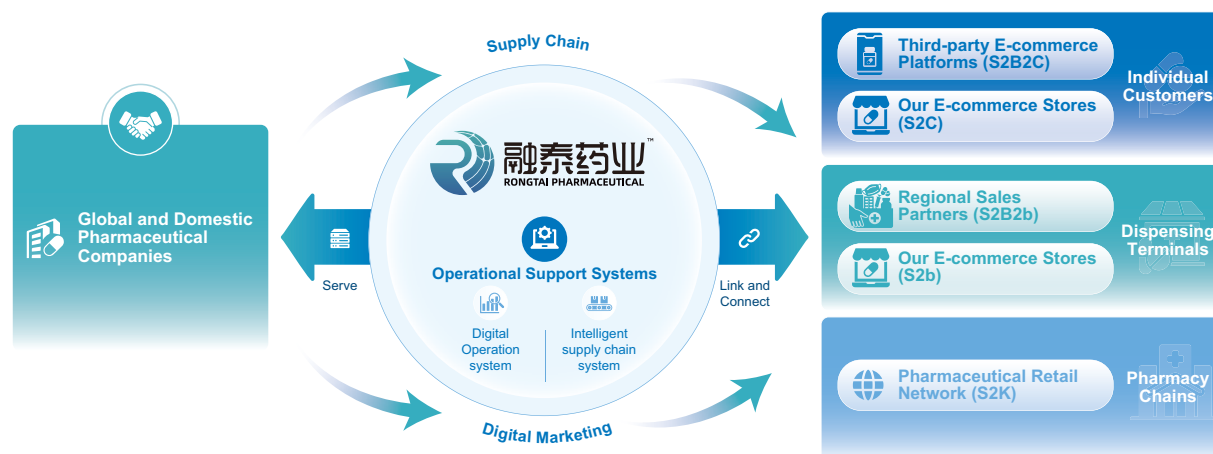
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NLP + Rasa based 24/7 customer service, (iv) draw a comprehensive knowledge map for business partners to assist decision-making, and (v) launch AI powered auto-compliance monitoring to mitigate regulatory risks.

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.”

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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.

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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

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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

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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.

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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.

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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.

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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 Viatriis (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

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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 (羚銳). 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.

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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.

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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.

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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

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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.

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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.

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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.

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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.

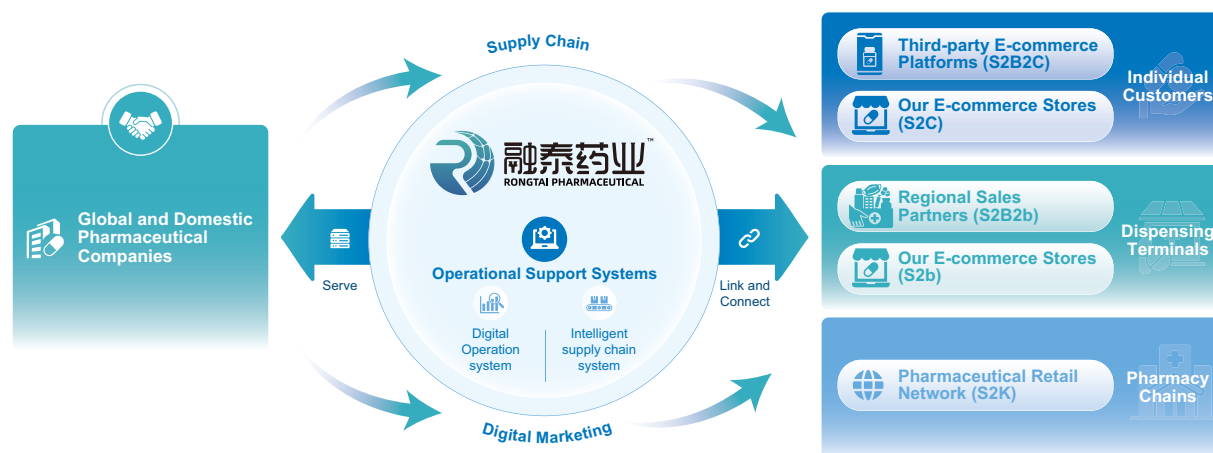
For marketing and supply chain services provided in relation to B2C sales of pharmaceutical products, we generally collaborated with pharmaceutical companies to develop comprehensive marketing services. We alight on marketing strategies, new media brand promotion plan and staged investment, covering 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.

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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.

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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.

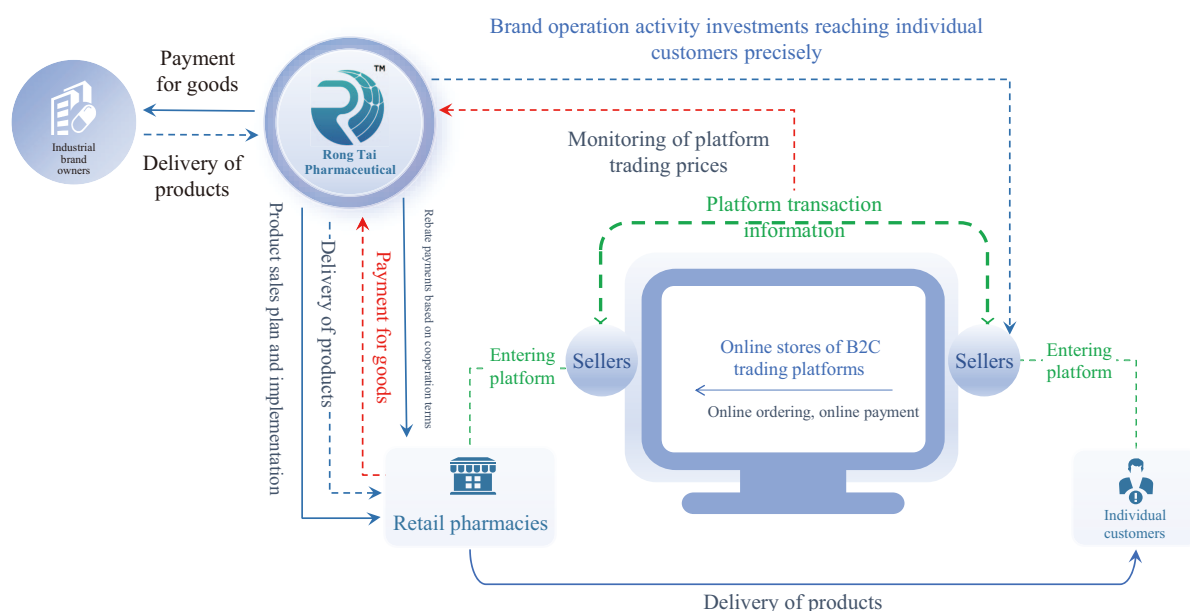
Specifically, we provide e-commerce operation services, comprehensive supply chain management services, brand performance optimization, and comprehensive market intelligence.

- *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.

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- *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;

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- *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.

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- *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)

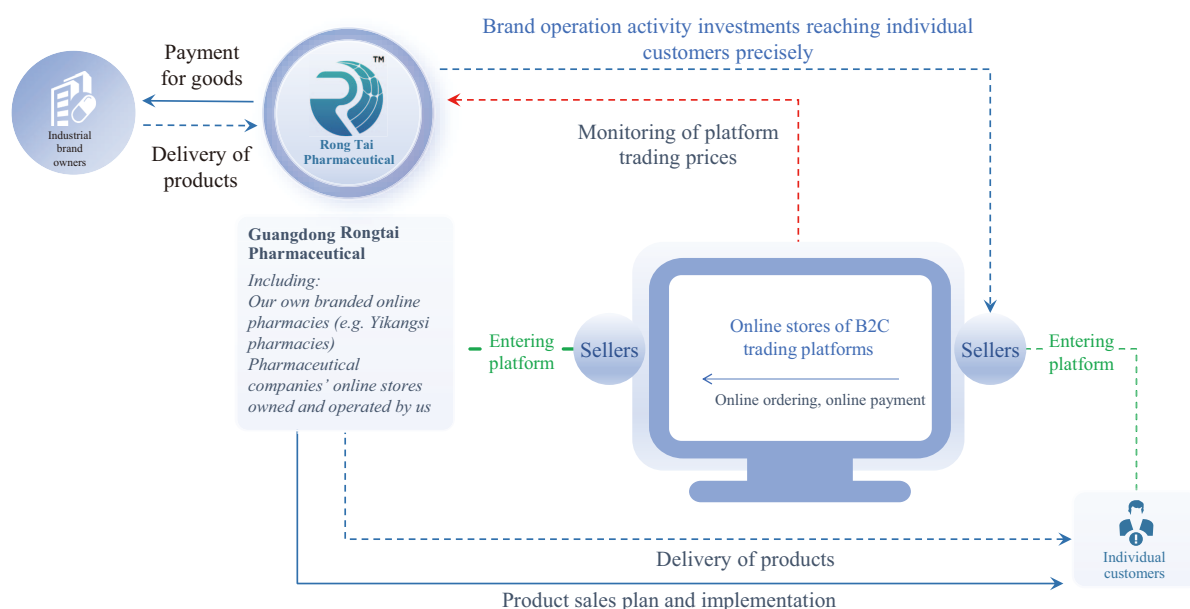
Apart from selling through third-party e-commerce platforms, we have also established our own online sales channel—Yikangsi pharmacies, our retail pharmacy brand targeting individual customers. Our Yikangsi pharmacies primarily function as a direct-to-consumer sales channel whereas our S2B2C model serves 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 loyalty, 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.

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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

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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

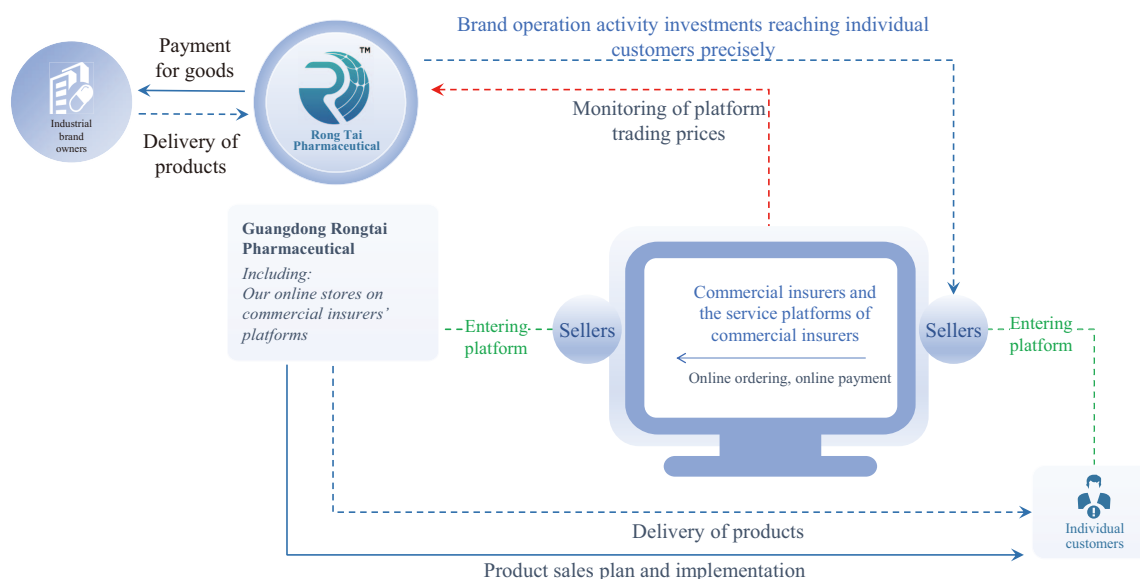
To address patients’ unmet demand arising from limited social health insurance, we partnered with commercial insurers to create a “healthcare-medication-insurance” closed-loop model. This model provides commercially insured patients with affordable access to high-quality medication, particularly original, 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.

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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 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.

Sales through Regional Sales Partners (S2B2b)

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 diagram illustrates the Rong Tai Pharmaceutical supply chain model, showing the flow of goods, payments, and information between various stakeholders:

- Industrial brand owners** (represented by a building icon) provide **Payment for goods** to **Rong Tai Pharmaceutical** and receive **Delivery of products**.
- Rong Tai Pharmaceutical** (represented by a logo) manages **Brand operation activity investments reaching terminals precisely** and monitors **platform trading prices**.
- Regional partners** (represented by a building icon) receive **Delivery of products** from Rong Tai Pharmaceutical and provide **Payment for goods** (labeled **DTP directly connected to real-time sales and inventory data**).
- Sellers** (represented by a person icon) interact with **Online stores of B2b trading platforms** for **Online ordering, online payment**.
- Dispensing Terminals** (represented by a person icon) receive **Delivery of products** from Regional partners and provide **Payment for goods** to Rong Tai Pharmaceutical.
- Information flow** includes **Platform transaction information** from Sellers to Rong Tai Pharmaceutical and **Entering platform** from Sellers and Dispensing Terminals to the online stores.

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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 Period by geographic region.

Regions in China	Year ended December 31		
	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

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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.

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- *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.

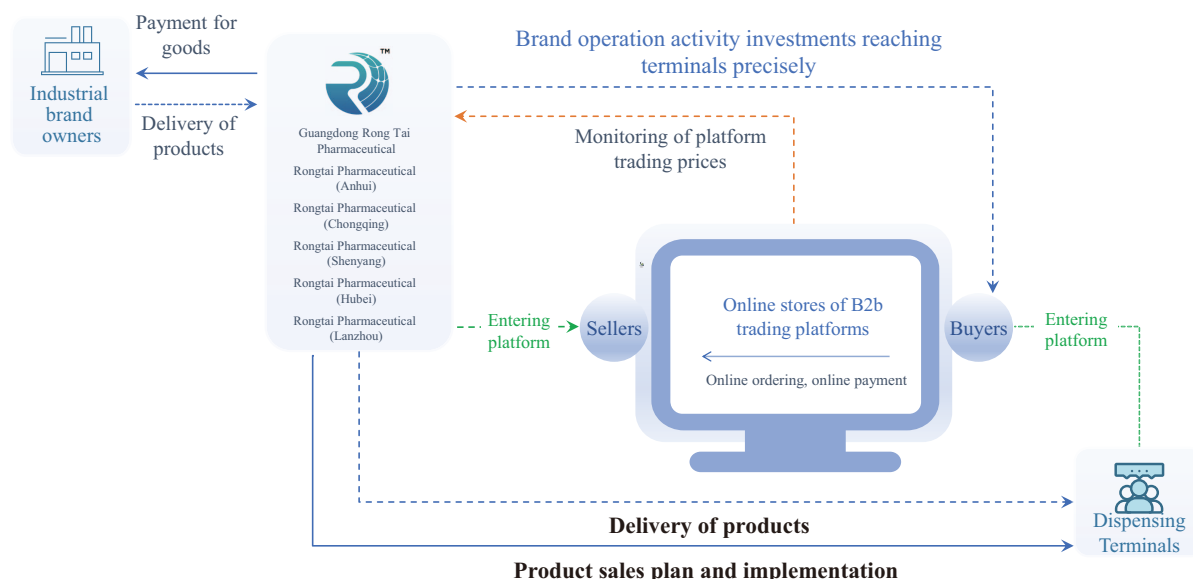
We also implemented internal control measures to prevent channel stuffing. We conduct internal performance assessment of our business team based on the customer’s collection payment amount. In the event of abnormal inventory, downstream customers may extend the payment period due to excessive inventory 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.

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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.



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.

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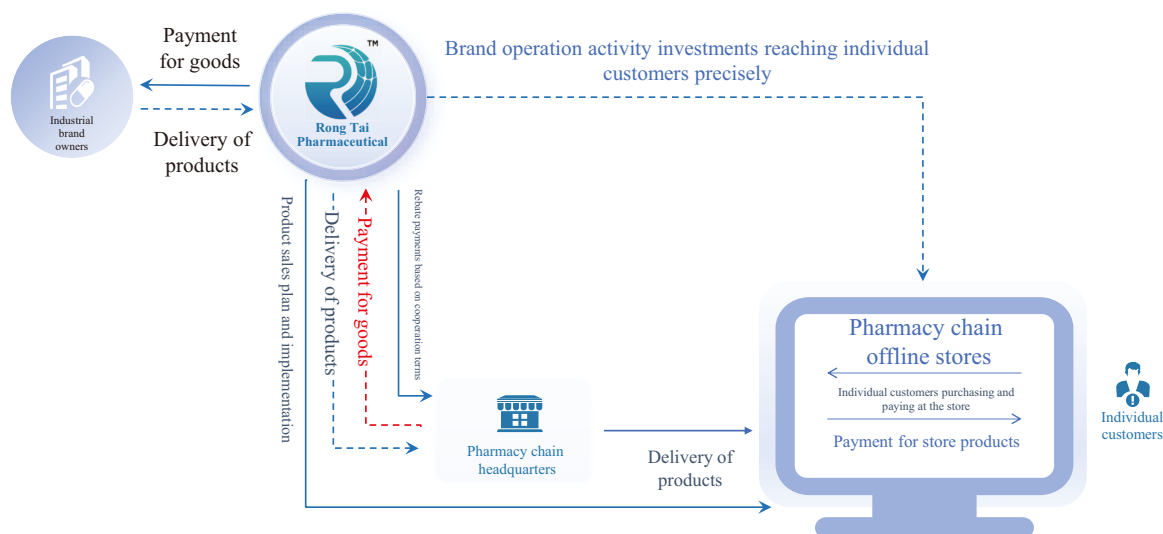
We started direct sales to downstream buyers through B2B e-commerce platforms in late 2023. This has enabled us to accumulate private domain customer. Through these operations, we have acquired first-hand transaction data that provides critical insights into purchasing patterns, inventory turnover, and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



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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.

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- *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

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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

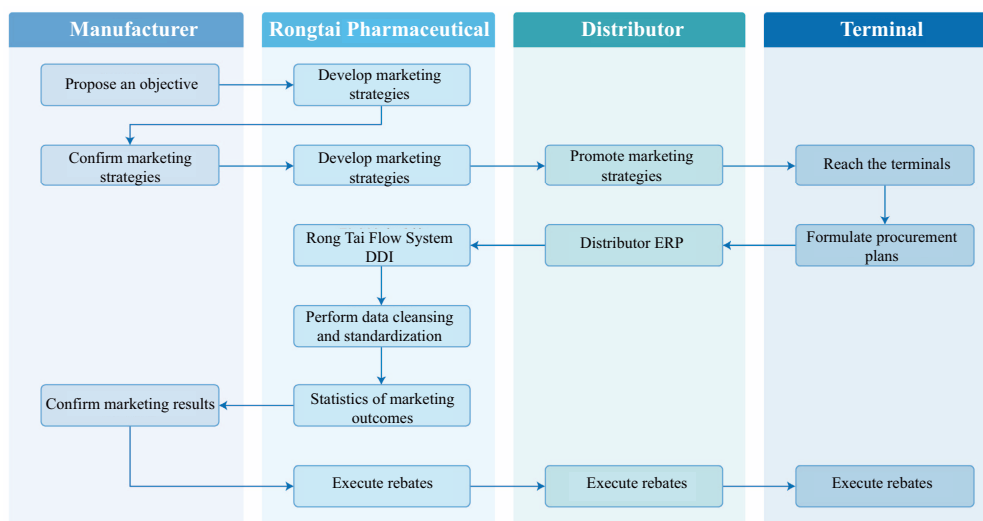
The system provides comprehensive visibility into operational data by intuitively displaying procurement, inventory, and sales situations across all channels, while also empowering pharmaceutical companies with precise investment management and the ability to formulate targeted regional marketing plans 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.

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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

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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.

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- *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.

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- *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.

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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

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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 precautionary 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 Resources 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 assess 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.

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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.

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- (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

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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”

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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.

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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.

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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 (RMB'000)	% of Our Total Revenue
<i>Year ended December 31, 2023</i>						
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					<u>1,667,915</u>	<u>57.1</u>

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					<u>1,630,549</u>	<u>56.8</u>

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

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Customer	Major Type of Products and Services Provided	Year of Commencement of Business Relationship	Payment Method	Credit Term	Revenue (RMB'000)	% of Our Total Revenue
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:

- Customer A is a HKEX-listed online healthcare platform established in Beijing in 2020, providing pharmaceutical e-commerce and health management solutions.
- Customer B is a HKEX-listed pharmaceutical e-commerce, smart healthcare and digital health services company established in Beijing in 1998.
- Customer C, a subsidiary of a HKEX-listed digital pharmaceutical company, is a pharmaceutical supply chain management and digital services provider.
- Customer D is a pharmaceutical distribution company providing pharmaceutical distribution, retail, and manufacturing services.
- Customer E is a HKEX-listed company providing pharmaceutical and medical device distribution solutions.
- Customer F is a healthcare technology company providing prescription outsourcing, medial payment and patient management services.
- Customer G is a HKEX-listed digital healthcare company providing online medical consultations, medicine delivery and health management services.
- 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

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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.

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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.

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- *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

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		Year of				
	Major Type of	Commencement of				% of Our
Supplier	Products and Services	Business	Payment Method	Credit Term	Purchase	Total
	Provided	Relationship				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:

- 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.
- 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.
- 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.
- Supplier C is a comprehensive pharmaceutical company specialized in R&D, production, and sales of drugs including oncology, anti-infectives and cardiovascular diseases.
- Supplier D is a medical service provider specialized in the import, promotion and sales of blood products and specialty drugs.
- 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.
- 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

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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

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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

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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.

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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.

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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,

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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.

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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.

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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.

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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.

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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.

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	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.

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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 ₂ e) ⁽¹⁾	10	2	2
Scope 2 Emissions (tCO ₂ e) ⁽²⁾	386	374	351
Total GHG Emissions (tCO ₂ e)	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.

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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;

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- 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.

Category		Year ended December 31		
		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%

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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.

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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

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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

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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*

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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.

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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.

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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.

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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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Chen held an aggregated of approximately 46.31% of the total issued share capital of our Company, comprising (i) approximately 21.83% of the total issued share capital of our Company directly held by him and (ii) approximately 24.48% of the total issued share capital of our Company held by Guangzhou Changfeng, which was a limited partnership established under the laws of the PRC and was managed by Mr. Chen as its sole general partner. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Chen and Guangzhou Changfeng will hold approximately [REDACTED] of the total issued share capital of our Company. Hence, Mr. Chen and Guangzhou Changfeng will be deemed as our Controlling Shareholders upon [REDACTED].

Information about our Controlling Shareholders

Mr. Chen is also our chairman and executive Director. For further information of Mr. Chen, see the section headed “Directors and Senior Management”. Guangzhou Changfeng is an employee shareholding platform for individual Shareholders. For further information of Guangzhou Changfeng, see the section headed “History, Development and Corporate Structure”.

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, he or it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of four executive Directors, two non-executive Director and three independent non-executive Directors. See “Directors and Senior Management” for more details of our Directors.

Save for Mr. Chen, who is the sole general partner of Guangzhou Changfeng, none of our Directors or senior management of our Company had any roles or responsibilities in managing Guangzhou Changfeng during the Track Record Period and up to the Latest Practicable Date.

We believe that our Directors and senior management are able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates for the following reasons:

- our executive Directors devote substantially all their time to discharge their duties of their positions at our Group. Other than their positions held in our Group, they are not involved in the day-to-day operations of the entity as mentioned above;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- Ms. Chen Qiao is our non-executive Director and does not participate in the day-to-day management and operations of our business. Although she is not involved in the daily operation and business decision making process of our Group, she would keep up to date with our business affairs and assist in supervising and scrutinizing our business performance to fulfill her obligation as a Director through providing professional advice and attending business update meetings;
- each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow his or her personal interests to interfere with our Company’s best interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director or his or her respective close associates, he or she shall abstain from voting on any Board resolutions approving any contract, arrangement or any other proposal in which he or she or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting;
- we have appointed three independent non-executive Directors, comprising one-third of our Board of Directors, to provide a balance of the number of our Board of Directors and with a view to ensuring the decisions of our Board of Directors are made only after due consideration of independent and impartial opinions and promoting the interests of our Company and our Shareholders as a whole. We believe our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to provide professional and experienced advice to our Company. Our Directors are of the view that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interests of our Company and our Shareholders as a whole; and
- we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. See “—Corporate Governance Measures” for further details.

Based on the above, our Directors are of the view that our Board of Directors, together with our senior management team, are able to perform their managerial roles in our Group independently from our Controlling Shareholders and their respective close associates.

Operational Independence

Our Group is operationally independent of our Controlling Shareholders and their respective close associates. We can make decisions and carry out our own business operations independently. We have sufficient capital, facilities, technology and employees to operate our business independently. We hold or enjoy the benefits of all relevant licenses and intellectual properties necessary to operate our business. We own or have the right to use all the operational facilities relating to our business. We have our own organizational structure made up of individual functional departments, each with specific areas of responsibilities. We have not shared any operational resources such as sales and marketing, risk

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

management and general administration resources with our Controlling Shareholders or their respective close associates. We have also established a set of internal control procedures to facilitate the effective operation of our business. We independently manage and have independent access to our customers and suppliers.

Based on the above, our Directors are of the view that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control of our Company. Our finance department is able to function without any undue influence from our Controlling Shareholders. We have also established an internal control system, an independent audit system, and a standardized financial and accounting system and have set our own accounting policy based on the applicable PRC accounting principle and standards. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates (excluding our Group).

As of December 31, 2025, we had a number of outstanding loans amounting to RMB394.1 million in total guaranteed by our Controlling Shareholders and their respective close associates. See “Financial Information—Material Related Party Transactions” and Note 34 of the Accountants’ Report as set out in Appendix I to this document for more details. All such guarantees provided for our benefit by our Controlling Shareholders and their respective close associates will be fully discharged prior to the [REDACTED].

Save as disclosed herein, as of the Latest Practicable Date, there were no other outstanding loans, advances or balances due to our Controlling Shareholders or their respective close associates, and there were no outstanding pledges or guarantees provided for our benefit by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates (excluding our Group).

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our minority Shareholders, we will adopt the following corporate governance measures to manage potential conflicts of interest between our Group and our Controlling Shareholders:

- our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operation and market information and any other necessary information as required by our Company;
- our independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcement to the public in compliance with the requirements of the Listing Rules;
- our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
- any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules;
- in the event of any potential conflict of interests, our Director(s) with an interest in the relevant transaction(s) shall abstain from voting at the relevant Board meeting and shall not be counted towards the quorum in respect of the relevant resolution(s) at such Board meeting;
- in the event of any potential conflict of interests at the shareholders’ level, our Controlling Shareholders shall abstain from voting at the Shareholders’ meeting of our Company with respect to the relevant resolutions; and
- we have appointed Altus Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into certain agreements with our connected persons. After the [REDACTED], the transactions disclosed in this section will constitute connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon the [REDACTED]:

Name of our connected persons	Connected relationship
CMS and subsidiaries and companies controlled by it (together, the “CMS Group”)	CMS is a company under the common control with A & B Assets Management, one of our substantial shareholders, and hence an associate of A & B Assets Management. Accordingly, members of the CMS Group are connected persons of our Company

SUMMARY OF OUR CONNECTED TRANSACTIONS

The following table sets forth a summary of our continuing connected transactions:

Connected transactions	Applicable Listing Rules	Waiver sought	Historical transaction amounts (inclusive of tax)	Proposed annual caps (inclusive of tax)
Master Supply Agreement.	14A.35, 14A.36, 14A.46 and 14A.105	Announcement, circular and independent shareholders’ approval requirements	2023: RMB364.5 million 2024: RMB235.1 million 2025: RMB505.0 million	2026: RMB781 million 2027: RMB859 million 2028: RMB945 million

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Master Supply Agreement

Background and principal terms

On [•], 2026, our Company and CMS entered into a master supply agreement (the “**Master Supply Agreement**”), pursuant to which members of our Group may from time to time procure and purchase pharmaceuticals and related products from members of CMS Group.

Subject to the terms of the Master Supply Agreement, the Group will enter into specific agreements with CMS to set out specific terms and conditions when necessary according to the principles and scope provided for under the Master Supply Agreement.

The term of the Master Supply Agreement commenced on [January 1, 2026] and will end on December 31, 2028. The Master Supply Agreement can be renewed by the agreement between CMS and us subject to compliance with the requirements under applicable laws, regulations and rules (including but not limited to the Listing Rules). CMS shall and shall procure its affiliates to allow the Company’s auditors sufficient access to their records for the purpose of reporting on the transactions under the Master Supply Agreement.

CONNECTED TRANSACTIONS

Reasons for the transactions

As our Group provides digitalized sales of pharmaceutical products in the out-of-hospital pharmaceutical market, we sell a wide range of pharmaceutical products through our sales network. Considering CMS is a reputable pharmaceutical company with decades of track record in supply of pharmaceutical products, we stand to offer a wider range of products for distribution in our sales channels and network by procuring and selling CMS Group’s products. Since early 2025 and before CMS became our substantial shareholder and a connected person, we entered into strategic cooperation with CMS and became CMS Group’s sales channel for its pharmaceutical products to ensure stability in supply of CMS Group’s products in our network and increase our bargaining power in the market. By entering into the Master Supply Agreement, our procurement of CMS Group’s products and sale of such products in our sales network can continue after [REDACTED].

Pricing policy

The terms of the Master Supply Agreement were determined on normal commercial terms after arm’s length negotiations between CMS and us. The sales price of the pharmaceuticals and related products will be based on (i) the cost and expenses incurred by CMS, taking into account a profit margin acceptable to our Group when selling the products, (ii) the prevailing market price of the products, (iii) the price of similar products offered by independent third parties to the Group, and (iv) the product price of historical transactions between the CMS Group and us.

To ensure the Group’s purchase of products from the CMS Group are on normal commercial terms or better, the Procurement Center of the Group will check and approve each purchase orders or underlying agreements to be signed with CMS Group to ensure that the terms of purchase are (i) no less favourable to our Group than terms available from independent third parties for similar products at similar quantities and (ii) where applicable, no less favourable than publicly listed prices. In doing so, the Procurement Center of the Group is required to obtain and review quotations from two independent third party supplier of similar products to ensure the unit price offered by CMS Group would remain competitive.

Historical transaction amounts

For the years ended December 31, 2023, 2024 and 2025, the total transaction amounts (inclusive of tax) in respect of our purchase of pharmaceuticals and related products from the CMS Group are set out as follows:

	For the year ending December 31,		
	2023	2024	2025
	(RMB million)		
Purchase of pharmaceuticals and related products from the CMS Group	364.5	235.1	505.0

The historical transaction amounts experienced year-on-year decrease of approximately 36% from 2023 to 2024. This was primarily because of the change in distribution channels of CMS in 2023 and 2024, with more of its products supplied to customers other than our Group. During the Track Record Period, the pricing and other terms of the Group’s purchases from the CMS Group were negotiated on arm’s length basis most of the agreements for which were negotiated, concluded and entered into prior to A & B Assets Management became a substantial shareholder of the Company. Taking into account

CONNECTED TRANSACTIONS

a wide range of factors including the quantity being purchased and the strategic value of its cooperation with the CMS Group, the Directors were of the view that the pricing, the other terms of purchases and the actual price of the products purchased were substantially comparable and no less favourable what would otherwise be made available to the Company by other independent third party suppliers in like circumstances. In December 2024, the Company and various members of CMS Group entered into exclusive supply agreements in connection with the supply of designated pharmaceutical and related products of CMS Group to the Company at designated unit price, which were determined based on arm’s length negotiation. As a result of the exclusive agreements, there was a substantial increase in the transaction amount for the year ended December 31, 2025.

Based on the terms of these agreements, the Company shall be an exclusive sales agent for selling to such designated products of CMS Group to hospitals, clinics, community centers, designated pharmaceutical chains, pharmaceutical outlets or other resellers of pharmaceutical products from January 1, 2025 to December 31, 2025. The products covered under the aforesaid agreements include prescription pharmaceuticals and dermatological products.

Into 2026, the Company has renewed these supply agreements with CMS Group without the exclusive sales arrangements. Nevertheless, the Directors are of the view that customer stickiness has been established through the exclusivity arrangement in 2025. As such, the Company remains committed to continue its cooperation with CMS Group on normal commercial terms.

Annual caps and basis

The proposed annual caps (inclusive of tax) in respect of the transactions contemplated under the Master Supply Agreement for the years ending December 31, 2026, 2027 and 2028 are as follows:

	For the year ending December 31,		
	2026	2027	2028
	(RMB million)		
Purchase of pharmaceuticals and related products from the CMS Group	781	859	945

The above proposed annual caps are estimated after taking into account the following factors:

- (i) The actual procurement amount for such products for the year ended December 31, 2025 is approximately RMB505.0 million, which represents an approximate increase of 115% of the procurement amount in 2025, as compared to 2024. The increase primarily resulted from the increase in sales of the sales and marketing advantage we had build-up under exclusive sale arrangements we established with CMS Group for 2025;
- (ii) The annual cap for the year ending December 31, 2026 is expected to be RMB781 million, which represents increase of 55% on a year on year basis. The expected increase takes into account the potential continued increase in sales, riding on:
 - (a) As of the Latest Practicable Date, the procurement amount for the three months ended March 31, 2026 is estimated to be approximately RMB197.6 million, demonstrating a strong growth of the procurement from CMS Group;

CONNECTED TRANSACTIONS

- (b) our deepened market penetration in CMS Group’s pharmaceutical products which resulted from the exclusive sales arrangement in 2025;
 - (c) the boost in market demand in one of CMS Group’s products which was introduced in the market in the first quarter of 2026, which simultaneously stimulated our procurement from CMS Group;
 - (d) our expected increase in marketing efforts in 2026 to fully capture the aforesaid market advantage and penetration;
 - (e) our expectation to increase the variety of pharmaceutical products to be procured from CMS Group, primarily in the category of prescription pharmaceuticals and dermatological products, in addition to those we procured in 2025 as disclosed above; and
 - (f) the continued increase in market demand in China’s out-of-hospital pharmaceutical market, which is expected to be at CAGR of 9.9%, according to Frost & Sullivan.
- (iii) the annual cap for the each of the year ending December 31, 2027 and 2028 is expected to be RMB859 million and RMB945 million, respectively, which represents increase of 21% on a year-on-year basis. The expected increases take into account (i) the expected continued increase in the market demand for CMS Group’s products; and (ii) the potential continued increase in sales the continued increase in market demand in China’s out-of-hospital pharmaceutical market, which is expected to be at CAGR of 9.9%, according to Frost & Sullivan.

The aforesaid estimates for 2026, 2027 and 2028 are in line with the expected growth at a CAGR of 9.9% in China’s out-of-hospital pharmaceutical market, according to Frost & Sullivan.

Implications under the Listing Rules

As the highest of all applicable percentage ratios in respect of the transactions contemplated under the Master Supply Agreement will be more than 5%, such transactions will be subject to the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVERS

The transactions described under the subsection headed “—Non-Exempt Continuing Connected Transactions” above will constitute our connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the [REDACTED].

As the non-exempt continuing connected transactions are expected to be carried out on a recurring and continuing basis and to extend over a period of time, and their material terms have been disclosed in this Document, our Directors are of the view that strict compliance with the aforementioned

CONNECTED TRANSACTIONS

announcement, circular and independent shareholders’ approval requirements (as the case may be) under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Company.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with (i) the announcement requirement under the Listing Rules in respect of the connected transactions as disclosed in “—Non-exempt Connected Transactions”; and (ii) the announcement, circular and independent shareholders’ approval requirements under the Listing Rules in respect of the continuing connected transactions as disclosed in “—Non-exempt Continuing Connected Transactions” in this section, subject to the condition that the aggregate amounts of the connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps as stated above.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the connected transactions referred to in this Document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

INTERNAL CONTROL MEASURES

We have adopted the following internal control procedures to ensure that the continuing connected transactions are fair and reasonable and on normal commercial terms or better, and comply with applicable laws and regulations (including the Listing Rules):

- we have adopted and implemented a management system on connected transactions. Under such system, the Board and various internal departments of our Group will be responsible for the control and daily management in respect of the continuing connected transactions;
- the Board and various internal departments of our Group (including but not limited to the finance department and legal department) will be jointly responsible for evaluating the terms under the relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;
- the Board and the finance department of our Group will regularly monitor the continuing connected transactions (including but not limited to transaction amounts and annual caps under the relevant agreements) and our management will regularly review the pricing policies to ensure continuing connected transactions are performed in accordance with the relevant agreements;
- when considering pricing for connected transactions, our Group will routinely research prevailing market conditions and practices and make reference to the pricing and terms between our Group and independent third parties for similar transactions, to ensure that the pricing and terms offered by or to our connected persons are fair, reasonable and no less favorable than those to be offered by or to independent third parties;
- the Audit Committee shall conduct periodic examination of the overall situation of the continuing connected transactions, and report the review opinions to our Board; our independent non-executive Directors will conduct annual reviews of the continuing

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connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable, and conducted according to the terms of the relevant agreements;

- the auditor of our Company shall issue a letter to our Board to express opinions on the continuing connected transactions on an annual basis. We shall allow our auditor to review and check the relevant accounts to facilitate them to express opinions; and
- when considering any renewal or revisions to the Master Supply Agreement after the [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings and shareholders’ meetings (as the case may be).

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SPONSOR

Based on the due diligence performed by the Sole Sponsor, including review of the documents and information provided by our Company in relation to the above continuing connected transactions and the basis of calculating the annual caps and discussions with our senior management, and necessary representations and confirmations from our Company and Directors, the Sole Sponsor is of the view that the non-exempt continuing connected transactions set out above have been and will continue to be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The Board consists of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. The following table sets forth certain information regarding the Directors.

Name	Age	Date of joining the Group	Date of appointment as a Director	Position	Responsibilities	Relationship with other Directors and senior management
Mr. CHEN Changqing (陳長清)	63	January 2018	August 2019	Executive Director and Chairman of the Board	Overall strategic planning, resource integration and enterprise management of our Group	Nil
Mr. LUO Qi (駱旗)	55	October 2018	August 2019	Executive Director and general manager	Overall operations, procurement, human resources and administrative management of the Group	Nil
Mr. WANG Dong (王東)	53	August 2020	December 2020	Executive Director and executive general manager	Supply chain management and management of the subsidiaries of the Group	Nil
Mr. ZHANG Baozeng (張寶增)	44	May 2019	January 2022	Executive Director, chief financial officer, board secretary and joint company secretary	Overall financial operations and investor relations of our Group and ensuring compliance with governance requirements	Nil
Ms. CHEN Qiao (陳巧)	46	May 2021	May 2021	Non-executive Director	Providing strategic guidance and independent oversight to our Board	Nil
Ms. WU Xiaoyi (吳小儀)	31	February 2022	September 2025	Non-executive Director	As employee representative Director	Nil
Dr. YU Yumiao (余玉苗)	61	July 2022	July 2022	Independent non-executive Director	Providing independent judgment to our Board	Nil
Mr. ZHANG Xiaolu (張曉路)	59	July 2022	July 2022	Independent non-executive Director	Providing independent judgment to our Board	Nil
Mr. ZHANG Ping (張平)	61	September 2025	September 2025	Independent non-executive Director	Providing independent judgment to our Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHEN Changqing (陳長清), aged 63, is the Chairman of the Board and our executive Director, and is primarily responsible for overall strategic planning, resource integration and enterprise management of our Group. Mr. Chen joined our Group in January 2018, was appointed as the Chairman of the Board and our Director since August 2019, and was re-designated as an executive Director in September 2025. He is also a director of Hong Kong Rongtai Health Company Limited (香港融泰健康有限公司) and HK Tailai Information Technology Limited (香港泰萊信息科技有限公司). Hong Kong Rongtai Health Company Limited and HK Tailai Information Technology Limited are members of our Group.

Mr. Chen is a leader in the pharmaceutical industry, with more than 20 years of industry experience. From February 2006 to May 2010, Mr. Chen served as a deputy general manager of China National Medicines Group Corporation* (中國藥材集團公司), the predecessor of China Traditional Chinese Medicine Co., Ltd.* (中國中藥有限公司), and was primarily responsible for its business expansion and management. From May 2010 to May 2015, Mr. Chen served as the general manager of Sinopharm, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600511), and was primarily responsible for its business and strategic management, senior operations and marketing. From July 2015 to August 2016, Mr. Chen served as the vice president of Shenzhen Kangzhe Pharmaceutical Co., Ltd.* (深圳康哲藥業控股公司) (“**Shenzhen Kangzhe**”), a wholly-owned subsidiary of CMS, and was primarily responsible for its business and strategic management, market development and business innovation. From January 2017 to December 2018, Mr. Chen served as the president of Beijing Rongguang Electronic Commerce Co., Ltd.* (北京融貫電子商務有限公司), an internet company specialising in integrated services across the pharmaceutical industry, and was primarily responsible for its business and strategic management.

Mr. Chen received his EMBA degree from Sun Yat-Sen University (中山大學) in December 2005. He received his bachelor’s degree in Chinese Masteria Medica from Guangzhou University of Chinese Medicine (廣州中醫藥大學) in July 1991.

Mr. LUO Qi (駱旗), aged 55, is our executive Director and general manager, and is primarily responsible for overall operations, procurement, human resources and administrative management of the Group. Mr. Luo joined our Group in October 2018, was appointed as our Director since August 2019, and was re-designated as an executive Director in September 2025.

Mr. Luo has more than 30 years of working and management experience in pharmaceutical sales and marketing. From August 1992 to August 1998, Mr. Luo worked at Xi’an Shuanghe Pharmaceutical Co., Ltd.* (西安雙鶴醫藥股份有限公司), the predecessor of Xi’an Pharmaceutical Co., Ltd.* (西安醫藥股份有限公司), and from July 1998 to July 2012, he served as a regional business manager of commercial department of Shanghai Roche Pharmaceuticals Ltd.* (上海羅氏製藥有限公司), and was primarily responsible for building a regional market response mechanism, promoting the coordinated development of “academic + business”; establishing and cultivating teams, and improving the construction of talent echelons. From August 2012 and September 2015, Mr. Luo served as the director of distribution division of Sinopharm, and was primarily responsible for coordinating the upgrade of the group’s business system, building a hierarchical authorization and supplier collaboration mechanism, and improving supply chain efficiency; leading the construction of retail direct supply channels and teams and promoting the implementation of digital systems. From November 2015 to February 2017, Mr. Luo served as the director of the commercial and retail development department of Shenzhen

DIRECTORS AND SENIOR MANAGEMENT

Kangzhe, and was primarily responsible for formulating a national retail channel strategy, establishing a channel and business team, and promoting the increase of product market share in the chain system; building a standardized operation and service system to promote the implementation of business regulations.

Mr. Luo received his bachelor’s degree in national manager management from Northwest University (西北大學) in July 1992.

Mr. WANG Dong (王東), aged 53, is our executive Director and executive general manager, and is primarily responsible for supply chain management and management of the subsidiaries of the Group. Mr. Wang joined our Group in August 2020, was appointed as our Director since December 2020, and was re-designated as an executive Director in September 2025.

Mr. Wang has more than 30 years of working and management experience in the pharmaceutical supply chain management. From April 1996 and May 2011, Mr. Wang has served as a commercial director of Shanghai Roche Pharmaceuticals Ltd.* (上海羅氏製藥有限公司), and was primarily responsible for distributorship and business development. From June 2012 to November 2013, he served as a procurement director of Sinopharm. From November 2013 to November 2019, Mr. Wang worked at Roche Diagnostics (Shanghai) Ltd.* (羅氏診斷(產品)上海公司) with his last position being the director of regional channel management operation. From November 2019 and April 2020, he served as a sales operation director of Siemens Healthineers Ltd..

Mr. Wang received his bachelor’s degree in clinical medicine from Shandong Medical University (山東醫科大學) in July 1995.

Mr. ZHANG Baozeng (張寶增), aged 44, is our executive Director, chief financial officer, board secretary and joint company secretary, and is primarily responsible for overall financial operations and investor relations of our Group and ensuring compliance with governance requirements. Mr. Zhang joined our Group in May 2019, was appointed as our Director since January 2022, and was re-designated as an executive Director in September 2025.

Mr. Zhang has more than 10 years of working and management experience in financial operations. From July 2015 to October 2017, Mr. Zhang served as a senior manager of Yaopharma Co., Ltd.* (重慶藥友製藥有限責任公司), and was primarily responsible for financial operations. From November 2017 to April 2019, he served as the head of the financial shared service center of Hemony Pharmaceutical Co., Ltd.* (海默尼藥業股份有限公司), and was primarily responsible for financial operations of the whole group.

Mr. Zhang received his bachelor’s degree in economics from Southwestern University of Finance and Economics (西南財經大學) in June 2005.

Mr. Zhang has been a PRC certified management accountant since October 2020, and a PRC certified senior accountant since March 2021.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Directors

Ms. CHEN Qiao (陳巧), aged 46, is our non-executive Director nominated by Guangzhou Zhengda, Lishui Tongda, Hangzhou Huipu and Horgos Dadao, and is primarily responsible for providing strategic guidance and independent oversight to our Board. Ms. Chen joined our Group in May 2021, was appointed as our Director since May 2021, and was re-designated as a non-executive Director in September 2025.

Ms. Chen served as a managing director of Tianjin Hidea Venture Capital Management Co., Ltd.* (天津海達創業投資管理有限公司) since February 2011, focusing on investments in the healthcare industry. She served as an investment manager of Tianjin TEDA Venture Capital Corporation Co., Ltd.* (天津泰達科技投資股份有限公司) from July 2006 to January 2011, and was primarily responsible for project sourcing and investment.

Ms. Chen is a director in following companies:

- Huayitaikang Pharmaceutical Co., Ltd.* (華益泰康藥業股份有限公司);
- Beijing Sun-Novoo Pharmaceutical Research Co., Ltd.* (北京陽光諾和藥物研究股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688621);
- Guangzhou Henovcom Bioscience Co., Ltd.* (廣州市恒諾康醫藥科技有限公司); and
- Lexenpharm (Suzhou) Limited* (立生醫藥(蘇州)有限公司).

Ms. Chen has been pursuing her EMBA degree at Cheung Kong Graduate School of Business (長江商學院) since March 2024. She received her FMBA degree from Tsinghua University (清華大學) and The Chinese University of Hong Kong (香港中文大學) in November 2017. She received her master’s degree in pharmacy from China Pharmaceutical University (中國藥科大學) in June 2006, and her bachelor’s degree in pharmaceutical preparations from China Pharmaceutical University (中國藥科大學) in July 2003, respectively.

Ms. Chen obtained a Qualification for Practicing in China’s Securities Investment Fund Industry (中國證券投資基金業從業資格) in July 2017 from the Asset Management Association of China (中國證券投資基金業協會). She was awarded as one of the Top 20 Chinese Healthcare Investors in 2020–2021 (2020–2021年度中國醫療健康投資人物TOP20), the Best Young Investor in China’s Equity Investment Industry in 2021 (2021年度中國股權投資行業最佳青年投資人), the Most Popular Young Investor in 2021 (2021年度最具人氣青年投資人), the Best Investor in China’s Healthcare Industry in 2021–2022 (2021–2022年度中國醫療健康最佳投資人物), and the Best Investor in China’s Healthcare Sector in 2022–2023 (2022–2023年度中國醫療健康領域最佳投資人物) by Chinese Venture (融資中國) in July 2021, May 2022, May 2022, August 2022 and July 2023, respectively. She also won awards of Top 100 Chinese Venture Capitalists of 2021 (2021年度中國最佳創業投資人TOP100) and Top 50 Supernova Investors of 2022 (2022年度超新星投資人TOP50) from China Venture Investment Consulting, Ltd. (投中信息) in August 2022 and May 2023, respectively. Additionally, Ms. Chen was also awarded as the Young Healthcare Investor of the Year (年度醫療健康青年投資家) by Haoyue Capital (浩悅資本) in April 2022, April 2023 and April 2024, respectively. She received an honor as one of the Top 50 Most Influential Investors of 2023 (2023年度最具影響力投資人TOP50) from CHC Medical Consulting (CHC醫療諮詢) in May 2024.

DIRECTORS AND SENIOR MANAGEMENT

Ms. WU Xiaoyi (吳小儀), aged 31, is our non-executive Director, and is an employee representative director (職工代表董事). Ms. Wu joined our Group in February 2022. She has been an assistant to the Chairman of the Board since February 2022 and was appointed as a non-executive Director in September 2025.

Ms. Wu served as a content operations specialist of Yatsen Global, a company listed on the New York Stock Exchange (stock code: YSG), from July 2018 to October 2018. She was then served as an e-commerce operations specialist in Guangzhou Lalami Information Technology Co., Ltd.* (廣州市拉拉米信息科技股份有限公司) from November 2018 to March 2020 and was primarily responsible for managing brand store operations on platforms. From April 2020 to January 2022, Ms. Wu served as an assistant director in Guangzhou Huiran Information Technology Co., Ltd.* (廣州匯然信息科技有限公司) and was primarily responsible for supporting the director in sales business development and customer relationship management.

Ms. Wu received her bachelor’s degree in public health, majoring in Health Inspection and Quarantine from Guangdong Pharmaceutical University (廣東藥科大學) in June 2018.

Independent Non-executive Directors

Dr. YU Yumiao (余玉苗), aged 61, is our independent non-executive Director, and is primarily responsible for providing independent judgment to our Board. Dr. Yu joined our Group in July 2022, was appointed as our Director since July 2022, and was re-designated as an independent non-executive Director in September 2025.

Dr. Yu has more than 35 years of experience in teaching and researching accounting and auditing. She served as the teaching assistant and lecturer of audit department in School of Economics of Wuhan University (武漢大學) from July 1989 to September 1996. She then served as an associate professor of department of accounting in School of Economics and Management of Wuhan University (武漢大學) from October 1996 to October 2001. She has been serving as a professor and doctoral supervisor of department of accounting in School of Economics and Management of Wuhan University (武漢大學) since September 2002. During her tenure of Wuhan University (武漢大學), she has been primarily responsible for teaching and research of accounting and auditing.

Dr. Yu served as an independent director of Linktel Technologies Co., Ltd.* (武漢聯特科技股份有限公司) from September 2020 to April 2026, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 301205). Dr. Yu has also been serving as an independent director of Humanwell Healthcare (Group) Co., Ltd. (人福醫藥集團股份公司) since July 2025, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600079), and as an independent director of Wuhan Healthgen Biotechnology Corp.* (武漢禾元生物科技股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688765), since July 2022, respectively.

Dr. Yu received his doctorate degree in economics from Wuhan University (武漢大學) in December 1997. He received her master’s degree in economics from Wuhan University (武漢大學) in October 1989, and his bachelor’s degree in business administration from Wuhan University (武漢大學) in July 1986, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Xiaolu (張曉路), aged 59, is our independent non-executive Director, and is primarily responsible for providing independent judgment to our Board. Mr. Zhang joined our Group in July 2022, was appointed as our Director since July 2022, and was re-designated as an independent non-executive Director in September 2025.

Mr. Zhang has been serving as the managing partner of Hubei Dingli Zhongbang Law Firm (湖北鼎力眾邦律師事務所) from June 2004 to June 2018 and has been serving as a specialist lawyer at the same firm since June 2018.

Mr. Zhang received his master’s degree in law from Zhongnan University of Economics and Law (中南財經政法大學) in June 2001, and his bachelor’s degree in laws from the Law School of Zhongnan University of Economics and Law in June 1989, respectively.

Mr. Zhang Ping (張平), aged 61, is our independent non-executive Director, and is primarily responsible for providing independent judgment to our Board. Mr. Zhang was appointed as an independent non-executive Director in September 2025.

Mr. Zhang has at least 15 years of experience in the pharmaceutical industry. He served as the general manager of Sinopharm Group Anhui Co., Ltd.* (國藥控股安徽有限公司) from March 2009 to May 2022, where he was primarily responsible for managing company decisions and operations. He later served as the deputy general manager of Sinopharm Group Distribution Co., Ltd.* (國藥控股分銷中心有限公司) from May 2019 to December 2023, where he was primarily responsible for channel sales.

Mr. Zhang was awarded the Anhui Labor Day Medal (安徽省五一勞動獎章) in June 2020.

Mr. Zhang received his master’s degree in business administration from Nankai University (南開大學) in June 2013. He received his bachelor’s degree in operations from the Party School of Anhui Provincial Committee of C.P.C* (中共安徽省委黨校) in July 1999.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Date of joining the Group	Date of appointment as a senior management	Position	Responsibilities	Relationship with other Directors and senior management
Mr. LUO Qi (駱旗)	55	October 2018	October 2018	Executive Director and general manager	Overall operations, procurement, human resources and administrative management of the Group	Nil
Mr. WANG Dong (王東)	53	August 2020	August 2020	Executive Director and executive general manager	Supply chain management and management of the subsidiaries of the Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining the Group	Date of appointment as a senior management	Position	Responsibilities	Relationship with other Directors and senior management
Mr. ZHANG Baozeng (張寶增)	44	May 2019	May 2022	Executive Director, chief financial officer, board secretary and joint company secretary	Overall financial operations and investor relations of our Group and ensuring compliance with governance requirements	Nil
Mr. ZHANG Weizheng (張衛征)	42	March 2019	March 2022	Deputy general manager	Procurement of pharmaceuticals and operational management of the subsidiaries of our Group	Nil
Mr. CHENG Huaping (程華平)	53	June 2018	June 2018	Deputy general manager	Managing the retail division and operational management of the subsidiaries of our Group	Nil

Mr. LUO Qi (駱旗), aged 55, is our executive Director and general manager.

Mr. WANG Dong (王東), aged 53, is our executive Director and executive general manager.

Mr. ZHANG Baozeng (張寶增), aged 44, is our executive Director, chief financial officer, board secretary and joint company secretary.

See “—Executive Directors” above for details of biography for each of Mr. Luo Qi, Mr. Wang Dong and Mr. Zhang Baozeng.

Mr. ZHANG Weizheng (張衛征), aged 42, is our deputy general manager, and is primarily responsible for procurement of pharmaceuticals and operational management of the subsidiaries of our Group.

Mr. Zhang has more than 15 years of experience in sales and marketing of pharmaceuticals. He joined our Group in March 2019, has been serving as our deputy general manager since March 2022, and the general manager of Rongtai Pharmaceutical (Anhui) Co., Ltd. (融泰醫藥(安徽)有限公司) since December 2024, respectively. From September 2007 to May 2010, Mr. Zhang served as the sales manager of Sinopharm Holding Guangdong Dongfang New Speciality Medicine Co., Ltd.* (國藥控股廣東東方新特藥有限公司). From April 2013 to April 2014, Mr. Zhang served as the sales manager of AstraZeneca (Wuxi) Trading Co., Ltd.* (阿斯利康(無錫)貿易有限公司). From September 2014 to March 2019, he served as the procurement manager of Pharmacy Technology (Shanghai) Co., Ltd.* (壹藥網科技(上海)股份有限公司), and was primarily responsible for procurement.

Mr. Zhang received his bachelor’s degree in pharmacy from Zhengzhou University (鄭州大學) in June 2007.

DIRECTORS AND SENIOR MANAGEMENT

Mr. CHENG Huaping (程華平), aged 53, is our deputy general manager, and is primarily responsible for managing the retail division and operational management of the subsidiaries of our Group.

Mr. Cheng has more than 20 years of experience in sales and marketing of pharmaceuticals. He joined our Group in June 2018, has been serving as our deputy general manager since June 2018, and the chairman of the board of directors of Rong Tai Lanzhou since January 2025, respectively. From September 2003 to November 2015, he served as the director of retail division of Sinopharm. From November 2015 to November 2016, Mr. Cheng served as the director of retail division of Shenzhen Kangzhe. From December 2016 to May 2018, Mr. Cheng served as a deputy general manager of Hunan Ruihua Pharmaceutical Trading Co., Ltd.* (湖南瑞華醫藥經營有限公司).

Mr. Cheng received his bachelor’s degree in fermentation engineering from Hubei University of Technology (湖北工業大學) in July 1997. He obtained his college degree in pharmacy in Shanghai Jiao Tong University (上海交通大學) in January 2017 by remote learning.

JOINT COMPANY SECRETARIES

Mr. ZHANG Baozeng (張寶增), aged 44, is our executive Director, chief financial officer, board secretary and joint company secretary and is primarily responsible for overseeing the financial operations and investor relations of our Group. See “—Executive Directors” above for details of biography for Mr. Zhang Baozeng.

Mr. WONG Chun Wing Samuel (黃俊穎) has been appointed as one of our joint company secretaries with effect from [REDACTED].

Mr. Wong serves as an assistant manager of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. He has over eight years of experience in the company secretarial field. Mr. Wong is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Mr. Wong is also serving as one of the joint company secretaries in the following companies listed on the Stock Exchange: CMON Limited (stock code: 1792), Qunabox Group Limited (stock code: 917), Shandong Gold Mining Co. Ltd. (stock code: 1787) (Shandong Gold Mining Co. Ltd is also listed on the Shanghai Stock Exchange (stock code: 600547)) and Zhejiang Galaxis Technology Group Co., Ltd. (stock code: 2729).

Mr. Wong received his bachelor’s degree of business administration from the Hang Seng University of Hong Kong (formerly known as Hang Seng Management College) in November 2017.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

On July 15, 2014, the SSE issued a letter of regulatory concern to Mr. Chen, a then director and general manager of Sinopharm, in relation to the acquisition of 10,700 shares (the “**Relevant Shares**”) of Sinopharm by Mr. Chen on February 25, 2014 (the “**Incident**”). The acquisition took place during the 30-day blackout period immediately preceding the intended publication date of Sinopharm’s 2013 annual report on March 20, 2014, and was therefore in breach of Articles 3.1.4 and 3.1.6 of the

DIRECTORS AND SENIOR MANAGEMENT

then-effective SSE Listing Rules (2013 Revision), as well as Article 13 of the Rules on the Management of Shares Held by Directors, Supervisors, and Senior Management of Listed Companies and Their Changes.

At the time, Mr. Chen had delegated the operation of his personal securities account to his elder brother, Mr. Chen Changhong (“**Mr. CH Chen**”) due to his demanding professional commitments, and had specifically instructed Mr. CH Chen not to deal in securities of Sinopharm. According to Mr. CH Chen, the acquisition was made based on market observations and he had inadvertently disregarded Mr. Chen’s instructions. Upon becoming aware of the Incident, Mr. Chen immediately resumed control of his securities account and reported the matter to Sinopharm, which voluntarily reported the Incident to the SSE. Mr. Chen did not dispose of the Relevant Shares immediately to avoid breaching short-term trading restrictions, and voluntarily disposed of the shares in December 2014 to rectify the non-compliance.

As at the Latest Practicable Date and to our best knowledge, (i) the incident have been concluded, (ii) there has not been any further regulatory request to, action against or correspondence with Mr. Chen from or by the SSE, and (iii) other than disclosed above, Mr. Chen has not been imposed any other penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the Incident.

Notwithstanding the Incident, our Board is of the view that such letter of regulatory concern from the SSE does not impugn the integrity or suitability of Mr. Chen to serve as our Director under Rules 3.08 and 3.09 of the Listing Rules, based on the following factors:

- such incident took place before the Track Record Period and Mr. Chen has not experienced any similar incident since the commencement of the Track Record Period and as of the Latest Practicable Date;
- the non-compliant conduct involved in the Incident was unintentional and primarily due to inadvertent oversight, and did not involve findings of fraud and dishonesty on the part of Mr. Chen or raise concern on his integrity; and once being aware of the non-compliant conducts, Mr. Chen took rectification measures as appropriate, including attending training sessions and making the relevant disclosure;
- as advised by our PRC Legal Advisor, the letter of regulatory concern from the SSE did not constitute any administrative penalty or disciplinary sanction under the PRC securities regulatory laws, regulations or rules;
- the Group’s internal controls are adequate and effective in preventing the occurrence of similar incidents. Specifically, the Company has adopted the Insider Trading Prevention Policy to prevent insider dealing and ensure compliance with applicable laws and regulations. In accordance with its Insider Trading Prevention Policy, the Company prohibits any director or employee from dealing in the Company’s securities while in possession of unpublished price-sensitive information or during designated blackout periods, which generally cover 60 days prior to the publication of annual results and 30 days prior to interim or quarterly results. A pre-clearance mechanism is in place for exceptional circumstances, requiring written notification and approval before any trade can be executed.

DIRECTORS AND SENIOR MANAGEMENT

The Company also maintains a record of all notifications and confirmations and requires post-trade reporting to update interest records. These restrictions extend to close associates of the employees and apply to securities held by the employees through trusts or managed funds;

- the Company will adopt (a) the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules; and (b) written guidelines no less exacting than the Model Code for relevant employees of the Company for their dealings in the Company’s securities, as part of its securities trading rules and procedures upon [REDACTED]; and
- in anticipation of the [REDACTED], we have engaged an internal control consultant to review the effectiveness of our internal controls associated with our business processes, including controls on directors’ and senior management’s dealings in the Company’s securities and disclosure of information, and no internal control deficiency was found based on the work performed in relation to the sufficiency and effectiveness of the enhanced internal control measures.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee (with effect from the [REDACTED]) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, namely Dr. Yu Yumiao, Mr. Zhang Xiaolu, Ms. Chen Qiao. Dr. Yu has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process, review and oversee the existing and potential risks of our Group, and perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a Remuneration Committee (with effect from the [REDACTED]) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Remuneration Committee has three members, namely Dr. Yu Yumiao, Mr. Zhang Baozeng, and Mr. Zhang Ping. Mr. Zhang Ping has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangements.

Nomination Committee

Our Company has established a Nomination Committee (with effect from the [REDACTED]) with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Chen Changqing, Mr. Zhang Ping, and Mr. Zhang Xiaolu. Mr. Chen is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the [REDACTED].

Our Directors have a balanced mix of knowledge and skills, including but not limited to overall business management, finance, legal, accounting, and marketing. They obtained degrees in diversified majors including management, economics, medicine and pharmacy. The Board is of the view that our Board satisfies the Board Diversity Policy. Two of our Directors are female. While we recognize that the gender diversity at our Board level can be improved given the majority of our Directors are male, we will continue to apply the appointment criteria based on competence and with reference to the overall diversity policy. Our Board will also ensure that an appropriate balance of gender diversity is achieved with reference to investors’ expectations, and international and local recommended best practices.

To further ensure gender diversity on our Board in the long run, our Group will also identify and select several female individuals with a diverse range of skills, experience, and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Nomination Committee periodically in order to develop a pipeline of potential successors to our Board to promote gender diversity of our Board. In addition to the Board level, we are also committed to promoting gender diversity at the senior management and all other levels of our Group by providing career development opportunities for female staff, making available to them knowledge and skills training in support of succession planning and ensuring future gender diversity can be achieved on the Board.

The Nomination Committee is responsible for reviewing the diversity of the Board. After [REDACTED], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

None of our Directors had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with our business and would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 5, 2025, and (ii) understands his or her obligations as a director of a listed company under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/she had no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Interests of Directors and members of senior management

Except as disclosed in this Document, as of the Latest Practicable Date, each of the Directors and members of senior management (i) did not hold other positions in our Group as of the Latest Practicable Date; (ii) had no other relationship with any of the Directors and members of senior management as of the Latest Practicable Date; (iii) did not hold any other directorship and supervisor’s position in listed companies in the three years prior to the Latest Practicable Date. To the best of the knowledge, information and belief of our Directors and senior management, having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors and senior management that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. For the Directors’ interests in the Shares within the meaning of Part XV of the SFO, see “Appendix IV—Statutory and General Information.”

REMUNERATION OF DIRECTORS

The compensation and remuneration of the Directors and members of the senior management of the Company are determined by the Shareholders’ meetings and the Board as appropriate in the form of salaries and bonuses. The Company also reimburses them for expenses that are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of the Company, the Shareholders’ meetings, and the Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration.

Our Company offers executive Directors and members of senior management, who are also employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans, and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration paid to the Directors for the three years ended December 31, 2025, were approximately RMB2,270,000, RMB2,748,000 and RMB2,737,000, respectively.

The aggregate amounts of remuneration paid to the five highest-paid individuals for the three years ended December 31, 2025 were approximately RMB2,752,000, RMB3,237,000 and RMB3,081,000, respectively.

DIRECTORS AND SENIOR MANAGEMENT

No remuneration was paid by the Company to the Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

The Company appointed Altus Capital Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise our Company in the following circumstances:

- before the publication of any regulatory announcement, circular, or financial report;
- where a transaction, which might be notifiable or connected, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner that is different from that detailed in this Document or where our business activities, developments, or results deviate from any forecasts, estimates, or other information in this Document; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares, or any other matters.

The terms of the appointment of the compliance advisor will commence on the [REDACTED] and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company:

Name of Shareholder	Nature of interest	Class of Shares	Number	Class of Shares	Number	Shares interested in immediately following the Share Subdivision, the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised)	
						% of shareholding in the H Shares ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Guangzhou Changfeng ⁽³⁾	Beneficial owner	Unlisted Shares	2,578,125	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Chen ⁽³⁾	Interest in controlled Corporation	Unlisted Shares	2,578,125	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
	Beneficial owner	Unlisted Shares	2,299,218	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
ZHAO Haifeng (趙海峰)	Beneficial owner	Unlisted Shares	1,277,270	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
A&B Assets Management Limited	Beneficial owner	Unlisted Shares	1,202,382	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
A&B Brother Limited ⁽⁴⁾	Interest in controlled corporation	Unlisted Shares	1,202,382	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Lam Kong ⁽⁴⁾	Interest in controlled corporation	Unlisted Shares	1,202,382	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Haida ⁽⁵⁾	Interest in controlled corporation	Unlisted Shares	1,036,251	H Shares	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).
- (3) Mr. Chen is the general partner of Guangzhou Changfeng. As such, under the SFO, Mr. Chen is deemed to be interested in the Shares held by Guangzhou Changfeng.
- (4) The 1,202,382 Unlisted Shares was held by A&B Assets Management Limited as of the Latest Practicable Date. A&B Assets Management Limited is a wholly-owned subsidiary of A&B Brother Limited. A&B Brother Limited was owned as to 100% by Mr. Lam Kong. As such, under the SFO, each of A&B Brother Limited and Mr. Lam Kong is deemed to be interested in the Shares held by A&B Assets Management Limited.
- (5) As of the Latest Practicable Date, Tianjin Haida is indirectly interested in more than 5% of the Shares of the Company through its interest in various entities and is therefore regarded as a substantial shareholder of the Company under Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the [REDACTED] (assuming the [REDACTED] is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

SHARE CAPITAL

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB10,532,417, comprising 10,532,417 Unlisted Shares with a nominal value of RMB1 each.

Immediately prior to the [REDACTED], pursuant to the Share Subdivision, the ordinary shares of the Company will be split on a one for ten basis, and the registered share capital of our Company will be RMB10,532,417, comprising 105,324,170 Unlisted Shares in issue of nominal value RMB0.10 each.

Upon the Completion of the [REDACTED]

Immediately following the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (taking into account the Share Subdivision), the share capital of our Company will be as follows:

Assuming the [REDACTED] is not exercised:

Description of Shares	Number of Shares
H Shares to be converted from Unlisted Shares ⁽¹⁾	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]
Total	[REDACTED]

Assuming the [REDACTED] is exercised in full:

Description of Shares	Number of Shares
H Shares to be converted from Unlisted Shares ⁽¹⁾	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]
Total	[REDACTED]

Note:

- (1) Following the completion of the [REDACTED], [REDACTED] Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis and [REDACTED] on the Stock Exchange for trading. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on [•], 2026. For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the [REDACTED], see “History, Development and Corporate Structure—Capitalization” in this Document.

RANKING

Upon completion of the [REDACTED], we would have only one class of Shares, i.e. the H Shares, which are ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

SHARE CAPITAL

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

The Company has filed for a “full circulation” of all the existing 105,324,170 Unlisted Shares into H Shares on a one-for-one basis, taking into account the Share Subdivision, and submitted the application reports, authorization documents of the shareholders of Unlisted Shares for which an H-share “full circulation” are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings of the conversion of the existing 105,324,170 Unlisted Shares (taking into account the Share Subdivision) held by the existing Shareholders into H Shares on a one-for-one basis have been completed on [•].

Upon completion of the [REDACTED], if any of our Shares are not [REDACTED] or [REDACTED] on any stock exchange, the holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The [REDACTED] of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the [REDACTED]. As any [REDACTED] of additional Shares after our [REDACTED] on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong.

No class Shareholder voting is required for the [REDACTED] and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for [REDACTED] of the converted Shares on the Hong Kong Stock Exchange after our [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to issue [REDACTED]. Registration on our [REDACTED] will be on the condition that (a) our [REDACTED] lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] of members and the due dispatch of [REDACTED] and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange

SHARE CAPITAL

will comply with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be [REDACTED] as H Shares.

For further details, see “Risk Factors—Risks Relating to the [REDACTED]—A significant increase or perceived significant increase in the supply of our H Shares in public markets in the future could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of our H Shares.”

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the Company Law, our Shares issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED].

For details of the [REDACTED] undertaking given by the Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see “[REDACTED]—[REDACTED] Arrangements and Expenses—The [REDACTED]—Undertaking to the Stock Exchange pursuant to the Listing Rules—Undertaking by our Company and Undertaking by our Controlling Shareholders.”

SHAREHOLDERS’ GENERAL MEETING

For details of circumstances under which our Shareholders’ general meeting is required, see “Summary of Articles of Association” in Appendix III to this Document.

GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the completion of the [REDACTED], pursuant to the Shareholders resolutions of the Company, the Board was granted with a general mandate to allot and issue H Shares (including the sale of treasury Shares) at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a resolution to revoke or change such mandate, whichever is the earlier, provided that, the number of Shares to be allotted or issued shall not exceed 20% of the number of the H Shares in issue as of the [REDACTED].

For details of the general mandate, see “Statutory and General Information—A. Further Information about Our Group—4. Resolutions of Our Shareholders in Relation to the [REDACTED]” in Appendix IV to this Document.

FINANCIAL INFORMATION

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.

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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,

FINANCIAL INFORMATION

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.

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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.

FINANCIAL INFORMATION

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	<u>45,717</u>	<u>1.6</u>	<u>3,741</u>	<u>0.1</u>	<u>36,591</u>	<u>1.1</u>
Attributable to:						
Owners of the parent	46,081	1.6	5,480	0.2	39,461	1.2
Non-controlling interests	<u>(364)</u>	<u>(0.0)</u>	<u>(1,739)</u>	<u>(0.1)</u>	<u>(2,870)</u>	<u>(0.1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>45,717</u>	<u>1.6</u>	<u>3,741</u>	<u>0.1</u>	<u>36,591</u>	<u>1.1</u>
Attributable to:						
Owners of the Company	46,081	1.6	5,480	0.2	39,461	1.2
Non-controlling interests	<u>(364)</u>	<u>(0.0)</u>	<u>(1,739)</u>	<u>(0.1)</u>	<u>(2,870)</u>	<u>(0.1)</u>

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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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

FINANCIAL INFORMATION

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 to 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.

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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

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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.

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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.

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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 Xiaotuozi (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.

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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 Xiaotuozi (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.

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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 Pandemic

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.

FINANCIAL INFORMATION

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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.

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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.

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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 (<i>% compound growth rate of forecasted period</i>)	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
	2023	2024	2025	April 30,
	RMB’000	RMB’000	RMB’000	2026
				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

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	As of December 31,			As of
	2023	2024	2025	April 30,
	RMB'000	RMB'000	RMB'000	2026 (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.

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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

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	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.

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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. Furthermore, 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

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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

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	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

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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.

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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.

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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
	2023	2024	2025	April 30, 2026
	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

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	As of December 31			As of
	2023	2024	2025	April 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
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
	2023	2024	2025	April 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
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

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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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
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.

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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.

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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

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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

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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.”

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business—Our Strategies” in this document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the [REDACTED]), we estimate that we will receive net [REDACTED] of approximately [REDACTED] from the [REDACTED]. We intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to expand our cooperation with pharmaceutical companies, enhance our operation capabilities and service offerings, among which
 - (i) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to expand and deepen our cooperation with upstream pharmaceutical companies, thereby enabling us to maintain an expanding portfolio of marketed pharmaceutical products for diverse profitability and deepen our collaborative marketing and sales efforts, particularly in the following aspects:
 - (1) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to increase the number of upstream pharmaceutical companies we cooperate with. In 2023, 2024 and 2025, we procured pharmaceutical products from 68, 236 and 339 upstream pharmaceutical companies, respectively. We expect to increase such number of upstream pharmaceutical companies to approximately 480 in three years and further to approximately 620 in five years. Strategically, we will cooperate with pharmaceutical companies to secure long-term exclusive sales rights for products with sustainable high-profit potential. Our directors confirm a substantial pool of target pharmaceutical companies for us to initiate and deepen collaboration with.

Our qualitative and quantitative criteria in selecting upstream pharmaceutical companies and products include (a) whether their product portfolios align with our strategic expansion considerations and possesses; (b) for products with exclusive nationwide sales rights, annual sales exceeding RMB30 million, gross profit margin greater than 30.0%, and inventory turnover days fewer than 90; and (c) for products with exclusive sales rights in specified market segments or distribution channels such as e-commerce platforms and direct supply to chain stores, annual sales exceeding RMB20 million, supply-chain gross margin greater than 4.0%, service fee rate greater than 15.0%, and inventory turnover days fewer than 30. We expect to conduct solid market research during the course of the selection process to assess potential collaboration pharmaceutical companies against these criteria.

FUTURE PLANS AND USE OF [REDACTED]

In order to expand our network of collaboration with upstream pharmaceutical companies:

- (a) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used for securing nationwide exclusive sales rights for certain out-of-hospital products; and
- (b) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used for securing exclusive sales rights for out-of-hospital products in specified markets or distribution channels.

Specifically, in consideration of favorable market developments and our operational readiness to accommodate new products, we plan to cooperate with pharmaceutical companies with the following product portfolios:

Traditional Chinese Medicines:

TCMs represent a key sector receiving strong government support as part of China’s national healthcare strategy. With growing diversification in health needs, TCMs demonstrate significant potential in wellness and rehabilitation applications. The government actively encourages healthcare professionals to leverage digital platforms for health education, and TCMs generally enjoy higher consumer acceptance compared to Western pharmaceuticals. Examples of TCM products include Sanqi Tongshu (三七通舒), Xuesaitong (血塞通), Erchen Wan (二陳丸), Xiaomi Shuan (消糜栓), Huli San (虎力散), Compound Longxuejie (複方龍血竭), Xiaojin Wan (小金丸) and Maixuekang (脈血康). Notably, TCM formulas benefit from regulatory protection that prevents competing generic versions from entering the market, creating favorable conditions for long-term commercial partnerships.

From a long-term perspective, consumer-focused content marketing and comprehensive market coverage have emerged as critical pathways for commercializing TCM products. However, many of the pharmaceutical companies manufacturing TCM products are small and medium-sized companies lacking the necessary e-commerce capabilities and nationwide distribution networks. Our integrated out-of-hospital supply chain infrastructure and digital consumer engagement platform uniquely position us to connect these manufacturers with users and consumers in the out-of-hospital market, thereby helping them achieve successful product commercialization and build influential TCM brands. In particular, we expect to attract sales through online and offline marketing campaigns to reach a broad customer base for our TCM products, through measures including online patient education, paid promotions such as real-time bidding and new media advertising. In addition, our sales and marketing staff tend to have solid experience in the out-of-hospital pharmaceutical market, and we expect to hire more such staff with relevant expertise and experience for TCM products, thereby further improving our marketing capabilities to attract sales of TCM products.

FUTURE PLANS AND USE OF [REDACTED]

In selecting pharmaceutical companies, we prioritize companies specializing in wellness and rehabilitative TCM formulations, such as tonic products for sub-health populations and post-operative recovery treatments. We also prioritize TCM manufacturers with ongoing or expected R&D initiatives that apply modern scientific methods to enhance formulation efficacy. This includes advanced research into active ingredients, pharmacological mechanisms, and quality optimization through improved extraction techniques and novel delivery systems to increase bioavailability and patient compliance.

For product selection, we emphasize five key dimensions: marketing authorization exclusivity, therapeutic indication breadth, clinical efficacy validation, consumer education potential, and existing market development. The preferred collaboration models involve either complete marketing authorization acquisition or exclusive distribution rights spanning 5–10 years.

Health and wellness products:

In response to “Healthy China 2030” initiative that promotes preventive healthcare and the increasing health awareness among consumers, we will collaborate with upstream pharmaceutical companies to introduce functional foods and beverages with health benefits such as immune regulation, sleep improvement, and digestive enhancement. Our product portfolio will include probiotic-enriched beverages and functional foods incorporating TCM ingredients. All products will be subject to rigorous quality control and safety assessments to ensure full compliance with relevant standards and regulations.

The emerging smart health device sector represents another key focus of our partnership strategy. In line with technological advancements, we will cooperate with pharmaceutical companies specialized in developing smart health devices to introduce intelligent health monitoring products including smart wristbands, blood pressure monitors, and sleep improvement devices. These devices enable real-time health monitoring and provide personalized health recommendations through mobile applications. We will conduct joint market research with our partners to better understand consumer needs and continuously optimize product functionality and design.

The competitive landscape of health and wellness products is driven by individual customers, whose needs and demands support the sales of such products. Our go-to-market strategy for health and wellness products therefore focuses on direct-to-consumer online sales with customized product bundles. Our e-commerce capabilities and nationwide distribution network provide us with a competitive advantage in respect of such direct-to-consumer online sales. As to customized product bundles, we will design integrated health packages tailored to different consumer segments and usage scenarios. For working professionals, we plan to offer sub-health management packages combining functional foods, smart devices and health consultation services. For elderly consumers, we plan to

FUTURE PLANS AND USE OF [REDACTED]

provide comprehensive wellness packages featuring tonic TCMs, nutritional supplements and rehabilitation equipment. This bundling strategy enhances product value proposition and market competitiveness.

Building upon our product offerings, we will gradually expand into health management services through strategic collaborations. By partnering with professional health management institutions, we plan to provide customized health services including health assessments, dietary guidance and exercise recommendations. We will leveraging big data and artificial intelligence technologies to analyze consumer health data so as to generate actionable insights that inform both product development and targeted marketing strategies.

- (2) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to expand the number of new cooperation projects.

In expanding product collaborations with existing pharmaceutical companies, we will focus on strengthening our competitive advantages in omni-channel supply chain management and direct-to-consumer operations. Having established initial cooperation regarding certain products, these pharmaceutical companies have gained sufficient understanding and confidence in our service capabilities. This existing foundation facilitates the expansion of product collaborations, thereby enhancing long-term partnership sustainability.

We will conduct in-depth research of existing pharmaceutical companies’ R&D capabilities, product pipeline expansion plans, and competitive market positioning so as to continuously refine and diversify our service offerings, and thereby secure cooperation on subsequent product launches by these pharmaceutical companies.

- (ii) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED] , is expected to be used to strengthen our out-of-hospital digital marketing and promotion services. In particular, we plan to focus on enhancing supply chain management capabilities as well as the professional development and improvement of our sales team and marketing planning team through the following measures:

- (1) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used for the digital upgrade of our supply chain. We plan to utilize the [REDACTED] to drive the digital transformation of the supply chain over the next two years, collaborating with upstream pharmaceutical companies to build a digital supply chain platform. This platform will enable real-time information sharing and coordination across production, sales, inventory management, and logistics service. For example, big data analytics will be leveraged to forecast market demand, optimize production and procurement planning in advance, reduce inventory costs, and enhance supply chain responsiveness and quality monitoring. We expect to purchase big data analytics tools for this digital supply chain platform;

FUTURE PLANS AND USE OF [REDACTED]

- (2) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used to establish a distributor evaluation system. We plan to develop a comprehensive distributor evaluation system over the next two years using big data analytics to help pharmaceutical companies build a qualified, efficient, and well-structured out-of-hospital distributor network. Meanwhile, this system will encourage distributors within our cooperative ecosystem to continuously improve their capabilities and service quality, ensuring the stable and efficient operation of the pharmaceutical companies' supply chain. We expect to purchase big data analytics and customer relationship management tools for this distributor evaluation system;
 - (3) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used to enhance the professional capabilities of offline sales teams. Given the unique characteristics of pharmaceutical sales, long-term success requires the integration of online and offline marketing. Therefore, we will enhance the professional capabilities of offline sales teams, including recruiting more talents with expertise in offline marketing into our sales network, on an ongoing basis;
 - (4) approximately [REDACTED] of the net [REDACTED] or approximately [REDACTED] is expected to be used to build a professional marketing planning team. We will establish a professional marketing and planning team dedicated to the comprehensive out-of-hospital market over the next two years. This team will provide centralized management and strategic planning across key functions, including market research, sales activation planning, sales force training, and integrated marketing resource allocation.
- (iii) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to strengthen our operational capabilities. We will optimize our operational team's capabilities over the next 1.5 years by (a) enhancing the overall operational competencies of our team; (b) optimizing our organizational structure to ensure that all team members meet required competency and quality standards; (c) strengthening our capabilities in new media operations to bolster our digital marketing effectiveness; (d) intensifying our utilization of digital tools to advance our market research and data analytics capabilities; and (e) establishing a structured research plan to systematically study critical aspects of the pharmaceutical e-commerce sector, including market trends, customer demands, and industry developments.
- (1) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to strengthen our market research and digital insight capabilities with a strategic focus on refining and improving management for private domain consumers.
 - (2) approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to enhance the development of new media marketing system and private domain marketing management.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for intelligent supply chain upgrade and data platform development over the next three years. In particular, the [REDACTED] will be used in the following aspects:

- (i) Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for further development of our intelligent supply chain and warehousing logistics systems.

We will establish and further upgrade a comprehensive intelligent supply chain and warehousing logistics system powered by AI and big data technologies. This integrated system will provide functions such as demand forecasting, intelligent dispatching, automated warehousing, and smart distribution capabilities through a unified operational framework.

The intelligent supply chain system will leverage softwares and hardwares enabling machine learning algorithms to deliver precise demand prediction and dynamic inventory optimization. By establishing data connectivity across upstream and downstream operations, we will achieve full-cycle supply chain visibility and data-driven decision making.

With respect to intelligent warehousing and logistics infrastructure, we will install automated conveyor systems, AGV robotics, and IoT-enabled devices. A centralized supply chain control tower will provide real-time monitoring of operational data across the entire network, ensuring rapid response capabilities and continuous process optimization.

We expect that this strategic initiative is projected to deliver substantial operational improvements, including reduction in logistics costs and increase in inventory turnover rate, effectively supporting our future business expansion.

- (ii) Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for data platform development including AI, database and SaaS systems.

We will comprehensively upgrade our artificial intelligence and digital pharmaceutical capabilities, with focused investments in three key areas: AI applications, SaaS platform development, and digital marketing infrastructure. This initiative will establish a comprehensive digital operation system encompassing intelligent customer service, personalized recommendation engines, integrated ERP services, and high-concurrency e-commerce platforms. With respect to its functions, this comprehensive digital operation system provides intelligent customer service, makes personalized recommendations to customers, and enables other automated marketing tools. Softwares and devices to be purchased and installed include AI-powered customer service and personalized recommendation systems. By leveraging customer data analytics and automated marketing tools, we aim to create a seamless digital ecosystem.

FUTURE PLANS AND USE OF [REDACTED]

We will adopt an agile development methodology to phase in core functionalities while ensuring a secure and compliant hybrid cloud architecture. This digital transformation is designed to achieve multiple strategic objectives: operational cost reduction and efficiency improvement, GMV growth and data asset accumulation, laying a foundation for future technology commercialization opportunities.

- (iii) Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used to upgrade and enhance supporting facilities for our intelligent supply chain and warehousing logistics systems. Particularly, we will purchase and deploy edge computing nodes and IoT devices to strengthen real-time data processing capabilities, while establishing green energy systems to reduce operational energy consumption. To ensure system stability, we will also construct a geographically redundant disaster recovery center which provides necessary data backup and implement industrial control security protections. Also, we will invest in technology validation, AI model iteration and recruitment of high-level talents. We will comprehensively enhance system resilience, sustainability, and scalability, thereby providing support for long-term operations.
- Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for potential strategic investment or acquisition transactions.

In particular, we plan to utilize the [REDACTED] to make equity investments in upstream pharmaceutical companies with high potential and strong strategic alignment with us. Through equity investments, we will be able to actively participate in their operational decision-making, share development outcomes, and achieve risk-sharing and benefit-sharing. For instance, in the case of pharmaceutical companies specialized in innovative traditional Chinese medicine R&D, our equity investment will not only provide financial support for their research but also leverage our market channels and marketing expertise to facilitate rapid product commercialization. Meanwhile, such equity collaborations will enhance strategic trust between both parties, laying a solid foundation for long-term cooperation.

Specifically, we plan to seek the potential targets with the following characteristics:

- (i) *Strategic synergy*: After years of business operation and innovation, we have built a full-channel marketing and supply chain service system. To enhance future profitability and sustainable growth, we plan to acquire proprietary products to expand our portfolio. Our strong operational and financial position allows us to integrate additional products without increasing fixed costs. By acquiring companies with complementary product pipelines, we can leverage our sales and management capabilities to rapidly scale up the target company’s revenue and net profit, thereby strengthening our overall profitability and risk resilience while supporting long-term sustainable growth.
- (ii) *Business operations*: We intend to acquire equity interest in pharmaceutical companies that possess product approvals with relative competitive advantages. Strategically, we focus on target companies that have existing market presence and stable sales revenue and net profit performance, where through our operational capabilities we can rapidly expand market share and deliver substantial net profit growth. We also evaluate target companies’ key financial metrics such as debt-to-asset ratios, cash flow status, and profit projections, to mitigate risks associated with high-premium acquisitions. Our

FUTURE PLANS AND USE OF [REDACTED]

selection criteria include (a) a debt-to-asset ratio not exceeding 75.0%; (b) positive operating cash flows; (c) stable growth in both sales and net profit for three consecutive years; (d) accounts receivable turnover days within 90 days; and (e) no equity disputes.

Our directors confirm a sufficient pool of potential acquisition targets meeting our selection criteria. However, as of the Latest Practice Date, we have not identified any specific investment or acquisition targets.

- Approximately [REDACTED] of the net [REDACTED], or approximately [REDACTED], is expected to be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately [REDACTED], respectively. If we make an upward or downward [REDACTED] adjustment to set the final [REDACTED] to be above or below the mid-point of the [REDACTED] range, we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a *pro rata* basis.

The net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share, being the maximum [REDACTED]), (ii) [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the [REDACTED] range), and (iii) [REDACTED] (assuming an [REDACTED] of [REDACTED] per Share, being the minimum [REDACTED]).

To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the net [REDACTED] for the above purposes on a *pro rata* basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, the net [REDACTED] which are not immediately applied will only be deposited into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

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HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGDONG RONG TAI PHARMACEUTICAL CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

[To insert the firm’s letterhead]

INTRODUCTION

We report on the historical financial information of Guangdong Rong Tai Pharmaceutical Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[3] to I-[81] , which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[3] to I-[10] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	2,915,971	2,875,345	3,388,124
Cost of sales		(2,719,696)	(2,703,165)	(3,157,902)
Gross profit		196,275	172,180	230,222
Other income and gains	6	791	1,850	757
Selling and distribution expenses		(92,635)	(110,166)	(95,088)
Administrative expenses		(36,711)	(42,287)	(60,665)
Research and development expenses		(1,795)	(2,003)	(1,615)
Reversal of impairment loss of financial assets, net.		3,808	5,412	5,757
Other expenses	7	(667)	(980)	(1,152)
Finance costs	8	(8,407)	(13,694)	(19,000)
PROFIT BEFORE TAX.	9	60,659	10,312	59,216
Income tax expense	12	(14,942)	(6,571)	(22,625)
PROFIT FOR THE YEAR		45,717	3,741	36,591
Attributable to:				
Owners of the parent		46,081	5,480	39,461
Non-controlling interests		(364)	(1,739)	(2,870)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		45,717	3,741	36,591
Attributable to:				
Owners of the Company		46,081	5,480	39,461
Non-controlling interests		(364)	(1,739)	(2,870)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)				
Basic and diluted	14	0.45	0.05	0.37

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	8,409	7,179	10,315
Right-of-use assets	16	14,218	17,871	25,544
Intangible assets	17	14,735	22,167	77,411
Prepayments, deposits and other receivables . .	20	6,635	14,662	10,400
Deferred tax assets	26	7,265	5,411	1,787
Total non-current assets		51,262	67,290	125,457
CURRENT ASSETS				
Inventories	18	302,083	292,545	604,960
Trade and bills receivables	19	454,724	497,378	538,542
Prepayments, deposits and other receivables . .	20	110,818	156,552	299,069
Financial assets at fair value through profit and loss (“FVTPL”)		—	—	100
Restricted bank deposits	21	50,109	30,162	35,406
Cash and cash equivalents	21	61,567	110,184	105,993
Total current assets		979,301	1,086,821	1,584,070
CURRENT LIABILITIES				
Trade and bills payables	22	330,385	284,073	576,781
Other payables and accruals	23	49,524	54,650	65,581
Contract liabilities	24	3,517	4,281	6,919
Interest-bearing bank and other borrowings . .	25	293,701	377,009	569,199
Lease liabilities	16	4,963	9,307	10,216
Income tax payable		1,011	51	5,212
Total current liabilities		683,101	729,371	1,233,908
NET CURRENT ASSETS.		296,200	357,450	350,162
TOTAL ASSETS LESS CURRENT				
LIABILITIES.		347,462	424,740	475,619
NON-CURRENT LIABILITIES				
Lease liabilities	16	10,198	10,676	16,364
Total non-current liabilities		10,198	10,676	16,364
Net assets		337,264	414,064	459,255
EQUITY				
Equity attributable to owners of the Company				
Share capital	27	10,283	10,532	10,532
Reserves	28	326,431	393,721	433,246
		336,714	404,253	443,778
Non-controlling interests		550	9,811	15,477
Total equity		337,264	414,064	459,255

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Accumulated losses		
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000
At 1 January 2023	10,283	354,768	2,240	(76,658)	23	290,656
Profit/(loss) for the year	—	—	—	46,081	(364)	45,717
Total comprehensive income/(loss) for the year	—	—	—	46,081	(364)	45,717
Acquisition of a subsidiary (note 30)	—	—	—	—	341	341
Capital contribution by non-controlling shareholders	—	—	—	—	550	550
Appropriation to statutory surplus reserve	—	—	2,902	(2,902)	—	—
At 31 December 2023	10,283	354,768*	5,142*	(33,479)*	550	337,264

Year ended 31 December 2024

	Attributable to owners of the parent				Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Accumulated losses		
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000
At 1 January 2024	10,283	354,768	5,142	(33,479)	550	337,264
Profit/(loss) for the year	—	—	—	5,480	(1,739)	3,741
Total comprehensive income/(loss) for the year	—	—	—	5,480	(1,739)	3,741
Capital contribution by shareholders	249	61,810	—	—	—	62,059
Capital contribution by non-controlling shareholders	—	—	—	—	1,000	1,000
Non-controlling interests arising from business combinations (note 29)	—	—	—	—	10,000	10,000
Appropriation to statutory surplus reserve	—	—	125	(125)	—	—
At 31 December 2024	10,532	416,578*	5,267*	(28,124)*	9,811	414,064

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ACCOUNTANTS’ REPORT

Year ended 31 December 2025

	Attributable to owners of the parent						
	Share capital	Capital reserve	Statutory surplus reserve	(Accumulated losses)/retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000	RMB'000
At 1 January 2025	10,532	416,578	5,267	(28,124)	404,253	9,811	414,064
Profit/(loss) for the year	—	—	—	39,461	39,461	(2,870)	36,591
Total comprehensive income/(loss) for the year	—	—	—	39,461	39,461	(2,870)	36,591
Capital contribution by non-controlling shareholders	—	—	—	—	—	8,600	8,600
Acquisition of non-controlling interests.	—	64	—	—	64	(64)	—
At 31 December 2025	10,532	416,642*	5,267*	11,337*	443,778	15,477	459,255

* These reserve accounts comprise the consolidated reserves of RMB326,431,000, RMB393,721,000 and RMB433,246,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		60,659	10,312	59,216
Adjustments for:				
Finance costs	8	8,407	13,694	19,000
Interest income.	6	(514)	(786)	(441)
Loss/(gain) on disposal of items of property, plant and equipment and other assets	6/7	18	29	(35)
Depreciation of property, plant and equipment.	9	4,112	4,269	4,528
Depreciation of right-of-use assets.	9	6,170	7,737	9,640
Amortisation of intangible assets.	9	670	1,470	3,273
Reversal of impairment loss of financial assets, net.	9	(3,808)	(5,412)	(5,757)
Write-down of inventories to net realisable value	9	55	677	1,028
		75,769	31,990	90,452
(Increase)/decrease in inventories		(86,346)	15,689	(299,314)
Increase in trade and bills receivables		(148,716)	(157,298)	(303,898)
Increase in prepayments, deposits and other receivables		(15,862)	(41,390)	(139,435)
(Increase)/decrease in restricted bank deposit		(50,104)	19,947	(5,244)
Increase in trade and bills payables		172,131	38,564	522,756
(Decrease)/increase in contract liabilities . .		(3,487)	764	2,081
Decrease in other payables and accruals. . .		(24,708)	(2,566)	(12,670)
Cash used in operations		(81,323)	(94,300)	(145,272)
Interest received.		514	786	441
Income taxes paid.		(23,169)	(6,176)	(13,341)
Net cash flows used in operating activities. .		(103,978)	(99,690)	(158,172)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment.		(1,051)	(3,920)	(5,208)
Additions to intangible assets	17	(6,253)	(8,706)	(10,134)
Acquisition of subsidiaries	29	—	580	647
Acquisition of subsidiaries that are not business	30	(6,100)	(145)	(4,432)
Proceeds from disposal of property, plant and equipment and other assets		—	11	63
Purchases of financial assets at fair value through profit or loss.		—	—	(100)
Net cash flows used in investing activities. .		(13,404)	(12,180)	(19,164)

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Capital contribution by shareholders		13,000	49,059	—
Capital contribution by minority shareholders		550	1,000	8,600
Increase in/(repayments of) an amount due to the non-controlling interest of a subsidiary		—	4,000	(4,000)
Principal portion of lease payments		(6,873)	(7,312)	(11,942)
New bank and other loans		444,246	619,299	953,241
Repayments of bank and other loans		(333,276)	(492,673)	(756,144)
Interest paid		(7,612)	(12,886)	(18,085)
Net cash flows from financing activities . . .		110,035	160,487	173,145
NET (DECREASE)/INCREASE 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 YEAR		61,567	110,184	105,993

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ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	6,963	4,192	2,584
Right-of-use assets	16	11,952	7,260	11,686
Investments in subsidiaries	1	26,187	60,054	91,454
Prepayments, deposits and other receivables . .	20	4,124	8,121	5,575
Deferred tax assets	26	7,265	5,411	1,787
Total non-current assets		56,491	85,038	113,086
CURRENT ASSETS				
Inventories	18	291,780	228,679	358,554
Trade and bills receivables	19	463,495	453,108	515,329
Prepayments, deposits and other receivables . .	20	115,554	238,700	392,250
Restricted bank deposit	21	50,109	13,047	7,502
Cash and cash equivalents	21	48,525	82,934	75,215
Total current assets		969,463	1,016,468	1,348,850
CURRENT LIABILITIES				
Interest-bearing bank and other borrowings . .	25	293,701	373,505	557,990
Trade and bills payables	22	337,968	264,164	379,359
Other payables and accruals	23	45,717	40,683	39,281
Contract liabilities	24	3,092	1,796	2,748
Lease liabilities	16	3,798	5,707	4,600
Income tax payable		992	—	5,079
Total current liabilities		685,268	685,855	989,057
NET CURRENT ASSETS		284,195	330,613	359,793
TOTAL ASSETS LESS CURRENT				
LIABILITIES		340,686	415,651	472,879
NON-CURRENT LIABILITIES				
Lease liabilities	16	8,981	3,274	7,996
Total non-current liabilities		8,981	3,274	7,996
Net assets		331,705	412,377	464,883
EQUITY				
Share capital	27	10,283	10,532	10,532
Reserves	28	321,422	401,845	454,351
Total equity		331,705	412,377	464,883

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ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangdong Rong Tai Pharmaceutical Co., Ltd. (the “**Company**”) was incorporated as a limited liability company in Chinese mainland on 9 May 2004 and converted into a joint stock company with limited liability on 30 August 2022. The registered office address of the Company is 1101–1108, 11/F, No. 11, Xiancun Road, Tianhe District, Guangzhou, Guangdong, the People’s Republic of China (the “**PRC**”).

As of the date of this report, Mr. Chen Changqing is considered to be the largest shareholder, who held approximately 46.31% of interest in the issued shares of the Company.

The Company and its subsidiaries (the “**Group**”) are principally engaged in provision of digitalized sales of pharmaceutical products in the out-of-hospital pharmaceutical market. As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries as below:

Name	Place and date of establishment and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rong Tai Pharmaceutical (Shenyang) Co., Ltd.* (融泰醫藥(瀋陽)有限公司) (note a)	Chinese mainland 8 August 2002	RMB20,408,163	51%	—	Pharmacy sector wholesale
Rong Tai Pharmaceutical (Anhui) Co., Ltd.* (融泰醫藥(安徽)有限公司) (note b)	Chinese mainland 15 November 2017	RMB25,000,000	96%	4%	Pharmacy sector wholesale
Guangzhou Yikangsi Health Pharmacy Co., Ltd.* (廣州宜康思健康大藥房有限公司) (note c).	Chinese mainland 22 January 2021	RMB20,000,000	100%	—	Retail of pharmaceutical products
Wuhan Yikangsi Digital Technology Co., Ltd.* (武漢宜康思數字科技有限公司) (note d)	Chinese mainland 30 September 2021	RMB5,000,000	80%	2%	System operation, research and development
Rong Tai Pharmaceutical (Chongqing) Co., Ltd.* (融泰醫藥(重慶)有限公司) (note e) . . .	Chinese mainland 19 May 2023	RMB20,000,000	80%	—	Pharmacy sector wholesale
Rong Tai Pharmaceutical (Hubei) Co., Ltd.* (融泰醫藥(湖北)有限公司) (note f)	Chinese mainland 7 September 2023	RMB25,000,000	100%	—	Pharmacy sector wholesale
Rong Tai Pharmaceutical (Lanzhou) Co., Ltd.* (融泰醫藥(蘭州)有限公司) (note g)	Chinese mainland 23 July 2024	RMB10,200,000	51%	—	Pharmacy sector wholesale

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Name	Place and date of establishment and place of operations	Registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rong Tai Bio-pharmaceutical Technology (Hainan) Co., Ltd.* (融泰生物醫藥科技(海南)有限公司) (note h)	Chinese mainland 17 November 2022	RMB5,000,000	100%	—	Pharmacy manufacturing

Notes:

- * The English names of the above companies registered in the PRC represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.
- a. This entity is a limited liability enterprises established under the PRC law and was acquired on 2 April 2024. Further details are included in note 29 to the Historical Financial Information. The statutory financial statements for the year ended 31 December 2024 prepared under China Accounting Standards for Business Enterprises (“CASBE”) was audited by Guangzhou Ruigin Certified Public Accountants (廣州瑞勤會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared for the year ended 31 December 2025.
- b. This entity is a limited liability enterprise established under the PRC law and was acquired on 27 September 2023. Further details are included in note 30 to the Historical Financial Information. The statutory financial statements for the years ended 31 December 2023 and 2024 prepared under CASBE were audited by Guangzhou Ruigin Certified Public Accountants (廣州瑞勤會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared for the year ended 31 December 2025.
- c. This entity is a limited liability enterprise established under the PRC law. The statutory financial statements for the years ended 31 December 2023 and 2024 prepared under CASBE were audited by Guangzhou Ruigin Certified Public Accountants (廣州瑞勤會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared for the year ended 31 December 2025.
- d. This entity is a limited liability enterprise established under the PRC law. The statutory financial statements for the years ended 31 December 2023 prepared under CASBE were audited by Hubei Zhengda Certified Public Accountants Co., Ltd. (湖北正大會計師事務所有限責任公司) and Guangzhou Ruigin Certified Public Accountants (廣州瑞勤會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared for the years ended 31 December 2024 and 2025.
- e. This entity is a limited liability enterprise established under the PRC law and was acquired on 4 January 2024. Further details are included in note 30 to the Historical Financial Information. The statutory financial statements for the years ended 31 December 2024 prepared under CASBE were audited by Guangzhou Ruigin Certified Public Accountants (廣州瑞勤會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared for the year ended 31 December 2025.
- f. This entity is a limited liability enterprise established under the PRC law and was acquired on 29 May 2025. Further details are included in note 29 to the Historical Financial Information. No audited financial statements have been prepared for the year ended 31 December 2025.
- g. This entity is a limited liability enterprise established under the PRC law. No audited financial statements have been prepared for the year ended 31 December 2025.
- h. This entity is a limited liability enterprise established under the PRC law and this entity was acquired by the Group on 23 October 2025. Further details are included in note 30 to the Historical Financial Information. No audited financial statements have been prepared for the year ended 31 December 2025.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group.

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In the opinion of the directors, no non-controlling interests in subsidiaries are material to the Group.

The carrying amounts of the Company’s investments in subsidiaries are as follows:

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investments, at cost	26,187	60,054	91,454

Based on the impairment assessment performed by the Group, the directors of the Company considered that there was no impairment in the carrying values of the Company’s investment in subsidiaries as at 31 December 2023, 2024 and 2025.

2.1 BASIS OF PREPARATION

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 consistently adopted by the Group in the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain bills receivables and wealth management products which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

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Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required, the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Vehicles	23.75%
Machines and equipment	31.67% to 32.33%
Furniture and others	31.67% to 32.33%
Leasehold improvements	20.00% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment

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whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The useful life of 10 years for a licence is estimated based on the duration of the licence, as well as the useful lives of similar assets in the marketplace.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new digital operation systems is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the digital operation systems passes the completion acceptance to become ready for the intended use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs

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incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office premises and warehouses	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate used to determine such lease payments) or a change in assessment of an option to purchase the underlying asset.

The Group’s lease liabilities are presented in a separate line in the consolidated statements of financial position.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

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Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and

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supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

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The Group’s financial liabilities include trade and other payables, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and interest-bearing bank and other borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is based on estimated selling prices in the ordinary course of business, less applicable variable selling expenses and contract fulfilment cost.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

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Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

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- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

Sales of pharmaceutical products—e-commerce platforms, distributors and pharmacy

Revenue is recognised at a point in time when the goods are delivered to designated locations and accepted by the e-commerce platforms, distributors and pharmacy in accordance with the sales contract.

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Sales of pharmaceutical products—individual customers

The Group mainly sells its products directly to individual customers via self-operated stores. Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally on acceptance by the customer. Specifically, revenue from direct sales via self-operated stores is recognised when the goods are accepted by consumers directly in the stores.

The Group generally do not permit unconditional products return for the products sold to customers, except for major e-commerce platforms including JD Health, Ali Health and Meituan Health. Therefore, these contracts with major e-commerce platforms as customers provide them with rights of return. Some contracts for the sale of pharmaceutical products to e-commerce platforms, distributors and pharmacy also provide them with volume rebates. The rights of return and volume rebates give rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the products within a specified period, the expected value method is used to estimate the products that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For products that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Other income

Bank interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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Right-of-return assets

A right-of-return asset is recognised for the right to recover the products expected to be returned by customers. The asset is measured at the former carrying amount of the products to be returned, less any expected costs to recover the products and any potential decreases in the value of the returned products. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related products or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related products or services to the customer).

Refund liabilities

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 the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each of the Relevant Periods.

Employee benefits

Pension scheme

The employees of the Group which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and its subsidiaries operating in Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Housing fund and other social insurances—Chinese mainland

The Group has participated in defined social contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group contributes on a monthly basis to a defined contribution housing fund and other social insurances. Contributions reexpensed on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company’s subsidiaries mainly incorporated in the PRC and considered RMB as its functional currency.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Principal versus agent considerations

The Group determines whether it is a principal or an agent in the sales of pharmaceutical products by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised products before transferring the products to the distributors and retailers. Otherwise, the Group is an agent and records the net amount that it retains profits for agency services as revenue if its role is to arrange to provide the products. To assess whether the Group controls the products before they are transferred to the distributors and retailers, the Group has considered various factors, including but not limited to whether the Group (i) is the primary obligor in the arrangement, (ii) has general inventory risk, (iii) has discretion in establishing the selling price.

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Development expenses

Expenses incurred on each projects to develop new software are only capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts to be capitalised requires management to make judgements and estimation.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group performed individual assessment on certain customers. These evaluations focused on the customer’s settlement history and current and future ability to pay, and took into account the information specific to the customer as well as pertaining to the current and future economic environment in which the customer operates.

The Group uses a provision matrix to calculate ECLs for trade receivables with similar credit characteristics. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the customer’s current and future ability to pay and correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The

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Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 19 to Historical Financial Information, respectively.

Leases—Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as a subsidiary’s stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of products with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

Allowance for inventories

The Group records inventories at the lower of cost and net realisable value. Allowance for inventories is provided for those identified obsolete or damaged inventories; and inventories with a carrying amount higher than net realisable value. Regular operational procedures have been in place to monitor the allowance for inventories due to the significant balance involved and nature of the inventories is subject to expiry date.

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The management identified the obsolete or damaged inventories based on expiry date or physical condition of the inventories. The specific factors considered by management in the estimation of the allowance for obsolete or damaged inventories include the latest sales information, expected market demand and saleability of inventories. Although the Group carries out regular reviews on the net realisable value of inventories, the actual realisable value of inventories is not known until the sales are concluded.

The carrying amounts of inventories at the end of each of the Relevant Periods are disclosed in note 18 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group is organised into business units based on its products and services and has only one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	2,915,971	2,875,345	3,388,124

The revenue information above is based on the locations of headquarter of the customers.

(b) Non-current assets

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	41,937	59,898	122,183
Hong Kong	2,060	1,981	1,487
Total non-current assets	43,997	61,879	123,670

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

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Information about major customers

Revenue from the customers contributing over 10% of revenue of the Group are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	521,057	597,348	690,606
Customer B	450,359	483,014	490,262
Customer C	325,114	344,755	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the respective period.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of products or services			
Sales of pharmaceutical products	2,909,168	2,867,834	3,377,270
Others	6,803	7,511	10,854
Total	2,915,971	2,875,345	3,388,124
Timing of revenue recognition			
Transferred at a point in time	2,909,168	2,867,834	3,377,270
Transferred over time	6,803	7,511	10,854
Total	2,915,971	2,875,345	3,388,124

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of those periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Type of products			
Sales of pharmaceutical products	7,004	3,517	4,281

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(b) Performance obligations

Sales of pharmaceutical products

For distributor sales, the performance obligation is satisfied upon acceptance of the goods and payment is generally due within 30 to 90 days from acceptance, except for new customers, where payment in advance is normally required. For direct sales, the performance obligation is satisfied upon the acceptance of the goods and payment is mainly on cash or credit card settlement simultaneously.

Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint. As the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	191	1,028	185
Bank interest income	514	786	441
Others	86	36	96
Total other income	791	1,850	722
Gain on disposal of items of property, plant and equipment and other assets	—	—	35
Total other income and gains.	791	1,850	757

* The government grants mainly represent incentives awarded by the local governments to support the Group’s operation. There were no unfulfilled conditions or contingencies attached to these government grants.

7. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on derecognition of financial assets . . .	593	804	766
Loss on disposal of items of property, plant and equipment and other assets	18	29	—
Foreign exchange losses, net	5	7	115
Others	51	140	271
Total	667	980	1,152

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8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	7,612	12,886	18,085
Interest on lease liabilities (<i>note 16</i>)	795	808	915
Total	<u>8,407</u>	<u>13,694</u>	<u>19,000</u>

9. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold		2,719,391	2,702,635	3,157,540
Cost of services provided		305	530	362
Depreciation of property, plant and equipment*	15	4,112	4,269	4,528
Depreciation of right-of-use assets*	16(a)	6,170	7,737	9,640
Amortization of intangible assets*	17	670	1,470	3,273
Research and development costs		1,795	2,003	1,615
Loss on termination of a lease contract**		15	—	—
Lease payments not included in the measurement of lease liabilities*	16(c)	211	315	163
Reversal of impairment loss of financial assets, net		(3,808)	(5,412)	(5,757)
Write-down of inventories to net realisable value***		55	677	1,028
[REDACTED].		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Staff costs (including directors’ and chief executive’s remuneration (<i>note 10</i>)):—Salaries, discretionary bonuses, allowances and benefits in kind		53,418	57,926	70,210
—Pension scheme contributions		5,572	7,049	7,738
Total		<u>58,990</u>	<u>64,975</u>	<u>77,948</u>

* Included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

** Included in “Other income and gains” in profit or loss.

*** Included in “Cost of sales” in profit or loss.

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10. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

Directors’ and supervisors’ remuneration during the Relevant Periods, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees.	360	360	370
Other emoluments:			
Salaries, allowances and benefits in kind . .	2,504	2,969	2,541
Pension scheme contributions.	61	60	45
Subtotal	2,565	3,029	2,586
Total	2,925	3,389	2,956

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Dr. Yu Yumiao (<i>Note (a)</i>)	120	120	120
Mr. Zhang Xiaolu (<i>Note (a)</i>)	120	120	120
Mr. Lu Jun (<i>Note (a)</i>)	120	120	90
Mr. Zhang Ping (<i>Note (a)</i>)	—	—	40
Total	360	360	370

(b) Executive directors, non-executive director, and supervisors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023				
Chief executive and executive director:				
Mr. Chen Changqing (<i>Note (b)</i>)	—	252	7	259
Executive directors:				
Mr. Luo Qi (<i>Note (c)</i>)	—	579	9	588
Mr. Wang Dong (<i>Note (d)</i>)	—	549	9	558
Mr. Zhang Baozeng (<i>Note (e)</i>)	—	496	9	505
Non-executive director:				
Ms. Chen Qiao (<i>Note (f)</i>)	—	—	—	—
Supervisors:				
Mr. Liang Ronghui (<i>Note (h)</i>)	—	289	9	298
Ms. Zhang Yanfei (<i>Note (h)</i>)	—	105	9	114
Mr. Zhong Xi (<i>Note (h)</i>)	—	234	9	243
Total	—	2,504	61	2,565

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	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Chief executive and executive director:				
Mr. Chen Changqing (<i>Note (b)</i>)	—	424	—	424
Executive directors:				
Mr. Luo Qi (<i>Note (c)</i>)	—	711	10	721
Mr. Wang Dong (<i>Note (d)</i>)	—	674	10	684
Mr. Zhang Baozeng (<i>Note (e)</i>)	—	549	10	559
Non-executive director:				
Ms. Chen Qiao (<i>Note (f)</i>)	—	—	—	—
Supervisors:				
Mr. Liang Ronghui (<i>Note (h)</i>)	—	288	10	298
Ms. Zhang Yanfei (<i>Note (h)</i>)	—	105	10	115
Mr. Zhong Xi (<i>Note (h)</i>)	—	218	10	228
Total	—	2,969	60	3,029

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025				
Chief executive and executive director:				
Mr. Chen Changqing (<i>Note (b)</i>)	—	424	—	424
Executive directors:				
Mr. Luo Qi (<i>Note (c)</i>)	—	674	11	685
Mr. Wang Dong (<i>Note (d)</i>)	—	639	9	648
Mr. Zhang Baozeng (<i>Note (e)</i>)	—	545	11	556
Non-executive director:				
Ms. Wu Xiaoyi (<i>Note (h)</i>)	—	50	4	54
Ms. Chen Qiao (<i>Note (f)</i>)	—	—	—	—
Supervisors:				
Mr. Liang Ronghui (<i>Note (g)</i>)	—	298	4	102
Ms. Zhang Yanfei (<i>Note (g)</i>)	—	36	3	39
Mr. Zhong Xi (<i>Note (g)</i>)	—	75	3	78
Total	—	2,541	45	2,586

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Notes:

- (a) Dr. Yu Yumiao, Mr. Lu Jun and Mr. Zhang Xiaolu were appointed as independent non-executive directors with effect from July 2022, Mr. Lu Jun was resigned in September 2025, Mr. Zhang Ping was appointed as independent non-executive directors with effect from September 2025.
- (b) Mr. Chen Changqing was appointed as an executive director and the chief executive of the Company with effect from August 2019.
- (c) Mr. Luo Qi was appointed as an executive director with effect from August 2019.
- (d) Mr. Wang Dong was appointed as an executive director with effect from November 2022.
- (e) Mr. Zhang Baozeng was appointed as an executive director with effect from January 2022.
- (f) Ms. Chen Qiao was appointed as a non-executive director with effect from May 2021 and no emoluments payable to her during the Relevant Periods.
- (g) Mr. Liang Ronghui, Ms. Zhang Yanfei and Mr. Zhong Xi were appointed as supervisors with effect from July 2022. The Company had dissolved the supervisory committee from September 2025. Their remuneration disclosed above included the remuneration for the services rendered by them as the supervisor.
- (h) Ms. Wu Xiaoyi was appointed as a non-executive director with effect from September 2025.

Save for the non-executive director, there was no arrangement under which a director or supervisor agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three directors, three directors and three directors respectively, details of whose remuneration are set out in note 10 to the Historical Financial Information.

Details of the remuneration of the remaining highest paid employees, who are neither a director of the Company for each of the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits			
in kind	1,082	1,254	1,171
Pension scheme contributions	19	21	21
Total	<u>1,101</u>	<u>1,275</u>	<u>1,192</u>

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The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following band are as follow:

	Year ended 31 December		
	2023	2024	2025
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i>
Nil to HKD1,000,000	2	2	2

During the Relevant Periods, no highest paid employees waived or agreed to waive any remuneration, and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX

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

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax (“**EIT**”) rate of the PRC subsidiaries was 25% during the Relevant Periods except for the entity which was subject to tax concession set out below. A preferential tax treatment is available to Wuhan Yikangsi Information Technology Co., Ltd. was recognised as a High and New Technology Enterprise in 2024 in Chinese mainland, and a lower 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 and Wuhan Yikangsi Information Technology Co., Ltd. must re-apply for it every three years.

According to the EIT Law, Wuhan Yikangsi Information Technology Co., Ltd. was entitled to additional deduction at 100% of qualified research and development expenses from taxable income from 2024 to 2025. The additional deduction percentage was 200% for the amortization of capitalized development cost.

Hong Kong

The first HK\$2,000,000 of assessable profits of the Group’s Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.50%. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current income tax	13,260	4,717	19,001
Deferred income tax (<i>note 26</i>).	1,682	1,854	3,624
Total	14,942	6,571	22,625

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A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	60,659	10,312	59,216
Tax at the statutory tax rate (25%).	15,165	2,578	14,804
Effect of different tax rates enacted by local authorities.	16	236	547
Adjustments in respect of current tax of previous periods	—	—	1,532
Additional deductible allowance for research and development expenses	—	(464)	(542)
Deductible temporary difference and tax losses not recognised.	579	3,810	4,052
Expenses not deductible for tax.	260	411	2,591
Tax losses utilised from previous periods. . . .	(1,078)	—	(359)
Tax charge at the Group’s effective rate. . . .	14,942	6,571	22,625

The Group had tax losses in Chinese mainland of RMB5,847,000, RMB16,995,000 and RMB21,216,000 in aggregate as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the company in which the losses arose.

The Group also has accumulated tax losses in Hong Kong of RMB2,263,000, RMB2,564,000 and RMB9,487,000 in aggregate as at 31 December 2023, 2024 and 2025, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

13. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

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14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares in issue for the Relevant Periods.

The weighted average number of ordinary shares outstanding during the year used in the basic and diluted profit per share calculation had been adjusted retrospectively to reflect the share split on a one-for-ten basis, where the Company subdivided its share from one share of RMB1.0 each into ten shares of RMB0.1, which shall take effect immediately before the [REDACTED].

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods, since the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of basic and diluted earnings per share is based on:

	Year ended 31 December		
	2023	2024	2025
Earnings:			
Earnings attributable to ordinary equity holders of the parent (<i>RMB'000</i>)	46,081	5,480	39,461
Shares:			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation (<i>'000</i>) .	102,830	103,820	105,320
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (<i>Express in RMB</i>)			
—Basic and diluted	0.45	0.05	0.37

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15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Vehicles	Machines and equipment	Furniture and others	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023					
At 1 January 2023:					
Cost	4,400	2,032	1,285	9,634	17,351
Accumulated depreciation	(2,705)	(621)	(278)	(2,274)	(5,878)
Net carrying amount	<u>1,695</u>	<u>1,411</u>	<u>1,007</u>	<u>7,360</u>	<u>11,473</u>
At 1 January 2023, net of accumulated depreciation	1,695	1,411	1,007	7,360	11,473
Additions	13	250	451	337	1,051
Disposal	—	(3)	—	—	(3)
Depreciation provided during the year . . .	(930)	(624)	(512)	(2,046)	(4,112)
At 31 December 2023, net of accumulated depreciation	<u>778</u>	<u>1,034</u>	<u>946</u>	<u>5,651</u>	<u>8,409</u>
At 31 December 2023:					
Cost	4,413	2,252	1,736	9,971	18,372
Accumulated depreciation	(3,635)	(1,218)	(790)	(4,320)	(9,963)
Net carrying amount	<u>778</u>	<u>1,034</u>	<u>946</u>	<u>5,651</u>	<u>8,409</u>
	Vehicles	Machines and equipment	Furniture and others	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024					
At 1 January 2024:					
Cost	4,413	2,252	1,736	9,971	18,372
Accumulated depreciation	(3,635)	(1,218)	(790)	(4,320)	(9,963)
Net carrying amount	<u>778</u>	<u>1,034</u>	<u>946</u>	<u>5,651</u>	<u>8,409</u>
At 1 January 2024, net of accumulated depreciation	778	1,034	946	5,651	8,409
Additions	173	1,381	224	726	2,504
Acquisition of a subsidiary (note 29)	49	31	9	491	580
Disposal	—	(13)	(32)	—	(45)
Depreciation provided during the year . . .	(390)	(794)	(569)	(2,516)	(4,269)
At 31 December 2024, net of accumulated depreciation	<u>610</u>	<u>1,639</u>	<u>578</u>	<u>4,352</u>	<u>7,179</u>
At 31 December 2024:					
Cost	4,635	3,591	1,813	11,188	21,227
Accumulated depreciation	(4,025)	(1,952)	(1,235)	(6,836)	(14,048)
Net carrying amount	<u>610</u>	<u>1,639</u>	<u>578</u>	<u>4,352</u>	<u>7,179</u>

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31 December 2025

At 1 January 2025:

	Vehicles <i>RMB'000</i>	Machines and equipment <i>RMB'000</i>	Furniture and others <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Cost	4,635	3,591	1,813	11,188	21,227
Accumulated depreciation	(4,025)	(1,952)	(1,235)	(6,836)	(14,048)
Net carrying amount	610	1,639	578	4,352	7,179

At 1 January 2025, net of accumulated

depreciation	610	1,639	578	4,352	7,179
Additions	217	2,280	823	3,304	6,624
Acquisition of a subsidiary (<i>note 29</i>)	2	503	40	523	1,068
Disposal	—	(4)	(2)	(22)	(28)
Depreciation provided during the year. . . .	(368)	(1,337)	(505)	(2,318)	(4,528)

At 31 December 2025, net of accumulated

depreciation	461	3,081	934	5,839	10,315

At 31 December 2025:

Cost	4,854	6,251	2,673	14,788	28,566
Accumulated depreciation	(4,393)	(3,170)	(1,739)	(8,949)	(18,251)
Net carrying amount	461	3,081	934	5,839	10,315

The Company

	Vehicles <i>RMB'000</i>	Machines and equipment <i>RMB'000</i>	Furniture and others <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>

31 December 2023

At 1 January 2023:

Cost	2,898	1,885	934	8,877	14,594
Accumulated depreciation	(1,919)	(601)	(222)	(2,063)	(4,805)
Net carrying amount	979	1,284	712	6,814	9,789

At 1 January 2023, net of accumulated

depreciation	979	1,284	712	6,814	9,789
Additions	—	154	417	68	639
Disposal	—	(1)	—	—	(1)
Depreciation provided during the year. . . .	(574)	(573)	(394)	(1,923)	(3,464)

At 31 December 2023, net of accumulated

depreciation	405	864	735	4,959	6,963

At 31 December 2023:

Cost	2,898	2,012	1,351	8,945	15,206
Accumulated depreciation	(2,493)	(1,148)	(616)	(3,986)	(8,243)
Net carrying amount	405	864	735	4,959	6,963

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	Vehicles	Machines and equipment	Furniture and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	2,898	2,012	1,351	8,945	15,206
Accumulated depreciation	(2,493)	(1,148)	(616)	(3,986)	(8,243)
Net carrying amount	405	864	735	4,959	6,963
At 1 January 2024, net of accumulated depreciation	405	864	735	4,959	6,963
Additions	—	59	3	(165)	(103)
Disposal	—	(1)	—	—	(1)
Depreciation provided during the year. . . .	(202)	(497)	(418)	(1,550)	(2,667)
At 31 December 2024, net of accumulated depreciation	203	425	320	3,244	4,192
At 31 December 2024:					
Cost	2,898	2,028	1,352	8,780	15,058
Accumulated depreciation	(2,695)	(1,603)	(1,032)	(5,536)	(10,866)
Net carrying amount	203	425	320	3,244	4,192
	Vehicles	Machines and equipment	Furniture and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025					
At 1 January 2025:					
Cost	2,898	2,028	1,352	8,780	15,058
Accumulated depreciation	(2,695)	(1,603)	(1,032)	(5,536)	(10,866)
Net carrying amount	203	425	320	3,244	4,192
At 1 January 2025, net of accumulated depreciation	203	425	320	3,244	4,192
Additions	—	204	—	341	545
Disposal	—	(4)	—	—	(4)
Depreciation provided during the year. . . .	(60)	(312)	(225)	(1,552)	(2,149)
At 31 December 2025, net of accumulated depreciation	143	313	95	2,033	2,584
At 31 December 2025:					
Cost	2,898	2,110	1,352	9,121	15,481
Accumulated depreciation	(2,755)	(1,797)	(1,257)	(7,088)	(12,897)
Net carrying amount	143	313	95	2,033	2,584

As at the end of each Relevant Periods, there were no pledged property, plant and equipment.

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16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises and warehouses used in its operations. Leases of office premises and warehouses generally have lease terms between 2 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	21,765	14,218	17,871
Additions	253	11,228	7,348
Acquisition of a subsidiary (<i>note 29</i>)	—	450	2,099
Depreciation charge	(6,170)	(7,737)	(9,977)
Decrease arising from lease term termination .	(1,347)	—	—
Reassessment of a lease term arising from a change in rent	(283)	(289)	8,214
Exchange realignment	—	1	(11)
Carrying amount at the end of the year	14,218	17,871	25,544

During the year ended 31 December 2025, depreciation of right-of-use assets of RMB337,000 was capitalised in deferred development costs.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year.	17,848	11,952	7,260
Additions	—	—	858
Depreciation charge	(4,878)	(4,692)	(4,646)
Decrease arising from lease term termination .	(735)	—	—
Reassessment of a lease term arising from a change in rent	(283)	—	8,214
Carrying amount at the end of the year	11,952	7,260	11,686

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(b) Lease liabilities

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	22,703	15,161	19,983
New leases	253	11,228	7,348
Acquisition of a subsidiary (note 29)	—	391	2,073
Accretion of interest recognised during the year	795	808	915
Lease termination	(1,434)	—	—
Reassessment of a lease term arising from a change in rent	(283)	(294)	8,214
Exchange realignment	—	1	(11)
Payments	(6,873)	(7,312)	(11,942)
Carrying amount	15,161	19,983	26,580
Analysed into:			
Current portion	4,963	9,307	10,216
Non-current portion	10,198	10,676	16,364

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	18,708	12,779	8,981
New leases	—	—	858
Accretion of interest recognised during the year	645	489	367
Lease termination	(774)	—	—
Reassessment of a lease term arising from a change in rent	(283)	—	8,214
Payments	(5,517)	(4,287)	(5,824)
Carrying amount	12,779	8,981	12,596
Analysed into:			
Current portion	3,798	5,707	4,600
Non-current portion	8,981	3,274	7,996

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets . . .	6,170	7,737	9,640
Interest on lease liabilities.	795	808	915
Gain on a lease termination.	15	—	—
Expense relating to short-term leases	211	315	163
Total amount recognised in profit or loss . . .	<u>7,191</u>	<u>8,860</u>	<u>10,718</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets . . .	4,878	4,692	4,646
Interest on lease liabilities.	645	489	367
Gain on a lease termination.	(39)	—	—
Total amount recognised in profit or loss . . .	<u>5,484</u>	<u>5,181</u>	<u>5,013</u>

(d) The total cash outflow for leases is disclosed in note 31 to the Historical Financial Information.

17. INTANGIBLE ASSETS

The Group

	Software	Licences	Deferred development costs	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:				
Cost.	1,137	—	4,520	5,657
Accumulated amortisation	(57)	—	—	(57)
Net carrying amount	<u>1,080</u>	<u>—</u>	<u>4,520</u>	<u>5,600</u>

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	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023, net of accumulated amortisation	1,080	—	4,520	5,600
Additions—internal development	—	—	6,253	6,253
Acquisition of a subsidiary that is not a business (<i>note 30</i>)	—	3,552	—	3,552
Transfers	6,455	—	(6,455)	—
Amortisation	(552)	(118)	—	(670)
At 31 December 2023, net of accumulated amortisation	6,983	3,434	4,318	14,735
At 31 December 2023				
Cost	7,592	3,552	4,318	15,462
Accumulated amortisation	(609)	(118)	—	(727)
Net carrying amount	6,983	3,434	4,318	14,735
	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	7,592	3,552	4,318	15,462
Accumulated amortisation	(609)	(118)	—	(727)
Net carrying amount	6,983	3,434	4,318	14,735
At 1 January 2024, net of accumulated amortisation	6,983	3,434	4,318	14,735
Additions	62	—	—	62
Additions—internal development	—	—	8,644	8,644
Internal transfers	3,588	—	(3,588)	—
Acquisition of a subsidiary that is not a business (<i>note 30</i>)	—	196	—	196
Amortisation	(1,095)	(375)	—	(1,470)
At 31 December 2024, net of accumulated amortisation	9,538	3,255	9,374	22,167
At 31 December 2024				
Cost	11,242	3,748	9,374	24,364
Accumulated amortisation	(1,704)	(493)	—	(2,197)
Net carrying amount	9,538	3,255	9,374	22,167

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	Software	Licences	Deferred development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025				
At 1 January 2025:				
Cost.	11,242	3,748	9,374	24,364
Accumulated amortisation.	(1,704)	(493)	—	(2,197)
Net carrying amount.	9,538	3,255	9,374	22,167
At 1 January 2025, net of accumulated amortisation.	9,538	3,255	9,374	22,167
Additions.	32	39,811	—	39,843
Additions—internal development.	—	—	10,439	10,439
Internal transfers.	19,813	—	(19,813)	—
Acquisition of a subsidiary (<i>note 29</i>). . .	—	3,919	—	3,919
Acquisition of a subsidiary that is not a business (<i>note 30</i>).	—	4,316	—	4,316
Amortisation.	(2,010)	(1,263)	—	(3,273)
At 31 December 2025, net of accumulated amortisation.	27,373	50,038	—	77,411
At 31 December 2025				
Cost.	31,087	51,794	—	82,881
Accumulated amortisation.	(3,714)	(1,756)	—	(5,470)
Net carrying amount.	27,373	50,038	—	77,411

Impairment testing of deferred development costs

The intangible assets of the Group include the deferred development costs which 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.

Assumptions were used in the value in use calculation of deferred development costs as at 31 December 2023 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of deferred development costs:

Compound growth rate—The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding the information that has become available after the assessment. Such information includes sales plans, industry growth rate, past experience and the medium-term or long-term growth target of the Group.

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Management considers that using a ten-year forecast period for the relief from royalty method in the impairment test is appropriate because the economic useful lives of software in development are longer than ten years, and it generally takes longer for a software product to reach a perpetual growth mode, compared to products in other industries, especially when the software products are still in development.

Discount rate—The pre-tax discount rate applied to the cash flow projections ranged from 26.86% to 27.93% during the years ended 31 December 2023 and 2024, which is determined by reference to the average pre-tax discount rates for comparable companies with similar business risk and similar industry with the addition of the risk premium associated with the underlying software group in development.

Royalty rate—Royalties generated by the deferred development costs are based on the Group’s total revenue from the Group. The royalty rate applied to the cash flow projections was 1% and the royalty rate is determined by reference to the royalty rate for comparable cases with similar industry.

Key assumptions used in the calculation are as follows:

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

The values assigned to the key assumptions are consistent with historical experience of the Group and external information sources.

No impairment loss in relation to deferred development costs is recognized for the years ended 31 December 2023 and 2024. The impairment assessment is based on a valuation by an independent professional valuer. Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the key parameters would not cause the carrying amount of the deferred development costs to exceed its recoverable amount as at 31 December 2023 and 2024.

Based on management’s assessment of the recoverable amounts, the headroom, representing the excess of the recoverable amount over the carrying amount was RMB110,699,000 and RMB85,849,000 for the deferred development costs as at 31 December 2023 and 2024, respectively.

If the pre-tax discount rate increased to 28.93%, or the royalty rate decreased to 0.99%, or the compound growth rate of revenue decreased to 6.17% (with other assumptions remaining unchanged), the recoverable amount of the deferred development costs would equal its carrying amount as at 31 December 2023.

If the pre-tax discount rate rose to 27.86%, or the royalty rate decreased to 0.99%, or the compound growth rate of revenue decreased to 5.00% (with other assumptions remaining unchanged), the recoverable amount of the deferred development costs would equal its carrying amount as at 31 December 2024.

Except for these, any reasonable possible changes in the other key assumptions used value assessment model would not affect management’s view on impairment of the deferred development costs at 31 December 2023 and 2024.

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18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trading merchandise	302,083	292,545	604,960
Total	<u>302,083</u>	<u>292,545</u>	<u>604,960</u>

The inventories of the Group are net of a write-down of approximately RMB1,541,000, RMB2,218,000 and RMB1,028,000 as at 31 December 2023, 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trading merchandise	291,780	228,679	358,554
Total	<u>291,780</u>	<u>228,679</u>	<u>358,554</u>

The inventories of the Company are net of a write-down of approximately RMB1,541,000, RMB1,823,000 and RMB759,000 as at 31 December 2023, 2024 and 2025.

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables at amortised cost			
Trade receivables	420,062	469,365	491,216
Less: impairment	(26,438)	(21,026)	(15,269)
Trade receivables, net	<u>393,624</u>	<u>448,339</u>	<u>475,947</u>
Bills receivable at amortized cost	<u>61,100</u>	<u>11,601</u>	<u>30,332</u>
Subtotal	454,724	459,940	506,279
Bills receivable at fair value through other comprehensive income (“FVOCI”)			
Bills receivables	—	37,438	32,263
Total	<u>454,724</u>	<u>497,378</u>	<u>538,542</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost			
Trade receivables			
Subsidiaries	19,988	35,081	115,353
Third parties	408,733	388,698	353,604
Less: impairment	(26,326)	(17,458)	(5,223)
Trade receivables, net	402,395	406,321	463,734
Bills receivable at amortized cost	61,100	11,131	24,188
Subtotal	463,495	417,452	487,922
Bills receivable at FVOCI			
Bills receivables	—	35,656	27,407
Total	463,495	453,108	515,329

The Group’s trading terms with its customers are mainly on credit, except for individual customers, where payment in advance is normally required. The credit period is generally from one month to two months. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. The balances of trade and bills receivables are non-interest-bearing.

As the end of each of the Relevant Periods, certain trade receivables of the Group amounting to RMB116,219,000, RMB103,117,000 and RMB132,528,000, respectively, were pledged to secure other borrowings.

As the end of each of the Relevant Periods, certain bill receivables of the Group amounting to RMB52,318,000, RMB4,907,000 and RMB22,385,000, respectively, were discounted to secure Bank loans.

Transferred financial assets that are derecognised in their entirety

As at the end of each Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “**Derecognized Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers and discounted with carrying amounts in aggregate of approximately RMB122,087,000, RMB79,091,000 and RMB183,294,000, respectively. The Derecognized Bills had maturity of one to six months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the Chinese mainland, the holders of the Derecognized Bills shall have recourse against the Group if the banks in Chinese mainland default (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted bank, and the Group has transferred substantially all the risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills. The maximum exposures to loss from

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the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

During the Relevant Periods, the Group has recognized loss of RMB593,000, RMB804,000 and RMB766,000, respectively, on the date of discounted of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the year or cumulatively.

Transferred financial assets that are not derecognised in their entirety

As at the end of each Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the “**Non-derecognized Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers and discounted with carrying amounts in aggregate of approximately RMB61,100,000, RMB10,806,000 and RMB29,583,000, respectively. The Group is of the opinion that the Group retains nearly all the risks and rewards, including default risks related to it. Therefore, the amount obtained from discounting bank acceptance bills (the carrying value) are recognised as financial liability under interest-bearing bank and other borrowings and current liabilities. Subsequent to discounting or endorsing, the Group will no longer retain usage rights, including the rights for selling, transferring or pledging such assets to other third parties.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
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	<u>393,624</u>	<u>448,339</u>	<u>475,947</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	383,394	369,453	460,354
1 to 2 years	481	6,378	1,909
2 to 3 years	18,520	330	1,471
Over 3 years	—	30,160	—
Total	<u>402,395</u>	<u>406,321</u>	<u>463,734</u>

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

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The Group performed individual assessment on certain customers. These evaluations focused on the customer’s settlement history and current and future ability to pay, and took into account the information specific to the customer as well as pertaining to the current and future economic environment in which the customer operates. The Group has provided impairment for those individual assessed trade receivables based on the cash flows or alternative assets that the Group expects to receive.

The remaining items were categorized by the Group into two types: state-owned enterprises and private companies and others, and the Group determines the ECL on remaining 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 movement in the loss allowance for impairment of trade receivables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year.	30,246	26,438	21,026
Impairment losses, net	(3,808)	(5,412)	(5,757)
At end of year	26,438	21,026	15,269

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year.	30,088	26,326	17,458
Impairment losses, net	(3,762)	(8,868)	(12,235)
At end of year	26,326	17,458	5,223

The following table details the risk profile of trade receivables by types:

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Individually assessed	39,800	21,361	53.67%
Collectively assessed:			
Private companies and others	370,715	5,074	1.37%
State-owned enterprises	9,547	3	0.03%
Total	420,062	26,438	6.29%

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As at 31 December 2024			
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	RMB'000	RMB'000	RMB'000
Individually assessed	45,642	12,965	28.41%
Collectively assessed:			
Private companies and others	414,070	8,055	1.95%
State-owned enterprises	9,653	6	0.06%
Total	469,365	21,026	4.48%

As at 31 December 2025			
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	RMB'000	RMB'000	RMB'000
Individually assessed	9,431	9,431	100.00%
Collectively assessed:			
Private companies and others	472,577	5,788	1.22%
State-owned enterprises	9,208	50	0.54%
Total	491,216	15,269	3.11%

The Company

As at 31 December 2023			
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	RMB'000	RMB'000	RMB'000
Due from subsidiaries	19,988	—	—
Individually assessed	39,800	21,361	53.67%
Collectively assessed:			
Private companies and others	362,485	4,963	1.37%
State-owned enterprises	6,448	2	0.03%
Total	428,721	26,326	6.14%

As at 31 December 2024			
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	RMB'000	RMB'000	RMB'000
Due from subsidiaries	35,081	—	—
Individually assessed	40,609	10,449	25.73%
Collectively assessed:			
Private companies and others	346,430	7,004	2.02%
State-owned enterprises	1,659	5	0.30%
Total	423,779	17,458	4.12%

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As at 31 December 2025			
	Gross carrying amount	Expected credit losses	Expected credit loss rate
	RMB'000	RMB'000	RMB'000
Due from subsidiaries	115,353	—	—
Individually assessed	1,100	1,100	100.00%
Collectively assessed:			
Private companies and others	348,921	4,083	1.17%
State-owned enterprises	3,583	40	1.12%
Total	468,957	5,223	1.11%

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

The Group

As at 31 December 2023					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.30%	18.60%	33.61%	—	1.34%
Gross carrying amount (RMB'000)	379,538	602	122	—	380,262
Expected credit losses (RMB'000)	4,924	112	41	—	5,077

As at 31 December 2024					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.42%	23.14%	36.90%	—	1.90%
Gross carrying amount (RMB'000)	414,578	8,622	523	—	423,723
Expected credit losses (RMB'000)	5,873	1,995	193	—	8,061

As at 31 December 2025					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.68%	27.39%	37.72%	100.00%	1.21%
Gross carrying amount (RMB'000)	474,767	3,600	2,895	523	481,785
Expected credit losses (RMB'000)	3,237	986	1,092	523	5,838

The Company

As at 31 December 2023					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.24%	18.61%	33.61%	—	1.28%
Gross carrying amount (RMB'000)	388,208	591	122	—	388,921
Expected credit losses (RMB'000)	4,814	110	41	—	4,965

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As at 31 December 2024					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.31%	23.14%	36.90%	—	1.83%
Gross carrying amount (RMB’000)	374,349	8,298	523	—	383,170
Expected credit losses (RMB’000)	4,896	1,920	193	—	7,009

As at 31 December 2025					
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.43%	27.38%	37.70%	100.00%	0.88%
Gross carrying amount (RMB’000)	462,343	2,630	2,361	523	467,857
Expected credit losses (RMB’000)	1,990	720	890	523	4,123

The bills receivable included in the above balances relate to receivables for which there was no recent history of default and past due amounts. During the Relevant Periods, bills receivable at amortized cost and FVOCI are subject to impairment under the general approach and the loss allowance was assessed to be minimal.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current:			
Long-term deposits	6,635	11,746	10,400
Advance payment for equipment	—	1,416	—
Upfront payment for acquisition	—	1,500	—
Total	6,635	14,662	10,400
Current:			
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

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Long-term deposits	4,124	6,621	5,575
Upfront payment for acquisition	—	1,500	—
Total	4,124	8,121	5,575
Current:			
Prepayments	83,387	105,852	180,690
Right-of-return assets	5,541	10,508	4,049
Value added tax recoverable	5,243	7,929	36,562
Prepaid corporate income tax	—	681	—
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	743	10	1,100
Due from subsidiaries	20,000	112,017	165,947
Other receivables	640	1,703	2,394
Total	115,554	238,700	392,250

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there was no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	111,676	140,346	141,399
Less: restricted bank deposits (<i>note</i>)	(50,109)	(30,162)	(35,406)
Cash and cash equivalents	61,567	110,184	105,993
Denominated in:			
RMB	61,014	109,449	104,395
HKD	551	701	911
USD	2	34	687
Cash and cash equivalents	61,567	110,184	105,993

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	98,634	95,981	82,717
Less: restricted bank deposits (<i>note</i>)	(50,109)	(13,047)	(7,502)
Cash and cash equivalents.	48,525	82,934	75,215
Denominated in:			
RMB	48,525	82,934	75,215
Cash and cash equivalents.	48,525	82,934	75,215

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes:

As at 31 December 2023, 2024 and 2025, the restricted bank deposits of the Group included RMB50,109,000, RMB30,162,000 and RMB35,406,000, respectively, represented performance deposits for issuing bills payable.

As at 31 December 2023, 2024 and 2025, the restricted bank deposits of the Company included RMB50,109,000, RMB13,047,000 and RMB7,502,000, respectively, represented performance deposits for issuing bills payable.

22. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	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

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An ageing analysis of the trade and bills payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 6 months	328,568	281,679	565,585
6 to 12 months	1,506	1,701	10,940
1 to 2 years	167	469	192
2 to 3 years	144	224	—
Over 3 years	—	—	64
Total	<u>330,385</u>	<u>284,073</u>	<u>576,781</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables			
Subsidiaries	—	1,263	20,951
Third parties	272,864	222,203	320,908
Subtotal	272,864	223,466	341,859
Bills payable	65,104	40,698	37,500
Total	<u>337,968</u>	<u>264,164</u>	<u>379,359</u>

An ageing analysis of the trade and bills payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 6 months	336,151	261,848	376,455
6 to 12 months	1,506	1,684	2,904
1 to 2 years	167	469	—
2 to 3 years	144	163	—
Total	<u>337,968</u>	<u>264,164</u>	<u>379,359</u>

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

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23. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	—	—
Due to the non-controlling interest of a subsidiary	—	4,000	—
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	18,922	24,173	23,042
Total	<u>49,524</u>	<u>54,650</u>	<u>65,581</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll and welfare payable	4,704	3,113	2,338
Output value added tax to be transferred	402	233	357
Other tax payables	2,209	2,760	2,610
Refund liabilities	5,908	11,150	4,302
Deposits	728	1,262	651
Advance received from investors	13,000	—	—
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	18,766	22,165	26,039
Total	<u>45,717</u>	<u>40,683</u>	<u>39,281</u>

24. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of pharmaceutical products	<u>3,517</u>	<u>4,281</u>	<u>6,919</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of pharmaceutical products	3,092	1,796	2,748

All contract liabilities included in the carrying amount as at 31 December 2023, 2024 and 2025, were expected to be transferred to operating revenue in following year. The increase in contract liabilities as at 31 December 2024 and 31 December 2025 was mainly due to the increase in short-term advances received from customers in relation to the sale of pharmaceutical products.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	At 31 December								
	2023			2024			2025		
	Effective interest rate per annum %	Maturity	RMB'000	Effective interest rate per annum %	Maturity	RMB'000	Effective interest rate per annum %	Maturity	RMB'000
Current									
Bank loans	3.5–4.0	2024	222,500	3.4–4.0	2025	293,826	3.0–4.1	2026	408,243
Current portion of long term bank loans-secured			—			—	3.0	2026-2028	9,708
Other borrowings	4.0–6.5	2024	71,201	3.6–5.2	2025	83,183	3.5–4.0	2026	151,248
			<u>293,701</u>			<u>377,009</u>			<u>569,199</u>
Analysed into:									
Bank loans repayable:									
Within one year or on demand			<u>222,500</u>			<u>293,826</u>			<u>417,951</u>
Other borrowings repayable:									
Within one year or on demand			<u>71,201</u>			<u>83,183</u>			<u>151,248</u>
Total			<u>293,701</u>			<u>377,009</u>			<u>569,199</u>

Notes: As at the end of each of the Relevant Periods, certain bank borrowings of the Group amounting to RMB170,182,000, RMB286,916,000 and RMB395,566,000 respectively, were guaranteed by Mr. Chen Changqing and the non-controlling interests of a subsidiary, which will be released prior to [REDACTED].

The secured bank loan of RMB9,708,000 with the maturity date of 24 June 2028 is subject to a covenant that requires a debt-to-asset ratio of Guangzhou Yikangsi Health Pharmacy Co., Ltd., a subsidiary not exceeding 95%. The covenant is tested yearly at 31 December. The debt-to-asset ratio applicable to the covenant is calculated as the total liabilities divided by total assets of the subsidiary. The debt-to-asset ratio was 103% based on the relevant financial information as at 31 December 2025 which was higher than that required by the covenant, the lender may demand for immediate repayment of the bank loan. The Company has determined that it does not

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have the right to defer settlement of the liability for a period exceeding one year. Accordingly, it has been reclassified as current liabilities. The Group is actively negotiating with the lender to obtain a waiver in respect of the potential non-compliance of the covenant.

As the end of each of the Relevant Periods, other borrowings of the Group amounting to RMB71,201,000, RMB83,183,000 and RMB151,248,000 respectively, were secured by trade receivables under the factoring arrangement that were not derecognised.

As the end of each of the Relevant Periods, certain bank loans of the Group amounting to RMB52,318,000, RMB4,907,000 and RMB22,385,000 respectively, were advances from banks as consideration for factored bills receivable.

The Company

	At 31 December								
	2023			2024			2025		
	<i>Effective interest rate per annum %</i>	<i>Maturity</i>	<i>RMB'000</i>	<i>Effective interest rate per annum %</i>	<i>Maturity</i>	<i>RMB'000</i>	<i>Effective interest rate per annum %</i>	<i>Maturity</i>	<i>RMB'000</i>
Current									
Bank loans	3.5–4.0	2024	222,500	3.4–4.0	2025	290,322	3.0–4.1	2026	406,742
Other borrowings	4.0–6.5	2024	71,201	3.6–5.2	2025	83,183	3.5–4.0	2026	151,248
			<u>293,701</u>			<u>373,505</u>			<u>557,990</u>
Analysed into:									
Bank loans repayable:									
Within one year or on demand			<u>222,500</u>			<u>290,322</u>			<u>406,742</u>
Other borrowings repayable:									
Within one year or on demand			<u>71,201</u>			<u>83,183</u>			<u>151,248</u>
Total			<u>293,701</u>			<u>373,505</u>			<u>557,990</u>

As at the end of each of the Relevant Periods, certain bank borrowings of the Company amounting to RMB170,182,000, RMB285,414,000 and RMB394,065,000 respectively, were guaranteed by Mr. Chen Changqing.

As the end of each of the Relevant Periods, other borrowings of the Company amounting to RMB71,201,000, RMB83,183,000 and RMB151,248,000 respectively, were secured by trade receivables under the factoring arrangement that were not derecognised.

As the end of each of the Relevant Periods, certain bank loans of the Company amounting to RMB52,318,000, RMB4,907,000 and RMB22,385,000 respectively, were advances from banks as consideration for factored bills receivable.

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26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

The Group

	Right-of-use assets	Right-of-return assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	5,441	7,490	12,931
Credited to profit or loss	(1,886)	(5,973)	(7,859)
As at 31 December 2023 and 1 January 2024	3,555	1,517	5,072
Charged to profit or loss	855	1,620	2,475
As at 31 December 2024 and 1 January 2025	4,410	3,137	7,547
Charged to profit or loss	1,953	357	2,310
As at 31 December 2025	6,363	3,494	9,857

The Company

	Right-of-use assets	Right-of-return assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	4,462	7,434	11,896
Credited to profit or loss	(1,474)	(6,049)	(7,523)
As at 31 December 2023 and 1 January 2024	2,988	1,385	4,373
Credited/(charged) to profit or loss	(1,173)	1,242	69
As at 31 December 2024 and 1 January 2025	1,815	2,627	4,442
Charged/(credited) to profit or loss	1,107	(1,615)	(508)
As at 31 December 2025	2,922	1,012	3,934

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Deferred tax assets

The Group

	Lease liabilities	Provision for refund liabilities	Impairment of trade receivables	Impairment provision of inventories	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	5,655	8,329	7,522	372	21,878
Charged/(credited) to profit or loss . .	(1,894)	(6,720)	(940)	13	(9,541)
As at 31 December 2023 and					
1 January 2024	3,761	1,609	6,582	385	12,337
Credited/(charged) to profit or loss . .	1,080	1,689	(2,219)	71	621
As at 31 December 2024 and					
1 January 2025	4,841	3,298	4,363	456	12,958
Credited/(charged) to profit or loss . .	1,750	261	(3,059)	(266)	(1,314)
As at 31 December 2025	<u>6,591</u>	<u>3,559</u>	<u>1,304</u>	<u>190</u>	<u>11,644</u>

The Company

	Lease liabilities	Provision for refund liabilities	Impairment of trade receivables	Impairment provision of inventories	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	4,677	8,272	7,522	372	20,843
(Charged)/credited to profit or loss . .	(1,483)	(6,795)	(940)	13	(9,205)
As at 31 December 2023 and					
1 January 2024	3,194	1,477	6,582	385	11,638
(Charged)/credited to profit or loss . .	(948)	1,310	(2,218)	71	(1,785)
As at 31 December 2024 and					
1 January 2025	2,246	2,787	4,364	456	9,853
Credited/(charged) to profit or loss . .	903	(1,711)	(3,058)	(266)	(4,132)
As at 31 December 2025	<u>3,149</u>	<u>1,076</u>	<u>1,306</u>	<u>190</u>	<u>5,721</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	7,265	5,411	1,787

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	7,265	5,411	1,787

Deferred tax assets have not been recognised in respect of the following items:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	8,110	19,159	31,877
Deductible temporary differences	291	4,482	11,260
	8,401	23,641	43,137

27. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>Number of shares</i>	<i>Number of shares</i>	<i>Number of shares</i>
Ordinary shares of RMB1 each	10,283,246	10,532,417	10,532,417

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A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024. . . .	10,283	10,283
Issue of shares	249	249
At 31 December 2024, 1 January 2025 and 31 December 2025 . .	10,532	10,532

In May 2024, the Company entered into share subscription agreements with certain independent investors, pursuant to which, the Company issued 249,171 shares to the investors at a price of RMB252.84 per share for a total cash consideration of RMB62,059,000, which resulted in the increase of RMB249,000 and RMB61,810,000 to the Company’s share capital and capital reserve, respectively.

28. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Capital reserve

The capital reserve account represents the amount paid by shareholders for capital injection in excess of the par value of the ordinary shares subscribed and the capital contribution from controlling shareholders.

Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are established in the PRC is required to appropriate 10% of its net profits after tax, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of certain subsidiaries of the Group the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital of the Company and subsidiaries provided that the reserve balance after such conversion is not less than 25% of the registered capital of the Company and subsidiaries. The statutory surplus reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

No statutory surplus reserve was appropriated after the year ended 31 December 2024 as the Company’s statutory surplus reserve has accumulated to 50% of its registered capital.

The amounts of the Group’s capital reserve and other reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

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The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserves	Statutory surplus reserve	Accumulated losses	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023	354,768	2,240	(80,581)	276,427
Profit for the year.	—	—	44,995	44,995
Appropriation to statutory surplus reserve	—	2,902	(2,902)	—
At 31 December 2023 and 1 January 2024	354,768	5,142	(38,488)	321,422
Profit for the year.	—	—	18,613	18,613
Issue of shares	61,810	—	—	61,810
Appropriation to statutory surplus reserve	—	125	(125)	—
At 31 December 2024 and 1 January 2025	416,578	5,267	(20,000)	401,845
Profit for the year.	—	—	52,506	52,506
At 31 December 2025	416,578	5,267	32,506	454,351

29. BUSINESS COMBINATIONS

(a) Acquisition during the year ended 31 December 2024

On 29 February 2024, the Group entered into a share purchase agreement with shareholder of Rong Tai Pharmaceutical (Shenyang) Co., Ltd. (融泰醫藥(瀋陽)有限公司) (formerly known as Shenyang Haotian Pharmaceutical Co., Ltd. (瀋陽浩天醫藥有限責任公司), “**Rong Tai Shenyang**”), to acquire 51% equity interests in Rong Tai Shenyang by way of capital contribution of RMB10,408,000. Upon the completion of the transaction on 2 April 2024, the Group was able to exercise control over Rong Tai Shenyang.

The acquisition was made as part of the Group’s strategy to develop its direct distribution to downstream buyers across Northeastern China market.

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The fair values of the identifiable assets and liabilities of Rong Tai Shenyang as at the date of acquisition were as follows:

	<i>Notes</i>	Rong Tai Shenyang
		<i>RMB’000</i>
Cash and cash equivalents		6,080
Trade receivables		19,030
Prepayments, other receivables and other assets		8,956
Inventories		6,828
Property, plant and equipment	15	580
Right-of-use assets	16	450
Trade payables		(1,892)
Other payables and accruals		(10,233)
Interest-bearing bank borrowings		(9,000)
Lease liabilities	16	(391)
Total identifiable net assets at fair value		20,408
Less: non-controlling interests		10,000
Goodwill on acquisition		—
Satisfied by:		
Cash consideration		10,408

The fair values and gross contractual amounts of the trade receivables and other receivables as at the dates of acquisition amounted to RMB19,030,000 and RMB6,017,000, respectively.

Since the acquisition, Rong Tai Shenyang contributed revenue of RMB79,913,000 and net loss of RMB766,000 to the Group for the year ended 31 December 2024.

Had the combination taken place at the beginning of the year ended 31 December 2024, the revenue and the consolidated profit of the Group for the year would have been RMB2,890,154,000 and RMB2,076,000, respectively.

An analysis of the cash flows in respect of the above acquisition is as follows:

	Rong Tai Shenyang
	<i>RMB’000</i>
Capital injection to Rong Tai Shenyang prior to acquisition date*	(4,000)
Cash and cash equivalents acquired	6,080
Net inflow of cash and cash equivalents included in	
cash flows from investing activities	2,080

* Of the total capital contribution, RMB4,000,000 and RMB6,408,000 were paid into Rong Tai Shenyang on 29 March 2024 and 24 May 2024 respectively.

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(b) Acquisition during the year ended 31 December 2025

On 29 May 2025, the Group entered into a share purchase agreement with Kangenqi Pharmaceutical (Jiangmen) Co., Ltd. (康恩奇藥業(江門)有限公司) and Zhao Jincheng, independent third parties of the Group, pursuant to which the Group agreed to acquire 100% equity interests in Rong Tai Pharmaceutical (Hubei) Co., Ltd. (融泰醫藥(湖北)有限公司) (formerly known as Hubei Kangenqi Pharmaceutical Co., Ltd., “**Rong Tai Hubei**”) for a total cash consideration of RMB4,600,000. Upon the completion of the transaction on 29 May 2025, the Group was able to exercise control over Rong Tai Hubei.

The acquisition was made as part of the Group’s strategy to develop its direct distribution to downstream buyers across Central China market.

The fair values of the identifiable assets and liabilities of Rong Tai Hubei as at the date of acquisition were as follows:

	<i>Notes</i>	Rong Tai Hubei
		<i>RMB’000</i>
Cash and cash equivalents		3,747
Trade receivables		11,354
Prepayments, other receivables and other assets		687
Inventories		13,993
Property, plant and equipment	15	1,063
Right-of-use assets	16	2,099
Other intangible assets	17	3,919
Trade payables		(5,079)
Other payables and accruals		(24,553)
Contract liabilities		(557)
Lease liabilities	16	(2,073)
Total identifiable assets acquired and liabilities assumed at fair value . .		4,600
Goodwill on acquisition		—
Satisfied by:		
Cash consideration		4,600
Consideration payable included in other payables and accruals as 31 December 2025		—

The fair values and gross contractual amounts of the trade receivables and other receivables as at the date of acquisition amounted to RMB11,354,000 and RMB687,000, respectively.

Since the acquisition, Rong Tai Hubei contributed revenue of RMB106,530,000 and net loss of RMB895,000 to the Group for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year ended 31 December 2025, the revenue and the consolidated profit of the Group for the period would have been RMB3,411,457,000 and RMB35,133,000, respectively.

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An analysis of the cash flows in respect of the above acquisition is as follows:

	Rong Tai Hubei
	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2024	(1,500)
Cash consideration paid during the year ended 31 December 2025	(3,100)
Cash and cash equivalents acquired	3,747
Net inflow of cash and cash equivalents included in cash flows from investing activities	(853)

30. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

(a) Year ended 31 December 2023

During the year ended 31 December 2023, the Group entered into a share purchase agreement with Anhui Xinshiji Pharmaceutical Co., Ltd. (安徽新世紀藥業有限公司), an independent third party of the Group, pursuant to which the Group agreed to acquire 96% equity interests in Rong Tai Pharmaceutical (Anhui) Co., Ltd. (融泰醫藥(安徽)有限公司), formerly known as Anhui Jiucheng Pharmaceutical Co., Ltd., “**Rong Tai Anhui**”) for a consideration of RMB8,187,000. The acquisition was made as part of the Group’s strategy to develop its direct distribution to downstream buyers across Eastern China market.

The acquisitions of Rong Tai Anhui were accounted for as asset acquisition because Rong Tai Anhui failed to constitute a business under IFRS 3.

The net assets acquired are as follows:

	<i>Note</i>	Rong Tai Anhui
		<i>RMB’000</i>
Cash and cash equivalents		2,087
Prepayments, other receivables and other assets		4,923
Intangible assets	17	3,552
Other payables and accruals		(1,939)
Income tax payable		(95)
Total identifiable assets acquired and liabilities		8,528
Less: non-controlling interests		341
Satisfied by:		
Cash consideration		8,187

An analysis of the cash flows in respect of the above acquisition is as follows:

	Rong Tai Anhui
	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2023	(8,187)
Cash and cash equivalents acquired	2,087
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,100)

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(b) Year ended 31 December 2024

During the year ended 31 December 2024, the Group entered into a share purchase agreement with five independent third parties of the Group, pursuant to which the Group agreed to acquire 100% equity interests in Rong Tai Pharmaceutical (Chongqing) Co., Ltd. (融泰醫藥(重慶)有限公司) (formerly known as Chongqing Xinqidian Pharmaceutical Co., Ltd. (重慶新起點醫藥有限公司), “**Rong Tai Chongqing**”). The acquisition was made as part of the Group’s strategy to develop its direct distribution to downstream buyers across Southwestern China market.

The acquisition of Rong Tai Chongqing was accounted for as asset acquisition because Rong Tai Chongqing failed to constitute a business under IFRS 3.

The net assets acquired are as follows:

	<i>Note</i>	Rong Tai Chongqing
		<i>RMB’000</i>
Intangible assets	17	196
Other payables and accruals		(51)
Total identifiable assets acquired and liabilities		145
Satisfied by:		
Cash consideration		145

An analysis of the cash flows in respect of the above acquisition is as follows:

	Rong Tai Chongqing
	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2024	(145)
Cash and cash equivalents acquired	—
Net outflow of cash and cash equivalents included in cash flows from investing activities	(145)

(c) Year ended 31 December 2025

During the year ended 31 December 2025, the Group entered into a share purchase agreement with five independent third parties of the Group, pursuant to which the Group agreed to acquire 100% equity interests in Hainan Kangruihe Biomedical Technology Co., Ltd. (海南康瑞和生物醫藥科技有限公司), “**Kangruihe**”). The acquisition was made as part of the Group’s strategy to develop its direct distribution to downstream buyers across Central China market.

The acquisition of Kangruihe was accounted for as asset acquisition because Kangruihe failed to constitute a business under IFRS 3.

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The net assets acquired are as follows:

	<i>Note</i>	Kangruihe
		<i>RMB’000</i>
Cash and cash equivalents		568
Prepayments, other receivables and other assets		39
Inventories		137
Property, plant and equipment	15	5
Other intangible assets	17	4,316
Other payables and accruals		(65)
Total identifiable assets acquired and liabilities		5,000
Satisfied by:		
Cash consideration		5,000

An analysis of the cash flows in respect of the above acquisition is as follows:

	Kangruihe
	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2025	(5,000)
Cash and cash equivalents acquired	568
Net outflow of cash and cash equivalents included in cash flows from investing activities	(4,432)

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Additions of right-of-use assets	253	11,228	7,348
Reassessment of a lease term arising from a change in rent	(283)	(294)	8,214
Trade payables settled by endorsement of bills receivable	133,504	86,768	235,127
Bank and other loans settled by bills receivables	18,945	52,314	4,907
Trade receivables settled by exchange of license and patents of certain drug products	—	—	39,811

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(b) Changes in liabilities arising from financing activities

	Lease liabilities	Bank and other loans
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	22,703	201,676
Changes from financing cash flows	(6,873)	103,358
Changes from non-financing cash flow	—	(18,945)
New leases	253	—
Interest expense	795	7,612
Reassessment of a lease term arising from a change in rent	(283)	—
Termination of lease	(1,434)	—
At 31 December 2023 and 1 January 2024	15,161	293,701
Changes from financing cash flows	(7,312)	113,740
Changes from non-financing cash flow	—	(52,318)
Exchange realignment	1	—
New leases	11,228	—
Acquisition of a subsidiary	391	9,000
Interest expense	808	12,886
Reassessment of a lease term arising from a change in rent	(294)	—
At 31 December 2024 and 1 January 2025	19,983	377,009
Changes from financing cash flows	(11,942)	179,012
Changes from non-financing cash flow	—	(4,907)
Exchange realignment	(11)	—
New leases	7,348	—
Acquisition of a subsidiary (<i>note 29</i>)	2,073	—
Interest expense	915	18,085
Reassessment of a lease term arising from a change in rent	8,214	—
At 31 December 2025	26,580	569,199

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	211	315	163
Within financing activities	6,873	7,312	11,942
Total	7,084	7,627	12,105

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32. PLEDGE OF ASSETS

Details of the Group’s pledged assets are included in notes 19 and 21 to the Historical Financial Information.

33. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted, but not provided for:			
Acquisition and business combinations	145	3,100	—

34. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions with the Group during the Relevant Periods.

- (a) Name and relationships of the related parties:

Name	Relationship
Mr. Chen Changqing	Executive director, chairman and the largest shareholder
China Medical System Holdings Limited and its subsidiaries	Fellow subsidiary of A & B Assets Management, one of substantial shareholders of the Company under the Listing Rules

- (b) As at the end of each of the Relevant Periods, Mr. Chen Changqing, a director of the Group, provided guarantees in connection with interest-bearing bank borrowings up to RMB170,182,000 and RMB285,414,000 and RMB394,065,000, respectively.
- (c) During the Relevant Periods, the Group purchased pharmaceuticals and related products amounted to RMB364,488,000 RMB235,060,000 and RMB504,988,000, respectively from China Medical System Holdings Limited and its subsidiaries (inclusive of tax).
- (d) As the end of each of the Relevant Periods, the Group had outstanding trade payables balance due to China Medical System Holdings Limited and its subsidiaries of RMB104,651,000, RMB40,576,000 and RMB131,563,000.

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(e) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Fees.	360	360	370
Other emoluments:			
Salaries, allowances and benefits in kind	3,261	4,003	2,910
Pension scheme contributions	79	81	62
Total	3,700	4,444	3,342

Further details of directors’ and supervisors’ remuneration are included in note 10 to the Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

Financial assets

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at fair value through profit and loss			
Wealth management products	—	—	100
Financial assets at fair value through other comprehensive income			
Bills receivable	—	37,438	32,263
Financial assets at amortised cost			
Trade and bills receivables	454,724	459,940	506,279
Financial assets included in prepayments, deposits and other receivables	8,911	19,386	18,315
Cash and cash equivalents and restricted cash	111,676	140,346	141,399
Total	575,311	657,110	698,356

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Financial liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost			
Trade and bills payables	330,385	284,073	576,781
Interest-bearing bank and other borrowings	293,701	377,009	569,199
Financial liabilities included in other payables and accruals	19,650	31,651	40,500
Total	643,736	692,733	1,186,480

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables at amortised cost, financial assets included in prepayments and other receivables, financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of bills receivable at fair value through other comprehensive income has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable at FVOCI	—	37,438	—	37,438

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As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products at FVTPL.	—	100	—	100
Bills receivable at FVOCI.	—	32,263	—	32,263
Total	—	32,363	—	32,363

The Group did not have any financial liabilities measured at fair value as at the end of the Relevant Periods.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s cash and interest-bearing bank borrowings. The Group does not have any significant exposure to risk of changes in market interest rates. The Group currently does not have a specific policy to manage its interest rate risk and has not entered into any interest rate swaps.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	61,100	—	—	420,062	481,162
Financial assets included in prepayments, deposits and other receivables					
— Normal**	8,911	—	—	—	8,911
Restricted bank deposits.	50,109	—	—	—	50,109
Cash and cash equivalents	61,567	—	—	—	61,567
Total	181,687	—	—	420,062	601,749

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	49,039	—	—	469,365	518,404
Financial assets included in prepayments, deposits and other receivables					
— Normal**	19,386	—	—	—	19,386
Restricted bank deposits.	30,162	—	—	—	30,162
Cash and cash equivalents	110,184	—	—	—	110,184
Total	208,771	—	—	469,365	678,136

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	62,595	—	—	491,216	553,811
Financial assets included in prepayments, deposits and other receivables					
— Normal**	18,315	—	—	—	18,315
Restricted bank deposits.	35,406	—	—	—	35,406
Cash and cash equivalents	105,993	—	—	—	105,993
Total	222,309	—	—	491,216	713,525

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

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Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 29.1%, 22.7% and 26.7% of the Group’s trade receivables were due from the Group’s largest customer, respectively, and 74.8%, 68.5% and 63.2% of the Group’s trade receivables were due from the five largest customers, respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group’s financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023				
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	330,385	—	—	330,385
Financial liabilities included in other payables and accruals	19,650	—	—	19,650
Interest-bearing bank and other borrowings	297,081	—	—	297,081
Lease liabilities	5,530	10,560	—	16,090
Total	652,646	10,560	—	663,206

As at 31 December 2024				
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	284,073	—	—	284,073
Financial liabilities included in other payables and accruals	31,651	—	—	31,651
Interest-bearing bank and other borrowings	382,958	—	—	382,958
Lease liabilities	10,025	11,113	—	21,138
Total	708,707	11,113	—	719,820

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ACCOUNTANTS’ REPORT

	As at 31 December 2025			
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	576,781	—	—	576,781
Financial liabilities included in other payables and accruals	40,500	—	—	40,500
Interest-bearing bank and other borrowings	555,804	—	—	555,804
Lease liabilities	11,004	17,208	—	28,212
Total	1,184,089	17,208	—	1,201,297

Foreign currency risk

The management believe the exchange risk of foreign currency is not significant as the majority of business transactions occur in Chinese mainland and all domestic transactions are denominated in RMB.

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

38. EVENT AFTER THE RELEVANT PERIODS

There was no significant event after the end of the Relevant Periods that require additional disclosure or adjustments.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. As the main purpose of this Appendix is to provide potential investors with an overview of the Company’s Articles of Association, it may not necessarily contain all information that is important for prospective investors.

SHARES

Issuance of Shares

Our Company’s shares shall be in the form of registered share certificates. A share certificate is a document issued by our Company certifying the shares held by a shareholder. All shares issued by our Company shall be ordinary shares. Shares of the same class shall rank *pari passu* with each other.

The shares of our Company shall be issued in accordance with the principles of open, fairness and justice. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the shares it/he/she subscribes for. The shares issued by our Company, all of which are ordinary shares, are denominated in RMB with a par value of RMB0.10 per share.

Capital Increase, Reduction and Repurchase of Shares

Capital Increase

In light of the operational and developmental needs, our Company may increase its capital in accordance with the laws and regulations, the Rules Governing the Listing of Stock Exchange (the “**Stock Exchange Listing Rules**”) and regulations of other relevant regulatory bodies, and subject to a resolution of the general meeting, by any of the following methods:

- (I) a public offering of shares;
- (II) a private offering of shares;
- (III) allotment of bonus shares to existing shareholders;
- (IV) conversion of other reserve to share capital;
- (V) other methods permitted by laws, administrative regulations, Stock Exchange Listing Rules, regulatory rules of the place where our Company’s Shares are listed, and the relevant national competent authorities such as the CSRC.

The Board of Directors may, pursuant to an authorization under the Company’s Articles of Association or by a resolution of the general meeting, resolve to issue new shares within a 3-year period, all of which do not exceed 50% of the already issued shares. Nevertheless, any capital contribution through in-kind contributions shall be subject to the approval by a resolution of the general meeting.

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If the issuance of new shares by the Board of Directors in accordance with the preceding paragraph results in changes to our Company's registered capital or the total number of issued shares, any corresponding amendment to the relevant provision of the Articles of Association reflecting such changes shall not require further resolution by the general meeting.

Where the Board of Directors is authorized to issue new shares by the Articles of Association or a resolution of the shareholders' meeting, any resolution in respect of such share issuance must be adopted by the affirmative vote of not less than two-thirds of all directors.

Reduction of Capital

Our Company may reduce its registered capital. If our Company reduces its registered capital, it shall comply with the procedures set forth in the Company Law, Stock Exchange Listing Rules, other relevant regulations and the Articles of Association.

Repurchase of Shares

Our Company shall not acquire its own shares. However, without violating the regulations of other relevant regulatory bodies where our Company's Shares are listed and the Stock Exchange Listing Rules, our Company may repurchase its own shares under the following circumstances:

- (I) to reduce the registered capital of our Company;
- (II) to merge with other companies that hold shares in our Company;
- (III) to use the shares for employee shareholding schemes or as share incentives;
- (IV) acquire the shares of shareholders (upon their request) who object to resolutions on our Company's merger or division passed at the shareholders' general meeting, demanding that our Company purchase their shares;
- (V) to satisfy the conversion of those corporate bonds convertible into shares issued by our Company;
- (VI) safeguard corporate value and the interests of the shareholders as necessary.

Where our Company repurchases its own shares under the circumstances set forth in Items (III), (V) and (VI) above, such repurchase shall be carried out through public centralized trading means, provided that all requirements under the Stock Exchange Listing Rules and the regulatory rules and guidelines of Stock Exchange are satisfied.

In the event that our Company acquires shares of our Company for the circumstances set out in items (I) and (II) above, such acquisition shall be resolved by the general meeting; in the event that our Company acquires shares of our Company for the reasons set forth in (III), (V) and (VI) above, such acquisition may be resolved by a resolution adopted at a board meeting attended by more than two-thirds of all directors, pursuant to the Articles of Association or an authorization of the shareholders' general meeting, unless otherwise provided in the Stock Exchange Listing Rules.

After our Company acquires its own shares, under the circumstance in (I) above, the shares so acquired shall be canceled within 10 days from the acquisition. In the case of (II) or (IV) above, the shares so acquired shall be transferred or canceled within 6 months.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

In the case of (III), (V) or (VI) above, the total number of our Company’s shares held by our Company shall not exceed 10% of the total issued shares of our Company, and the shares so acquired shall be transferred or canceled within 3 years.

In the event that the Stock Exchange Listing Rules or the securities regulatory authorities in the jurisdiction where our Company’s securities are listed have specific provisions regarding matters related to the repurchase of H-shares, such provisions shall prevail. In the event that our Company acquires its own shares, it shall fulfill the information disclosure obligations in compliance with the law, administrative regulations, rules, normative documents, the Stock Exchange Listing Rules, and the relevant requirements of the Stock Exchange.

Transfer of Shares

Shares held by our Company’s shareholders can be freely transferred to other shareholders or to non-shareholders. All transfers of H-shares shall be effected by a written instrument of transfer in a general or common form or in any other form acceptable to the Board of Directors (including the standard transfer form or instrument of transfer prescribed from time to time by the Stock Exchange).

Such instrument of transfer shall be signed manually or, where the transferor or transferee is a corporation, under its valid seal. Where the transferor or transferee is a recognized clearing house (as defined in any applicable Hong Kong laws) or its proxy, the instrument of transfer may be signed manually or by machine. All instruments of transfer shall be deposited at the registered office of our Company or at such other place as the Board of Directors may from time to time designate.

Our Company shall not accept its own shares as the subject matter of a pledge.

Shares issued by our Company before its initial public offering shall not be transferred within 1 year from the date of listing of our Company’s shares on a stock exchange.

Directors and senior management of our Company shall declare their holdings of our Company’s shares to our Company and any changes therein. During their term of office, as determined at the time of appointment, they may transfer no more than 25% of their total shareholding in our Company annually.

Such shares shall not be transferred within one year from the date of listing of our Company’s shares. Where the Stock Exchange Listing Rules impose stricter restrictions, such stricter requirements shall apply.

The aforementioned persons may not transfer their shares in our Company within 6 months after resignation. If shares are pledged during a legally or administratively mandated restricted transfer period, the pledgee may not exercise its rights under the pledge during such restricted period.

Where the securities regulatory authorities in the jurisdiction where our Company’s shares are listed impose additional restrictions on the transfer of H-shares, such requirements shall prevail.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

FINANCIAL ASSISTANCE FOR PURCHASE OF COMPANY SHARES

Neither our Company nor its subsidiaries shall provide financial assistance. Exception shall be made for the implementation of employee share ownership plans. The total amount of financial assistance shall not exceed 10% of the total issued share capital. Any resolution of the Board shall be passed by two-thirds of all directors. Liable directors and senior managers shall compensate for losses caused by violations.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

Register of Shareholders

Our Company shall establish a register of shareholders based on the certificates provided by the securities registration authorities.

The register of shareholders shall be the sufficient evidence of the shareholders’ shareholding in our Company. A shareholder is entitled to rights and assumes obligations pursuant to the classification and ratio of his/her shares. Shareholders holding the same classification of shares shall be entitled to the same rights and assume the same obligations.

When our Company convenes a shareholders’ meeting, distributes dividends, undergoes liquidation, or conducts other activities that require confirmation of shareholder identity, the Board of Directors or the convener of the shareholders’ meeting shall determine a record date.

Shareholders registered in the Register of Members at the close of business on the record date shall be deemed the shareholders entitled to relevant rights and interests. If the Stock Exchange Listing Rules or the relevant stock exchange or regulatory institution in the place where our Company’s shares are listed have provisions regarding the suspension of share transfer registration procedures, such provisions shall prevail.

Rights of Shareholders

The rights of our Company’s shareholders are as follows:

- (I) to receive distribution of dividends and other forms of benefits according to the number of shares held;
- (II) to legally require, convene, preside over, participate in or appoint a shareholder proxy to participate in the shareholders’ general meeting and exercise corresponding voting right;
- (III) to supervise our Company’s business operations, put forward proposals or raise enquiries;
- (IV) to transfer, donate or pledge the shares held in accordance with the laws, administrative regulations, Stock Exchange Listing Rules, rules of relevant supervisory bodies and the Articles of Association;
- (V) to inspect and duplicate the Articles of Association, register of shareholders, minutes of general meetings, resolutions of meetings of the Board of Directors, and financial accounting reports;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (VI) in the event of the termination or liquidation of our Company, to participate in the distribution of the remaining assets of our Company in proportion to the number of shares held;
- (VII) dissenting shareholders who object to resolutions on the merger or division of our Company passed by the general meeting of shareholders are entitled to demand our Company to buy back the shares held by them;
- (VIII) any other rights stipulated in the laws, administrative regulations, departmental rules, Stock Exchange Listing Rules or the Articles of Association.

A shareholder requesting to inspect the information or materials mentioned in the preceding article shall provide our Company with written documents proving the class and quantity of shares they hold.

After verifying the shareholder’s identity, our Company shall provide the materials as requested. Shareholders holding individually or collectively 3% or more of our Company’s shares for 180 consecutive days or more may request to inspect our Company’s accounting books and vouchers by submitting a written request stating their purpose.

If our Company has reasonable grounds to believe that the shareholder has an improper purpose that may harm our Company’s legitimate interests, it may refuse the request and shall provide a written response with reasons within 15 days of receiving the written request. Shareholders and their engaged intermediaries shall comply with laws and administrative regulations regarding the protection of state secrets, trade secrets, personal privacy, and personal information when inspecting or copying relevant materials.

If the content of a resolution of the shareholders’ meeting or the Board of Directors violates laws or administrative regulations, shareholders have the right to petition the People’s Court to declare it invalid.

If the procedures for convening a shareholders’ meeting or Board meeting or the voting methods violate laws, administrative regulations, or these Articles of Association, or if the content of a resolution violates these Articles of Association, shareholders have the right to petition the People’s Court to revoke the resolution within 60 days of its adoption. A shareholder who was not notified of a shareholders’ meeting may petition the People’s Court to revoke the resolution within 60 days of becoming aware or ought to have become aware of its adoption.

If no such petition is filed within one year of the resolution’s adoption, the right to revoke is extinguished. If a director or senior manager not serving on the Audit Committee violates laws, administrative regulations, or these Articles of Association in performing their duties and causes loss to our Company, shareholders holding individually or collectively 1% or more of our Company’s shares for 180 consecutive days or more may submit a written request to the Audit Committee to initiate litigation in the People’s Court.

If a member of the Audit Committee commits such a violation, shareholders may submit a written request to the Board of Directors to initiate litigation. If the Audit Committee or the Board of Directors refuses to initiate litigation within 30 days of receiving a written request under the preceding paragraph, or if the situation is urgent and delay would cause irreparable harm to our Company, the shareholders described above have the right to initiate litigation directly in the People’s Court in their own name for our Company’s benefit.

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SUMMARY OF THE ARTICLES OF ASSOCIATION

If a third party infringes upon our Company’s lawful rights and interests and causes loss to our Company, the shareholders described in the first paragraph of this Article may initiate litigation in accordance with the preceding two paragraphs.

If a director or senior manager violates laws, administrative regulations, or these Articles of Association and damages shareholders’ interests, shareholders may initiate litigation in the People’s Court. Where a shareholder requests to inspect or duplicate relevant materials of a wholly-owned subsidiary of our Company, or where a director, supervisor, or senior manager of such subsidiary is involved in the circumstances mentioned above, the provisions above shall apply mutatis mutandis.

Obligations of Shareholders

Shareholders of our Company shall have the following obligations:

- (I) To comply with laws, administrative regulations, the Stock Exchange Listing Rules, the requirements of relevant regulatory authorities, and these Articles of Association;
- (II) To contribute capital in accordance with the shares subscribed for and the method of contribution;
- (III) Not to withdraw capital except as permitted under laws, regulations, the Stock Exchange Listing Rules, or the requirements of relevant regulatory authorities;
- (IV) Not to abuse shareholder rights to the detriment of our Company or other shareholders; not to abuse our Company’s independent legal status or the limited liability of shareholders to harm the interests of our Company’s creditors;
- (V) Other obligations specified in laws, administrative regulations, the Stock Exchange Listing Rules, other regulatory rules of the place where our Company’s shares are listed, and these Articles of Association.

Any shareholder who abuses shareholder rights and causes losses to our Company or other shareholders shall be liable for compensation in accordance with the law.

Any shareholder who abuses our Company’s independent legal status or the limited liability of shareholders to evade debts and severely harms the interests of our Company’s creditors shall bear joint and several liability for the debts of our Company.

Where a shareholder uses two or more companies under its control to commit the acts described in the preceding paragraph, each such company shall bear joint and several liability for the debts of any one of them.

Shareholders holding 5% or more of our Company’s voting shares shall submit a written report to our Company on the day of occurrence when pledging their shares.

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RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholders and de facto controllers of our Company shall not use their connected relationship to harm the interests of our Company. Any person who violates this provision and causes losses to our Company shall be liable for compensation. The controlling shareholders and de facto controllers of our Company shall have fiduciary duties towards our Company and other shareholders of our Company.

The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe the legitimate rights of our Company and other shareholders of our Company through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of our Company and other shareholders of our Company.

SHAREHOLDERS' GENERAL MEETING

Power of shareholders' general meeting

The shareholders' general meeting is the authority of our Company and shall exercise the following powers in accordance with the law:

- (I) To elect and replace directors and decide on matters concerning their remuneration;
- (II) To consider and approve the reports of the Board of Directors;
- (III) To consider and approve our Company's profit distribution plans and plans for making up losses;
- (IV) To consider and make resolutions on increases or decreases in the registered capital of our Company;
- (V) To consider and make resolutions on the issuance of corporate bonds;
- (VI) To consider and make resolutions on the merger, division, dissolution, liquidation, or change in corporate form of our Company;
- (VII) To amend the Articles of Association of our Company;
- (VIII) To consider and make resolutions on the appointment, dismissal, and audit fees of the accounting firm engaged by our Company;
- (IX) To consider and approve the guarantee matters specified in Article 38 of these Articles of Association;
- (X) To consider matters relating to the purchase or sale of major assets by our Company within one year exceeding 30% of the total audited assets of our Company as of the most recent period;
- (XI) To consider and approve changes in the use of raised funds;
- (XII) To consider our Company's equity incentive plans and employee share ownership plans;

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(XIII) To consider connected transactions (excluding provision of guarantees) between our Company and connected persons exceeding RMB30 million in absolute value and representing 5% or more of the absolute value of our Company's net assets as audited as of the most recent period;

(XIV) To consider other matters required by laws, administrative regulations, departmental rules, the Stock Exchange Listing Rules, or these Articles of Association to be decided by the shareholders' general meeting.

The shareholders' general meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds. Shareholder's general meetings shall be classified into annual shareholder's general meetings and interim shareholder's general meetings. An annual shareholder's general meeting shall be convened once each year and shall be held within six months after the end of the previous fiscal year.

The shareholder's general meeting of our Company shall be held at our Company's domicile or at such other venue as specified in the notice of the meeting.

The shareholder's general meeting shall be convened as an on-site meeting at a designated venue. In addition, our Company shall provide video, telephone, or other means to facilitate shareholder's participation in the meeting in accordance with the securities regulatory rules of the place where our Company's shares are listed. Shareholders participating by such means shall be deemed present at the meeting.

After the notice of a shareholder's general meeting has been issued, the venue for the on-site meeting shall not be changed without justifiable reason.

If a change is necessary, the convener shall announce the change and state the reasons at least two working days prior to the date of the on-site meeting.

An interim shareholder's general meeting shall be convened within two months after the occurrence of any of the following events:

- (I) When the number of Directors falls below the minimum number required by the Company Law or two-thirds of the number stipulated in these Articles of Association;
- (II) When our Company's unrecovered losses reach one-third of the total paid-in share capital;
- (III) Upon the request of shareholder(s) holding individually or collectively 10% or more of our Company's shares (excluding treasury shares);
- (IV) When the Board of Directors deems it necessary;
- (V) When the Audit Committee proposes to convene a meeting;
- (VI) Other circumstances specified by laws, administrative regulations, departmental rules, the Stock Exchange Listing Rules, other regulatory requirements of the place where our Company's shares are listed, or these Articles of Association.

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Convening of shareholders’ general meeting

An independent non-executive director may propose to the Board of Directors to convene an interim shareholders’ general meeting. The Board shall, within 10 days after receiving such proposal, provide a written response indicating its agreement or refusal to convene the meeting in accordance with applicable laws, administrative regulations, the Stock Exchange Listing Rules, other securities regulatory requirements of the place where our Company’s shares are listed, and these Articles of Association.

If the Board agrees, it shall issue a notice convening the meeting within 5 days after adopting a resolution to that effect. If the Board refuses, it shall state the reasons and make a public announcement. The Audit Committee may propose in writing to the Board to convene an interim shareholders’ general meeting.

The Board shall, within 10 days after receiving the proposal, provide a written response indicating its agreement or refusal in accordance with applicable laws, administrative regulations, regulatory requirements of the place where our Company’s shares are listed, and these Articles of Association. Shareholder(s) holding individually or collectively 10% or more of our Company’s shares (excluding treasury shares) may request in writing that the Board convene an interim shareholders’ general meeting. The Board shall, within 10 days after receiving the request, provide a written response indicating its agreement or refusal in accordance with applicable laws, administrative regulations, the Stock Exchange Listing Rules, and these Articles of Association.

The shareholding ratio of the convener(s) (excluding treasury shares) shall not fall below 10% prior to the adoption of any resolution at the shareholders’ general meeting.

Proposals of shareholders’ general meeting

A proposal submitted to the shareholders’ general meeting shall fall within the scope of its authority, specify a clear topic and concrete resolution matters, and comply with the provisions of applicable laws, administrative regulations, the Stock Exchange Listing Rules, other regulatory requirements of the place where our Company’s shares are listed, and these Articles of Association.

The Board of Directors, the Audit Committee, or shareholder(s) holding individually or collectively 1% or more of our Company’s shares shall have the right to submit proposals to our Company for deliberation at a shareholders’ general meeting. Shareholder(s) holding individually or collectively 1% or more of our Company’s shares may submit an interim proposal in writing to the convener at least 10 days prior the meeting. The convener shall, within two days after receiving such proposal, issue a supplementary notice of the meeting announcing the content of the interim proposal.

Except under the circumstances described in the preceding paragraph, after the notice of the shareholders’ general meeting has been issued, the convener may not modify existing proposals or add new proposals to the agenda. No proposal that is not included in the meeting notice or fails to comply with Article 47 of these Articles of Association may be put to a vote or adopted as a resolution at the shareholders’ general meeting.

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Notices of shareholders' general meeting

The convener shall issue a written notice for an annual shareholders' general meeting at least 21 days in advance, and for an interim shareholders' general meeting at least 15 days in advance. The calculation of these periods shall exclude the day on which the meeting is held.

If laws, regulations, or the Stock Exchange Listing Rules prescribe otherwise, such provisions shall prevail. The notice of a shareholders' general meeting shall include the following content:

- (I) The date, venue, and duration of the meeting;
- (II) The matters and proposals to be considered and voted on at the meeting;
- (III) A prominent statement that all shareholders are entitled to attend the meeting and may appoint a proxy in writing to attend and vote on their behalf, and that such proxy need not be a shareholder of our Company;
- (IV) The record date for determining shareholders entitled to attend the meeting;
- (V) The name and contact number of the designated contact person for the meeting;
- (VI) The time and procedures for voting by other means permitted under these Articles of Association;
- (VII) Any other information required by laws, administrative regulations, the Stock Exchange Listing Rules, or other securities regulatory rules of the place where our Company's shares are listed. The notice and any supplementary notice of the shareholders' general meeting shall fully and accurately disclose the complete and specific content of all proposals.

Holding of shareholders' general meeting

Shareholders may attend shareholders' general meetings in person or by proxy. Shareholders have the right to speak and vote at meetings, unless otherwise required to abstain from voting on specific matters under the Stock Exchange Listing Rules.

Individual shareholders attending in person shall present valid identification. Proxies shall present their own valid identification and a proxy form duly authorized by the shareholder. A recognized clearing house (or its proxy) may appoint one or more representatives to act on its behalf. The authorization shall specify the number and class of shares represented by each appointee. Such representatives may exercise rights (without producing share certificates, upon presentation of notarized authorization) as if they were individual shareholders. Corporate shareholders shall be represented by their legal representative or a duly authorized proxy.

The legal representative or proxy shall present valid identification and written authorization. Corporate representation (except for recognized clearing houses) shall be deemed personal attendance. Partnership shareholders shall be represented by the executive managing partner or a duly authorized proxy, who shall present valid identification and written authorization.

A proxy form shall specify:

- (I) The proxy's name;

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- (II) The shareholder's name/share class/quantity;
- (III) Voting instructions (approve/oppose/abstain for each agenda item);
- (IV) Issue date and validity period;
- (V) Shareholder's signature/seal (corporate seals required for legal entities);
- (VI) Other content required by applicable laws, rules, or regulatory requirements. The proxy form shall indicate whether the proxy may vote at their discretion if no specific instructions are given. Proxy forms authorized by another person shall be notarized.

Notarized authorization documents and proxy forms shall be deposited at our Company's registered office or another specified location. For corporate shareholders, the legal representative or a board-authorized representative shall attend. Shareholder-convened meetings shall be chaired by the convener or their elected representative. If the chair violates procedural rules and disrupts the meeting, a majority of shareholders present may elect a new chair to continue the meeting.

Voting and Resolutions at shareholders' general meeting

Resolutions of the shareholders' general meeting shall be classified as ordinary resolutions and special resolutions. An ordinary resolution shall require the approval of more than half of the voting rights held by shareholders (including proxies) present at the meeting. A special resolution shall require the approval of two-thirds or more of the voting rights held by shareholders (including proxies) present at the meeting.

The following matters shall be adopted by an ordinary resolution:

- (I) Work report of the Board of Directors;
- (II) Profit distribution and loss recovery plans prepared by the Board;
- (III) Appointment, removal, remuneration, and payment methods for Directors;
- (IV) Annual report of our Company;
- (V) Appointment, dismissal, and remuneration of the accounting firm;
- (VI) Other matters required by laws, administrative regulations, securities regulatory rules of the place where our Company's shares are listed, or these Articles of Association that do not require a special resolution.

The following matters shall be adopted by a special resolution:

- (I) Increase or decrease of our Company's registered capital;
- (II) Division, demerger, merger, dissolution, or liquidation of our Company;
- (III) Amendments to these Articles of Association;
- (IV) Purchase or sale of major assets within one year, or provision of guarantees to others, exceeding 30% of our Company's total audited assets as of the most recent period;

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(V) Equity incentive plans;

(VI) Other matters requiring a special resolution under laws, administrative regulations, securities regulatory rules of the place where our Company’s shares are listed, these Articles of Association, or matters deemed by an ordinary resolution to have a material impact on our Company.

Shareholders (including proxies) shall exercise voting rights based on the number of voting shares they represent, with each share carrying one vote.

Resolutions of the shareholders’ general meeting shall be promptly announced. The announcement shall specify: the number of shareholders and proxies present; the total number of voting shares held and their proportion to our Company’s total voting shares; the voting methods adopted; the voting results for each proposal; and the detailed content of all resolutions passed.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the shareholders’ general meeting and may be removed by the shareholders’ general meeting prior to the expiration of their term. The term of office for Directors shall be 3 years. Directors may be re-elected upon the expiration of their term in accordance with the securities regulatory rules of the place where our Company’s shares are listed.

The number of Directors representing employees shall be 1. The employee representative Director shall be elected or replaced by the employees’ congress of our Company and may be removed by the employees’ congress prior to the expiration of their term. The term of office shall be the same as that of non-employee representative Directors, and re-election is permitted upon expiration.

Directors shall observe laws, administrative regulations, regulatory rules of the place where our Company’s shares are listed and the Articles of Association, and shall fulfil the obligations of fiduciary and diligence duty to our Company.

Independent Non-Executive Directors

The number of independent non-executive directors shall be not less than one-third (inclusive) of the total number of Directors, and shall include at least 1 with appropriate professional qualifications as required under the Stock Exchange Listing Rules or possessing appropriate expertise in accounting or related financial management. 1 independent non-executive director shall permanently reside in Hong Kong. All independent non-executive directors must meet the independence requirements prescribed by the Stock Exchange Listing Rules. Independent non-executive directors shall perform their duties in accordance with laws, administrative regulations, departmental rules, the Stock Exchange Listing Rules, other regulatory requirements of the place where our Company’s shares are listed, and the provisions of these Articles of Association.

Board of Directors

Our Company shall have a Board of Directors, which shall be accountable to the shareholders’ general meeting.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

The Board of Directors shall consist of 9 Directors, including 3 independent non-executive directors and 1 employee representative director. The Board shall have 1 Chairman.

The Board of Directors shall exercise the following powers:

- (I) Convene shareholders' general meetings and report to them;
- (II) Implement resolutions of shareholders' general meetings;
- (III) Decide on our Company's business plans and investment schemes;
- (IV) Formulate profit distribution and loss recovery plans;
- (V) Prepare plans for increases or decreases in registered capital, issuance of bonds or other securities, and listing;
- (VI) Draft plans for major acquisitions, repurchase of our Company's shares, mergers, divisions, dissolution, or changes in corporate form;
- (VII) Within the scope authorized by the shareholders' general meeting, decide on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations;
- (VIII) Determine the structure of our Company's internal management bodies;
- (IX) Appoint or remove the General Manager, the Board Secretary, and other senior management personnel, and decide on their remuneration and incentives; upon the nomination of the General Manager, appoint or remove Deputy General Managers, the Chief Financial Officer, and other senior management personnel, and decide on their remuneration and incentives;
- (X) Formulate our Company's basic management systems;
- (XI) Prepare proposals for amendments to these Articles of Association;
- (XII) Manage matters related to information disclosure;
- (XIII) Propose to the shareholders' general meeting the appointment or removal of the accounting firm auditing our Company;
- (XIV) Listen to work reports from the General Manager and supervise their work;
- (XV) Exercise other powers granted by laws, regulations, the Stock Exchange Listing Rules, these Articles of Association, or the shareholders' general meeting.

Matters exceeding the authorization scope of the shareholders' general meeting shall be submitted to the shareholders' general meeting for deliberation. The Board of Directors shall provide explanations to the shareholders' general meeting regarding any non-standard audit opinions issued by the certified public accountants on our Company's financial reports.

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The Board of Directors shall, in accordance with laws, administrative regulations, the Stock Exchange Listing Rules, and these Articles of Association, define its authority over matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, and establish rigorous review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the shareholders’ general meeting for approval.

Special Committees under the Board of Directors

The Audit Committee, Remuneration and Appraisal Committee are established under the Board of Directors of our Company. The Audit Committee shall consist of 3 members, who shall be Directors not serving as senior managers of our Company. 3 of them shall be independent non-executive directors, and the convener shall be an independent non-executive director with accounting expertise.

The terms of reference and procedures of each special committee are set out in the rules of procedure for each special committee formulated by the Board of Directors of our Company.

Secretary to the Board of Directors of our Company

Our Company shall have a secretary to the Board of Directors of our Company. The secretary to the Board of Directors of our Company shall be responsible for the preparation of general meetings and Board meetings, documents custody and management of our Company shareholders’ records, handling information disclosure matters, etc.

The secretary to the Board of Directors shall comply with the relevant provisions of laws, administrative regulations, departmental rules, Stock Exchange Listing Rules and the Articles of Association.

General Manager and Other Senior Management Members

Our Company shall have 1 General Manager and several Deputy General Managers, who shall be appointed or removed by the Board of Directors. The General Manager, Deputy General Managers, Chief Financial Officer, and Board Secretary shall be the senior managers of our Company. Directors may be appointed to concurrently serve as the General Manager, Deputy General Manager, or other senior managers. The term of office for the General Manager and Deputy General Managers shall be 3 years, and they may be reappointed upon expiration of their term.

The General Manager shall be responsible to the Board of Directors and exercise the following powers:

- (I) Preside over the production and operation management of our Company, implement resolutions of the Board of Directors, and report to the Board;
- (II) Implement the annual business plans and investment schemes of our Company;
- (III) Draft plans for the structure of our Company’s internal management bodies;
- (IV) Draft the basic management systems of our Company;
- (V) Formulate specific rules and regulations of our Company;

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

- (VI) Propose to the Board of Directors the appointment or removal of Deputy General Managers and the Chief Financial Officer;
- (VII) Decide on the appointment or removal of management personnel other than those whose appointment or removal falls under the authority of the Board of Directors;
- (VIII) Draft salary, welfare, reward, and punishment systems for employees, and decide on the employment and dismissal of employees;
- (IX) Sign daily administrative, business, and financial documents;
- (X) Represent our Company in handling external affairs and signing routine business contracts upon authorization by the Board of Directors;
- (XI) Decide on other significant transactions not requiring approval by the shareholders’ general meeting or the Board of Directors;
- (XII) Exercise other powers granted by these Articles of Association or the Board of Directors.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Our Company shall establish its financial accounting systems in accordance with laws, administrative regulations, securities regulatory rules of the place where our Company’s shares are listed, and the provisions of relevant state authorities.

Our Company shall prepare its annual financial report within 4 months after the end of each fiscal year, and its interim financial report within 2 months after the end of the first 6 months of each fiscal year.

If laws, administrative regulations, normative documents issued by competent authorities, the Stock Exchange Listing Rules, or other regulatory requirements of the place where our Company’s shares are listed prescribe specific provisions for financial reports, such provisions shall prevail.

Our Company shall not maintain any accounting books other than those required by law. In no case shall our Company’s assets be deposited in any account opened in the name of an individual.

Profit Distribution

In distributing the after-tax profit of the current year, our Company shall withdraw 10% of the profit as its statutory reserve fund. When the aggregate amount of the statutory reserve fund of our Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of our Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After withdrawing statutory reserve fund from after-tax profit, our Company may, subject to are solution of the shareholders’ general meeting, withdraw discretionary reserve fund from after-tax profit.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

After making up for the losses and making allocations to the reserve funds, any remaining after-tax profit shall be distributed by our Company to the shareholders in proportion to their respective shareholdings unless otherwise specified in the Articles of Association.

If the shareholders’ general meeting has, in violation of the provisions of the preceding paragraph, distributed profits to shareholders before our Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to our Company the profit distributed in violation of the provisions. Our Company’s shares held by our Company are not entitled to any profit distribution.

Following a resolution on the profit distribution plan adopted by the shareholders’ general meeting, or after the Board of Directors formulates a specific plan based on the conditions and limits for interim dividends in the following year approved by the annual shareholders’ general meeting, our Company shall complete the distribution of dividends (or shares) within 2 months.

Our Company may distribute dividends in cash or in stock, and shall generally give priority to cash dividends in principle.

Audit

Our Company shall implement its internal audit system with professional auditors to carry out internal audit supervision to the financial income and expenditure and economic activities of our Company.

Our Company shall engage an accounting firm which complies with the requirements of the Securities Law and the regulatory rules of the place where our Company’s shares are listed to audit the financial statements, net assets verification and other relevant consultancy services. The engagement term is 1 year, renewable. The Board shall not appoint an accounting firm prior to shareholders’ approval. If dismissed, the accounting firm may state its opinion at the shareholders’ general meeting.

NOTICE AND ANNOUNCEMENT

Notices of our Company may be delivered by the following means:

- (I) By personal delivery;
- (II) By mail;
- (III) By fax or email;
- (IV) By public announcement;
- (V) Orally in urgent circumstances, provided that written confirmation from the recipient is obtained;
- (VI) Any other means permitted by laws, administrative regulations, regulatory rules of the place where our Company’s shares are listed, and these Articles of Association.

With respect to the provision or delivery of company communications to H-share shareholders as required under the Stock Exchange Listing Rules, our Company may, in compliance with laws, administrative regulations, departmental rules, securities regulatory requirements of the place where our

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Company’s shares are listed, and these Articles of Association, provide or deliver such communications to H-share shareholders via our Company’s designated website, the website of the Stock Exchange of Hong Kong Limited, or by electronic means. “Company communications” refers to any documents issued or to be issued by our Company for the reference or action of any H-share shareholder or other person required under the Stock Exchange Listing Rules.

Where a notice is issued by public announcement in accordance with the powers/rights under these Articles of Association, such announcement shall be published in the manner prescribed by the Stock Exchange Listing Rules. Notices delivered by public announcement shall be deemed received by all relevant parties upon publication.

If the listing rules of the Stock Exchange where our Company’s shares are listed require our Company to send, mail, distribute, issue, publish, or otherwise provide relevant documents in both English and Chinese versions, our Company may (based on the expressed preference of shareholders) provide only the English version or only the Chinese version to relevant shareholders, provided that our Company has made appropriate arrangements to determine such preferences and that such action is permitted under applicable laws and regulations.

Notices for convening shareholders’ general meetings or Board meetings shall be issued in the manner specified in these Articles of Association.

Notices for convening shareholders’ general meetings shall be published by means of a public announcement on our Company’s website, the website of the Stock Exchange, or through other notification methods permitted under these Articles of Association.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

Merger and Division

In the event of a merger involving our Company, the parties shall execute a merger agreement and formulate a balance sheet and a list of assets. Our Company will notify creditors within 10 days of the resolution date and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days of receiving notice or within 45 days of the announcement if they have not received notice, require our Company to settle its debt or provide a relevant guarantee.

Upon a merger, the claims and debts of involved parties shall be assumed by the surviving company or newly established company. In the event of a division of our Company, its properties shall be allocated accordingly. For the division, a balance sheet and a list of assets shall be formulated. Our Company shall notify creditors within 10 days of the merger resolution and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days.

Dissolution and Liquidation

Our Company is dissolved for the following reasons:

- (I) the term of operations specified in the Articles of Association has expired, or another circumstance for dissolution outlined in the Articles of Association has occurred;
- (II) the general meeting decides to dissolve it;

APPENDIX III

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- (III) it is necessary to dissolve due to a merger or division of our Company;
- (IV) its business license is canceled, or it is ordered to close down or dissolve according to the law;
- (V) when our Company faces severe operational and management difficulties, its continuous existence may cause material losses to shareholders' interests, and such difficulties cannot be resolved otherwise, shareholders holding more than 10% of the voting rights may apply to the people's court to dissolve our Company.

If our Company experiences dissolution causes as stipulated in the preceding article, it shall publicize the dissolution causes through the National Enterprise Credit Information Publicity System within 10 days.

If our Company falls under circumstances (I) or (II) of the preceding article and has not yet distributed its assets to shareholders, it may continue to exist by amending these Articles of Association or through a resolution of the shareholders' general meeting.

Any amendment to these Articles of Association or resolution of the shareholders' general meeting pursuant to the preceding paragraph shall require the approval of two-thirds or more of the voting rights held by shareholders present at the meeting.

If our Company is dissolved under circumstances (I), (II), (IV), or (V) of the preceding article, it shall form a liquidation group within 15 days after the dissolution cause arises to conduct liquidation. The liquidation group shall be composed of Directors, unless otherwise stipulated in these Articles of Association or resolved by the shareholders' general meeting. If the obligor fails to perform liquidation duties promptly and causes losses to our Company or its creditors, it shall be liable for compensation.

If our Company fails to form a liquidation group within the specified period or fails to commence liquidation after forming such a group, interested parties may apply to the People's Court to designate relevant personnel to form a liquidation group.

If our Company is dissolved under circumstance (IV) of the preceding article, the department that issued the decision to revoke the business license, order closure, or cancellation, or our Company registration authority may apply to the People's Court to designate relevant personnel to form a liquidation group.

The liquidation group shall notify creditors within 10 days after its establishment and make a public announcement in a newspaper at our Company's location or on the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days after receiving the notice or within 45 days after the announcement if not be notified.

When declaring claims, creditors shall specify relevant details and provide supporting documents. The liquidation group shall register all claims. During the creditor claims period, the liquidation group shall not repay any creditors.

After disposing of our Company's assets, preparing a balance sheet, and compiling an asset inventory, the liquidation group shall formulate a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

APPENDIX III SUMMARY OF THE ARTICLES OF ASSOCIATION

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Our Company shall amend these Articles of Association under any of the following circumstances:

- (I) If any provision herein contradicts the Company Law, other applicable laws, administrative regulations, or the regulatory rules of the place where our Company’s shares are listed, after any amendment to such laws or rules;
- (II) If changes in our Company’s circumstances contradict the provisions of these Articles of Association;
- (III) If the shareholders’ general meeting resolves to amend these Articles of Association.

If any amendment to these Articles of Association adopted by a resolution of the shareholders’ general meeting requires approval from the competent authority, such amendment shall be submitted to the original approving authority for approval. If the amendment involves matters registered with our Company registration authority, our Company shall complete the change registration in accordance with the law.

The Board of Directors shall amend these Articles of Association in accordance with the resolution of the shareholders’ general meeting and the approval opinions of the relevant competent authority. Matters related to the amendment that require disclosure under laws, regulations, or the Stock Exchange Listing Rules shall be publicly announced as required.

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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on May 9, 2004, and further converted into a joint stock company with limited liability on August 30, 2022.

As of the date of this Document, our registered office and head office are located at 1101–1108, 11/F, No. 11, Xiancun Road, Tianhe District, Guangzhou, Guangdong. Accordingly, our Company’s corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in “Summary of Articles of Association” in Appendix III to this Document.

Our Company has established a principal place of business in Hong Kong SAR at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We have been registered with the Registrar of Companies in Hong Kong SAR as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 25, 2025. Mr. Wong Chun Wing Samuel (黃俊穎), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong SAR. The address for the service of process is the same as our principal place of business in Hong Kong SAR.

2. Changes in Share Capital of Our Company

As of the date of our establishment, our registered capital was RMB5,000,000.

Save as disclosed in the section headed “History, Development and Corporate Structure” in this Document, there were no change in the shares or registered capital of our Company within the two years immediately preceding the date of this Document.

For more details, see “History, Development and Corporate Structure”. Save as aforesaid, as of the Latest Practicable Date, there had been no alterations of our share capital within the two years preceding the date of publication of this Document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountant’s Report as set out in Appendix I to this Document.

The following sets out the changes in share capital of our major operating subsidiaries that made a material contribution to our results of operations during the two years immediately preceding the date of this Document:

On May 29, 2025, the registered share capital of Rong Tai Pharmaceutical (Hubei) Co. Ltd. (融泰醫藥(湖北)有限公司) was increased from RMB4,600,000 to RMB20,000,000. On June 9, 2025, it was further increased from RMB20,000,000 to RMB25,000,000.

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For details of our principal operating subsidiaries, please see the section headed “History, Development and Corporate Structure—Our Major Subsidiaries”.

Save as disclosed above, there has been no alteration in the share capital of any of the principal operating entities of the Company within the two years immediately preceding the date of this Document.

4. Resolutions of Our Shareholders in Relation to the [REDACTED]

At the general meeting of our Company held on September 10, 2025, among other things, the following resolutions were passed by the Shareholders:

- (i) the sub-division of the Shares with nominal value of RMB1.0 each on the basis of 1:10, effective immediately prior to the [REDACTED], and taking into account the Share Subdivision, the issue of H Shares of nominal value of RMB0.1 each and such H Shares be [REDACTED] on the Stock Exchange;
- (ii) the number of H Shares to be issued before the exercise of the [REDACTED] shall not be more than 25% of the total issued share capital of our Company, and granting the [REDACTED] the [REDACTED] of no more than 15% of the number of H Shares issued pursuant to the [REDACTED];
- (iii) upon completion of the [REDACTED] and taking into account the Share Subdivision, the [REDACTED] Unlisted Shares in aggregate will be converted into H Shares on a one-for-one basis;
- (iv) subject to the completion of the [REDACTED], the granting of a general mandate to the Board to allot and issue H Shares (including any sale of treasury Shares) at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass resolution to revoke or change such mandate, whichever is earlier, and to handle the approval or filing of the CSRC, the Stock Exchange and/or other relevant regulatory authorities with respect to in the aforementioned general mandate in accordance with the relevant laws and regulations, provided that, the number of H Shares to be allotted or issued shall not exceed 20% of the number of H Shares in issue as of the [REDACTED];
- (v) subject to the completion of the [REDACTED], the conditional adoption of the Articles of Association, which shall become effective on the [REDACTED] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities; and
- (vi) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

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5. Restriction on Share Repurchases

For details of the restrictions on the share repurchase by our Company, please refer to “Summary of the Articles of Association” in Appendix III to this Document.

6. Corporate Reorganization

We have not gone through any corporate reorganization for the purpose of the [REDACTED]. For details of the history and development of our Company, see “History, Development and Corporate Structure.”

7. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this Document and are or may be material:

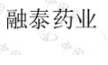
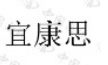
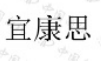
- (a) the [REDACTED].

8. Intellectual Property Rights of Our Group

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class	Registration Date	Expiry Date
1.		PRC	51046932	Company	35	May 28, 2022	May 27, 2032
2.		PRC	59133045	Company	35	May 21, 2022	May 20, 2032
3.		PRC	50685794	Company	35	June 28, 2021	June 27, 2031
4.		PRC	59892730	Guangzhou Yikangsi	35	June 28, 2022	June 27, 2032
5.		PRC	59299992	Guangzhou Yikangsi	35	March 14, 2022	March 13, 2032
6.		PRC	59295820	Guangzhou Yikangsi	35	March 14, 2022	March 13, 2032
7.		PRC	68666218	Wuhan Yikangsi	35	June 14, 2023	June 13, 2033

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(b) Domain Names

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain name in China which we consider to be or may be material to our business:

No.	Domain	Registrant	Expiry Date
1.	rongtaipharm.com	Company	May 8, 2027

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights which are or may be material in relation to our business.

B. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) Disclosure of Interests

Saved as disclosed below, immediately following completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Positions	Nature of Interest ⁽¹⁾	Shares held as at the Latest Practicable Date		Shares held immediately following the Share Subdivision, the completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares			
			Class of Shares	Number	Class of Shares	Number	% of shareholding in the H Shares (as appropriate) ⁽²⁾	% of shareholding in the total issued share capital of our Company ⁽²⁾
Mr. Chen ⁽³⁾	Executive Director	Beneficial owner	Unlisted Shares	2,299,218	H Shares	[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation	Unlisted Shares	2,578,125	H Shares	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] H Shares in issue immediately upon completion of the [REDACTED] and the Conversion of Unlisted Shares into H Shares (assuming the [REDACTED] is not exercised).

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- (3) Mr. Chen is the sole general partner of Guangzhou Changfeng. As such, under the SFO, Mr. Chen is deemed to be interested in the Shares held by Guangzhou Changfeng.

(ii) Particulars of Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following their respective appointment date; and (b) each of the agreements is subject to termination in accordance with their respective terms. The service agreements may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(iii) Directors’ Remuneration

For details of the Directors’ remuneration, see “Directors and Senior Management—Remuneration of Directors” and Note 10 to the Accountants’ Report as set out in Appendix I to this Document.

2. Substantial Shareholders

(i) Interest in the Shares of Our Company

For information on the persons who will, immediately following the completion of the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see “Substantial Shareholders.”

Save as disclosed in the section headed “Substantial Shareholders” in this Document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED], having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

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(ii) *Interest in the Shares of Our Company’s Subsidiaries*

So far as the Directors are aware, immediately following completion of the [REDACTED], apart from our Company, the following persons (not being a Director or a chief executive) will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Member of our Group	Name of substantial shareholder	Nature of interests	Approximate percentage of interest in the member of our Group
Rong Tai Lanzhou	Gansu Jianyou Pharmaceutical Co., Ltd. (甘肅健友藥業有限公司)	Beneficial interest	49%
	Mr. Han Hekan	Interest in controlled corporation	43.3%
Rong Tai Shenyang	Shenyang Manxin Business Service Partnership (Limited Partnership) (瀋陽滿鑫商務服務合夥企業(有限合夥))	Beneficial interest	49%
	Mr. Yu Shihui	Interest in controlled corporation	27.44%
Rong Tai Chongqing	Chongqing Rongli Enterprise Management Partnership (Limited Partnership) (重慶融粒企業管理合夥企業(有限合夥))	Beneficial interest	10%
Wuhan Yikangsi	Wuhan Yirongkang Enterprise Management Partnership (Limited Partnership) (武漢益融康企業管理合夥企業(有限合夥))	Beneficial interest	20%

So far as set out above, our Directors are not aware of any persons (other than our Directors or chief executive) who will, immediately following the completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

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3. Disclaimers

- (i) Save as disclosed in “History, Development and Corporate Structure” and this Appendix, none of our Directors or any of the parties listed in “—C. Other Information—7. Qualifications and Consents of Experts” in this section:
 - (a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or
 - (b) is materially interested in any contract or arrangement subsisting at the date of this Document that is significant in relation to our business;
- (ii) Save as disclosed in this Appendix and in connection with the [REDACTED], none of the parties listed in “—C. Other Information—7. Qualifications and Consents of Experts” in this section:
 - (a) is interested legally or beneficially in any Shares in any member of our Group; or
 - (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (iii) None of our Directors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (iv) Save as disclosed in “Substantial Shareholders,” none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

C. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

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3. The Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the [REDACTED] of, and permission to deal in, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the [REDACTED]. All necessary arrangements have been made to enable our H Shares to be admitted into CCASS.

The Sole Sponsor has confirmed that they satisfy the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

The total amount of sponsor’s fee in connection with the [REDACTED] is US\$500,000.

4. Compliance Advisor

Our Company has appointed Altus Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong SAR stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong SAR stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see “Regulatory Overview—Regulations Relating to Taxation”.

7. Qualifications and Consents of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Document:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Global Law Office	PRC Legal Advisor to our Company
Frost & Sullivan	Industry consultant
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance

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Name	Qualifications
	Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Promoters

The promoters of our Company are all of the then shareholders of our Company as at July 18, 2022 before our conversion into a joint stock company. Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this Document.

9. Bilingual Document

The English language and Chinese language versions of this Document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This Document shall have the effect, if an application is made in pursuance of this Document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since December 31, 2025, being the date of our combined financial statements as set out in “Accountants’ Report” in Appendix I to this Document up to the date of this Document.

12. Miscellaneous

- (i) Save as disclosed in “History, Development and Corporate Structure” and this Appendix and in connection with the [REDACTED], within the three years immediately preceding the date of this Document:
 - (a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and
- (d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;
- (ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iii) There are no arrangements under which future dividends are waived or agreed to be waived;
- (iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this Document;
- (vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong SAR from outside Hong Kong SAR;
- (vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently [REDACTED] on or dealt in on any stock exchange or trading system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (viii) Our Company has no outstanding convertible debt securities or debentures.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong SAR for registration were:

- (a) a copy of each of the material contracts referred to in the sub-section headed “Appendix IV—Statutory and General Information—A. Further Information about Our Group—7. Summary of Material Contracts”; and
- (b) the written consents referred to in the sub-section headed “Appendix IV—Statutory and General Information—C. Other Information—7. Qualifications and Consents of Experts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at <https://www.rongtaipharm.com/> up to and including the date which is 14 days from the date of this Document:

- (a) the Articles of Association of the Company;
- (b) the Accountant’s Report in respect of the historical financial information of our Group for the three years ended December 31, 2023, 2024 and 2025, the text of which is set out in “Appendix I—Accountant’s Report” to this Document;
- (c) the report on the unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in “Appendix II—Unaudited [REDACTED] Financial Information” to this Document;
- (d) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;
- (e) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed “Industry Overview” in this Document;
- (f) the PRC legal opinions issued by Global Law Office, our PRC Legal Advisor, in respect of certain aspects of our Group;
- (g) the material contracts referred to in the sub-section headed “Appendix IV—Statutory and General Information—A. Further Information about Our Group—7. Summary of Material Contracts”;
- (h) the written consents referred to in the sub-section headed “Appendix IV—Statutory and General Information—C. Other Information—7. Qualifications and Consents of Experts”;
- (i) the service contracts and the letters of appointment referred to in the sub-section headed “Appendix IV—Statutory and General Information—B. Further Information about our Directors and Substantial Shareholders—1. Directors—(ii). Particulars of Service Contracts”; and
- (j) a copy of each of the Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines on the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations.