You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the accompanying notes included in the Accountants' Report set out in Appendix I to this document. The Accountants' Report has been prepared in accordance with HKFRS Accounting Standards. **[REDACTED]** *should read the Accountants' Report set out in Appendix I to this document in its entirety and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, see "Risk Factors."*

OVERVIEW

With origins in Korea, we are a diversified healthcare company with a strong presence in China. Leveraging our nationwide, channel-based distribution network, we primarily engage in the medicine marketing, promotion and sales, as well as the development, manufacturing and distribution of maternity and supplement products. Our mission is to deliver healthcare solutions that enhance health outcomes and improve quality of life worldwide. During the Track Record Period, we primarily engaged in several business lines, namely, the medicine marketing, promotion and sales business, the development, manufacturing and distribution of maternity and supplement products. According to Frost & Sullivan, we were ranked among the top 10 companies in China's medicine marketing, promotion and sales market by revenue in 2025, with a market share of approximately 2.0%. In particular, we are recognized as the largest pediatric medicine marketing, promotion and sales service provider in China by Frost & Sullivan, holding a significant market share of approximately 17.0% in China, in terms of revenue in 2025.

During the Track Record Period, our revenue amounted to USD350.4 million, USD281.7 million and USD304.1 million in 2023, 2024 and 2025, respectively. During the Track Record Period, we recorded gross profit of USD169.2 million, USD150.3 million and USD158.9 million in 2023, 2024 and 2025, respectively. We recorded net profit of USD24.8 million, USD21.9 million and USD33.0 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

Our historical financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by Hong Kong Institute of Certified Public Accountants and is presented in USD unless otherwise stated. We have applied all applicable new and revised HKFRS Accounting Standards to the relevant period, except for any new standards or interpretations that are not yet effective for the accounting period beginning January 1, 2025. The measurement basis used in the preparation of the historical financial information is the historical cost basis except for financial assets measured at fair value through other comprehensive income ("**FVOCI**") and financial assets measured at fair value through profit or loss ("**FVPL**").

The preparation of historical financial information in conformity with HKFRS Accounting Standards requires the use of certain accounting estimates, as well as our management's judgment in applying our accounting policies. See Note 2 and Note 3 to the Accountants' Report in Appendix I to this document for the areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information.

During the Track Record Period, given the fact that (i) we held 33.60% equity interests in Ofmom HK and (ii) pursuant to the agreement between us and Mr. Lim who held 26.56% of equity interests in Ofmom HK prior to our acquisition of such equity interests from him in December 2025, Mr. Lim defers to our wishes with respect to voting in Ofmom HK. Therefore, prior to our acquisition of Mr. Lim's 26.56% equity interests in Ofmom HK in December 2025, we effectively held 60.16% voting rights in Ofmom HK and have the ability to direct the relevant activities of Ofmom HK that affect the variable returns from our involvement with the entity and therefore have control over Ofmom HK. Accordingly, Ofmom HK and its subsidiaries are consolidated in our historical financial information as controlled subsidiaries.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and are expected to continue to be, affected by a number of factors, many of which may be beyond our control. A discussion of the most significant factors affecting our results of operations and financial condition are as follows.

Market demand and customer and supplier relationships

Our revenue mainly depends on demand for our medicine marketing, promotion and sales services and maternity and supplements products. For our medicine marketing, promotion and sales business, our performance is closely linked to the market success of products commercialized by our pharmaceutical partners. Growth depends on securing new mandates and maintaining strong relationships while delivering value in supply chain support, marketing and compliance. During the Track Record Period, our revenue was affected by external factors: it rose in 2023 amid heightened demand during COVID-19, but declined in 2024 as post-pandemic demand weakened and downstream inventory levels remained high. Any changes in the relationship with distributors may also affect our financial performance.

For our maternity and supplements products, consumer preferences, brand perception, marketing effectiveness, disposable income and healthcare spending patterns all directly affect demand. Our ability to maintain long-term relationships with e-commerce platforms and other distribution partners also influences sales and cash flow. Delays in receivable collections or financial difficulties of key customers could have a material adverse effect on our liquidity and working capital.

Our business operations and financial performance are highly concentrated on Hanmi Group, our core supplier. The key pharmaceutical products that we purchased from Hanmi Group during the Track Record Period include Yitanjing, Mamiai, Yianping and Lidong. All the products supplied by Hanmi Group collectively contributed to 94.0%, 93.2% and 94.6% of our total revenue from medicine marketing, promotion and sales business in 2023, 2024 and 2025, respectively. This high concentration means our cost structure, profit margins and operational continuity are significantly affected by Hanmi Group's pricing policies. Specifically, any material increase in product prices or unfavorable adjustments to pricing terms would increase our procurement costs and negatively affect our profitability.

Government policies, pricing controls and regulatory environment

Our operations are significantly affected by evolving regulatory policies in the jurisdictions where we operate, including China, Korea and Italy, including the Volume-based Procurement program, the adjustment of the National Reimbursement Drug List, advertising restrictions and other measures designed to reduce healthcare costs and improve access. These policies may exert downward pressure on prices, reduce margins and intensify competition. Although the application of such policies on the products we provide may expand product uptake, the net effect on our profitability is uncertain.

In addition, our offerings are subject to extensive regulatory oversight covering manufacturing, safety, labelling, advertising, data management and distribution. Delays in obtaining or maintaining approvals, changes in standards, or heightened enforcement actions may increase costs or disrupt our operations. Failure to comply with regulatory requirements could result in penalties, reputational harm or restrictions on our business.

Supply chain management, inventory risks and production costs

Our results are influenced by our ability to procure raw materials and manage our supply chain efficiently. We rely on designated suppliers for critical ingredients such as whey powder, milk powder and functional additives, and any disruption caused by geopolitical tensions, trade disputes, logistics bottlenecks or quality issues could materially affect production and delivery.

We also face inventory risks, including overstocking, which may lead to write-downs, expirations or higher storage costs, and understocking, which may result in lost sales and strained customer relationships. Forecasting demand is particularly challenging for new product launches or during periods of market volatility.

Our profitability further depends on managing production costs, including raw materials, labor and overhead. While we have analyzed raw material cost trends, any significant increase that cannot be passed on to customers may compress margins. We continue to monitor these factors closely and implement measures to optimize procurement and cost efficiency.

Expansion, financing needs and operational efficiency

We expect to incur increased distribution, marketing and R&D expenses to support expansion. While such investments are necessary for long-term growth, they may exert short-term pressure on margins. In addition, we may require external financing to fund expansion, R&D or working capital. There is no assurance that financing will be available on acceptable terms, or at all, and equity or debt financing could result in dilution, higher leverage or reduced financial flexibility.

Our future performance also depends on scaling our operations efficiently. We must continue to invest in production capacity, automation, digital platforms and human resources to support our business growth. Inefficient expansion, delays in capacity building or inability to maintain internal controls could adversely affect results.

Product pipeline, R&D and innovation

Our growth depends on the successful development, approval and commercialization of new products. Our R&D focuses are mainly on infant formula, probiotics and functional nutrition products. The process is costly, time-consuming and uncertain, and there is no assurance that our pipeline will yield commercially viable products or that new launches will achieve market acceptance.

Even for approved products, sustaining growth requires continuous reformulation, brand-building and differentiation. Rapidly changing consumer preferences, advances by competitors and the need for scientific substantiation of health benefits create challenges for innovation. Failure to bring new products to market, or to maintain scientific credibility, may adversely affect our competitive position and long-term prospects.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation from our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 2 and Note 3 to the Accountants' Report included in Appendix I to this document.

Set forth below are accounting policies that we believe are material to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements.

Revenue and Other Income

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of our Group's revenue and other income recognition policies are as follows:

Sales of goods

Our Group recognizes the revenue of the sales contract between the customer and our Group at a point in time when the customer obtains control of the relevant goods. Our Group fulfills the performance obligations in accordance with the provisions of the contract. Generally, when the product is transported to the location designated by the sales customer and accepted by the customer, control of the product is deemed to have been transferred to the customer, and our Group recognizes revenue accordingly.

Service income

Our Group provides services such as brand promotion and product marketing promotion to certain pharmaceutical manufacturers and distributors. Fees are charged based on the specific services provided and are independent of product procurement contracts. Our Group recognizes revenue from consulting services when the performance period of the services concludes.

Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Dividends

Dividend income is recognized in profit or loss on the date on which our Group's right to receive payment is established.

Government grants

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

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

Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction in progress represents plant and buildings under construction and equipment pending installation and is stated at cost less any accumulated impairment losses. Construction in progress is transferred to respective items under property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

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

Inventories

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

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

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

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

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

Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations in absolute amounts and as a percentage of our total revenue for the Track Record Period. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

Consolidated Statements of Profit or Loss

	Year ended December 31,					
	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Revenue	**350,371,641**	**100.0**	**281,692,222**	**100.0**	**304,072,027**	**100.0**
Cost of sales	(181,172,139)	(51.7)	(131,433,572)	(46.7)	(145,141,875)	(47.7)
Gross profit	**169,199,502**	**48.3**	**150,258,650**	**53.3**	**158,930,152**	**52.3**
Other income	33,984,782	9.7	18,035,545	6.4	2,868,027	0.9
Impairment loss (recognized)/reversed on trade receivables	(355,802)	(0.1)	(1,861,097)	(0.7)	953,605	0.3
Selling and marketing expenses	(119,498,759)	(34.1)	(91,739,789)	(32.6)	(71,216,372)	(23.4)
Administrative expenses	(33,674,646)	(9.6)	(28,456,963)	(10.1)	(37,272,624)	(12.3)
Other operating expenses	(3,374,721)	(1.0)	(1,799,823)	(0.6)	(2,230,146)	(0.7)
Foreign exchange difference, net	335,332	0.1	(1,107,853)	(0.4)	939,160	0.3
Profit from operations	**46,615,688**	**13.3**	**43,328,670**	**15.4**	**52,971,802**	**17.4**
Share of loss of an associate	(104,107)	*	–	–	–	–
Finance costs	(1,829,373)	(0.5)	(2,801,738)	(1.0)	(1,911,480)	(0.6)
Profit before taxation	**44,682,208**	**12.8**	**40,526,932**	**14.4**	**51,060,322**	**16.8**
Income tax	(19,913,853)	(5.7)	(18,676,161)	(6.6)	(18,103,622)	(6.0)
Profit for the year	**24,768,355**	**7.1**	**21,850,771**	**7.8**	**32,956,700**	**10.8**

* *less than 0.1%*

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our revenue comes from medicine marketing, promotion and sales business, sales of maternity and supplements, and others. For our largest business line, namely medicine marketing, promotion and sales business, though we also provide value-added services, including providing operational and managerial support for pharmaceutical companies in the distribution process, the relevant revenue is recognized when control over a product or service is transferred to the customer. For details, see "– Critical Accounting Policies and Estimates – Revenue and Other Income" above for the accounting policy of our revenue recognition.

Revenue by business line

The following table sets forth a breakdown of our revenue by business line, each expressed as an absolute amount and as a percentage of our total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Medicine marketing, promotion and sales	311,661,871	89.0	247,308,767	87.8	281,730,817	92.6
Maternity and supplements	25,244,365	7.2	23,839,153	8.5	15,701,906	5.2
Others[1]	13,465,405	3.8	10,544,302	3.7	6,639,304	2.2
Total	350,371,641	100.0	281,692,222	100.0	304,072,027	100.0

Note:

(1) The others primarily consists of (i) postnatal care center services, (ii) advertising services, and (iii) the resale of medical devices.

Revenue generated from the medicine marketing, promotion and sales business line decrease by 20.7% from USD311.7 million in 2023 to USD247.3 million in 2024, and increased by 13.9% from USD247.3 million in 2024 to USD281.7 million in 2025. The decrease in 2024 was primarily attributable to the normalization of pharmaceutical demand following the temporary surge in precautionary purchasing in 2023 after China's post-pandemic reopening, when medical institutions, distributors and consumers increased purchases to secure medicine supply amid the sudden release of infection waves and supply uncertainty. The increase in 2025 was primarily attributable to the growth in revenue from Mamiai and Lidong in 2025. In addition, we entered into a strategic partnership in April 2025 with one of the largest distributors in China who now serves as the exclusive national distributor for a key pediatric product. In connection with the implementation of the strategic partnership, we conducted a one-time collect-back of products from various distributors in June 2025, which resulted in return of goods with a sales amount of USD19.7 million, accounted for as a deduction to our sales in 2025. Notwithstanding the above, this collaboration enhances our market reach and operational efficiency, positioning us for stronger and more sustainable growth going forward. See "Risk Factors – Risks Relating to Our Business – We have limited control over our distributors and sub-distributors, and any non-compliance, adverse publicity or disorderly competition arising therefrom, as well as any instability in such arrangements, may adversely affect our reputation, sales, business prospects and profitability" in this document.

Revenue generated from the maternity and supplements business line remained relatively stable at USD25.2 million and USD23.8 million in 2023 and 2024, respectively. Revenue generated from the maternity and supplements business line decreased by 34.0% from USD23.8 million in 2024 to USD15.7 million in 2025. The decline in revenue was primarily a result of our strategic decision to transition from a direct-sales model to a large size distributor-based arrangement during the year. Under this new framework, sales to distributors were conducted at wholesale prices, which are lower than direct retail prices. A portion of our maternity and supplements products were sold under a direct-sales model during the Track Record Period, under which we sold products directly to end customers through self-operated online flagship stores, allowing us to capture the full retail margin. Beginning in late 2024, we gradually transitioned certain product lines toward cooperation with large-scale distributors. Under this arrangement, products are sold to distributors at wholesale prices, which are lower than direct retail prices, resulting in a temporary moderation in revenue and reduced gross profit margin attributable to the change in sales channel mix. This approach, while temporarily impacting revenue, positions us to achieve greater market penetration, operational efficiency and sustainable long-term growth.

Revenue generated from others decreased by 21.5% from USD13.5 million in 2023 to USD10.6 million in 2024 and further decreased by 36.8% from USD10.6 million in 2024 to USD6.7 million in 2025. The decreasing trend was primarily driven by our strategic refocus on core business, with the scale of non-core operations being appropriately reduced.

As to our revenue composition, we generated most of our revenue from the medicine marketing, promotion and sales business line, which accounted for 89.0%, 87.8% and 92.6% of our total revenue in 2023, 2024 and 2025, respectively.

Revenue by geographic location

The following table sets out the breakdown of our revenue by geographic locations of our customers, each expressed as an absolute amount and as a percentage of our total revenue, for the years indicated.

	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Chinese Mainland	345,253,058	98.6	277,162,916	98.4	300,713,856	98.9
Korea	4,924,733	1.4	3,966,011	1.4	3,177,579	1.0
Hong Kong (place of domicile)	24,929	*	8,594	*	13,025	*
Other countries(1)	168,921	*	554,701	0.2	167,567	0.1
Total	350,371,641	100.0	281,692,222	100.0	304,072,027	100.0

* *less than 0.1%*

Note:

(1) Other countries mainly include Italy and Vietnam.

During the Track Record Period, Chinese Mainland has been our largest market. Our revenue generated from customers located in Chinese Mainland amounted to USD345.3 million, USD277.2 million and USD300.7 million, respectively, accounting for 98.6%, 98.4% and 98.9% of our total revenue in 2023, 2024 and 2025, respectively. Korea is our second largest market. Our revenue generated from customers located in Korea amounted to USD4.9 million, USD4.0 million and USD3.2 million, respectively, accounting for 1.4%, 1.4% and 1.0% of our total revenue in 2023, 2024 and 2025, respectively.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by business line in absolute amount and as a percentage of our total cost of sales, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Medicine marketing, promotion and sales	151,357,784	83.5	103,925,489	79.1	128,821,095	88.8
Maternity and supplements	16,807,550	9.3	18,270,452	13.9	12,298,291	8.5
Others	13,006,805	7.2	9,237,631	7.0	4,022,489	2.7
Total	181,172,139	100.0	131,433,572	100.0	145,141,875	100.0

We recorded cost of sales of USD181.2 million, USD131.4 million and USD145.1 million in 2023, 2024 and 2025, respectively. Our cost of sales decreased by 27.5% from USD181.2 million in 2023 to USD131.4 million in 2024, primarily attributable to (i) lower sales of products in our medicine marketing, promotion and sales business line and (ii) our strategic refocus on core business for others, with the scale of non-core operations being appropriately reduced. Our cost of sales increased by 10.4% from USD131.4 million in 2024 to USD145.1 million in 2025, in line with our business expansion and increased sales.

The cost of sales for our medicine marketing, promotion and sales business line are procurement costs in nature. The cost of sales for the medicine marketing, promotion and sales business line decreased by 31.4% from USD151.4 million in 2023 to USD103.9 million in 2024, primarily due to a reduction in procurement costs driven by post-pandemic decreased sales. The cost of sales for the medicine marketing, promotion and sales business line increased by 24.0% from USD103.9 million in 2024 to USD128.8 million in 2025, in line with our increased sales.

The cost of sales for our maternity and supplements business line is primarily comprised of raw materials cost, labor cost, indirect cost, utility cost and procurement cost. The cost of sales for the maternity and supplements business line increased by 8.9% from USD16.8 million in 2023 to USD18.3 million in 2024, primarily due to the expansion of our maternity and supplements business line. The cost of sales for the maternity and supplements business line decreased by 32.8% from USD18.3 million in 2024 to USD12.3 million in 2025, primarily due to our strategic decision to change from a direct-sales model to a large size distributor-based arrangement described above.

The cost of sales for others primarily consists of labor cost and office expenses. The cost of sales for others decreased by 29.2% from USD13.0 million in 2023 to USD9.2 million in 2024. The cost of sales for others decreased by 56.5% from USD9.2 million in 2024 to USD4.0 million in 2025. The decreasing trend was primarily driven by our strategic refocus on core business, with the scale of non-core operations being appropriately reduced.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by business line for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	USD	*%*	*USD*	*%*	*USD*	*%*
Medicine marketing, promotion and sales	160,304,087	51.4	143,383,278	58.0	152,909,722	54.3
Maternity and supplements	8,436,815	33.4	5,568,701	23.4	3,403,615	21.7
Others	458,600	3.4	1,306,671	12.4	2,616,815	39.4
Total	169,199,502	48.3	150,258,650	53.3	158,930,152	52.3

We recorded gross profit of USD169.2 million, USD150.3 million and USD158.9 million in 2023, 2024 and 2025, respectively. The fluctuations in our gross profit were mainly driven by changes in revenue trends.

Our gross profit margin increased from 48.3% in 2023 to 53.3% in 2024, primarily due to the increase in profit margin of our medicine marketing, promotion and sales business line as explained below. Our gross profit margin remained relatively stable at 53.3% and 52.3% in 2024 and 2025, respectively.

The gross profit margin for the medicine marketing, promotion and sales business line increased from 51.4% in 2023 to 58.0% in 2024, primarily due to a decrease in the prices of pharmaceutical products from our suppliers, coupled with continuous negotiations with suppliers that further drove down our procurement costs of pharmaceutical products. The gross profit margin for the medicine marketing, promotion and sales business line decreased from 58.0% in 2024 to 54.3% in 2025, primarily due to the implementation of marketing promotions in the form of sales discounts.

The gross profit margin for the maternity and supplements business line declined from 33.4% in 2023 to 23.4% in 2024. Such decrease was mainly due to our continuing implementation of a strategic push to expand market share through increased sales of infant milk formula, a category with lower margins. The decline from 2023 to 2024 was also caused by reduced margins on probiotic products following a revised pricing strategy under which we ceased providing certain value-added services previously bundled with probiotic products and reduced product price accordingly. The gross profit margin for the maternity and supplements business line decreased from 23.4% in 2024 to 21.7% in 2025, primarily due to our strategic decision to transition from a direct-sales model to a large size distributor-based arrangement during the period. Under this new framework, sales to distributors were conducted at wholesale prices, which are lower than direct retail prices. For details, see "– Revenue – Revenue by Business Line" in this section.

Our gross profit margin for others increased from 3.4% in 2023 to 12.4% in 2024 primarily due to an improvement in the cost structure of our advertising service business. Our gross profit margin for others increased from 12.4% in 2024 to 39.4% in 2025, and the significant increase was primarily because we scaled down the operations of our postnatal care center in Beijing which had incurred relatively low gross profit margin.

Other Income

Our other income consists of consulting fee income which are primarily the fees we charged our business partners for operational management assistance and consultation services, interest income, fair value changes of other financial assets measured at FVPL, government grants, rental income, gain on liquidation of a subsidiary and others. Our other income amounted to USD34.0 million, USD18.0 million and USD2.9 million, respectively, representing 9.7%, 6.4% and 0.9% of our total revenue in 2023, 2024 and 2025, respectively.

The following table sets forth the breakdown of the key components of our other income, each expressed as an absolute amount and as a percentage of our total other income, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Consulting fee income	28,060,769	82.6	13,512,981	74.9	405,238	14.1
Interest income	251,596	0.7	1,676,612	9.3	1,543,580	53.8
Fair value changes of other financial assets measured at FVPL	138,395	0.4	132,707	0.7	127,109	4.4
Government grants	4,327,866	12.7	481,888	2.7	214,559	7.5
Rental income	435,965	1.3	433,897	2.4	468,103	16.3
Gain on liquidation of a subsidiary	-	–	–	–	54,533	1.9
Others[1]	770,191	2.3	1,797,460	10.0	54,905	2.0
Total	**33,984,782**	**100.0**	**18,035,545**	**100.0**	**2,868,027**	**100.0**

Note:

(1) Others consist of gains on disposal of property, plant and equipment, income from wealth management products and non-operating income.

Consulting fee income

Our other income includes consulting fee income, which is incidental in nature and therefore does not form part of our principal business. Such income primarily represents fees charged to certain pharmaceutical business partners for operational management assistance, market execution support and related consultation services. During the Track Record Period, in certain regions subject to the PRC Two-invoice System, under which manufacturers are generally required to act as the invoicing entity in the distribution chain, we performed the substantive market development and sales support functions. In such circumstances, we received consulting fees as consideration for these services. In addition, we also provided certain operational support and coordination services to Beijing Hanmi and received consulting fees for consulting and operational support services. During the Track Record Period, the vast majority of our consulting fee income was generated from services provided to Beijing Hanmi. In 2023, 2024 and 2025, our consulting fee income attributable to Beijing Hanmi amounted to USD26.1 million, USD12.4 million and nil, respectively, representing approximately 93.0%, 91.7% and nil of our total consulting fee income, respectively.

Consulting fee arrangements with business partners

During the Track Record Period, we entered into the above arrangements with six pharmaceutical companies that were our business partners. All such partners were Independent Third Parties of our Group. The services under such arrangements typically include market development, hospital access, prescription expansion, distribution coordination and sales monitoring. These were ancillary in nature and did not form part of our core business model. The relevant service agreements generally covered the cooperation period with the respective business partners, and in certain cases were entered into on an annual basis. Under these arrangements, consulting fees were generally calculated by reference to the manufacturer's selling prices, after deducting logistics costs, downstream distributor incentives and the manufacturer's supply price. Payment terms were typically linked to the completion of distribution or sales execution milestones, and the agreements could be terminated by either party upon notice in accordance with the contractual terms.

Consulting fee arrangements with Beijing Hanmi

During the Track Record Period, we also provided certain operational support services to Beijing Hanmi. For the background of Beijing Hanmi, see "Relationship with Our Controlling Shareholders – Hanmi Group" in this document. Unlike the arrangements with our other business partners, we did not enter into a standard services agreement with Beijing Hanmi. Instead, Beijing Hanmi engaged us on an as-needed basis to support certain distribution and market-coordination functions. The relevant service arrangements with Beijing Hanmi were typically entered into and renewed on an annual basis.

The services we provided to Beijing Hanmi during the Track Record Period primarily included (i) GSP-related management, (ii) operational support for sales through certain channels, and (iii) sales monitoring and operational analysis. Fees for our services were determined with reference to the scope of the services provided and were settled periodically in accordance with the parties' commercial arrangements. These services were ancillary to our core pharmaceutical distribution business.

Our other income decreased during the Track Record Period primarily attributable to the decrease in our consulting fee income. The decrease in consulting fee income from USD28.1 million in 2023 to USD13.5 million in 2024 and further to USD0.4 million in 2025, were primarily due to a reduction in the consulting fee income of USD13.7 million attributable to Beijing Hanmi during the Track Record Period. Pursuant to the relevant market promotion services agreement and the corresponding termination agreement, our operational management assistance and consultation services to Beijing Hanmi were terminated with effect from July 1, 2024. As a result, consulting fee income from Hanmi Group was recognized only for the six months in 2024, whereas comparable income was generated throughout the year in 2023. Consulting fee income attributable to Hanmi Group accounted for 93.0% of our total consulting fee income in 2023 and decreased to 91.7% in 2024, reflecting the termination of the relevant arrangement.

Impairment loss on trade receivables

Our impairment loss on trade receivables increased from USD0.4 million in 2023 to USD1.9 million in 2024, and we recognized a reversal of impairment loss on trade receivables of USD1.0 million in 2025, primarily due to the improved recoverability of trade receivables by our Group in 2025, resulting in a reduction in the expected credit loss allowance.

Selling and Marketing Expenses

The following table sets forth the breakdown of selling and marketing expenses for the years indicated.

	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Advertising expenses	51,134,825	42.8	50,757,867	55.3	42,348,170	59.5
Staff costs	30,551,434	25.6	25,105,704	27.4	19,072,683	26.8
Service fee	23,492,868	19.7	9,058,669	9.9	3,406,139	4.8
Depreciation	2,669,138	2.2	1,085,893	1.2	506,715	0.7
Travelling expenses	1,985,603	1.7	1,752,313	1.9	1,303,860	1.8
Delivery costs	543,780	0.5	313,904	0.3	197,228	0.3
Rental expense	141,710	0.1	340,904	0.4	446,651	0.6
Others	8,979,401	7.4	3,324,535	3.6	3,934,926	5.5
Total	**119,498,759**	**100.0**	**91,739,789**	**100.0**	**71,216,372**	**100.0**

Note:

(1) Others consist of business entertainment expenses, office expenses and royalty fees.

Our selling and marketing expenses decreased from USD119.5 million in 2023 to USD91.7 million in 2024, and further to USD71.2 million in 2025. Such decreases were primarily due to decrease in (i) advertising expenses, (ii) service fee and (iii) our staff costs, in line with our adjustment in marketing plans.

Administrative Expenses

Our administrative expenses primarily consist of staff costs, service fee, depreciation, advertising expenses, office expenses, travelling expenses, entertainment expenses, R&D expenses and others. The following table sets forth a breakdown of our administrative expenses, each expressed as an absolute amount and as a percentage of our total administrative expenses, for the years indicated.

	2023		2024		2025	
	USD	*%*	*USD*	*%*	*USD*	*%*
Staff costs	11,456,989	34.0	12,329,112	43.3	11,391,595	30.6
Service fee	7,599,610	22.6	8,534,043	30.0	9,505,630	25.5
Depreciation	4,548,262	13.5	2,334,410	8.2	2,694,422	7.2
Advertising expenses	171,123	0.5	401,765	1.4	509,780	1.4
Office expenses	838,996	2.5	883,144	3.1	1,719,845	4.6
Travelling expenses	226,113	0.7	533,406	1.9	677,938	1.8
Entertainment expenses	385,568	1.1	367,747	1.3	296,767	0.8
R&D expense	2,242,094	6.7	760,088	2.7	2,343,163	6.3
Others(1)	6,205,891	18.4	2,313,248	8.1	8,133,484	21.8
Total	**33,674,646**	**100.0**	**28,456,963**	**100.0**	**37,272,624**	**100.0**

Note:

(1) Others mainly consist of various taxes, printing fees, certification review and association fees, bad debt losses, inventory write-offs, and disability employment security funds.

Our administrative expenses amounted to USD33.7 million, USD28.5 million and USD37.3 million, representing 9.6%, 10.1% and 12.3% of our total revenue in 2023, 2024 and 2025, respectively. In 2024, the decrease in administrative expenses as compared to 2023 was primarily due to (i) lower depreciation of right-of-use assets and production equipment, and (ii) a decrease in R&D expenses as a result of the adjustment in our R&D plans. In 2025, the increase in administrative expenses as compared to 2024 was primarily due to (i) an increase in other administrative expenses primarily driven by the inventory write-offs, and (ii) an increase in R&D expenses.

Other Operating Expenses

Our other operating expenses are primarily comprised of impairment losses on inventories and other assets, donations and disposal of our fixed assets. Our other operating expenses amounted to USD3.4 million, USD1.8 million and USD2.2 million, representing 1.0%, 0.6% and 0.7% of our total revenue in 2023, 2024 and 2025, respectively.

Foreign Exchange Difference, Net

Our foreign exchange difference, net amounted to a gain of USD0.3 million, a loss of USD1.1 million and a gain of USD0.9 million, representing 0.1%, 0.4% and 0.3% of our total revenue in 2023, 2024 and 2025, respectively.

Share of Loss of an Associate

We held equity interests in Derama Global Co., Ltd. ("Derama Global"), which is principally engaged in providing postnatal care services. Our share of results of an associate amounted to a loss of USD104.1 thousand in 2023, nil and nil in 2024 and 2025, respectively.

The loss recorded in 2023 was attributable to Derama Global incurring losses in the ordinary course of its business, resulting in net liabilities that exceeded our share of the investment. As the carrying amount of our investment in Derama Global was reduced to zero and we had no further financial obligations to Derama Global, we ceased to recognize further losses under the equity method from 2024 onwards.

Finance Cost

Our finance costs consist of (i) interest on bank loans and other borrowings and (ii) interest on lease liabilities. Our finance costs amounted to USD1.8 million, USD2.8 million and USD1.9 million in 2023, 2024 and 2025, respectively.

Income Tax

Income tax primarily represents our total current and deferred tax expenses under the relevant income tax rules and regulations. In 2023, 2024 and 2025, our effective tax rate was 44.6%, 46.1% and 35.5%, respectively. The fluctuations in our effective tax rate were primarily attributable to the timing of profit distributions by certain subsidiaries, which resulted in additional withholding and reporting tax obligations being recognized in each year.

Our income tax amounted to USD19.9 million, USD18.7 million and USD18.1 million in 2023, 2024 and 2025, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all of our tax obligations and did not have any unresolved tax disputes, except for the tax investigation conducted by the Korean National Tax Service from December 2024 to March 2025. For details, see "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Compliance with Laws and Regulations – We may be subject to claims, disputes, regulatory investigations, and other legal proceedings in the ordinary course of our business, which could materially and adversely affect us" and "Business – Legal Proceedings and Compliance - Legal Proceeds" in this document.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 8.0% from USD281.7 million in 2024 to USD304.1 million in 2025.

Revenue generated from the medicine marketing, promotion and sales business line increased by 13.9% from USD247.3 million in 2024 to USD281.7 million in 2025. This increase was primarily attributable to the growth in revenue from Mamiai and Lidong in 2025. In addition, we entered into a strategic partnership in April 2025 with one of the largest distributors in China who now serves as the exclusive national distributor for a key pediatric product. This collaboration enhances our market reach and operational efficiency, positioning us for stronger and more sustainable growth going forward. For details, see "– Description of Major Components of Our Results of Operations – Revenue – Revenue by Business Line" in this section.

Revenue generated from the maternity and supplements business line decreased by 34.0% from USD23.8 million in 2024 to USD15.7 million in 2025. The decline in revenue was primarily a result of our strategic decision to transition from a direct-sales model to a large size distributor-based arrangement during the year. Under this new framework, sales to distributors were conducted at wholesale prices, which are lower than direct retail prices. For details, see "Description of Major Components of Our Results of Operations – Revenue - Revenue by Business Line" in this section.

Revenue generated from others decreased by 36.8% from USD10.6 million in 2024 to USD6.7 million in 2025, primarily due to our strategic refocus on core business, with the scale of non-core operations being appropriately reduced.

Cost of Sales

Our cost of sales increased by 10.4% from USD131.4 million in 2024 to USD145.1 million in 2025, in line with our business expansion and increased scale of sales. Our cost of sales as a percentage of total revenue remained relatively stable at 46.7% and 47.7% in 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin

Our gross profit increased by 5.7% from USD150.3 million in 2024 to USD158.9 million in 2025, mainly driven by higher gross profit from the medicine marketing, promotion and sales business line, particularly a substantial increase in that of pediatric drugs. Our gross profit margin remained relatively stable at 53.3% and 52.3% in 2024 and 2025, respectively.

Gross profit for the medicine marketing, promotion and sales business line increased by 6.6% from USD143.4 million in 2024 to USD152.9 million in 2025. The gross profit margin for the medicine marketing, promotion and sales business line decreased from 58.0% in 2024 to 54.3% in 2025, primarily due to the implementation of marketing promotions in the form of sales discounts.

Gross profit for the maternity and supplements business line decreased by 39.3% from USD5.6 million in 2024 to USD3.4 million in 2025. The gross profit margin for the maternity and supplements business line decreased from 23.4% in 2024 to 21.7% in 2025, primarily due to our strategic decision to transition from a direct-sales model to a large size distributor-based arrangement during the year described above. Under this new framework, sales to distributors were conducted at wholesale prices, which are lower than direct retail prices.

Gross profit for others increased significantly by 100.0% from USD1.3 million in 2024 to USD2.6 million in 2025, and the gross profit margin for others increased from 12.4% in 2024 to 39.4% in 2025. The significant increase was primarily due to a substantial reduction in staff costs and raw material costs, which was mainly driven by our strategic refocus on core business operations, following which our postnatal care center in Beijing ceased operations.

Other Income

Our other income decreased significantly by 83.9% from USD18.0 million in 2024 to USD2.9 million in 2025, primarily due to a reduction in consulting fee income. Other income as a percentage of revenue decreased accordingly from 6.4% in 2024 to 0.9% in 2025. For details, see "– Description Of Major Components Of Our Results Of Operations – Other Income – Consulting fee income" in this section.

Impairment Loss on Trade Receivables

We recognized a reversal of impairment loss on trade receivables of USD1.0 million in 2025, compared to impairment loss on trade receivables of USD1.9 million in 2024. This change was primarily due to the improved recoverability of trade receivables by our Group in 2025, resulting in a reduction in the expected credit loss allowance.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 22.4% from USD91.7 million in 2024 to USD71.2 million in 2025, primarily due to (i) a decrease in service fee, (ii) a decrease advertising expenses, and (iii) a decrease in staff costs, in line with our adjustment in marketing plans. Our selling and marketing expenses as a percentage of total revenue decreased accordingly from 32.6% in 2024 to 23.4% in 2025.

Administrative Expenses

Our administrative expenses increased by 30.9% from USD28.5 million in 2024 to USD37.3 million in 2025, primarily due to (i) an increase in other administrative expenses primarily driven by the inventory write-offs, and (ii) an increase in R&D expenses. Our administrative expenses as a percentage of our total revenue increased accordingly from 10.1% in 2024 to 12.3% in 2025.

Other Operating Expenses

Our other operating expense remained relatively stable at USD1.8 million in 2024 and USD2.2 million in 2025.

Foreign Exchange Difference, Net

Our foreign exchange difference, net amounted to a loss of USD1.1 million in 2024 and a gain of USD0.9 million in 2025, primarily due to currency fluctuations.

Finance Costs

Our finance costs decreased by 32.1% from USD2.8 million in 2024 to USD1.9 million in 2025, primarily due to (i) the repayment of certain related party borrowings in 2025 to satisfy **[REDACTED]** requirements, and (ii) the termination of leases for individual warehouses, resulting in lower lease liabilities, which led to the decrease in interest expenses.

Profit Before Taxation

As a result of the foregoing, our profit before taxation increased by 26.2% from USD40.5 million in 2024 to USD51.1 million in 2025.

Income Tax

Our income tax decreased by 3.2% from USD18.7 million in 2024 to USD18.1 million in 2025, primarily due to fluctuations in the profitability of certain subsidiaries, which affected our overall taxable income. Our effective tax rate was 35.5% in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 50.7% from USD21.9 million in 2024 to USD33.0 million in 2025. Our net profit margin increased from 7.8% in 2024 to 10.8% in 2025.

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

Revenue

Our revenue decreased by 19.6% from USD350.4 million in 2023 to USD281.7 million in 2024.

Revenue generated from the medicine marketing, promotion and sales business line decreased by 20.7% from USD311.7 million in 2023 to USD247.3 million in 2024, primarily attributable to the normalization of pharmaceutical demand following the temporary surge in precautionary purchasing in 2023 after China's post-pandemic reopening, when medical institutions, distributors and consumers increased purchases to secure medicine supply amid the sudden release of infection waves and supply uncertainty.

Revenue generated from the maternity and supplements business line remained relatively stable at USD25.2 million and USD23.8 million in 2023 and 2024, respectively.

Revenue generated from others decreased by 21.5% from USD13.5 million in 2023 to USD10.6 million in 2024, primarily due to our strategic refocus on core business, with the scale of non-core operations being appropriately reduced.

Cost of Sales

Our cost of sales decreased by 27.5% from USD181.2 million in 2023 to USD131.4 million in 2024, primarily due to (i) lower sales of products in our medicine marketing, promotion and sales business line and (ii) our strategic refocus on core business for others, with the scale of non-core operations being appropriately reduced. Our cost of sales as a percentage of our total revenue decreased accordingly from 51.7% in 2023 to 46.7% in 2024.

Gross Profit and Gross Profit Margin

Our gross profits decreased by 11.2% from USD169.2 million in 2023 to USD150.3 million in 2024, primarily due to a decrease in gross profit from our medicine marketing, promotion and sales business line resulting from the significant decline in demand for pediatric drugs post-pandemic. Our gross profit margin increased from 48.3% in 2023 to 53.3% in 2024, primarily due to the increase in profit margin of our medicine marketing, promotion and sales business line as explained below.

Gross profit for the medicine marketing, promotion and sales business line decreased by 10.5% from USD160.3 million in 2023 to USD143.4 million in 2024. The gross profit margin for the medicine marketing, promotion and sales business line increased from 51.4% in 2023 to 58.0% in 2024, primarily due to a decrease in the prices of pharmaceutical products from our suppliers, coupled with continuous negotiations with suppliers that further drove down our procurement costs of pharmaceutical products.

Gross profit for the maternity and supplements business line decreased by 33.3% from USD8.4 million in 2023 to USD5.6 million in 2024. The gross profit margin for the maternity and supplements business line decreased from 33.4% in 2023 to 23.4% in 2024, primarily because (i) with our continuing implementation of a strategic push, we expanded market share through increased sales of infant milk formula, a category with lower margins, and (ii) we ceased providing certain value-added services previously bundled with probiotic products and reduced product price accordingly.

Our gross profit for others increased from USD0.5 million in 2023 to USD1.3 million in 2024, and our gross profit margin for others increased from 3.4% in 2023 to 12.4% in 2024, primarily due to an improvement in the cost structure of our advertising service business.

Other Income

Our other income decreased by 47.1% from USD34.0 million in 2023 to USD18.0 million in 2024, primarily due to (i) a decrease of USD14.6 million in consulting fee income and (ii) a decrease of USD3.8 million in government grants. Our other income as a percentage of our total revenue decreased accordingly from 9.7% in 2023 to 6.4% in 2024. For details, see "– Description Of Major Components Of Our Results Of Operations – Other Income – Consulting fee income" in this section.

Impairment Loss on Trade Receivables

Our impairment loss on trade receivables increased from USD0.4 million in 2023 to USD1.9 million in 2024, primarily due to an increase in both the amount and aging of aged trade receivables and limited subsequent recoveries.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 23.3% from USD119.5 million in 2023 to USD91.7 million in 2024, primarily due to (i) a decrease in our advertising expenses and (ii) a decrease in our staff costs, in line with the decline in our revenue. Our selling and marketing expenses as a percentage of our total revenue remained relatively stable at 34.1% in 2023 and 32.6% in 2024.

Administrative Expenses

Our administrative expenses decreased by 15.4% from USD33.7 million in 2023 to USD28.5 million in 2024. In 2024, the decrease in administrative expenses as compared to 2023 was primarily due to (i) lower depreciation of right-of-use assets and production equipment, and (ii) decreased R&D expenses as a result of the adjustment in R&D plans. Our administrative expenses as a percentage of our total revenue remained relatively stable at 9.6% in 2023 and 10.1% in 2024.

Other Operating Expenses

Our other operating expenses, decreased by 47.1% from USD3.4 million in 2023 to USD1.8 million in 2024, primarily due to a decrease in impairment charges.

Foreign Exchange Difference, Net

We recorded a gain from foreign exchange difference, net of USD0.3 million in 2023 and a loss of USD1.1 million in 2024. The loss in 2024 was mainly attributable to the appreciation of the U.S. dollar against the Korean Won, as our convertible bonds were settled in the Korean Won while our functional currency is U.S. dollar.

Share of Loss of an Associate

Our share of results of an associate amounted to a loss of USD104.1 thousand in 2023 and nil in 2024. The loss recorded in 2023 was attributable to Derama Global incurring substantial losses, resulting in net liabilities that exceeded our share of the investment. As the carrying amount of our investment in Derama Global was reduced to zero and we had no further financial obligations to Derama Global, we ceased to recognize further losses under the equity method from 2024 onwards.

Finance Costs

Our finance costs increased by 55.6% from USD1.8 million in 2023 to USD2.8 million in 2024, primarily due to an increase in interest on bank loans and other borrowings by USD1.1 million.

Profit Before Taxation

As a result of the foregoing, our profit before taxation decreased by 9.4% from USD44.7 million in 2023 to USD40.5 million in 2024.

Income Tax

Our income tax decreased by 6.0% from USD19.9 million 2023 to USD18.7 million in 2024, primarily due to fluctuations in the profitability of certain loss-making subsidiaries during the year, which affected our overall taxable income. Our effective tax rate was 46.1% in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 11.7% from USD24.8 million in 2023 to USD21.9 million in 2024. Our net profit margin increased from 7.1% in 2023 to 7.8% in 2024.

Profit Attributable to Equity Shareholders of Our Company

The non-controlling shareholders of our subsidiaries that our consolidated profit is attributable to include (i) Mr. Lim, our founder, executive Director and Controlling Shareholder, and (ii) other minority Shareholders. The following table reconciles our (i) profit attributable to equity shareholders of our Company, and (ii) profit for the year.

	Years ended December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Profit attributable to equity shareholders of the Company	16,816,217	17,060,164	15,641,419
Add:			
Profit attributable to Mr. Lim for his direct equity interests in Ofmom HK	3,557,217	2,453,101	7,628,655
Profit attributable to equity shareholders of the Company and profit attributable to Mr. Lim for his direct equity interests in Ofmom HK	20,373,434	19,513,265	23,270,074
Add:			
Profit for the year attributable to non-controlling interests belonging to other minority shareholders	4,394,921	2,337,506	9,686,626
Profit	24,768,355	21,850,771	32,956,700

Note:

(1) On December 10, 2025, Mr. Lim entered into a sale and purchase agreement with our Company, pursuant to which he agreed to transfer 26.56% equity interest in Ofmom HK as part of the Reorganization, which was completed in December 2025. Notwithstanding the completion of the Reorganization, the 26.56% interest in Ofmom HK is still presented in the consolidated financial statements for the year ended December 31, 2025 to reflect the relevant equity interests during the year.

DISCUSSION OF CERTAIN KEY STATEMENT OF FINANCIAL POSITION ITEMS

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Non-current assets			
Property, plant and equipment	20,458,419	17,330,550	16,810,502
Investment property	8,614,053	7,852,972	8,481,829
Goodwill	1,283,619	1,283,619	1,283,619
Intangible assets	2,071,586	1,913,592	2,820,537
Interest in an associate	–	–	–
Other financial assets	5,449,845	25,688,299	27,374,436
Deferred tax assets	1,859,754	2,686,649	4,584,960
Other non-current assets	1,313,498	1,758,950	352,064
	41,050,774	58,514,631	61,707,947
Current assets			
Inventories	20,317,949	43,258,199	32,179,496
Trade receivables, other receivables and prepayments	72,084,184	97,983,662	215,941,058
Other financial assets	–	–	2,074,437
Time deposits	492,980	121,168	146,028
Cash and cash equivalents	58,449,177	16,086,061	9,240,125
	151,344,290	157,449,090	259,581,144
Current liabilities			
Trade and other payables	58,275,379	72,097,791	122,698,418
Contract liabilities	1,863,067	2,110,116	3,126,948
Lease liabilities	2,949,394	1,430,076	1,653,940
Bank and other borrowings	41,081,882	43,217,464	48,615,125
Income tax payable	8,142,258	2,661,476	4,288,773
	112,311,980	121,516,923	180,383,204
Net current assets	39,032,310	35,932,167	79,197,940
Total assets less current liabilities	80,083,084	94,446,798	140,905,887

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Non-current liabilities			
Lease liabilities	4,486,878	3,287,286	2,790,482
Bank and other borrowings	1,482,198	1,410,961	267,318
Deferred tax liabilities	15,684	–	441
Other non-current liabilities	110,577	130,978	722,141
	6,095,337	4,829,225	3,780,382
NET ASSETS	73,987,747	89,617,573	137,125,505
CAPITAL AND RESERVES			
Share capital	95,576,000	95,576,000	116,473,268
Reserves	(54,120,795)	(42,924,582)	(8,373,647)
Total equity attributable to equity shareholders of the Company	41,455,205	52,651,418	108,099,621
Non-controlling interests	32,532,542	36,966,155	29,025,884
TOTAL EQUITY	73,987,747	89,617,573	137,125,505

Property, Plant and Equipment

	As of December 31,		
	2023	2024	2025
	USD	*USD*	*USD*
Freehold land	1,363,437	1,363,437	1,363,437
Buildings	5,898,137	4,132,117	6,070,372
Other equipment leased for own use	83,376	123,268	144,607
Other properties leased for own use	5,217,792	3,643,538	3,915,052
Ownership interests in leasehold land held for own use	775,643	745,641	743,551
Motor vehicle	253,788	256,551	205,755
Plant and machinery	3,739,773	3,156,685	1,892,349
Office equipment	2,020,439	1,691,417	1,516,832
Leasehold improvement	679,131	803,943	531,643
Construction in progress	426,903	1,413,953	426,904
Total	20,458,419	17,330,550	16,810,502

Our property, plant and equipment consist of freehold land, buildings, other equipment leased for own use, other properties leased for own use, ownership interests in leasehold land held for own use, motor vehicle, plant and machinery, office equipment, leasehold improvement, and construction in progress. Our property, plant and equipment decreased from USD20.5 million as of December 31, 2023 to USD17.3 million as of December 31, 2024, primarily due to the amortization of other properties leased for own use as well as early termination of lease contracts. Our property, plant and equipment decreased to USD16.8 million as of December 31, 2025, primarily due to depreciation and disposal of our plant and machinery.

Investment Property

Our investment properties consist of land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. We lease out investment property under operating leases. The leases typically run for an initial period of six years, with an option to renew an additional six years if neither of the parties cancels prior to the end of such six year term. The carrying amounts of our investment properties were USD8.6 million, USD7.9 million and USD8.5 million as at December 31, 2023, 2024 and 2025, respectively. Movements in our investment properties during the Track Record Period were primarily attributable to depreciation charges and fluctuations in foreign exchange rates.

Goodwill

Our goodwill arose from our acquisitions of Beijing Medi'Care in 2009 and Coree Wuhan in 2023. Our goodwill remain the same at USD1.3 million as of December 31, 2023, 2024 and 2025.

The headroom calculated by deducting the carrying amount from the recoverable amount of CGUs is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Beijing Medi'care Co., Ltd. 北京潤美康醫藥有限公司	308,420,973	387,090,598	345,764,894
Coree Medicare Co., Ltd. 武漢科利醫藥有限公司	52,083,352	111,270,901	357,447,493

As a result of the impairment tests, our Directors are of the view that there was no impairment of goodwill as of December 31, 2023, 2024 and 2025. Reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2023, 2024 and 2025.

We have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to percentage point of annual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the headroom respectively as of December 31, 2023, 2024 and 2025:

	As of December 31,		
	2023	**2024**	**2025**
Beijing Medi'care Co., Ltd. 北京潤美康醫藥有限公司			
Decrease in annual revenue growth rate	37%	56%	72%
Increase in pre-tax discount rate	>100%	>100%	72%
Coree Medicare Co., Ltd. **武漢科利醫藥有限公司**			
Decrease in annual revenue growth rate	71%	99%	93%
Increase in pre-tax discount rate	>100%	>100%	>100%

Intangible Assets

Our intangible assets primarily consist of software, technical know-how, trademarks and licenses. Our intangible assets decreased from USD2.1 million as of December 31, 2023 to USD1.9 million as of December 31, 2024 and increased to USD2.8 million as of December 31, 2025, primarily due to additions to intangible assets including software during the year.

Other Financial Assets

Our other financial assets consist of (i) a loan to Dx&Vx Co., Ltd., (ii) investment in Herings Inc., a private company, (iii) listed equity securities of Dx&Vx Co., Ltd. and (iv) unlisted convertible bonds. The table below sets forth our other financial assets as of the years indicated:

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Non-current assets			
Financial assets measured at amortized cost			
– Loan to Dx&Vx Co., Ltd.	–	19,002,836	19,434,355
Financial asset measured at FVOCI			
– Investment in a private company	3,114,339	–	–
– Listed equity securities	–	4,624,733	7,940,081
Financial asset measured at FVPL			
– Unlisted convertible bonds	2,335,506	2,060,730	–
	5,449,845	25,688,299	27,374,436
Current assets			
– Unlisted convertible bonds	–	–	2,074,437
	–	–	2,074,437

The non-current portion of our other financial assets increased significantly from USD5.4 million as of December 31, 2023 to USD25.7 million as of December 31, 2024, primarily due to a loan of USD19.0 million provided to Dx&Vx Co., Ltd. by Ofmom HK in March 2024 with effective interest rate of 6.88%. The loan, which was extended on an arm's-length basis to support the R&D pipeline of Dx&Vx Co., Ltd., our strategic partner, was originally maturing in March 2027 and was fully repaid in January 2026. The non-current portion of our other financial assets later increased to USD27.4 million as of December 31, 2025, primarily driven by fair value gains from our listed equity securities.

As of December 31, 2023, December 31, 2024, and December 31, 2025, the current portion of our other financial assets totaled nil, nil, and USD2.1 million, respectively. The increase in the current portion of other financial assets from December 31, 2024 to December 31, 2025 was primarily attributable to a reclassification of unlisted convertible bonds of USD2.1 million from non-current portion to current portion. Our Directors confirm that all loans from related parties will be settled on or before **[REDACTED]**.

We manage our financial assets and investment activities to make sure our investments are primarily undertaken to support our strategic partnerships, optimize liquidity management and enhance capital efficiency. We maintain an internal governance framework governing investments and other financial asset transactions. Proposed investments are subject to preliminary strategic and financial assessment by management, including evaluation of liquidity impact, risk profile and alignment with our long-term business development. Material or non-routine investment transactions are reviewed by senior management and submitted to our Board of Directors for approval, while routine treasury-type placements are conducted under delegated authority in accordance with internal policies. We adopt internal control measures for investment activities including segregation of duties, documentation and approval requirements, periodic monitoring of investment performance and risk exposure, and compliance checks against applicable laws and regulations. We believe our management team possesses relevant financial and operational expertise to evaluate such investments, and the Board exercises oversight through review and approval of material transactions and periodic reporting. After **[REDACTED]**, any investment in financial assets will be conducted in compliance with the requirements of Chapter 14 of the Listing Rules, where applicable.

Inventories

Our inventories primarily consist of raw materials, work in progress, finished goods and goods in transit. Maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver products to meet customer demand in a timely manner without straining our liquidity. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Raw materials	3,676,902	2,809,872	1,689,853
Work in progress	236,613	232,518	13,903
Finished goods	16,719,837	40,314,621	31,643,311
Goods in transit	17,902	–	37,454
	20,651,254	43,357,011	33,384,521
Less: write-down of inventories	(333,305)	(98,812)	(1,205,025)
	20,317,949	43,258,199	32,179,496

Our inventories increased from USD20.3 million as of December 31, 2023 to USD43.3 million as of December 31, 2024, primarily due to increased stockpiling of finished goods, particularly pharmaceutical products.

Our inventories decreased from USD43.3 million as of December 31, 2024 to USD32.2 million as of December 31, 2025, primarily due to (i) a decrease in raw materials of USD1.1 million, driven by consumption of existing raw materials, and (ii) a decrease in finished goods of USD8.7 million, primarily attributable to an increase in sales volume during the year, resulting in a decrease in excess pharmaceutical inventory.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	USD	*USD*	*USD*
Within 1 year	19,087,061	25,566,994	29,265,706
More than 1 year but less than 2 years	1,267,285	17,062,337	3,215,147
More than 2 years but less than 3 years	179,316	540,952	176,002
More than 3 years	117,592	186,728	727,666
Write-down of inventories	(333,305)	(98,812)	(1,205,025)
	20,317,949	43,258,199	32,179,496

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

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days(1)	45	88	95

Note:

(1) Calculated based on the average balance of inventory divided by the cost of sales for the relevant year multiplied by 365 days for the year. Average balance of inventory is calculated as the sum of the beginning balance and ending balance for the relevant year divided by two.

Our inventory turnover days increased from 45 days in 2023 to 88 days in 2024, primarily due to increased stockpiling of finished goods, particularly pharmaceutical products following COVID. Our inventory turnover days continued to increase to 95 days in 2025, mainly driven by higher purchases in anticipation of stronger sales in 2025.

As of April 30, 2026, USD27.3 million, or 81.8% of our inventories as of December 31, 2025 had been used or consumed subsequent to December 31, 2025.

Trade Receivables, Other Receivables and Prepayments

Our trade receivables, other receivables and prepayments consist of (i) trade receivables, net of loss allowance, (ii) deposits and other receivables in relation to rental deposits and deposits to suppliers, (iii) amounts due from related parties and (iv) prepayments for consulting service and purchase of inventories. As of December 31, 2023, 2024 and 2025, our trade receivables, other receivables and prepayments amounted to USD72.1 million, USD98.0 million and USD215.9 million, respectively.

The following table sets forth the breakdown of our trade receivables, other receivables and prepayments as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Trade receivables, net of loss allowance	59,371,336	89,469,015	186,540,082
Deposits and other receivables	10,031,708	4,876,755	9,235,702
Amounts due from related parties	1,258,575	2,273,678	11,137,434
Prepayments	1,422,565	1,364,214	9,027,840
	72,084,184	97,983,662	215,941,058

Our trade receivables, other receivables and prepayments increased from USD72.1 million as of December 31, 2023 to USD98.0 million as of December 31, 2024, primarily driven by higher trade receivables resulting from slower customer payment cycles. Our trade receivables, other receivables and prepayments increased from USD98.0 million as of December 31, 2024 to USD215.9 million as of December 31, 2025, primarily due to the increased sales amounts in December 2025.

During the Track Record Period, we typically grant our customers credit periods of up to 60 days, and our trade receivables are generally settled in accordance with the terms of the relevant contracts. We make assessments on our trade receivables on a quarterly basis and make provisions for our trade receivables based on expected credit losses by considering the age of outstanding trade receivables and forward-looking information. We adjust the provisions at the end of each quarter.

The following table sets forth the aging analysis of our trade receivables, based on the invoice date and net of loss allowance:

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Within 3 months	49,637,115	56,394,483	125,694,887
More than 3 months but less than 6 months	8,416,904	5,423,936	37,378,466
More than 6 months but less than 9 months	748,577	16,639,288	20,593,650
More than 9 months but less than 12 months	500,760	6,900,916	1,121,331
More than 12 months	67,980	4,110,392	1,751,748
	59,371,336	89,469,015	186,540,082

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

	Year ended December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days[(1)]	59	99	168

Note:

(1) Calculated based on the average of the beginning and ending trade receivables balances (before impairment), divided by total revenue for the year, multiplied by 365 days for 2023, 2024 and 2025.

In 2023, 2024 and 2025, our trade receivables turnover days were 59 days, 99 days and 168 days, respectively. The increase in our trade receivables turnover days from 2023 to 2024 were primarily because our customers experienced delayed payments amid market volatility, which led to extended payment cycles. As market demand normalized post-pandemic in 2024, some of our distributors experienced delays in collecting payments from sub-distributors, which in turn extended our receivables collection cycle from 2024 to 2025. To enhance receivables management, we have adopted a series of operational and structural measures. These include strengthening credit monitoring of key distributors through periodic assessment of payment history and outstanding balances, implementing more structured collection follow-up procedures with defined escalation mechanisms, and incorporating settlement performance into distributor evaluation and cooperation decisions. We have also refined shipment planning and inventory coordination with major distributors to better align supply with actual sell-through demand, thereby reducing the likelihood of excessive channel inventory accumulation and the associated collection lag. In addition, we are gradually enhancing internal coordination between sales, finance and channel management teams to improve visibility over receivable aging and to facilitate more timely recovery actions.

As of December 31, 2025, all our amounts due from related parties were non-trade in nature and were based on arm's length negotiations, which are expected to be settled prior to **[REDACTED]**.

As of April 30, 2026, USD67.4 million, or 38.0% of our trade receivables as of December 31, 2025 had been settled subsequent to December 31, 2025.

Cash and Cash Equivalents

Our cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Our cash and cash equivalents decreased from USD58.4 million as of December 31, 2023 to USD16.1 million as of December 31, 2024, primarily due to (i) a loan of USD19.0 million provided to Dx&Vx Co., Ltd. by Ofmom HK in March 2024 and (ii) the purchase of shares in Dx&Vx Co., Ltd. Our cash and cash equivalents further decreased to USD9.2 million as of December 31, 2025, primarily due to higher sales volume coupled with an extended collection period of trade receivables.

We maintain a comprehensive treasury policy, detailing specific functions and internal control measures governing the use and deployment of our capital. These functions and measures include, among others, procedures for capital planning and monitoring, segregation of treasury responsibilities, liquidity management, and ongoing review and analysis of the implementation of our capital plan. Under our treasury policy, the deployment of surplus cash resources is subject to internal approval procedures and risk assessment, taking into account our operational funding needs, capital commitments and expected risk-adjusted returns, with the objective of preserving liquidity while enhancing returns on cash resources not immediately required for our operations.

The loan provided to Dx&Vx Co., Ltd by Ofmom HK in March 2024, originally maturing in March 2027, was fully repaid in January 2026. The loan was extended as part of our treasury management to deploy surplus cash resources at that time in a manner expected to generate a stable return, taking into account our assessment of the borrower's credit profile, financial condition and business prospects. The interest rate and other principal terms were determined through commercial negotiations with reference to prevailing market lending rates for borrowers with comparable credit characteristics, including the secured overnight financing rate (SOFR), which was approximately 5.38% as of December 2023. We also considered the applicable regulatory requirements and market practices for similar cross-border financing arrangements. Our Directors consider that the loan was entered into on normal commercial terms.

Trade and Other Payables

Our trade and other payables consist of trade payables and other payables and accruals. As of December 31, 2023, 2024 and 2025, our trade and other payables amounted to USD58.3 million, USD72.1 million and USD122.7 million, respectively.

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

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Trade payables	30,291,351	51,547,507	92,732,125
Other payables and accruals	27,984,028	20,550,284	29,966,293
Total	58,275,379	72,097,791	122,698,418

Trade payables

Our trade payables primarily represent payables to our raw material suppliers. Trade payables increased from USD30.3 million as of December 31, 2023 to USD51.5 million as of December 31, 2024, resulting reduction in cash available to make accelerated settlement of payments to our suppliers, and further increased to USD92.7 million as of December 31, 2025, primarily due to our increased efforts to manage turnover of trade payables.

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

	As of December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Within 3 months	24,769,008	17,256,613	35,309,614
3 to 6 months	31,519	19,880,996	32,069,571
6 to 12 months	97,997	9,334,060	15,916,451
Over 12 months	5,392,827	5,075,838	9,436,489
Total	30,291,351	51,547,507	92,732,125

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

	Year ended December 31,		
	2023	**2024**	**2025**
Trade payables turnover days(1)	62	114	181

Note:

(1) Calculated based on the average of the beginning and ending trade payables balances, divided by total cost of sales for that year, multiplied by 365 days for 2023, 2024 and 2025.

Generally, the credit terms granted by our suppliers to us range from 30 days to 90 days.

In 2023, 2024 and 2025, our trade payables turnover days were 62 days, 114 days and 181 days, respectively. The increase in our trade payables turnover days during the Track Record Period were primarily due to extended credit terms negotiated with suppliers, which is generally in line with the increase in our trade receivables turnover days. We have financial risk management policies to ensure payables stay within credit timeframes. Such policies include regularly reviewing credit terms and closely monitoring cash flow to ensure our financial practices remain resilient. For details, see Note 28 to the Accountants' Report included in Appendix I to this document.

As of April 30, 2026, approximately USD54.6 million, or 59.2% of trade payables as of December 31, 2025 had been settled subsequent to December 31, 2025.

Other payables and accruals

Our other payables and accruals amounted to USD28.0 million, USD20.6 million and USD30.0 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations during the Track Record Period primarily reflected changes in costs and expenses associated with our promotional activities as well as accrued taxes and surcharges other than income tax.

As of April 30, 2026, approximately USD19.7 million, or 64.4% of other payables and accruals as of December 31, 2025 had been settled subsequent to December 31, 2025.

Contract Liabilities

Contract liabilities primarily relate to the considerations received from customers before we satisfy performance obligations. It would be recognized as revenue upon the rendering of goods and services. Our contract liabilities increased from USD1.9 million as of December 31, 2023 to USD2.1 million as of December 31, 2024, mainly attributable to a shift in sales terms from advance payment arrangements to credit sales with agreed payment terms. Contract liabilities increased from USD2.1 million as of December 31, 2024 to USD3.1 million as of December 31, 2025, mainly attributable to increased customer prepayments received by one of our subsidiaries.

As of April 30, 2026, approximately USD2.9 million, or 91.7% of our contract liabilities as of December 31, 2025, had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we funded our cash requirements primarily from our business operations, bank borrowings and funds raised from debt financings. We had cash and cash equivalents of USD58.4 million, USD16.1 million and USD9.2 million as of December 31, 2023, 2024 and 2025, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets and bank borrowings from time to time and the net **[REDACTED]** received from the **[REDACTED]**.

Current Assets/Liabilities

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

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	USD	*USD*	*USD*	*USD* (unaudited)
Current assets				
Inventories	20,317,949	43,258,199	32,179,496	28,091,971
Trade receivables, other receivables and prepayments	72,084,184	97,983,662	215,941,058	202,796,271
Other financial assets	–	–	2,074,437	2,013,000
Time deposits	492,980	121,168	146,028	28,932
Cash and cash equivalents	58,449,177	16,086,061	9,240,125	7,627,986
Restricted Cash	–	–	–	120,002
Total current assets	151,344,290	157,449,090	259,581,144	240,678,162
Current liabilities				
Trade and other payables	58,275,379	72,097,791	122,698,418	82,368,650
Contract liabilities	1,863,067	2,110,116	3,126,948	4,113,120
Lease liabilities	2,949,394	1,430,076	1,653,940	1,606,773
Bank and other borrowings	41,081,882	43,217,464	48,615,125	49,431,784
Income tax payable	8,142,258	2,661,476	4,288,773	2,842,967
Total current liabilities	112,311,980	121,516,923	180,383,204	140,363,294
Net current assets	39,032,310	35,932,167	79,197,940	100,314,868

Our net current assets increased from USD79.2 million as of December 31, 2025 to USD100.3 million as of April 30, 2026, primarily due to a decrease in trade and other payables of USD40.3 million, partially offset by (i) a decrease in trade receivables, other receivables and prepayments of USD13.1 million and (ii) a decrease in inventories of USD4.1 million.

Our net current assets increased from USD35.9 million as of December 31, 2024, to USD79.2 million as of December 31, 2025, primarily due to (i) an increase in trade receivables, other receivables and prepayments of USD118.0 million, and (ii) an increase in other financial assets of USD2.1 million, partially offset by (i) an increase in trade and other payables of USD50.6 million, and (ii) a decrease in inventories of USD11.1 million.

Our net current assets decreased from USD39.0 million as of December 31, 2023 to USD35.9 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents of USD42.4 million as a result of the extension of the trade receivables collection period, and (ii) an increase in trade and other payables of USD13.8 million, partially offset by (i) an increase in inventories of USD22.9 million, and (ii) an increase in trade receivables, other receivables and prepayments of USD25.9 million.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Net cash generated from/(used in) operating activities	39,747,474	(10,255,136)	(7,067,743)
Net cash (used in)/generated from investing activities	4,724,420	(29,249,536)	(2,811,933)
Net cash (used in)/generated from financing activities	(7,616,574)	907,790	2,125,253
Net (decrease)/increase in cash and cash equivalents	36,855,320	(38,596,882)	(7,754,423)
Cash and cash equivalents at the beginning of the year	26,121,963	58,449,177	16,086,061
Effect of foreign exchange rate changes, net	(4,528,106)	(3,766,234)	908,487
Cash and cash equivalents at the end of the year	58,449,177	16,086,061	9,240,125

Operating activities

Net cash used in operating activities in 2025 was USD7.1 million, which was primarily attributable to income taxes paid of USD18.4 million, partially offset by cash generated from operations of USD11.3 million.

Net cash used in operating activities in 2024 was USD10.3 million, which was primarily attributable to income taxes paid of USD25.0 million, partially offset by cash generated from operations of USD14.7 million.

Net cash generated from operating activities in 2023 was USD39.7 million, which was attributable to cash generated from operations of USD56.4 million, offset by income taxes paid of USD16.7 million.

To enhance our operating cash flow position, we have adopted a number of working capital management measures. These include strengthening monitoring of receivables aging and collection progress, improving coordination between our sales and finance teams to accelerate cash recovery from distributors, and refining shipment planning to better align product supply with downstream demand so as to avoid excessive channel inventory accumulation. See "– Discussion of Certain Key Statement of Financial Position Items – Trade Receivables, Other Receivables and Prepayments" in this section. In addition, we continue to optimize procurement planning and manage payment cycles with suppliers through extended payment terms, enhancing cash flow forecasting, monitoring and management. We believe these measures will support improved cash conversion efficiency and greater stability in our operating cash flow going forward.

Investing activities

Net cash used in investing activities in 2025 was USD2.8 million, which was primarily attributable to (i) purchases of property, plant and equipment of USD3.0 million, and (ii) purchase of intangible assets of USD1.4 million offset by (i) interest received of USD1.4 million and (ii) loan repaid by a related party of 0.4 million.

Net cash used in investing activities in 2024 was USD29.2 million, which was primarily attributable to (i) loans provided to related parties of USD20.0 million, (ii) payment for the purchase of financial assets at fair value through other comprehensive income of USD7.7 million, (iii) purchases of property, plant and equipment of USD1.9 million, (iv) purchase of intangible assets of USD0.6 million, and (v) placement of term deposits of USD13.6 thousand, offset by interest received of USD1.0 million.

Net cash generated from investing activities in 2023 was USD4.7 million, which was primarily attributable to (i) proceeds from disposal of other financial assets measured at amortized cost of USD5.7 million, (ii) proceeds from withdrawal of term deposits of USD1.4 million, (iii) interest received of USD0.1 million, and (iv) loan repaid by a related company of USD0.1 million, offset by (i) purchases of property, plant and equipment of USD1.3 million, (ii) loans provided to related parties of USD0.6 million, (iii) cash paid for a business combination, net of cash acquired of USD0.4 million, and (iv) purchases of intangible assets of USD0.3 million.

Financing activities

Net cash generated from financing activities in 2025 was USD2.1 million, which was primarily attributable to proceeds from bank and other borrowings of USD51.8 million, offset by (i) repayment of bank and other borrowings of USD45.7 million, (ii) capital element of lease rentals paid of USD1.7 million, and (iii) interest paid of USD1.6 million.

Net cash generated from financing activities in 2024 was USD0.9 million, which was primarily attributable to proceeds from bank and other borrowings of USD31.4 million, offset by (i) repayment of bank and other borrowings of USD25.0 million, (ii) capital element of lease rentals paid of USD3.8 million, and (iii) interest paid of USD1.5 million.

Net cash used in financing activities in 2023 was USD7.6 million, which was primarily attributable to (i) repayment of bank and other borrowings of USD59.2 million, (ii) capital element of lease rentals paid of USD6.1 million, and (iii) dividends paid to non-controlling interests of USD5.5 million, offset by proceeds from bank and other borrowings of USD65.7 million.

INDEBTEDNESS

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

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	USD	*USD*	*USD*	*USD* (unaudited)
Current liabilities				
Lease liabilities	2,949,394	1,430,076	1,653,940	1,606,773
Bank and other borrowings	41,081,882	43,217,464	48,615,125	49,431,784
	44,031,276	44,647,540	50,269,065	51,038,557
Non-current liabilities				
Lease liabilities	4,486,878	3,287,286	2,790,482	2,464,886
Bank and other borrowings	1,482,198	1,410,961	267,318	395,024
	5,969,076	4,698,247	3,057,800	2,859,910
Total	50,000,352	49,345,787	53,326,865	53,898,467

Lease Liabilities

Our lease liabilities are mainly in relation to the properties that we leased as our offices and dorms. We recorded current lease liabilities of USD2.9 million, USD1.4 million and USD1.7 million as of December 31, 2023, 2024 and 2025, respectively. We recorded non-current lease liabilities of USD4.5 million, USD3.3 million and USD2.8 million as of December 31, 2023, 2024 and 2025, respectively.

The table below sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	USD	*USD*	*USD*	*USD* (unaudited)
Lease liabilities				
Current	2,949,394	1,430,076	1,653,940	1,606,773
Non-current	4,486,878	3,287,286	2,790,482	2,464,886
Total	7,436,272	4,717,362	4,444,422	4,071,659

Bank and Other Borrowings

Our bank and other borrowings include (i) bank loans, (ii) loans from related parties and (iii) loans from third parties. Our total borrowings amounted to USD42.6 million, USD44.6 million, USD48.9 million as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, the effective interest rates for our borrowings were 1.2% to 6.5%, 1.2% to 5.3%, and 1.7% to 4.9%, respectively.

The table below sets forth our bank and other borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	USD	*USD*	*USD*	*USD* (unaudited)
Bank and other borrowings				
Current				
Bank loans	32,514,596	41,424,022	47,499,777	48,311,476
Loans from related parties	8,567,286	1,632,404	1,115,348	1,120,308
Loans from third parties	–	161,038	–	–
	41,081,882	43,217,464	48,615,125	49,431,784
Non-current				
Bank loans	1,075,574	666,861	267,318	395,024
Loans from related parties	406,624	400,645	–	–
Loans from third parties	–	343,455	–	–
	1,482,198	1,410,961	267,318	395,024
Total	42,564,080	44,628,425	48,882,443	49,826,808

We recorded current bank and other borrowings of USD41.1 million, USD43.2 million and USD48.6 million as of December 31, 2023, 2024 and 2025, respectively. In particular, we had current bank loans of USD32.5 million, USD41.4 million and USD47.5 million as of December 31, 2023, 2024 and 2025, respectively, among which USD25.4 million, USD27.8 million and USD28.5 million were guaranteed by Mr. Lim as of the respective dates. None of our non-current bank loans as of December 31, 2023, 2024 and 2025 was guaranteed by Mr. Lim. The guarantee by Mr. Lim are expected to be released before **[REDACTED]**. Our non-current bank and other borrowings amounted to USD1.5 million, USD1.4 million and USD0.3 million as of December 31, 2023, 2024 and 2025, respectively. As of April 30, 2026, we had no unutilized bank loan facilities.

Indebtedness Statement

During the Track Record Period and as of the Latest Practicable Date, none of our creditors of the indebtedness described above had claimed default against us to the best of our knowledge. Our Directors also confirm that we did not experience difficulty in obtaining borrowings, material default in payment on borrowings, payables to related parties, lessors, financial institutions or investors during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026, being the most recent practicable date for our indebtedness statement. There has been no material change in our indebtedness position since April 30, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Company. Our Directors have confirmed that there had not been any material change in the contingent liabilities of our Company since December 31, 2025 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

Our capital expenditures amounted to USD1.5 million, USD2.5 million and USD4.5 million in 2023, 2024 and 2025. Our capital expenditures represent cash used for the purchase of property, plant and equipment and intangible assets. The following table sets forth our capital expenditures for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
	USD	*USD*	*USD*
Purchase of property, plant and equipment	1,266,380	1,915,978	3,049,604
Purchase of intangible assets	254,355	590,752	1,423,520
Total	1,520,735	2,506,730	4,473,124

During the Track Record Period, we financed our capital expenditures primarily with cash generated from operations.

WORKING CAPITAL SUFFICIENCY

Taking into account cash and cash equivalents on hand, our operating cash flows, the available bank facilities and the estimated net **[REDACTED]** available to us from the **[REDACTED]**, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this document.

Our future cash requirements will depend on many factors, including our operating income, capital expenditures on property, plant and equipment and intangible assets, market acceptance of the products we provide or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek to issue debt securities or borrow from lending institutions. See "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Business – We may need to raise additional capital to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances, and financing may not be available on terms acceptable to us, or at all. If we cannot raise additional funds on attractive terms when we need them, our business, financial condition and results of operations could be negatively affected."

CONTRACTUAL OBLIGATIONS

Our contractual commitments during the Track Record Period primarily related to acquisition of property, plant and equipment and other long-term assets contracted for. As of December 31, 2023, 2024 and 2025, the total amount of our contractual commitments was USD7.9 million, USD8.0 million and USD3.3 million, respectively.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates/for the years indicated:

	As of/for the year ended December 31,		
	2023	**2024**	**2025**
Gross profit margin	48.3%	53.3%	52.3%
Net profit margin	7.1%	7.8%	10.8%
Quick ratio(1)	1.17	0.94	1.26
Gearing ratio(2)	67.6%	55.1%	38.9%

Notes:

(1) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(2) Gearing ratio is calculated based on total borrowings and lease liabilities divided by total equity.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we did not have any material off-balance sheet arrangements. We have no equity-indexed derivative contracts classified as owners' equity, no retained or contingent interests in assets transferred to unconsolidated entities, and no variable interests in unconsolidated entities providing support or relevant transactions with us.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 30 to the Accountants' Report included in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 30 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISK DISCLOSURE

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables, other receivables and other financial assets measured at amortized cost. Our exposure to credit risk arising from cash at bank is limited because the counterparties are banks with good credit standing, for which we consider having low credit risk. For more information about the credit risks to which we are exposed, see Note 28(a) of the Accountants' Report included in Appendix I to this document.

Liquidity Risk

It is our policy to regularly monitor our liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. For more details, please refer to Note 28(b) of the Accountants' Report included in Appendix I to this document.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank and other borrowings, financial assets measured at amortized cost and investment in non-guaranteed convertible bonds. For more details, please refer to Note 28(c) of the Accountants' Report included in Appendix I to this document.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Korea Won, Euro and Renminbi. For more information about our exposure to currency risks, how we manage such risks, and a sensitivity analysis relating to currency risks, see Note 28(d) of the Accountants' Report included in Appendix I to this document.

Equity Price Risk

We are exposed to equity price changes arising from equity investments held by us that are classified as financial assets measured at FVOCI. For more details, please refer to Note 28(e) of the Accountants' Report included in Appendix I to this document.

DIVIDEND

Our Company, COREE Company Limited, currently does not have a pre-determined dividend distribution plan, nor do we have any intention to declare or pay dividends in the future. The declaration of dividends is subject to the discretion of our Directors, and if necessary, Shareholders' approval, and would depend on our earnings, cash flow, financial condition, capital and investment requirements, as well as our Articles of Association.

We did not declare dividends in 2023, 2024 and 2025. As of December 31, 2025, we had no dividend payables.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained earnings of USD18.8 million, which also represented as our distributable reserves as of the same date.

PROPERTIES AND VALUATION

Colliers Valuation Italy S.r.l, an independent qualified professional valuer, valued the reference value of our investment property for an office property located in the Municipality of Romein Via della Pineta Sacchetti 502/504 as of May 31, 2026 at EUR8.1 million (USD9.4 million). Details of the valuation are summarised in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our property as of December 31, 2025 in the Accountants' Report set out in Appendix I to this document and the market value of our property as of May 31, 2026 in the Property Valuation Report set out in Appendix III to this document.

	USD
Net book value of investment property as of December 31, 2025	8,481,829
Depreciation and adjustments	(203,234)
Net book value as of May 31, 2026	8,278,595
Valuation surplus as of May 31, 2026	1,103,193
Valuation as of May 31, 2026 as set out in Appendix III to this document	9,381,788

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** (including **[REDACTED]** and commission for both the **[REDACTED]** and the **[REDACTED]**), representing **[REDACTED]**% of our estimated gross **[REDACTED]** of HK$**[REDACTED]** million from the **[REDACTED]**, based on the **[REDACTED]** of the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and assuming the **[REDACTED]** is not exercised. The estimated **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses (including but not limited to **[REDACTED]** **[REDACTED]** for both the **[REDACTED]** and the **[REDACTED]** of HK$**[REDACTED]** million, (ii) fees and expenses of legal advisers and accountants of HK$**[REDACTED]** million, and (iii) other fees and expenses of HK$**[REDACTED]** million. We recognized USD**[REDACTED]** (equivalent to HK$**[REDACTED]**) as administrative expenses in the fiscal year 2025 and expect to recognize USD**[REDACTED]** (equivalent to HK$**[REDACTED]**) as administrative expenses and USD**[REDACTED]** (equivalent to HK$**[REDACTED]**) as a deduction in equity directly in the fiscal year 2026. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to have a material adverse impact on our financial results in 2026.

The **[REDACTED]** is responsible for the **[REDACTED]** of **[REDACTED]**, and a **[REDACTED]** of up to **[REDACTED]**, plus trading fees and transaction levies, of the aggregate **[REDACTED]** of the **[REDACTED]**, translating to an aggregate amount of approximately HK$**[REDACTED]** million (based on an **[REDACTED]** of HK$**[REDACTED]** and assuming the **[REDACTED]** is not exercised). Such **[REDACTED]** are not included in the **[REDACTED]** expenses of the Company.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2025, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

As of the Latest Practicable Date, our Directors confirmed that there are no circumstances that will give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

PRE-ACQUISITION FINANCIAL INFORMATION OF COREE WUHAN

In May 2023, we acquired 100% equity interest in Hubei Kaihe Pharmaceutical Co., Ltd. at a cash consideration payment of RMB4.0 million and renamed it as Coree Wuhan. Coree Wuhan is principally engaged in pharmaceutical business in the PRC. Prior to our acquisition, Coree Wuhan had no substantive business operations. For more details, see Note 32 to Appendix I to this document.