

## FINANCIAL INFORMATION

*You should read the following discussion and analysis in conjunction with our consolidated financial information as of and for the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026 included in the Accountants’ Report set out in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this document.*

## OVERVIEW

We are a private chain TCM healthcare service provider in China, with a particularly strong and established presence in Northern China. Our business principally operates through a network of self-established and self-operated (自建自營) offline licensed medical institutions, including TCM out-patient healthcare centers and TCM clinics, which collectively account for a substantial majority of our revenue. We provide TCM healthcare services which integrate (i) medical consultations and the dispensing of prescription medication, including personalized TCM prescription preparations (中藥臨方製劑) and in-hospital preparations (院內製劑), and (ii) ancillary therapeutics, including therapeutic massage, orthopedic manipulation, guasha, cupping, acupuncture and moxibustion, into a single, ongoing treatment plan, primarily targeting chronic disease treatment for heart disease (胸痹), stroke (中風), hypertension (眩暈), insomnia (不寐), diabetes (消渴), preventive care (未病) and long-term health management (康養). According to Frost & Sullivan, we ranked fifth among all private chain TCM healthcare service providers in China, and second in Northern China, in terms of total revenue generated by TCM out-patient healthcare centers and TCM clinics in 2025.

To enhance patient care continuity and accessibility, we operate a proprietary online platform that supports follow-up consultations based on an established in-person diagnosis. Our operational model is structured around a “prerequisite offline, supplemental online”(線下為主，線上為輔) framework. Under this framework, initial patient consultations are mandatory and must be conducted in person at our offline licensed medical institutions. Patients can choose our offline medical institutions or online platform for their follow-up consultations. Online follow-up consultations are not a standalone healthcare service offering; they are permitted only for patients who have completed an initial in-person consultation. While online follow-up consultations are available for patient convenience and to alleviate geographical constraints, the vast majority of our patients opt to attend in-person follow-up consultations at our offline licensed medical institutions. Physicians in our offline medical institutions conduct initial diagnosis and follow-up consultations, and prescribe, renew and adjust prescription preparations, while physicians in our online platform conduct follow-up consultations, and prescribe, renew and adjust in-hospital preparations.

We operate in the TCM healthcare service industry in China, the market size of which has expanded continuously at a CAGR of 7.7% from RMB768.3 billion in 2021 to RMB1,031.8 billion in 2025, and is expected to grow at a CAGR of 8.1% from RMB1,102.8 billion in 2026 to RMB1,506.3 billion in 2030. In particular, the promulgation of multiple favorable governmental policies in recent years, such as the *15th Five-Year Plan for Traditional Chinese Medicine Development* (《“十五五”中醫藥發展規劃》), the *Major Project Implementation Plan for the Revitalization and Development of*

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*Traditional Chinese Medicine* (《中醫藥振興發展重大工程實施方案》) and “*Health China 2030*” *Plan Outline* (《「健康中國2030」規劃綱要》), has been stimulating the development potential of TCM healthcare service providers, including us. See “Industry Overview” for details.

Our business demonstrated significant and rapid growth during the Track Record Period. The number of our offline medical institutions increased from 14 in 2023 to 31 in 2024 and 47 in 2025 and further to 59 in the five months ended May 31, 2026. Our revenue increased from RMB150.0 million in 2023 to RMB215.2 million in 2024 and further to RMB399.7 million in 2025, and increased from RMB127.7 million in the five months ended May 31, 2025 to RMB182.8 million in the five months ended May 31, 2026. Our net profit increased from RMB20.5 million in 2023 to RMB27.1 million in 2024 and further to RMB70.5 million in 2025, and increased from RMB18.1 million in the five months ended May 31, 2025 to RMB26.2 million in the five months ended May 31, 2026.

### BASIS OF PRESENTATION

We were incorporated as a limited company in China on July 11, 2018 and was converted into a joint stock company with limited liability on August 8, 2025. See “History, Reorganization and Corporate Structure.” Our historical financial information has been prepared in accordance with the IFRS Accounting Standards (“**IFRSs**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of our Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

See Note 2.1 to the Accountants’ Report in Appendix I to this document.

### MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial performance are principally affected by the following factors:

#### **Growth of TCM healthcare service industry in China**

We operate in the TCM healthcare industry in China. Consequently, our business growth and financial performance have been and will be influenced by the development and growth of the TCM healthcare service industry in China, which is in turn typically driven by: (i) aging population indicating great unmet TCM healthcare demands for both disease treatment and health management; (ii) increasing prevalence of chronic diseases spurring Chinese residents’ spending on TCM healthcare services to address long-term demands for chronic disease management; (iii) increasing and diversified TCM healthcare demands; (iv) broadening receptiveness of TCM healthcare services; (v) promulgation of favorable policies that revitalize the inheritance and development of TCM while stimulating the growth potential of nationwide TCM healthcare service providers; (vi) advancement of technologies and optimization of service quality; (vii) implementation of multi-site practice policy; and (viii) offline-merge-online trend breaking temporal and spatial constraints. The market size of the TCM healthcare service industry in China experienced significant growth from RMB768.3 billion in 2021 to

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RMB1,031.8 billion in 2025, and is expected to grow at a CAGR of 8.1% from RMB1,102.8 billion in 2026 to RMB1,506.3 billion in 2030. See “Industry Overview — TCM Healthcare Service Industry in China — Market Size of TCM Healthcare Service Industry in China” for details.

Our future business operations and financial performance are expected to continue to be affected by the growth of the TCM healthcare service industry in China. We capture the industry opportunities and delivery quality TCM healthcare services to benefit more customers, while constantly improving our financial performance.

### **Our ability to expand our TCM healthcare service network**

The scale of our TCM healthcare service network has a considerable impact on our results of operations. As of the Latest Practicable Date, our TCM healthcare service network comprised 60 self-established and self-operated offline licensed medical institutions and an online platform. Our overall profitability depends on the number and profitability of each medical institution in our TCM healthcare service network, and our future revenue growth is affected by our ability to expand our TCM healthcare service network and ramp up operations of newly established medical institutions.

Our ability to establish licensed medical institutions in a cost-efficient manner and efficiently complete ramp-up determines whether and how efficiently we can recover our investment, which may materially affect our revenue and profitability. Before a newly established licensed medical institution achieves normal operations, its operational efficiency may be lower than those of existing medical institutions, which could have a short-term negative impact on our liquidity and profitability. Our progress in opening new medical institutions from period to period may also occur at an uneven rate. As a result, our profitability may fluctuate from period to period.

### **Our ability to attract and retain customers**

During the Track Record Period, our revenue was primarily derived from our provision of TCM healthcare services through our offline licensed medical institutions and online platform across Northern China. The revenue generated from TCM healthcare services provided by our self-established and self-operated offline licensed medical institutions and online platform mainly depends on: (i) the number of patient visits; and (ii) average revenue per patient visit.

Our TCM healthcare service network with sufficient seasoned medical professionals and well-established supply chain contributes to reliable and high-quality TCM healthcare services, enabling us to remain attractive to customers. Well-established reputation and trustworthy brand image among customers are also crucial for our ability to attract and retain customers, which has direct impact on the number of customers visits and in turn affects our financial performance and results of operations. Customers’ spending during their visit in our medical institutions is mainly determined by the type of diseases and severity of symptoms, and diagnosis and treatment plans. As a result, our future performance will depend on the number of patient visits and average revenue per patient visit.

### **Our ability to control our costs and expenses**

Our cost of sales primarily comprises employee benefit expenses and costs of raw materials for provision of TCM healthcare services. In addition, we incurred significant selling and distribution expenses and administrative expenses during the Track Record Period to expand our service network and operations. Our ability to effectively control such costs and expenses is primarily driven by our operational efficiency and economies of scale, which in turn may materially affect our profitability.

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During the Track Record Period, employee benefit expenses and raw materials represented the two largest component of our cost of sales. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our employee benefit expenses and costs of raw materials for provision of TCM healthcare services collectively amounted to RMB58.7 million, RMB77.0 million, RMB126.7 million, RMB40.5 million and RMB60.3 million, accounting for 89.0%, 85.3%, 84.6%, 84.8% and 84.9% of our cost of sales in the same periods, respectively. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, the total amount of our selling and distribution expenses and our administrative expenses amounted to RMB61.5 million, RMB92.7 million, RMB167.1 million, RMB56.4 million and RMB80.3 million, accounting for 41.0%, 43.1%, 41.8%, 44.2% and 43.9% of our revenue in the same periods, respectively.

We expect that our employee benefit expenses and cost of raw materials for provision of TCM healthcare services as well as our selling and distribution expenses and administrative expenses along our expansion plan will continue to be our most significant costs and expenses that may materially affect our profitability.

### **Seasonality**

We experience seasonal fluctuations in our revenue and profitability. In line with the industry norms, our medical institutions typically witness fewer patient visits in the first quarter of a calendar year, mainly due to postponed healthcare demands in TCM healthcare services before and during the Chinese New Year holiday. Therefore, our revenue was slightly lower in the first quarter of each financial year during the Track Record Period. See “Business — Seasonality.” Our financial performance for any period of less than a year may not reflect our annual financial results.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. These policies involve subjective assumptions, estimates and complex judgments. Such estimates are continuously reviewed and are based on historical experience and reasonable expectations of future events. We have not made material changes to our assumptions or estimates during the Track Record Period and do not expect significant changes under current circumstances. When reviewing our consolidated financial statements, you should consider our material accounting policies, the judgments involved and the sensitivity of reported results to changes in assumptions and conditions. Our material accounting policies and critical accounting judgments and estimates, which are important for an understanding of our financial position and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants’ Report set out in Appendix I to this document.

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### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

|                                                                                                                   | Year ended December 31, |                |                | Five months ended May 31, |                |
|-------------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|---------------------------|----------------|
|                                                                                                                   | 2023                    | 2024           | 2025           | 2025                      | 2026           |
|                                                                                                                   | RMB'000                 | RMB'000        | RMB'000        | RMB'000                   | RMB'000        |
|                                                                                                                   |                         |                |                | (Unaudited)               |                |
| <b>Revenue</b> . . . . .                                                                                          | <b>150,023</b>          | <b>215,221</b> | <b>399,725</b> | <b>127,721</b>            | <b>182,835</b> |
| Cost of sales . . . . .                                                                                           | (65,922)                | (90,292)       | (149,775)      | (47,801)                  | (71,055)       |
| <b>Gross profit</b> . . . . .                                                                                     | <b>84,101</b>           | <b>124,929</b> | <b>249,950</b> | <b>79,920</b>             | <b>111,780</b> |
| Other income and gains . . . . .                                                                                  | 331                     | 256            | 1,846          | 91                        | 291            |
| Selling and distribution expenses . . . . .                                                                       | (33,610)                | (50,064)       | (94,656)       | (32,232)                  | (46,783)       |
| Administrative expenses . . . . .                                                                                 | (27,926)                | (42,618)       | (72,422)       | (24,177)                  | (33,538)       |
| Other expenses . . . . .                                                                                          | (24)                    | (123)          | (85)           | (64)                      | (25)           |
| Finance costs . . . . .                                                                                           | (482)                   | (1,060)        | (1,833)        | (654)                     | (1,021)        |
| <b>Profit before tax</b> . . . . .                                                                                | <b>22,390</b>           | <b>31,320</b>  | <b>82,800</b>  | <b>22,884</b>             | <b>30,704</b>  |
| Income tax expense . . . . .                                                                                      | (1,894)                 | (4,242)        | (12,333)       | (4,742)                   | (4,542)        |
| <b>Profit for the year/period</b> . . . . .                                                                       | <b>20,496</b>           | <b>27,078</b>  | <b>70,467</b>  | <b>18,142</b>             | <b>26,162</b>  |
| <b>Other comprehensive income</b>                                                                                 |                         |                |                |                           |                |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:                 |                         |                |                |                           |                |
| Changes in fair value of equity investments designated at fair value through other comprehensive income . . . . . | —                       | —              | 210            | —                         | —              |
| <b>Other comprehensive income for the year/period, net of tax</b> . . . . .                                       | <b>—</b>                | <b>—</b>       | <b>210</b>     | <b>—</b>                  | <b>—</b>       |
| <b>Total comprehensive income for the year/period</b> . . . . .                                                   | <b>20,496</b>           | <b>27,078</b>  | <b>70,677</b>  | <b>18,142</b>             | <b>26,162</b>  |
| <b>Attributable to:</b>                                                                                           |                         |                |                |                           |                |
| Owners of the parent . . . . .                                                                                    | 20,692                  | 25,582         | 67,297         | 17,142                    | 24,220         |
| Non-controlling interests . . . . .                                                                               | (196)                   | 1,496          | 3,380          | 1,000                     | 1,942          |
|                                                                                                                   | <b>20,496</b>           | <b>27,078</b>  | <b>70,677</b>  | <b>18,142</b>             | <b>26,162</b>  |

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### NON-IFRS MEASURES

To supplement our consolidated financial statements of profit or loss and other comprehensive income, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS.

We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted by adding back: (i) equity-settled share-based payment expenses and (ii) [REDACTED], which relate to the [REDACTED]. The adjustments were consistently made during the Track Record Period. Equity-settled share-based payment expenses is a non-cash item. [REDACTED] is one-off in nature.

The following table sets forth the reconciliations of our adjusted net profit (non-IFRS measure) during the Track Record Period presented in accordance with IFRS, which is our profit for the year/period:

|                                                                                                            | Year ended December 31, |            |            | Five months ended<br>May 31, |            |
|------------------------------------------------------------------------------------------------------------|-------------------------|------------|------------|------------------------------|------------|
|                                                                                                            | 2023                    | 2024       | 2025       | 2025                         | 2026       |
|                                                                                                            | RMB'000                 | RMB'000    | RMB'000    | RMB'000                      | RMB'000    |
|                                                                                                            |                         |            |            | (Unaudited)                  |            |
| Reconciliation of profit for the year/period to adjusted<br>profit for the year/period (non-IFRS measure): |                         |            |            |                              |            |
| Profit for the year/period . . . . .                                                                       | 20,496                  | 27,078     | 70,467     | 18,142                       | 26,162     |
| Add:                                                                                                       |                         |            |            |                              |            |
| – Equity-settled share-based payment expenses. . . . .                                                     | –                       | –          | 3,691      | 777                          | 1,783      |
| – [REDACTED] . . . . .                                                                                     | [REDACTED]              | [REDACTED] | [REDACTED] | [REDACTED]                   | [REDACTED] |
| Adjusted net profit (non-IFRS measure) . . . . .                                                           | 20,496                  | 27,078     | 82,504     | 18,919                       | 31,436     |
| Adjusted net profit margin<br>(non-IFRS measure). . . . .                                                  | 13.7%                   | 12.6%      | 20.6%      | 14.8%                        | 17.2%      |

### DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, our revenue was derived primarily from our provision of TCM healthcare services through our offline licensed medical institutions across Northern China. We operate a unified service model where the provision of medical consultations and the dispensing of prescribed TCM medicines are intrinsically linked components of a single patient treatment experience. As a TCM healthcare service provider, our business focus is the provision of comprehensive TCM healthcare services to individual customers through our self-established and self-operated medical institutions and online platforms. For details, see “Business — Our TCM Healthcare Services.”

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The following table sets forth the breakdown of our revenue by service/product type for the periods indicated:

|                                      | Year ended December 31, |                    |                |                    |                |                     | Five months ended May 31, |                     |                |                    |
|--------------------------------------|-------------------------|--------------------|----------------|--------------------|----------------|---------------------|---------------------------|---------------------|----------------|--------------------|
|                                      | 2023                    |                    | 2024           |                    | 2025           |                     | 2025                      |                     | 2026           |                    |
|                                      | RMB'000                 | % of total revenue | RMB'000        | % of total revenue | RMB'000        | % of total revenue  | RMB'000                   | % of total revenue  | RMB'000        | % of total revenue |
|                                      |                         |                    |                |                    |                |                     | (Unaudited)               |                     |                |                    |
| Consultation and diagnosis . . . . . | 1,318                   | 0.9                | 1,728          | 0.8                | 2,665          | 0.7                 | 927                       | 0.7                 | 1,116          | 0.6                |
| Prescription preparations . . . . .  | 145,506                 | 97.0               | 206,215        | 95.8               | 375,241        | 93.9                | 120,610                   | 94.4                | 168,981        | 92.4               |
| In-hospital preparations . . . . .   | 2,581                   | 1.7                | 7,118          | 3.3                | 21,781         | 5.4                 | 6,165                     | 4.8                 | 12,738         | 7.0                |
| Others <sup>(i)</sup> . . . . .      | 618                     | 0.4                | 160            | 0.1                | 38             | 0.0 <sup>(ii)</sup> | 19                        | 0.0 <sup>(ii)</sup> | –              | –                  |
| <b>Total . . . . .</b>               | <b>150,023</b>          | <b>100.0%</b>      | <b>215,221</b> | <b>100.0%</b>      | <b>399,725</b> | <b>100.0%</b>       | <b>127,721</b>            | <b>100.0%</b>       | <b>182,835</b> | <b>100.0%</b>      |

Note:

- (i) Represented revenue from ancillary business activities, including primarily (i) the service fees earned from third-party medical institutions for secondment of our physicians in 2023 and 2024; and (ii) the sales of topical plasters by HQFM.
- (ii) Less than 0.1%.

During the Track Record Period, we scaled our business through organic growth by establishing self-operated offline medication institutions. Our revenue increased from RMB150.0 million in 2023 to RMB215.2 million in 2024 and further to RMB399.7 million in 2025, and increased from RMB127.7 million in the five months ended May 31, 2025 to RMB182.8 million in the five months ended May 31, 2026, which outpaced the industry trend, as a result of our continuous efforts to: (i) grow the revenue of our existing medical institutions; and (ii) expand our business and service network by tapping into new territories, such as Jilin Province and Shandong Province, and establishing new medical institutions in existing territories, primarily Heilongjiang Province and Liaoning Province. Specifically, we launched our presence in Jilin Province, Shandong Province and Hebei Province in 2024, in Tianjin City in 2025, and in Jiangsu Province in the five months ended May 31, 2026. As a result, the total number of our offline medical institutions increased from 14 in 2023 to 31 in 2024 and 47 in 2025 and further to 59 in the five months ended May 31, 2026. To achieve our expansion plan, we made significant upfront investments in property, plant and equipment, with cash payments for property, plant and equipment of RMB11.1 million, RMB35.0 million, RMB22.9 million and RMB10.2 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

The following table sets forth a breakdown of our total revenue from our offline licensed medical institutions further detailed by key geographical regions, alongside certain other key operational and financial information for each period during the Track Record Period.

|                                       | Year ended December 31, |         |                    |                          |                                  |                        |         |                    |                          |                   |                        |         | Five months ended May 31, |                          |                   |                        |         |                    |                          |                   |
|---------------------------------------|-------------------------|---------|--------------------|--------------------------|----------------------------------|------------------------|---------|--------------------|--------------------------|-------------------|------------------------|---------|---------------------------|--------------------------|-------------------|------------------------|---------|--------------------|--------------------------|-------------------|
|                                       | 2023                    |         |                    |                          | 2024                             |                        |         |                    | 2025                     |                   |                        |         | 2026                      |                          |                   |                        |         |                    |                          |                   |
|                                       |                         |         | Average            |                          |                                  |                        | Average |                    |                          |                   | Average                |         |                           |                          | Average           |                        |         |                    |                          |                   |
|                                       | Number of institutions  | Revenue | % of total revenue | Number of patient visits | per patient visit <sup>(1)</sup> | Number of institutions | Revenue | % of total revenue | Number of patient visits | per patient visit | Number of institutions | Revenue | % of total revenue        | Number of patient visits | per patient visit | Number of institutions | Revenue | % of total revenue | Number of patient visits | per patient visit |
|                                       | (RMB'000)               |         |                    | (RMB)                    |                                  | (RMB'000)              |         |                    | (RMB)                    |                   | (RMB'000)              |         |                           | (RMB)                    |                   | (RMB'000)              |         |                    | (RMB)                    |                   |
| Offline licensed medical institutions |                         |         |                    |                          |                                  |                        |         |                    |                          |                   |                        |         |                           |                          |                   |                        |         |                    |                          |                   |
| - Liaoning Province . . . . .         | 8                       | 74,921  | 49.9               | 202,739                  | 370                              | 17                     | 102,384 | 47.6               | 269,273                  | 380               | 19                     | 150,967 | 37.8                      | 381,638                  | 396               | 21                     | 62,054  | 33.9               | 153,481                  | 404               |
| - Heilongjiang Province . . . . .     | 5                       | 66,378  | 44.2               | 168,048                  | 395                              | 8                      | 70,458  | 32.7               | 191,515                  | 368               | 12                     | 111,913 | 28.0                      | 231,016                  | 484               | 12                     | 42,978  | 23.5               | 89,790                   | 479               |
| - Jilin Province . . . . .            | <sup>(2)</sup>          | -       | -                  | -                        | -                                | 2                      | 25,712  | 11.9               | 64,614                   | 398               | 5                      | 55,156  | 13.8                      | 120,181                  | 459               | 6                      | 23,612  | 12.9               | 52,039                   | 454               |
| - Shandong Province . . . . .         | -                       | -       | -                  | -                        | -                                | 3                      | 4,251   | 2.0                | 12,050                   | 353               | 7                      | 37,872  | 9.5                       | 81,957                   | 462               | 11                     | 29,311  | 16.0               | 61,047                   | 480               |
| - Hebei Province . . . . .            | -                       | -       | -                  | -                        | -                                | 1                      | 3,061   | 1.4                | 9,965                    | 307               | 2                      | 13,796  | 3.5                       | 31,355                   | 440               | 5                      | 7,380   | 4.0                | 16,944                   | 436               |
| - Tianjin City . . . . .              | -                       | -       | -                  | -                        | -                                | -                      | -       | -                  | -                        | -                 | 2                      | 7,740   | 1.9                       | 16,342                   | 474               | 3                      | 4,530   | 2.5                | 10,146                   | 446               |
| - Jiangsu Province . . . . .          | -                       | -       | -                  | -                        | -                                | -                      | -       | -                  | -                        | -                 | -                      | -       | -                         | -                        | -                 | <sup>(3)</sup>         | -       | -                  | -                        | -                 |
| Total . . . . .                       | 14                      | 141,299 | 94.1%              | 547,417                  | 381                              | 31                     | 205,866 | 95.6%              | 547,417                  | 376               | 47                     | 377,444 | 94.5%                     | 862,490                  | 438               | 59                     | 169,865 | 92.8%              | 383,447                  | 443               |

Notes:

- (1) Average revenue per patient visit is calculated based on the revenue divided by the number of patient visits.
- (2) This offline licensed medical institution in Jilin Province acquired its Medical Institution Practicing License in December 29, 2023.

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- (3) This offline licensed medical institution in Jiangsu Province acquired its Medical Institution Practicing License in May 2026 and commenced operation in June 2026.

The increases in the number of our offline medical institutions, our revenue, the number of patient visits in each period during the Track Record Period, were primarily due to (i) our continuous efforts to expand our business and (ii) the strong demand for TCM healthcare services in line with the growing TCM healthcare service industry. Our average revenue per patient visit in 2024 remained relatively stable at RMB376, as compared to RMB381 in 2023. The increase in our average revenue per patient visit from RMB376 in 2024 to RMB438 in 2025 and further to RMB443 in the five months ended May 31, 2026 was primarily due to (i) our periodic adjustment in service fees and medication fees to reflect the changes in our costs, and (ii) the increasing sales of our high premium medications.

### Cost of Sales

Our cost of sales primarily consisted of employee benefit expenses and costs of raw materials for provision of TCM healthcare services. Our cost of sales accounted for 43.9%, 42.0%, 37.5%, 37.4% and 38.9% of our total revenue in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. The following table sets forth a breakdown of cost of sales by nature for the periods indicated:

|                               | Year ended December 31, |               |               |               |                |               | Five months ended May 31, |               |               |               |
|-------------------------------|-------------------------|---------------|---------------|---------------|----------------|---------------|---------------------------|---------------|---------------|---------------|
|                               | 2023                    |               | 2024          |               | 2025           |               | 2025                      |               | 2026          |               |
|                               | RMB'000                 | %             | RMB'000       | %             | RMB'000        | %             | RMB'000                   | %             | RMB'000       | %             |
|                               | (Unaudited)             |               |               |               |                |               |                           |               |               |               |
| Employee benefit expenses     | 37,839                  | 57.4          | 55,236        | 61.3          | 87,828         | 58.6          | 28,760                    | 60.2          | 42,559        | 59.9          |
| Raw materials                 | 20,836                  | 31.6          | 21,812        | 24.2          | 38,860         | 25.9          | 11,777                    | 24.6          | 17,740        | 25.0          |
| Depreciation and amortization | 3,647                   | 5.5           | 5,083         | 5.6           | 10,272         | 6.9           | 3,566                     | 7.5           | 6,444         | 9.1           |
| Others <sup>(1)</sup>         | 3,600                   | 5.5           | 8,161         | 8.9           | 12,816         | 8.6           | 3,698                     | 7.7           | 4,312         | 6.1           |
| <b>Total</b>                  | <b>65,922</b>           | <b>100.0%</b> | <b>90,292</b> | <b>100.0%</b> | <b>149,775</b> | <b>100.0%</b> | <b>47,801</b>             | <b>100.0%</b> | <b>71,055</b> | <b>100.0%</b> |

Note:

- (1) Others included primarily auxiliary medical consumables, travel and transportation, and utilities.

Our employee benefit expenses comprised primarily wages and salaries, and pension scheme and contributions paid to our employees for provision of our TCM healthcare services. Our employee benefit expenses increased from RMB37.8 million in 2023 to RMB55.2 million in 2024 and further to RMB87.8 million in 2025, and increased from RMB28.8 million in the five months ended May 31, 2025 to RMB42.6 million in the five months ended May 31, 2026, primarily as a result of an increase in the number of our employees, in line with our business expansion during the Track Record Period.

Our raw materials included primarily TCM decocting pieces, such as radix astragali (黄芪), radix salviae miltiorrhizae (丹参), radix puerariae (葛根), poria (茯苓), rhizoma chuanxiong (川芎). Our cost of raw materials increased from RMB20.8 million in 2023 to RMB21.8 million in 2024 and further to RMB38.9 million in 2025, and increased from RMB11.8 million in the five months ended May 31, 2025 to RMB17.7 million in the five months ended May 31, 2026, in line with our business expansion during the Track Record Period.

Our depreciation and amortization related primarily to the depreciation of right-of-use assets, leasehold improvement and equipment in relation to our medical institutions and the amortization of our system software in our medical institutions. Our cost of depreciation and amortization increased from RMB3.6 million in 2023 to RMB5.1 million in 2024 and further to RMB10.3 million in 2025, and increased from RMB3.6 million in the five months ended May 31, 2025 to RMB6.4 million in the five months ended May 31, 2026, in line with our business expansion during the Track Record Period.

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### Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit increased from RMB84.1 million in 2023 to RMB124.9 million in 2024 and further to RMB250.0 million in 2025, and increased from RMB79.9 million in the five months ended May 31, 2025 to RMB111.8 million in the five months ended May 31, 2026, as a result of our scaled business, such as the increases in the number of our offline medical institutions and our customers.

Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit margin increased from 56.1% in 2023 to 58.0% in 2024, primarily due to the increasing sales of our high premium medications. Our gross profit margin further increased from 58.0% in 2024 to 62.5% in 2025, primarily due to the increase in our average revenue per patient visit. Our gross profit margin remained relatively stable at 61.1% in the five months ended May 31, 2026, as compared to 62.6% in the five months ended May 31, 2025.

### Other Income and Gains

Other income primarily consisted of: (i) government grants income; (ii) bank interest income primarily from our bank deposits; (iii) investment income on financial assets at fair value through profit or loss; (iv) gain on disposal of property, plant and equipment; and (v) gain on disposal of a subsidiary. The following table sets forth a breakdown of our other income and gains for the periods indicated:

|                                                                                         | Year ended December 31, |            |              | Five months ended |            |
|-----------------------------------------------------------------------------------------|-------------------------|------------|--------------|-------------------|------------|
|                                                                                         | 2023                    | 2024       | 2025         | 2025              | 2026       |
|                                                                                         | RMB'000                 | RMB'000    | RMB'000      | RMB'000           | RMB'000    |
|                                                                                         |                         |            |              | (Unaudited)       |            |
| Government grants income . . . . .                                                      | 76                      | 108        | 140          | 5                 | 14         |
| Bank interest income . . . . .                                                          | 49                      | 60         | 48           | 16                | 11         |
| Investment income on financial assets at fair value<br>through profit or loss . . . . . | –                       | –          | 357          | –                 | 180        |
| Gain/(loss) on disposal of property, plant and<br>equipment . . . . .                   | 6                       | 9          | (9)          | 22                | (18)       |
|                                                                                         |                         |            | 1,199        |                   |            |
| Gain on disposal of a subsidiary . . . . .                                              | –                       | –          | –            | –                 | –          |
| Others <sup>(1)</sup> . . . . .                                                         | 200                     | 79         | 111          | 48                | 104        |
| <b>Total . . . . .</b>                                                                  | <b>331</b>              | <b>256</b> | <b>1,846</b> | <b>91</b>         | <b>291</b> |

Note:

(1) Others included primarily reversal of trade payables in 2023 for obsolete products purchased from a third party in 2022, gains from early termination of leases in 2024 and 2025, and compensation from tax authorities for our service of withholding and remitting individual income tax on behalf of our employees in 2025 and five months ended May 31, 2026.

Our government grants income came from certain one-off, unconditional government grants by the relevant government authorities relating to tax rebates and governmental support for our business development.

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Our investment income on financial assets at fair value through profit or loss represented the fair value gain on the wealth management products we purchased from a reputable licensed bank in the PRC with maturity typically less than three months.

Our gain on disposal of a subsidiary related to a deemed disposal of a subsidiary in Heilongjiang Province as a result of additional investment by the then minority shareholder, leading to our equity interest reducing from 60% to 15%.

### Selling and Distribution Expenses

Our selling and distribution expenses primarily consisted of: (i) employee benefit expenses; (ii) marketing expenses; (iii) depreciation and amortization of property, plant and equipment and right-of-use assets; and (iv) office expenses. Our selling and distribution expenses accounted for 22.4%, 23.3%, 23.7%, 25.2% and 25.6% of our total revenue in 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively.

The following table sets forth the components of our selling and distribution expenses for the periods indicated:

|                               | Year ended December 31, |               |               |               |               |               | Five months ended May 31, |               |               |               |             |  |
|-------------------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|---------------|---------------|-------------|--|
|                               | 2023                    |               | 2024          |               | 2025          |               | 2025                      |               | 2026          |               |             |  |
|                               | RMB'000                 | % of total    | RMB'000       | % of total    | RMB'000       | % of total    | RMB'000                   | % of total    | RMB'000       | % of total    | (Unaudited) |  |
| Employee benefits expenses    | 24,045                  | 71.5          | 39,546        | 79.0          | 75,763        | 80.0          | 25,666                    | 79.6          | 35,207        | 75.3          |             |  |
| Marketing expenses            | 5,807                   | 17.3          | 3,368         | 6.7           | 5,307         | 5.6           | 2,099                     | 6.5           | 2,454         | 5.2           |             |  |
| Depreciation and amortization | 1,692                   | 5.0           | 3,062         | 6.1           | 7,117         | 7.5           | 2,263                     | 7.0           | 5,403         | 11.5          |             |  |
| Office expenses               | 1,211                   | 3.6           | 2,387         | 4.8           | 3,774         | 4.1           | 1,432                     | 4.4           | 1,901         | 4.1           |             |  |
| Others <sup>(1)</sup>         | 855                     | 2.5           | 1,701         | 3.4           | 2,695         | 2.8           | 772                       | 2.5           | 1,818         | 3.9           |             |  |
| <b>Total</b>                  | <b>33,610</b>           | <b>100.0%</b> | <b>50,064</b> | <b>100.0%</b> | <b>94,656</b> | <b>100.0%</b> | <b>32,232</b>             | <b>100.0%</b> | <b>46,783</b> | <b>100.0%</b> |             |  |

Note:

(1) Others included primarily business development expenses and travel and transportation expenses.

Our employee benefits expenses represented salaries, bonus, social insurance premiums and housing provident fund contributions for our sales force. Our employee benefits expenses increased from RMB24.0 million in 2023 to RMB39.5 million in 2024 and further to RMB75.8 million in 2025, and increased from RMB25.7 million in the five months ended May 31, 2025 to RMB35.2 million in the five months ended May 31, 2026, primarily due to: (i) an increase in performance bonus paid to our sales force as a result of our overall revenue growth; and (ii) an increase in the number of our sales force supporting our business expansion during the Track Record Period.

Our marketing expenses related primarily to our online and offline promotion and marketing activities to promote TCM culture and our brand. Our marketing expenses decreased from RMB5.8 million in 2023 to RMB3.4 million in 2024, primarily because we started to conduct marketing and promotion activities by ourselves in 2024 instead of engaging third party service providers. Our marketing expenses increased from RMB3.4 million in 2024 to RMB5.3 million in 2025 and from RMB2.1 million in the five months ended May 31, 2025 to RMB2.5 million in the five months ended May 31, 2026, primarily due to our increased marketing and promotion activities as a result of our continuous business expansion.

Our depreciation and amortization related primarily to our leased properties and fixed assets used for marketing and promotion activities. Our depreciation and amortization increased from RMB1.7 million in 2023 to RMB3.1 million in 2024 and further to RMB7.1 million in 2025, and increased from

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RMB2.3 million in the five months ended May 31, 2025 to RMB5.4 million in the five months ended May 31, 2026, primarily due to: (i) our establishment of new medical institutions, and (ii) our renewal of several expired leases.

Our office expenses related primarily to office operations and rental fees incurred for sales and marketing activities. Our office expenses increased from RMB1.2 million in 2023 to RMB2.4 million in 2024 and further to RMB3.8 million in 2025, and increased from RMB1.4 million in the five months ended May 31, 2025 to RMB1.9 million in the five months ended May 31, 2026, primarily due to our establishment of new licensed medical institutions and subsidiaries.

### Administrative Expenses

Our administrative expenses primarily consisted of: (i) employee benefit expenses; (ii) business development expenses; (iii) professional service fees; (iv) [REDACTED] in relation to the [REDACTED]; (v) office expenses; and (vi) depreciation and amortization.

The following table sets forth a breakdown of the components of our administrative expenses for the periods indicated:

|                               | Year ended December 31, |               |               |               |               |               | Five months ended May 31, |               |               |               |
|-------------------------------|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|---------------|---------------|
|                               | 2023                    |               | 2024          |               | 2025          |               | 2025                      |               | 2026          |               |
|                               | RMB'000                 | % of total    | RMB'000       | % of total    | RMB'000       | % of total    | RMB'000                   | % of total    | RMB'000       | % of total    |
|                               | (Unaudited)             |               |               |               |               |               |                           |               |               |               |
| Employee benefits             |                         |               |               |               |               |               |                           |               |               |               |
| expenses                      | 18,221                  | 65.2          | 27,724        | 65.0          | 45,720        | 63.1          | 17,543                    | 72.6          | 21,938        | 65.4          |
| Professional service fees     | 2,457                   | 8.8           | 3,998         | 9.4           | 4,139         | 5.7           | 1,271                     | 5.3           | 1,693         | 5.0           |
| [REDACTED]                    | [REDACTED]              | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]    | [REDACTED]                | [REDACTED]    | [REDACTED]    | [REDACTED]    |
| Business development expenses | 2,425                   | 8.7           | 2,416         | 5.7           | 2,759         | 3.8           | 912                       | 3.8           | 1,033         | 3.1           |
| Office expenses               | 1,710                   | 6.1           | 2,477         | 5.8           | 1,566         | 2.2           | 623                       | 2.6           | 643           | 1.9           |
| Depreciation and Amortization | 649                     | 2.3           | 1,906         | 4.5           | 3,407         | 4.7           | 1,576                     | 6.5           | 1,081         | 3.2           |
| Others <sup>(1)</sup>         | 2,464                   | 8.9           | 4,097         | 9.6           | 6,485         | 9.0           | 2,252                     | 9.2           | 3,659         | 11.0          |
| <b>Total</b>                  | <b>27,926</b>           | <b>100.0%</b> | <b>42,618</b> | <b>100.0%</b> | <b>72,422</b> | <b>100.0%</b> | <b>24,177</b>             | <b>100.0%</b> | <b>33,538</b> | <b>100.0%</b> |

Note:

(1) Others related to the research and development of in-hospital preparations and bank [REDACTED].

Our employee benefits expenses represented salaries, bonus, social insurance premiums and housing provident fund contributions for our administrative personnel. Our employee benefits expenses increased from RMB18.2 million in 2023 to RMB27.7 million in 2024 and further to RMB45.7 million in 2025, and increased from RMB17.5 million in the five months ended May 31, 2025 to RMB21.9 million in the five months ended May 31, 2026, primarily due to: (i) an increase in bonus paid to our administrative personnel as a result of our overall growth, and (ii) an increase in the number of our administrative personnel supporting our business expansion during the Track Record Period.

Our professional service fees related primarily to legal, auditing, and consulting fees. Our professional service fees increased from RMB2.5 million in 2023 to RMB4.0 million in 2024 and further to RMB4.1 million in 2025, and increased from RMB1.3 million in the five months ended May 31, 2025 to RMB1.7 million in the five months ended May 31, 2026, primarily due to our engagement of accounting, audit, consulting and legal service providers for enhancing our corporate governance practice.

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Our business development expenses related primarily to business entertainment expenses and travel expenses incurred by our administrative personnel. Our business development expenses remained relatively stable at RMB2.4 million, RMB2.4 million and RMB2.8 million in 2023, 2024 and 2025, respectively. Similarly, our business development expenses remained relatively stable at RMB0.9 million and RMB1.0 million in the five months ended May 31, 2025 and 2026, respectively.

Our office expenses related primarily to office operations and rental fees incurred for administrative activities. Our office expenses increased from RMB1.7 million in 2023 to RMB2.5 million in 2024, primarily due to the establishment of our new medical institutions, in line with our business expansion. Our office expenses decreased from RMB2.5 million in 2024 to RMB1.6 million in 2025, primarily due to: the termination of redundant short-term office leases after relocation to our new headquarter. Our office expenses remained relatively stable at RMB0.6 million and RMB0.6 million in the five months ended May 31, 2025 and 2026, respectively.

Our depreciation and amortization related primarily to our leased properties and fixed assets used for administration purpose. Our depreciation and amortization increased from RMB0.6 million in 2023 to RMB1.9 million in 2024, and further increased to RMB3.4 million in 2025, primarily due to: (i) our establishment of new medical institutions and (ii) our renewal of several expired leases. Our depreciation and amortization remained relatively stable at RMB1.1 million in the five months ended May 31, 2026, as compared to RMB1.6 million in the five months ended May 31, 2025.

### Other Expenses

Other expenses represented primarily obsolescence of inventories, and amortization of early lease termination fees.

### Finance Costs

Our finance costs consisted of (i) interest on interest-bearing bank borrowings; and (ii) interest on lease liabilities.

The following table sets forth a breakdown of the components of our finance costs for the periods indicated:

|                                                        | Year ended December 31, |              |              | Five months ended May 31, |              |
|--------------------------------------------------------|-------------------------|--------------|--------------|---------------------------|--------------|
|                                                        | 2023                    | 2024         | 2025         | 2025                      | 2026         |
|                                                        | RMB'000                 | RMB'000      | RMB'000      | RMB'000                   | RMB'000      |
|                                                        |                         |              |              | (Unaudited)               |              |
| Interest on interest-bearing bank borrowings . . . . . | –                       | 151          | 104          | 36                        | –            |
| Interest on lease liabilities . . . . .                | 482                     | 909          | 1,729        | 618                       | 1,021        |
| <b>Total . . . . .</b>                                 | <b>482</b>              | <b>1,060</b> | <b>1,833</b> | <b>654</b>                | <b>1,021</b> |

Our interest on interest-bearing bank borrowings increased from nil in 2023 to RMB0.2 million in 2024, primarily due to an increase in bank borrowings for the acquisition of a manufacturing facility. Our interest on interest-bearing bank borrowings decreased from RMB0.2 million in 2024 to RMB0.1 million in 2025 and from RMB36,000 in five months ended May 31, 2025 to nil in five months ended May 31, 2026, primarily due to the repayment of our bank borrowings.

Our interest on lease liabilities increased from RMB0.5 million in 2023 to RMB0.9 million in 2024 and further to RMB1.7 million in 2025, and increased from RMB0.6 million in the five months ended May 31, 2025 to RMB1.0 million in the five months ended May 31, 2026, primarily due to the new leases for our new medical institutions and other premises.

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### Income Tax Expense

We are subject to income tax on an entity basis in the jurisdictions where our subsidiaries are domiciled and operate. Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) and the respective regulations (“**EIT Law**”), our subsidiaries operating in China are generally subject to a statutory income tax rate of 25%. However, certain of our subsidiaries that qualify as small and micro enterprises are eligible for a preferential tax rate of 5%.

Our income tax expense consisted of current income tax and deferred income tax. The following table sets forth a breakdown of our income tax expense for the periods indicated:

|                               | Year ended December 31, |              |               | Five months ended May 31, |              |
|-------------------------------|-------------------------|--------------|---------------|---------------------------|--------------|
|                               | 2023                    | 2024         | 2025          | 2025                      | 2026         |
|                               | RMB'000                 | RMB'000      | RMB'000       | RMB'000                   | RMB'000      |
|                               |                         |              |               | (Unaudited)               |              |
| Current income tax . . . . .  | 1,877                   | 4,469        | 12,147        | 4,874                     | 5,071        |
| Deferred income tax . . . . . | 17                      | (227)        | 186           | (132)                     | (529)        |
| <b>Total . . . . .</b>        | <b>1,894</b>            | <b>4,242</b> | <b>12,333</b> | <b>4,742</b>              | <b>4,542</b> |

Our income tax expense increased from RMB1.9 million in 2023 to RMB4.2 million in 2024, and further to RMB12.3 million in 2025, primarily due to our improved profitability. Our income tax expense remained relatively stable at RMB4.5 million in the five months ended May 31, 2026, as compared to RMB4.7 million in the five months ended May 31, 2025.

Our effective income tax rate, representing income tax expense divided by profit before tax, increased from 8.5% in 2023 to 13.5% in 2024 and further to 14.9% in 2025, primarily because as we improved our profitability during the Track Record Period, certain of our subsidiaries no longer qualified for the preferential small and micro enterprise tax rate. Our effective income tax rate decreased from 20.7% in the five months ended May 31, 2025 to 14.8% in the five months ended May 31, 2026, primarily due to the higher profit contribution by our subsidiaries which enjoyed the preferential small and micro enterprise tax rate.

During the Track Record Period and up to the Latest Practicable Date, we had paid all income tax expenses that were due and applicable to us and had no material disputes or unresolved tax issues with relevant tax authorities.

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Five Months Ended May 31, 2026 Compared to Five Months Ended May 31, 2025

##### ***Revenue***

Our revenue increased from RMB127.7 million in the five months ended May 31, 2025 to RMB182.8 million in the five months ended May 31, 2026, primarily due to (i) the increase in the number of our offline medical institutions contributed by Shandong Province, Heilongjiang Province and Liaoning Province, among others, reflecting our continuous efforts to expand our business network and (ii) the increase in our average revenue per patient visit as a result of our periodical adjustment in fees and the increasing sales of high premium medications.

##### ***Cost of sales***

Our cost of sales increased from RMB47.8 million in the five months ended May 31, 2025 to RMB71.1 million in the five months ended May 31, 2026, primarily attributable to the increases in both employee benefit expenses and cost of raw materials, generally in line with our business expansion and overall revenue growth.

##### ***Gross profit and gross profit margins***

Our gross profit increased from RMB79.9 million in the five months ended May 31, 2025 to RMB111.8 million in the five months ended May 31, 2026, in line with our overall revenue growth in the same period.

Our gross profit margin remained relatively stable at 62.6% and 61.1% in the five months ended May 31, 2025 and 2026, respectively.

##### ***Other income and gains***

Our other income and gains increased from RMB0.1 million in the five months ended May 31, 2025 to RMB0.3 million in the five months ended May 31, 2026, primarily attributable to an increase of RMB0.2 million in investment income on financial assets at fair value through profit or loss relating to wealth management products we purchased from a reputable licensed commercial bank in China.

##### ***Selling and distribution expenses***

Our selling and distribution expenses increased from RMB32.2 million in the five months ended May 31, 2025 to RMB46.8 million in the five months ended May 31, 2026, primarily attributable to: (i) an increase of RMB9.6 million in employee benefits expenses as a result of our newly recruited sales force, and (ii) an increase of RMB3.1 million in depreciation and amortization as a result of the increase in the number of our offline medical institutions, both in line with our overall revenue growth.

##### ***Administrative expenses***

Our administrative expenses increased from RMB24.2 million in the five months ended May 31, 2025 to RMB33.5 million in the five months ended May 31, 2026, primarily due to: (i) an increase of RMB4.4 million in employee benefits expenses as a result of the recruitment of new administrative staff to support our business expansion; and (ii) an increase of RMB3.5 million in [REDACTED] in relation to our [REDACTED].

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### ***Other expenses***

Our other expenses remained stable at RMB64,000 and RMB25,000 in the five months ended May 31, 2025 and 2026, respectively.

### ***Finance costs***

Our finance costs increased from RMB0.7 million in the five months ended May 31, 2025 to RMB1.0 million in the five months ended May 31, 2026, primarily due to an increase of RMB0.4 million in interest on lease liabilities as a result of the new leases for our new licensed medical institutions and other premises.

### ***Income tax expenses***

Our income tax expenses remained relatively stable at RMB4.5 million in the five months ended May 31, 2026, as compared to RMB4.7 million in the five months ended May 31, 2025.

### ***Profit for the period***

Our net profit increased from RMB18.1 million in the five months ended May 31, 2025 to RMB26.2 million in the five months ended May 31, 2026, reflecting our continuous efforts to expand our business by establishing new medical institutions.

Our net profit margin remained relatively stable at 14.2% and 14.3% in the five months ended May 31, 2025 and 2026, respectively.

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

### ***Revenue***

Our revenue increased significantly from RMB215.2 million in 2024 to RMB399.7 million in 2025, primarily due to (i) the increases in the number of our offline medical institutions contributed by Liaoning Province and Shandong Province, among others, reflecting our continuous efforts to expand our business network and (ii) the increase in our average revenue per patient visit as a result of our periodical adjustment in fees and the increasing sales of high-premium medications.

### ***Cost of sales***

Our cost of sales increased significantly from RMB90.3 million in 2024 to RMB149.8 million in 2025, primarily attributable to the increases in both employee benefit expenses and cost of raw materials, generally in line with our business expansion and overall revenue growth.

### ***Gross profit and gross profit margins***

Our gross profit increased significantly from RMB124.9 million in 2024 to RMB250.0 million in 2025, in line with our overall revenue growth in the same period.

Our gross profit margin increased from 58.0% in 2024 to 62.5% in 2025, primarily due to the increase in our average revenue per patient visit.

## FINANCIAL INFORMATION

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### ***Other income and gains***

Our other income and gains increased from RMB0.3 million in 2024 to RMB1.8 million in 2025, primarily attributable to: (i) an increase of RMB1.2 million in gain on disposal of a subsidiary in Heilongjiang Province; and (ii) an increase of RMB0.4 million in investment income on financial assets at fair value through profit or loss relating to wealth management products we purchased from a reputable licensed commercial bank in China.

### ***Selling and distribution expenses***

Our selling and distribution expenses increased significantly from RMB50.1 million in 2024 to RMB94.7 million in 2025, primarily due to an increase of RMB36.2 million in employee benefit expenses as a result of: (i) our newly recruited sales force; and (ii) the increase of the performance-based bonuses for our sales force, both in line with our overall revenue growth.

### ***Administrative expenses***

Our administrative expenses increased from RMB42.6 million in 2024 to RMB72.4 million in 2025, primarily attributable to: (i) an increase of RMB18.0 million in employee benefits expenses as a result of the recruitment of new administrative staff to support our business expansion; and (ii) an increase of RMB8.3 million in [REDACTED] for services in relation to our [REDACTED].

### ***Other expenses***

Our other expenses remained stable at RMB0.1 million in 2024 and 2025, respectively.

### ***Finance costs***

Our finance costs increased from RMB1.1 million in 2024 to RMB1.8 million in 2025, primarily due to an increase of RMB0.7 million in interest on lease liabilities as a result of the new leases for our new licensed medical institutions and other premises.

### ***Income tax expenses***

Our income tax expenses increased from RMB4.2 million in 2024 to RMB12.3 million in 2025, in line with our improved profitability.

### ***Profit for the period***

Our net profit increased significantly from RMB27.1 million in 2024 to RMB70.5 million in 2025, reflecting our continuous efforts to expand our businesses by both tapping into new territories and establishing new medical institutions in existing territories.

Our net profit margin increased significantly from 12.6% in 2024 to 17.6% in 2025, as the increase of our revenue outpaced the increases of our cost of sales and administrative expenses, as a result of our achievement of economies of scale resulting in improved operational efficiency.

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## FINANCIAL INFORMATION

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

#### ***Revenue***

Our revenue increased significantly from RMB150.0 million in 2023 to RMB215.2 million in 2024, primarily due to the increases in the number of our offline medical institutions established in both existing and new regions and the total number of customers. For instance we entered into Jilin Province and Shandong Province in 2024, and established more institutions in existing territories in Heilongjiang Province and Liaoning Province. This expansion significantly increased our customer base and service capacity, leading to a corresponding rise in revenue from our provision of TCM healthcare services.

#### ***Cost of Sales***

Our cost of sales increased from RMB65.9 million in 2023 to RMB90.3 million in 2024, primarily attributable to the increases in both employee benefit expenses and cost of raw materials, in line with our business expansion and overall revenue growth.

#### ***Gross Profit and Gross Profit Margin***

Our gross profit increased significantly from RMB84.1 million in 2023 to RMB124.9 million in 2024, in line with our overall revenue growth.

Our gross profit margin increased from 56.1% in 2023 to 58.0% in 2024, primarily due to the increasing sales of our high premium medications.

#### ***Other income and gains***

Our other income and gains remained stable at RMB0.3 million in 2023, and 2024, respectively.

#### ***Selling and distribution expenses***

Our selling and distribution expenses increased from RMB33.6 million in 2023 to RMB50.1 million in 2024, primarily attributable to an increase of RMB15.5 million in employee benefit expenses as a result of (i) our newly recruited sales force, and (ii) the increase of the performance-based bonuses for our sales force, both in line with our overall revenue growth.

#### ***Administrative expenses***

Our administrative expenses increased from RMB27.9 million in 2023 to RMB42.6 million in 2024, primarily due to (i) an increase of RMB9.5 million in employee benefits expenses as a result of the recruitment of new administrative staff to support our business expansion, (ii) an increase of RMB1.5 million in professional service fees for improving our corporate governance practice, (iii) an increase of RMB1.6 million in others, and (iv) an increase of RMB1.3 million in depreciation and amortization as a result of our business expansion.

#### ***Other expenses***

Our other expenses was RMB24,000 in 2023 and RMB0.1 million in 2024.

## FINANCIAL INFORMATION

### *Finance costs*

Our finance cost increased from RMB0.5 million in 2023 to RMB1.1 million in 2024, primarily due to an increase of RMB0.4 million in interest on lease liabilities as a result of the new leases for our new medical institutions and other premises.

### *Income tax expenses*

Our income tax expense increased from RMB1.9 million in 2023 to RMB4.2 million in 2024, in line with our improved profitability.

### *Profit for the period*

Our net profit increased significantly from RMB20.5 million in 2023 to RMB27.1 million in 2024, in line with our overall revenue growth, reflecting our continuous efforts to grow our existing medical institutions and expand our businesses by both tapping into new territories and establishing new medical institutions in existing territories.

Our net profit margin decreased from 13.7% in 2023 to 12.6% in 2024, primarily due to the increases in our selling and distribution expenses and administrative expenses to support our business expansion.

## DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our financial position as of the dates indicated:

|                                                                                         | As of December 31, |                 |                | As of May 31,   |
|-----------------------------------------------------------------------------------------|--------------------|-----------------|----------------|-----------------|
|                                                                                         | 2023               | 2024            | 2025           | 2026            |
|                                                                                         | RMB'000            | RMB'000         | RMB'000        | RMB'000         |
| <b>NON-CURRENT ASSETS</b>                                                               |                    |                 |                |                 |
| Property, plant and equipment . . . . .                                                 | 3,562              | 44,679          | 57,299         | 62,573          |
| Right-of-use assets . . . . .                                                           | 10,621             | 30,438          | 50,618         | 74,160          |
| Other intangible assets . . . . .                                                       | 2,822              | 3,668           | 6,139          | 6,227           |
| Equity investment designated at fair value through other comprehensive income . . . . . | –                  | –               | 568            | 568             |
| Deferred tax assets . . . . .                                                           | 76                 | 432             | 429            | 1,080           |
| Other non-current assets . . . . .                                                      | 10,273             | 3,157           | 657            | 1,774           |
| <b>Total non-current assets . . . . .</b>                                               | <b>27,354</b>      | <b>82,374</b>   | <b>115,710</b> | <b>146,382</b>  |
| <b>CURRENT ASSETS</b>                                                                   |                    |                 |                |                 |
| Inventories . . . . .                                                                   | 3,073              | 3,915           | 5,794          | 8,022           |
| Trade receivables . . . . .                                                             | 76                 | 70              | 71             | –               |
| Prepayments, other receivables and other assets . . . . .                               | 2,882              | 7,587           | 9,479          | 11,845          |
| Cash and cash equivalents . . . . .                                                     | 33,779             | 54,441          | 140,858        | 91,923          |
| <b>Total current assets . . . . .</b>                                                   | <b>39,810</b>      | <b>66,013</b>   | <b>156,202</b> | <b>111,790</b>  |
| <b>CURRENT LIABILITIES</b>                                                              |                    |                 |                |                 |
| Trade payables . . . . .                                                                | 2,030              | 2,493           | 4,307          | 5,563           |
| Other payables and accruals . . . . .                                                   | 45,167             | 75,008          | 120,682        | 99,207          |
| Interest-bearing bank borrowings . . . . .                                              | –                  | 1,026           | –              | –               |
| Lease liabilities . . . . .                                                             | 3,319              | 8,937           | 14,838         | 19,018          |
| Tax payable . . . . .                                                                   | 1,490              | 592             | 1,737          | 3,110           |
| <b>Total current liabilities . . . . .</b>                                              | <b>52,006</b>      | <b>88,056</b>   | <b>141,564</b> | <b>126,898</b>  |
| <b>NET CURRENT ASSETS/(LIABILITIES) . . . . .</b>                                       | <b>(12,196)</b>    | <b>(22,043)</b> | <b>14,638</b>  | <b>(15,108)</b> |

## FINANCIAL INFORMATION

|                                                        | As of December 31, |               |                | As of May 31,  |
|--------------------------------------------------------|--------------------|---------------|----------------|----------------|
|                                                        | 2023               | 2024          | 2025           | 2026           |
|                                                        | RMB'000            | RMB'000       | RMB'000        | RMB'000        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> . . . . . | <b>15,158</b>      | <b>60,331</b> | <b>130,348</b> | <b>131,274</b> |
| <b>NON-CURRENT LIABILITIES</b>                         |                    |               |                |                |
| Interest-bearing bank borrowings . . . . .             | –                  | 3,335         | –              | –              |
| Lease liabilities . . . . .                            | 6,578              | 18,717        | 30,482         | 46,036         |
| Deferred tax liabilities . . . . .                     | 67                 | 196           | 395            | 517            |
| <b>Total non-current liabilities</b> . . . . .         | <b>6,645</b>       | <b>22,248</b> | <b>30,877</b>  | <b>46,553</b>  |
| <b>Net assets</b> . . . . .                            | <b>8,513</b>       | <b>38,083</b> | <b>99,471</b>  | <b>84,721</b>  |

### Property, Plant and Equipment

Our property, plant and equipment primarily consisted of: (i) buildings; (ii) office equipment; (iii) plant and machinery; (iv) motor vehicles; (v) leasehold improvements; and (vi) construction in progress.

Our property, plant and equipment increased from RMB3.6 million as of December 31, 2023 to RMB44.7 million as of December 31, 2024 and RMB57.3 million as of December 31, 2025, and further to RMB62.6 million as of May 31, 2026. This significant increase during the Track Record Period was primarily attributable to our purchase and construction of new operational assets, including properties for use as our operational base, leasehold improvements for new medical institutions and other premises, and purchases of new machinery, all to support our business expansion.

### Right-of-use Assets

Our right-of-use assets consisted of leased buildings.

Our right-of-use assets increased significantly from RMB10.6 million as of December 31, 2023 to RMB30.4 million as of December 31, 2024 and RMB50.6 million as of December 31, 2025, and further to RMB74.2 million as of May 31, 2026, primarily attributable to our entering into new lease agreements for additional medical institution and other premises to support our business expansion.

### Other Intangible Assets

Our other intangible assets comprised exclusively of software. Our other intangible assets increased from RMB2.8 million as of December 31, 2023, to RMB3.7 million as of December 31, 2024 and RMB6.1 million as of December 31, 2025, and further to RMB6.2 million as of May 31, 2026, primarily attributable to our ongoing investment in proprietary and third-party software systems to enhance our operational efficiency and online service platforms.

### Other Non-current Assets

Our other non-current assets comprised of: (i) prepayments for property, plant and equipment; (ii) prepayments for other intangible assets, i.e. software; and (iii) rental deposits. The following table sets forth our other non-current assets as of the dates indicated:

## FINANCIAL INFORMATION

|                                                        | As of December 31, |              |            | As of May 31, |
|--------------------------------------------------------|--------------------|--------------|------------|---------------|
|                                                        | 2023               | 2024         | 2025       | 2026          |
|                                                        | RMB'000            | RMB'000      | RMB'000    | RMB'000       |
| Prepayments for property, plant and equipment. . . . . | 9,789              | 338          | 131        | 560           |
| Prepayments for other intangible assets . . . .        | 450                | 2,527        | 221        | –             |
| Rental deposits . . . . .                              | 34                 | 292          | 305        | 1,214         |
| <b>Total . . . . .</b>                                 | <b>10,273</b>      | <b>3,157</b> | <b>657</b> | <b>1,774</b>  |

Our other non-current assets decreased from RMB10.3 million as of December 31, 2023 to RMB3.2 million as of December 31, 2024, primarily due to a reduction in prepayments for property, plant and equipment, as several major capital projects were completed and transferred to fixed assets in 2024. This was partially offset by an increase in prepayments for other intangible assets, reflecting advance payments for our new software systems.

Our other non-current assets decreased from RMB3.2 million as of December 31, 2024 to RMB0.7 million as of December 31, 2025, primarily due to a decrease in prepayments for other intangible assets as a result of the transfer of the prepayment for the development of our software system to intangible assets.

Our other non-current assets increased from RMB0.7 million as of December 31, 2025 to RMB1.8 million as of May 31, 2026, primarily due to: (i) an increase in rental deposits as a result of the expansion of our TCM healthcare service network, and (ii) an increase in prepayments for property, plant and equipment as a result of prepayment of renovation deposits for our newly licensed offline medical institutions.

### Inventories

Our inventories consisted primarily of decocting pieces, medicinal materials and packing materials. There was no inventory provision recognized during the Track Record Period. The following table sets forth the carrying value of our decocting pieces, consumables and packing materials as of the dates indicated:

|                                                               | As of December 31, |         |         | As of May 31, |
|---------------------------------------------------------------|--------------------|---------|---------|---------------|
|                                                               | 2023               | 2024    | 2025    | 2026          |
|                                                               | RMB'000            | RMB'000 | RMB'000 | RMB'000       |
| Decocting pieces, consumables and packing materials . . . . . | 3,073              | 3,915   | 5,794   | 8,022         |

The carrying value of our inventories increased from RMB3.1 million as of December 31, 2023 to RMB3.9 million as of December 31, 2024 and RMB5.8 million as of December 31, 2025 and further to RMB8.0 million as of May 31, 2026, primarily attributable to the expansion of our TCM healthcare service network, which required higher stock levels. This trend was in line with our overall revenue growth during the Track Record Period.

## FINANCIAL INFORMATION

All of our inventories were used within one year during the Track Record Period. The following table sets forth the aging analysis of our inventory as of the dates indicated:

|                          | As of December 31, |              |              | As of May 31, |
|--------------------------|--------------------|--------------|--------------|---------------|
|                          | 2023               | 2024         | 2025         | 2026          |
|                          | RMB'000            | RMB'000      | RMB'000      | RMB'000       |
| Within one year. . . . . | 3,073              | 3,915        | 5,794        | 8,022         |
|                          | <u>3,073</u>       | <u>3,915</u> | <u>5,794</u> | <u>8,022</u>  |

We have implemented an inventory management system at our headquarters level to monitor the procurement, storage and distribution of inventories. We typically conduct monthly reviews on inventories to check the decocting pieces, medicinal materials and packing materials on hand against the records in operating systems. Our inventories are generally consumed under a “first-in, first-out” principle. See “Business — Inventory Management” for details of our inventory management policies. We periodically assess the impairment on our inventories. In particular, we review our inventories as of the end of each accounting period and record impairment losses on inventories if we estimate the relevant inventories could not be utilized before the end of their validity period.

The following table sets forth the number of our inventory turnover days for the periods indicated:

|                                                  | Year ended December 31, |      |      | Five months ended May 31, |
|--------------------------------------------------|-------------------------|------|------|---------------------------|
|                                                  | 2023                    | 2024 | 2025 | 2026                      |
| Inventory turnover days <sup>(1)</sup> . . . . . | 17.6                    | 14.1 | 11.8 | 14.6                      |

Note:

- (1) Inventory turnover days were calculated based on the average of opening and closing inventory balance divided by cost of sales for the relevant period, and multiplied by the number of days in the relevant period, being 365 days for the years ended December 31, 2023, 2024 and 2025 and 151 days for the five-month period ended May 31, 2026.

Our inventory turnover days decreased from 17.6 days in 2023 to 14.1 days in 2024 and 11.8 days in 2025, reflecting our proactive approach in optimizing inventory levels. Our inventory turnover days increased from 11.8 days in 2025 to 14.6 days in the five months ended May 31, 2026, as a result of our increased purchases of raw materials for our in-hospital preparations. These ready-to-use medications have a long shelf life, requiring higher inventory levels to ensure consistent availability.

As of July 20, 2026, RMB4.2 million, or 52.2% of our inventories as of May 31, 2026, had been subsequently consumed or sold.

## FINANCIAL INFORMATION

### Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets consisted of: (i) tax recoverable; (ii) prepayments; (iii) other receivables; and (iv) [REDACTED] in relation to the [REDACTED]. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

|                                | As of December 31, |              |              | As of May 31, |
|--------------------------------|--------------------|--------------|--------------|---------------|
|                                | 2023               | 2024         | 2025         | 2026          |
|                                | RMB'000            | RMB'000      | RMB'000      | RMB'000       |
| Tax recoverable . . . . .      | 34                 | 1,842        | 1,036        | 103           |
| Prepayments . . . . .          | 491                | 2,748        | 3,872        | 5,164         |
| [REDACTED] . . . . .           | [REDACTED]         | [REDACTED]   | [REDACTED]   | [REDACTED]    |
| Other receivables . . . . .    | 2,357              | 2,997        | 980          | 1,333         |
| Impairment allowance . . . . . | –                  | –            | –            | –             |
| <b>Total . . . . .</b>         | <b>2,882</b>       | <b>7,587</b> | <b>9,479</b> | <b>11,845</b> |

Our tax recoverable related primarily to VAT refunds and other recoverable taxes resulting from our business expansion and capital expenditures. The carrying amount of our tax recoverable increased from RMB34,000 as of December 31, 2023 to RMB1.8 million as of December 31, 2024, primarily due to an increase in deductible input VAT as a result of our purchases of property, plant and equipment for our new licensed medical institutions and other premises. The carrying amount of our tax recoverable decreased from RMB1.8 million as of December 31, 2024 to RMB1.0 million as of December 31, 2025, primarily because our deductible input VAT in 2024 was deducted in 2025. The carrying amount of our tax recoverable decreased from RMB1.0 million as of December 31, 2025 to RMB0.1 million as of May 31, 2026, primarily due to a refund received for excess income tax overpaid in 2025.

Our prepayments related primarily to advance payments for renovations, projects and rent. Our prepayments increased from RMB0.5 million as of December 31, 2023 to RMB2.7 million as of December 31, 2024 and RMB3.9 million as of December 31, 2025 and further to RMB5.2 million as of May 31, 2026, reflecting the establishment of new medical institutions and our business expansion during the Track Record Period.

Our other receivables consisted primarily of loans to related parties and petty cash. Our other receivables increased from RMB2.4 million as of December 31, 2023 to RMB3.0 million as of December 31, 2024, reflecting the increase in the amount of loans to related parties. Our other receivables decreased from RMB3.0 million as of December 31, 2024 to RMB0.1 million as of December 31, 2025, primarily as a result of the full repayment of such loans to related parties in 2025. Our other receivables increased from RMB1.0 million as of December 31, 2025 to RMB1.3 million as of May 31, 2026, primarily due to the rising demand for petty cash as a result of our continuous business expansion.

### Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB33.8 million as of December 31, 2023 to RMB54.4 million as of December 31, 2024, and further to RMB140.9 million as of December 31, 2025, primarily attributable to strong operating cash flow generated from our business expansion. Our cash and cash equivalents decreased from RMB140.9 million as of December 31, 2025 to RMB91.9 million as of May 31, 2026, primarily due to: (i) dividends paid of RMB42.7 million in cash, and (ii) upfront investments for newly established licensed medical institutions.

## FINANCIAL INFORMATION

### Trade Payables

Our trade payables consisted primarily of amounts due to suppliers for TCM raw materials and consumables. Trade payables are non-interest-bearing and have credit terms ranging from two to four months after the invoice dates, extending to longer periods for those long-standing suppliers.

Our trade payables increased from RMB2.0 million as of December 31, 2023 to RMB2.5 million as of December 31, 2024 and RMB4.3 million as of December 31, 2025, and further to RMB5.6 million as of May 31, 2026. This increase is consistent with the growth of our procurement activities to support the expansion of our TCM healthcare service network.

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

|                           | As of December 31, |              |              | As of May 31, |
|---------------------------|--------------------|--------------|--------------|---------------|
|                           | 2023               | 2024         | 2025         | 2026          |
|                           | RMB'000            | RMB'000      | RMB'000      | RMB'000       |
| Within one year. . . . .  | 2,030              | 1,954        | 4,307        | 5,563         |
| One to two years. . . . . | –                  | 539          | –            | –             |
|                           | <u>2,030</u>       | <u>2,493</u> | <u>4,307</u> | <u>5,563</u>  |

Substantially all of these trade payables are short-term in nature, falling due within one year.

The following table sets forth the number of our trade payables turnover days for the periods indicated:

|                                                       | Year ended December 31, |      |      | Five months ended May 31, |
|-------------------------------------------------------|-------------------------|------|------|---------------------------|
|                                                       | 2023                    | 2024 | 2025 | 2026                      |
| Trade payables turnover days <sup>(1)</sup> . . . . . | 9.3                     | 9.1  | 8.3  | 10.4                      |

Note:

(1) Trade payables days were calculated based on the average of opening and closing trade payables balance divided by cost of sales for the relevant period, and multiplied by the number of days in the relevant period, being 365 days for the years ended December 31, 2023, 2024 and 2025 and 151 days for the five-month period ended May 31, 2026.

Our trade payables turnover days remained relatively stable at 9.3 days in 2023, 9.1 days in 2024, and 8.3 days in 2025. Our trade payables turnover days increased from 8.3 days in 2025 to 10.4 days in the five months ended May 31, 2026, primarily due to (i) our increased purchases of raw materials for our in-hospital preparations. These ready-to-use medications have a long shelf life, requiring higher inventory levels to ensure consistent availability; and (ii) the longer credit terms granted by our new suppliers.

As of July 20, 2026, approximately RMB2.2 million or 39.0% of our trade payables as of May 31, 2026, had been subsequently settled.

Our Directors confirm that we had no material defaults in our trade payables during the Track Record Period and up to the Latest Practicable Date.

## FINANCIAL INFORMATION

### Other Payables and Accruals

Our other payables consisted of: (i) payroll and welfare payables; (ii) contract liabilities; (iii) other tax payables; and (iv) other payables. The following table sets forth our other payables and accruals as of the dates indicated:

|                                               | As of December 31, |               |                | As of May 31, |
|-----------------------------------------------|--------------------|---------------|----------------|---------------|
|                                               | 2023               | 2024          | 2025           | 2026          |
|                                               | RMB'000            | RMB'000       | RMB'000        | RMB'000       |
| Payroll and welfare payables . . . . .        | 7,063              | 14,315        | 27,387         | 20,597        |
| Contract liabilities <sup>(1)</sup> . . . . . | 33,514             | 53,439        | 78,610         | 68,495        |
| Other tax payables . . . . .                  | 1,217              | 1,782         | 3,705          | 2,174         |
| Other payables <sup>(2)</sup> . . . . .       | 3,373              | 5,472         | 10,980         | 7,941         |
| <b>Total</b> . . . . .                        | <b>45,167</b>      | <b>75,008</b> | <b>120,682</b> | <b>99,207</b> |

Note:

- (1) Contract liabilities represented prepayments made by our customers for our TCM healthcare services, which is expected to be recognized as revenue within one year.
- (2) Other payables primarily represented professional parties fees and leasehold improvement expenses.

Our other payables and accruals increased from RMB45.2 million as of December 31, 2023 to RMB75.0 million as of December 31, 2024, and further to RMB120.7 million as of December 31, 2025, primarily attributable to: (i) our increased contract liabilities, in line with our business expansion and overall revenue growth, and (ii) our increased payroll and welfare payables, driven by new hires to support our newly established licensed medical institutions. Our other payables and accruals decreased from RMB120.7 million as of December 31, 2025 to RMB99.2 million as of May 31, 2026, primarily due to (i) our decreased contract liabilities, as a result of our new internal policy to limit the treatment period of prepaid packages within six months, leading to a decrease in the overall prepayments from prepaid packages, and (ii) our decreased payroll and welfare payables, as a result of the payment of year-end accrued annual bonuses.

The following table sets forth the aging analysis of our contract liabilities for the periods indicated:

|                               | Year ended December 31, |               |               | Five months ended May 31, |
|-------------------------------|-------------------------|---------------|---------------|---------------------------|
|                               | 2023                    | 2024          | 2025          | 2026                      |
|                               | RMB'000                 | RMB'000       | RMB'000       | RMB'000                   |
| Within one year . . . . .     | 32,583                  | 47,373        | 70,898        | 61,541                    |
| One to two years . . . . .    | 931                     | 5,729         | 4,472         | 3,159                     |
| Two to three years . . . . .  | –                       | 337           | 2,937         | 1,828                     |
| Three to four years . . . . . | –                       | –             | 303           | 1,967                     |
| <b>Total</b> . . . . .        | <b>33,514</b>           | <b>53,439</b> | <b>78,610</b> | <b>68,495</b>             |

Our contract liabilities over one year were primarily due to our patients’ failure to consume their prepaid medications within the treatment period of the prepaid packages. In light of this, we (i) offer full refund to our patients on their unused medications without time limitations and (ii) have assigned a dedicated team to proactively conduct follow-ups with patients to facilitate timely utilization of their unused medication packages.

## FINANCIAL INFORMATION

The following table sets forth the movement of our contract liabilities for the periods indicated:

|                                          | Year ended December 31, |               |               | Five months ended May 31, |
|------------------------------------------|-------------------------|---------------|---------------|---------------------------|
|                                          | 2023                    | 2024          | 2025          | 2026                      |
|                                          | RMB'000                 | RMB'000       | RMB'000       | RMB'000                   |
| At the beginning of the period . . . . . | 21,165                  | 33,515        | 53,439        | 78,610                    |
| Increase . . . . .                       | 142,242                 | 187,274       | 311,263       | 115,247                   |
| Decrease                                 |                         |               |               |                           |
| – Recognized as revenue . . . . .        | 121,241                 | 148,675       | 256,091       | 111,890                   |
| – Refund . . . . .                       | 8,652                   | 18,675        | 30,001        | 13,472                    |
| Subtotal . . . . .                       | 129,893                 | 167,350       | 286,092       | 125,362                   |
| At the end of the period . . . . .       | <u>33,514</u>           | <u>53,439</u> | <u>78,610</u> | <u>68,495</u>             |

As of July 20, 2026, approximately RMB20.1 million or 29.3% of our contract liabilities as of May 31, 2026, had been subsequently recognized.

### Lease Liabilities

Our lease liabilities mainly represented the amount to be paid by us as the lessee for the leases of our medical institutions and offices. The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

|                       | As of December 31, |               |               | As of May 31, |
|-----------------------|--------------------|---------------|---------------|---------------|
|                       | 2023               | 2024          | 2025          | 2026          |
|                       | RMB'000            | RMB'000       | RMB'000       | RMB'000       |
| Current . . . . .     | 3,319              | 8,937         | 14,838        | 19,018        |
| Non-current . . . . . | 6,578              | 18,717        | 30,482        | 46,036        |
| Total . . . . .       | <u>9,897</u>       | <u>27,654</u> | <u>45,320</u> | <u>65,054</u> |

Our lease liabilities increased from RMB9.9 million as of December 31, 2023 to RMB27.7 million as of December 31, 2024 and RMB45.3 million as of December 31, 2025, and further to RMB65.1 million as of May 31, 2026, primarily attributable to our entering into new lease agreements for additional medical institution and other premises to support our business expansion during the Track Record Period.

## FINANCIAL INFORMATION

### NET CURRENT ASSETS/LIABILITIES

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

|                                                           | As of December 31, |                 |                | As of May 31,   |
|-----------------------------------------------------------|--------------------|-----------------|----------------|-----------------|
|                                                           | 2023               | 2024            | 2025           | 2026            |
|                                                           | RMB'000            | RMB'000         | RMB'000        | RMB'000         |
| <b>Current assets</b>                                     |                    |                 |                |                 |
| Inventories . . . . .                                     | 3,073              | 3,915           | 5,794          | 8,022           |
| Trade receivables . . . . .                               | 76                 | 70              | 71             | –               |
| Prepayments, other receivables and other assets . . . . . | 2,882              | 7,587           | 9,479          | 11,845          |
| Cash and cash equivalents . . . . .                       | 33,779             | 54,441          | 140,858        | 91,923          |
| <b>Total current assets . . . . .</b>                     | <b>39,810</b>      | <b>66,013</b>   | <b>156,202</b> | <b>111,790</b>  |
| <b>Current liabilities</b>                                |                    |                 |                |                 |
| Trade payables . . . . .                                  | 2,030              | 2,493           | 4,307          | 5,563           |
| Other payables and accruals . . . . .                     | 45,167             | 75,008          | 120,682        | 99,207          |
| Interest-bearing bank borrowings . . . . .                | –                  | 1,026           | –              | –               |
| Lease liabilities . . . . .                               | 3,319              | 8,937           | 14,838         | 19,018          |
| Tax payable . . . . .                                     | 1,490              | 592             | 1,737          | 3,110           |
| <b>Total current liabilities . . . . .</b>                | <b>52,006</b>      | <b>88,056</b>   | <b>141,564</b> | <b>126,898</b>  |
| <b>Net current assets/(liabilities) . . . . .</b>         | <b>(12,196)</b>    | <b>(22,043)</b> | <b>14,638</b>  | <b>(15,108)</b> |

We recorded net current liabilities of RMB12.2 million as of December 31, 2023, RMB22.0 million as of December 31, 2024 and RMB15.1 million as of May 31, 2026, primarily due to: (i) our purchases of property, plant and equipment with cash on hands; (ii) our entering into new lease agreements for our new licensed medical institutions resulting in increased current lease liabilities, reflecting our continuous efforts in business expansion; or (iii) dividend payments.

We had net current liabilities of RMB15.1 million as of May 31, 2026, consisting of total current assets of RMB111.8 million and total current liabilities of RMB126.9 million, as compared to our net current assets of RMB14.6 million as of December 31, 2025. This decrease was primarily attributable to a decrease of RMB48.9 million in cash and cash equivalent generated from our operating activities as a result of dividend payments and upfront investments for new medical institutions, as partially offset by a decrease of RMB21.5 million in other payables and accruals relating primarily to payroll and welfare payables and contract liabilities.

We had net current assets of RMB14.6 million as of December 31, 2025, consisting of total current assets of RMB156.2 million and total current liabilities of RMB141.6 million, as compared to our net current liabilities of RMB22.0 million as of December 31, 2024. This increase was primarily attributable to an increase of RMB86.4 million in cash and cash equivalents generated from our operating activities as a result of our continued revenue growth, partially offset by: (i) an increase of RMB45.7 million in other payables and accruals relating primarily to payroll and welfare payables and contract liabilities; and (ii) an increase of RMB5.9 million in lease liabilities, both in line with our business expansion.

## FINANCIAL INFORMATION

We had net current liabilities of RMB22.0 million as of December 31, 2024, consisting of total current assets of RMB66.0 million and total current liabilities of RMB88.1 million, as compared to our net current liabilities of RMB12.2 million as of December 31, 2023. This net current liability position was primarily due to (i) an increase of RMB29.8 million in other payables and accruals relating to payroll and welfare payables as a result of our recruitment of new employees and contract liabilities as a result of our business expansion, and (ii) an increase of RMB5.6 million in lease liabilities as a result of our entering into new lease agreements for medical institutions and other premises, in line with our business expansion. The increase in net current liabilities was partially offset by (i) an increase of RMB20.7 million in cash and cash equivalents as a result of our overall revenue growth and improved profitability and (ii) an increase of RMB4.7 million in prepayments, other receivables and other assets relating primarily to VAT tax refunds and prepayments for renovation, rent and professional services, both in line with our business expansion.

We had net current liabilities of RMB12.2 million as of December 31, 2023, consisting of current assets of RMB39.8 million and current liabilities of RMB52.0 million.

### Working Capital Sufficiency

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations, bank borrowings, and capital injection from shareholders.

Taking into account the financial resources available to us, including cash flow from operating activities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and requirements for the next 12 months from the date of this document.

### LIQUIDITY AND CAPITAL RESOURCES

Our business operations and strategic expansion require significant capital to fund working capital and capital expenditures. Historically, we have financed our operations and growth primarily through cash generated from operations, bank borrowings and capital injections from investors. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had cash and cash equivalents of RMB33.8 million, RMB54.4 million, RMB140.9 million and RMB91.9 million, respectively.

### Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

|                                                           | Year ended December 31, |               |                | Five months ended May 31, |               |
|-----------------------------------------------------------|-------------------------|---------------|----------------|---------------------------|---------------|
|                                                           | 2023                    | 2024          | 2025           | 2025                      | 2026          |
|                                                           | RMB'000                 | RMB'000       | RMB'000        | RMB'000                   | RMB'000       |
|                                                           |                         |               |                | (Unaudited)               |               |
| Net cash flows from operating activities. . . . .         | 39,623                  | 61,926        | 145,644        | 46,012                    | 19,677        |
| Net cash flows used in investing activities . . . . .     | (14,109)                | (38,051)      | (23,332)       | (9,819)                   | (10,181)      |
| Net cash flows used in financing activities . . . . .     | (4,773)                 | (3,213)       | (35,895)       | (16,816)                  | (58,431)      |
| Net increase in cash and cash equivalents. . . . .        | 20,741                  | 20,662        | 86,417         | 19,377                    | (48,935)      |
| Cash and cash equivalents at beginning of year/period     | 13,038                  | 33,779        | 54,441         | 54,441                    | 140,858       |
| <b>Cash and cash equivalents at end of year/period. .</b> | <b>33,779</b>           | <b>54,441</b> | <b>140,858</b> | <b>73,818</b>             | <b>91,923</b> |

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## FINANCIAL INFORMATION

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### *Operating Activities*

Cash flows from our operating activities are derived from profit before tax, adjusted for non-cash or non-operating related items, including primarily depreciation of property, plant and equipment and right-of-use assets and finance costs, and changes in work capital. Our primary source of cash inflow is the provision of TCM healthcare services.

Our net cash generated from operating activities was RMB19.7 million in the five months ended May 31, 2026. This net cash inflow was primarily due to: (i) profit before tax of RMB30.7 million, as adjusted to reflect non-cash or non-operating items, primarily comprising depreciation of right-of-use assets and property, plant and equipment of RMB12.7 million; and (ii) a decrease of RMB22.7 million in other payables and accruals.

Our net cash generated from operating activities was RMB145.6 million in 2025. This net cash inflow was primarily due to: (i) profit before tax of RMB82.8 million, as adjusted to reflect non-cash or non-operating items, primarily comprising depreciation of right-of-use assets and property, plant and equipment of RMB20.1 million; and (ii) an increase of RMB49.4 million in other payables and accruals relating primarily to contract liabilities and payroll and welfare payables, both as a result of our business expansion. This was partially offset by our income tax paid of RMB10.6 million.

Our net cash generated from operating activities was RMB61.9 million in 2024. This net cash inflow was primarily attributable to: (i) profit before tax of RMB31.3 million, as adjusted to reflect non-cash or non-operating items, primarily comprising depreciation of right-of-use assets and property, plant and equipment of RMB9.9 million, and (ii) an increase of RMB29.8 million in other payables and accruals relating primarily to contract liabilities and payroll and welfare payables, both as a result of our business expansion. This was partially offset by (i) an increase of RMB4.3 million in prepayments, other receivables and other assets relating primarily to VAT refunds and prepayments for renovation, rents and professional services as a result of our business expansion, and (ii) our income tax paid of RMB5.8 million.

Our net cash generated from operating activities was RMB39.6 million in 2023. This net cash inflow was primarily attributable to: (i) profit before tax of RMB22.4 million, as adjusted to reflect non-cash or non-operating items, primarily comprising depreciation of right-of-use assets and property, plant and equipment of RMB5.2 million, and (ii) an increase of RMB16.2 million in other payables and accruals relating primarily to payroll and welfare payables and contract liabilities, partially offset by an increase of RMB5.3 million in prepayments, other receivables and other assets relating primarily to VAT refunds and prepayments for renovation, rents and professional services, all as a result of our business expansion.

### *Investing Activities*

Our net cash used in investing activities primarily reflected capital expenditures for the purchase of property, plant and equipment and intangible assets to support the expansion and technological advancement of our healthcare service network.

Our net cash used in investing activities was RMB10.2 million in the five months ended May 31, 2026, primarily attributable to: (i) purchase of financial assets measured at fair value through profit or loss of RMB130.0 million; and (ii) purchases of property, plant and equipment of RMB10.2 million to support our establishment of new medical institutions and other premises, as partially offset by proceeds from redemption of financial assets measured at fair value through profit or loss of RMB130.0 million.

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Our net cash used in investing activities was RMB23.3 million in 2025, primarily attributable to: (i) purchase of financial assets measured at fair value through profit or loss of RMB230.0 million; and (ii) purchases of property, plant and equipment of RMB22.9 million to support our establishment of new medical institutions and other premises, as partially offset by proceeds from redemption of financial assets measured at fair value through profit or loss of RMB230.0 million.

Our net cash used in investing activities was RMB38.1 million in 2024, primarily attributable to: (i) purchase of property, plant and equipment of RMB35.0 million to support our establishment of new headquarters and facilities, and new licensed medical institutions and other premises, and (ii) purchase of intangible assets of RMB3.2 million for information technology systems.

Our net cash used in investing activities was RMB14.1 million in 2023, primarily attributable to: (i) purchase of property, plant and equipment of RMB11.1 million to support our establishment of new headquarters and facilities, and new licensed medical institutions and other premises; and (ii) purchase of intangible assets of RMB3.1 million, primarily for the purchases of our information technology systems.

### *Financing Activities*

Our financing activities primarily reflect transactions related to lease payments, capital injections from investors, and bank borrowings.

Our net cash used in financing activities was RMB58.4 million in the five months ended May 31, 2026, primarily attributable to: (i) lease payments of RMB12.7 million for medical institutions and other premises, (ii) dividends paid of RMB42.7 million, and (iii) [REDACTED] of RMB3.1 million.

Our net cash used in financing activities was RMB35.9 million in 2025, primarily attributable to: (i) lease payments of RMB16.1 million for medical institutions and other premises, (ii) dividends paid of RMB17.3 million, and (iii) repayment of interest-bearing bank borrowings of RMB4.4 million, as partially offset by capital injection from shareholders of RMB3.6 million in relation to a share incentive scheme.

Our net cash used in financing activities was RMB3.2 million in 2024, primarily attributable to lease payments of RMB9.9 million for medical institutions and other premises, as partially offset by: (i) interest-bearing bank borrowings of RMB5.1 million, and (ii) capital injection from shareholders of RMB2.5 million.

Our net cash used in financing activities was RMB4.8 million in 2023, primarily attributable to lease payments of RMB5.0 million for our medical institutions and other premises.

## FINANCIAL INFORMATION

### INDEBTEDNESS

During the Track Record Period, our indebtedness consisted of bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

|                                                 | As of December 31, |               |               | As of May 31, |
|-------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                 | 2023               | 2024          | 2025          | 2026          |
|                                                 | RMB'000            | RMB'000       | RMB'000       | RMB'000       |
| <b>Included in current liabilities</b>          |                    |               |               |               |
| Interest-bearing bank loans – secured . . . . . | –                  | 1,026         | –             | –             |
| Lease liabilities . . . . .                     | 3,319              | 8,937         | 14,838        | 19,018        |
| <b>Sub-total . . . . .</b>                      | <b>3,319</b>       | <b>9,963</b>  | <b>14,838</b> | <b>19,018</b> |
| <b>Included in non-current liabilities</b>      |                    |               |               |               |
| Interest-bearing bank loans – secured . . . . . | –                  | 3,335         | –             | –             |
| Lease liabilities . . . . .                     | 6,578              | 18,717        | 30,482        | 46,036        |
| <b>Sub-total . . . . .</b>                      | <b>6,578</b>       | <b>22,052</b> | <b>30,482</b> | <b>46,036</b> |
| <b>Total . . . . .</b>                          | <b>9,897</b>       | <b>32,015</b> | <b>45,320</b> | <b>65,054</b> |

As of December 31, 2023, 2024, 2025 and May 31, 2026, our bank borrowings amounted to nil, RMB4.4 million, nil and nil, respectively. The effective annual interest rate of our bank loans was generally 3.45% during the Track Record Period. Our interest-bearing bank loans are guaranteed by related parties, which was released in October 2025. We had no unutilized banking facilities as of May 31, 2026.

The following table sets forth the maturity profile of our bank borrowings as of the dates indicated:

|                                                  | As of December 31, |              |          | As of May 31, |
|--------------------------------------------------|--------------------|--------------|----------|---------------|
|                                                  | 2023               | 2024         | 2025     | 2026          |
|                                                  | RMB'000            | RMB'000      | RMB'000  | RMB'000       |
| Within one year or on demand . . . . .           | –                  | 1,026        | –        | –             |
| In the second year . . . . .                     | –                  | 1,026        | –        | –             |
| In the third to fifth years, inclusive . . . . . | –                  | 2,309        | –        | –             |
| <b>Total . . . . .</b>                           | <b>–</b>           | <b>4,361</b> | <b>–</b> | <b>–</b>      |

Our Directors confirm that there has been no material change in our indebtedness position since May 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, and up to the date of this document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for bank borrowings, we did not have plans for other material external debt financing.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining bank loans and other borrowings. We had no default in repayment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURES AND COMMITMENT

#### Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of cash payments for: (i) property, plant and equipment; and (ii) other intangible assets. The following table sets forth our capital expenditures for the periods indicated:

|                                         | Year ended December 31, |               |               | Five months ended May 31, |
|-----------------------------------------|-------------------------|---------------|---------------|---------------------------|
|                                         | 2023                    | 2024          | 2025          | 2026                      |
|                                         | RMB'000                 | RMB'000       | RMB'000       | RMB'000                   |
|                                         |                         |               | (Unaudited)   |                           |
| Property, plant and equipment . . . . . | 11,050                  | 34,950        | 22,915        | 10,197                    |
| Other intangible assets . . . . .       | 3,092                   | 3,233         | 846           | 198                       |
| <b>Total . . . . .</b>                  | <b>14,142</b>           | <b>38,183</b> | <b>23,761</b> | <b>10,395</b>             |

We expect to incur additional capital expenditure in terms of establishing new licensed medical institutions, expanding and upgrading our production facilities, and improving our information technology systems. See “Future Plans and Use of [REDACTED].” We intend to fund our planned capital expenditures through a combination of the [REDACTED] from the [REDACTED] as well as cash generated from operating activities.

#### Capital Commitments

The following table sets forth our capital commitment as of the dates indicated:

|                                                                                           | As of December 31, |         |         | As of May 31, |
|-------------------------------------------------------------------------------------------|--------------------|---------|---------|---------------|
|                                                                                           | 2023               | 2024    | 2025    | 2026          |
|                                                                                           | RMB'000            | RMB'000 | RMB'000 | RMB'000       |
| Contracted, but not provided for: purchase of items of property, plant and equipment. . . | 7,020              | 1,289   | 566     | 2,097         |

Capital commitments that were contracted but not provided for represent commitments arising out of a contractual relationship where the relevant leasehold improvement and equipment were not provided as of the relevant dates.

### CONTINGENT LIABILITIES

As of May 31, 2026, we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, guarantees or other material contingent liabilities.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our related parties primarily included our Controlling Shareholders, namely Yuyantang Investment and Zhitongdaohe Investment, and an entity which we held 15% shareholding, namely Heilongjiang Qingzhu Female Medicine Management Co., Ltd., and our transactions with related parties were non-trade in nature.

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During the Track Record Period, we provided interest-free loans to our related parties for working capital purposes. These loans were unsecured and repayable on demand. As of December 31, 2023, 2024 and 2025 and May 31, 2026, the outstanding balance of our amounts due from related parties amounted to RMB2.1 million, RMB2.1 million, RMB1,000 and RMB2,000, respectively. In addition, we had amount due to a related party of nil, nil, RMB1,000 and RMB1,000 as of December 31, 2023, 2024 and 2025 and May 31, 2026, respectively, in relation to a small sum of advances provided by our employees for temporary working need. For details regarding the related party transactions during the Track Record Period and their corresponding balances as of the end day of each period, see Note 35 to the Accountants’ Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions was conducted on an arm’s length basis and would not distort our track record results or cause our historical results to become non-reflective of our future performance.

### OFF-BALANCE SHEET ARRANGEMENTS

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

### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates and for the years indicated:

|                                              | Year ended December 31, |      |      | Five months ended May 31, |
|----------------------------------------------|-------------------------|------|------|---------------------------|
|                                              | 2023                    | 2024 | 2025 | 2026                      |
|                                              | %                       |      |      |                           |
| <b>Profitability ratio</b>                   |                         |      |      |                           |
| Revenue growth rate . . . . .                | N/A                     | 43.5 | 85.7 | 43.2                      |
| Gross profit margin <sup>(1)</sup> . . . . . | 56.1                    | 58.0 | 62.6 | 61.1                      |
| Net profit margin <sup>(2)</sup> . . . . .   | 13.7                    | 12.6 | 14.2 | 14.3                      |
| Return on assets <sup>(3)</sup> . . . . .    | 38.2                    | 25.1 | 34.7 | N/A                       |
|                                              | As of December 31,      |      |      | As of May 31,             |
|                                              | 2023                    | 2024 | 2025 | 2026                      |
| <b>Liquidity ratios</b>                      |                         |      |      |                           |
| Current ratio <sup>(4)</sup> . . . . .       | 0.8                     | 0.7  | 1.1  | 0.9                       |
| <b>Capital adequacy ratio</b>                |                         |      |      |                           |
| Gearing ratio (%) <sup>(5)</sup> . . . . .   | –                       | 11.5 | –    | –                         |

**Notes:**

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the period divided by revenue and multiplied by 100%.
- (3) Return on assets is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (4) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the corresponding period.
- (5) Gearing ratio is calculated based on total interest-bearing bank borrowings as of the end of each period divided by our total equity as of the same date and multiplied by 100%.

## FINANCIAL INFORMATION

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### FINANCIAL RISKS

We are exposed to a variety of financial risks in the ordinary course of business, primarily interest rate risk, credit risk and liquidity risk. We manage and monitor this exposure to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we have not entered into any hedging arrangements, nor have we considered it necessary to do so. For further details, see Note 38 in the Accountants’ Report set out 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. We are exposed to the risk of changes in market interest rates relates primarily to our debt obligations with a floating interest rate. Our management considers that our exposure to interest rate risk in respect of interest-bearing bank borrowings is not significant.

#### Credit Risk

Credit risk arises principally from our cash and cash equivalents, trade receivables, and financial assets included within prepayments, other receivables, and other assets. Our maximum exposure to credit risk is generally represented by the carrying amounts of these financial instruments as presented in the statement of financial position. For further details, see Note 38 of the Accountants’ Report set out in Appendix I to this document.

#### Liquidity Risk

Liquidity risk refers to the potential difficulty in meeting obligations associated with our financial liabilities. We manage this risk using a recurring liquidity planning tool that assesses the maturity profiles of our financial assets and liabilities alongside projected operational cash flows. Our objective is to balance funding continuity with flexibility. We are primarily funded by cash generated from operations, though we may utilize bank loans and lease liabilities to support capital demands, as demonstrated by the bank loan obtained for a property acquisition in 2024. Our aim is to ensure sufficient liquidity is available to meet all liabilities as they fall due.

#### Capital management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize our shareholders’ value.

## FINANCIAL INFORMATION

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We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

### DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy or predetermined dividend payout ratio.

Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position.

We declared dividends of RMB11.9 million, nil, RMB13.0 million and RMB42.0 million in 2023, 2024, 2025 and the five months ended May 31, 2026. The declared dividends of RMB11.9 million in 2023 was used to offset shareholders’ loans. In addition, in 2025 and the five months ended May 31, 2026, we paid dividends of RMB13.0 million and RMB42.0 million, respectively, in cash to the shareholders of the Company, and two subsidiaries paid RMB4.3 million and RMB0.7 million in the same periods, respectively, to their non-controlling interests. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year.

### DISTRIBUTABLE RESERVES

As of January 31, 2023, we had accumulated losses of RMB5.8 million, as a result of the impact of the COVID-19 pandemic from late 2019 to early 2023, when patients were not able to visit our offline medical institutions due to the quarantine policy. Since the end of the pandemic, we resumed normal business and began to generate profits. As a result, we were able to accumulate net profits consistently along with our business expansion during the Track Record Period. As of May 31, 2026, we had retained profits of RMB46.8 million available for distribution to our Shareholders.

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[REDACTED]

Our [REDACTED] primarily include [REDACTED], professional fees paid to legal advisers, the Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] for the [REDACTED] are approximately RMB[REDACTED] million (comprising RMB[REDACTED] million [REDACTED], RMB[REDACTED] million fees and expenses of legal advisors and accountants, RMB[REDACTED] million sponsor fees and RMB[REDACTED] million other fees and expenses), representing approximately [REDACTED]% of the [REDACTED], based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised. During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] million, of which RMB[REDACTED] million was recognized in our statements of profit or loss for the year ended December 31, 2025, and RMB[REDACTED] million is to be accounted for as a deduction from equity upon the [REDACTED]. Subsequent to the Track Record Period, we expect to incur [REDACTED] of RMB[REDACTED] million prior to and upon completion of the [REDACTED], of which RMB[REDACTED] million is expected to be recognized as expenses in our statements of profit or loss, and RMB[REDACTED] million is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] to be incurred subsequent to the Track Record Period consist of (1) [REDACTED] of RMB[REDACTED] million; and (2) [REDACTED] of RMB[REDACTED] million, including (a) fees payable to our legal advisers and Reporting Accountants of RMB[REDACTED] million; and (b) other fees and expenses of RMB[REDACTED] million. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

### UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, (i) there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees, prospects, the industry where we operate, our market or regulatory environment to which we are subject since May 31, 2026, being the date of the latest consolidated financial position of our Group as set out in the Accountants’ Report in Appendix I to this document; and (ii) there has been no event since May 31, 2026 that would materially affect the information shown in the Accountants’ Report set forth in Appendix I to this document.

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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