
APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HARBIN YUYANTANG TRADITIONAL CHINESE MEDICINE OUTPATIENT GROUP CO., LTD, CMB INTERNATIONAL CAPITAL LIMITED AND GUOYUAN CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Harbin Yuyantang Traditional Chinese Medicine Outpatient Group Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [I-4] to [I-88] which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and five months ended 31 May 2026 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [I-4] to [I-88] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[date]

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
	Notes	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
					(unaudited)	
REVENUE	5	150,023	215,221	399,725	127,721	182,835
Cost of sales		(65,922)	(90,292)	(149,775)	(47,801)	(71,055)
Gross profit		84,101	124,929	249,950	79,920	111,780
Other income and gains	5	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	7	(482)	(1,060)	(1,833)	(654)	(1,021)
PROFIT BEFORE TAX	6	22,390	31,320	82,800	22,884	30,704
Income tax expense	10	(1,894)	(4,242)	(12,333)	(4,742)	(4,542)
PROFIT FOR THE YEAR/PERIOD .		<u>20,496</u>	<u>27,078</u>	<u>70,467</u>	<u>18,142</u>	<u>26,162</u>
Attributable to:						
Owners of the parent		20,692	25,582	67,087	17,142	24,220
Non-controlling interests		(196)	1,496	3,380	1,000	1,942
		<u>20,496</u>	<u>27,078</u>	<u>70,467</u>	<u>18,142</u>	<u>26,162</u>

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		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Notes					(unaudited)	
EARNINGS PER SHARE						
ATTRIBUTABLE TO ORDINARY						
EQUITY HOLDERS OF THE						
PARENT						
Basic (RMB)	12	<u>1.42</u>	<u>1.76</u>	<u>4.29</u>	<u>1.12</u>	<u>1.53</u>
Diluted (RMB)	12	<u>1.42</u>	<u>1.76</u>	<u>4.29</u>	<u>1.12</u>	<u>1.53</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
					(unaudited)	
PROFIT FOR THE YEAR/PERIOD		<u>20,496</u>	<u>27,078</u>	<u>70,467</u>	<u>18,142</u>	<u>26,162</u>
OTHER COMPREHENSIVE INCOME						
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						
		<u>—</u>	<u>—</u>	<u>210</u>	<u>—</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		<u>—</u>	<u>—</u>	<u>210</u>	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>20,496</u>	<u>27,078</u>	<u>70,677</u>	<u>18,142</u>	<u>26,162</u>
Attributable to:						
Owners of the parent		20,692	25,582	67,297	17,142	24,220
Non-controlling interests		<u>(196)</u>	<u>1,496</u>	<u>3,380</u>	<u>1,000</u>	<u>1,942</u>
		<u>20,496</u>	<u>27,078</u>	<u>70,677</u>	<u>18,142</u>	<u>26,162</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2023	2024	2025	31 May
		RMB'000	RMB'000	RMB'000	2026
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	3,562	44,679	57,299	62,573
Right-of-use assets	15	10,621	30,438	50,618	74,160
Other intangible assets	16	2,822	3,668	6,139	6,227
Equity investments designated at fair value through other comprehensive income	17	–	–	568	568
Deferred tax assets	26	76	432	429	1,080
Other non-current assets	18	10,273	3,157	657	1,774
Total non-current assets		27,354	82,374	115,710	146,382
CURRENT ASSETS					
Inventories	19	3,073	3,915	5,794	8,022
Trade receivables	20	76	70	71	–
Prepayments, other receivables and other assets . . .	21	2,882	7,587	9,479	11,845
Cash and cash equivalents	22	33,779	54,441	140,858	91,923
Total current assets		39,810	66,013	156,202	111,790
CURRENT LIABILITIES					
Trade payables	23	2,030	2,493	4,307	5,563
Other payables and accruals	24	45,167	75,008	120,682	99,207
Interest-bearing bank borrowings	25	–	1,026	–	–
Lease liabilities	15	3,319	8,937	14,838	19,018
Tax payable		1,490	592	1,737	3,110
Total current liabilities		52,006	88,056	141,564	126,898
NET CURRENT (LIABILITIES)/ASSETS		(12,196)	(22,043)	14,638	(15,108)
TOTAL ASSETS LESS CURRENT LIABILITIES . .		15,158	60,331	130,348	131,274

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		As at 31 December			As at 31 May
		2023	2024	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	25	–	3,335	–	–
Lease liabilities	15	6,578	18,717	30,482	46,036
Deferred tax liabilities.	26	67	196	395	517
Total non-current liabilities.		6,645	22,248	30,877	46,553
Net assets		8,513	38,083	99,471	84,721
EQUITY					
Equity attributable to owners of the parent					
Share capital.	27	5,000	5,155	15,845	15,845
Reserves	28	3,464	30,283	81,081	65,042
		8,464	35,438	96,926	80,887
Non-controlling interests		49	2,645	2,545	3,834
Total equity		8,513	38,083	99,471	84,721

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				Non-controlling interests	Total equity
	Paid-in capital	Capital reserve*	Statutory surplus reserve*	Retained profits*		
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000	RMB'000
As at 1 January 2023.	5,000	500	–	(5,788)	–	(288)
Profit/(loss) for the year.	–	–	–	20,692	(196)	20,496
Capital injection from non-controlling equity holders.	–	–	–	–	245	245
Transfer from retained profits	–	–	1,327	(1,327)	–	–
Dividends declared	–	–	–	(11,940)	–	(11,940)
As at 31 December 2023.	5,000	500	1,327	1,637	49	8,513

Year ended 31 December 2024

	Attributable to owners of the parent				Non-controlling interests	Total equity
	Paid-in capital	Capital reserve*	Statutory surplus reserve*	Retained profits*		
	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000	RMB'000
As at 1 January 2024.	5,000	500	1,327	1,637	49	8,513
Profit for the year.	–	–	–	25,582	1,496	27,078
Capital injection from investors.	155	1,237	–	–	–	1,392
Capital injection from non-controlling equity holders.	–	–	–	–	1,100	1,100
Transfer from retained profits	–	–	712	(712)	–	–
As at 31 December 2024.	5,155	1,737	2,039	26,507	2,645	38,083

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Year ended 31 December 2025

	Attributable to owners of the parent						
	Paid-in capital	Share capital**	Capital reserve*	Statutory surplus reserve*	Equity-settled share-based payment reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Total equity
	RMB'000 (note 27)	RMB'000 (note 27)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000
As at 1 January 2025	5,155	-	1,737	2,039	-	-	38,083
Profit for the year	-	-	-	-	-	-	70,467
Change in fair value of equity investments at fair value through other comprehensive, net of tax	-	-	-	-	-	210	210
Capital injection from non-controlling equity holders	-	-	-	-	-	-	190
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(4,322)
Disposal of a subsidiary	-	-	-	-	-	-	560
Final 2024 dividend declared (note 11)	-	-	-	-	-	-	(13,000)
Capital injection from investors	845	-	2,747	-	-	-	3,592
Transfer from retained profits	-	-	-	3,220	-	-	-
Retained profits converted into paid-in capital (note 27)	9,845	-	-	-	-	(9,845)	-
Recognition of equity-settled share-based payments (note 29)	-	-	-	-	3,599	-	3,691
Conversion into a joint stock company**	(15,845)	15,845	7,502	(4,190)	(388)	(2,924)	-
As at 31 December 2025	-	15,845	11,986	1,069	3,211	210	99,471

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Period ended 31 May 2025 (unaudited)

	Attributable to owners of the parent					
	Paid-in capital	Capital reserve	Statutory surplus reserve	Equity-settled share-based payment reserve	Retained profits	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 27)	(note 28)	(note 28)	(note 28)		
As at 1 January 2025	5,155	1,737	2,039	–	26,507	2,645
Profit for the period	–	–	–	–	17,142	1,000
Capital injection from non-controlling equity holders	–	–	–	–	–	190
Dividends paid to non-controlling shareholders	–	–	–	–	–	(1,250)
Final 2024 dividend declared (note 11)	–	–	–	–	(13,000)	–
Capital injection from investors	845	2,747	–	–	3,592	–
Transfer from retained profits	–	–	2,151	–	(2,151)	–
Retained profits converted into paid-in capital (note 27)	9,845	–	–	–	(9,845)	–
Recognition of equity-settled share-based payments	–	–	–	757	–	20
As at 31 May 2025 (unaudited)	15,845	4,484	4,190	757	18,653	2,605
					43,929	46,534

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Period ended 31 May 2026

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Statutory surplus reserve*	Equity-settled share-based payment reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB '000 (note 27)	RMB '000 (note 28)	RMB '000 (note 28)	RMB '000 (note 28)	RMB '000 (note 28)	RMB '000	RMB '000	RMB '000	RMB '000
As at 1 January 2026	15,845	11,986	1,069	3,211	210	64,605	96,926	2,545	99,471
Profit for the period	-	-	-	-	-	24,220	24,220	1,942	26,162
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(695)	(695)
Final 2025 dividend declared (note 11)	-	-	-	-	-	(42,000)	(42,000)	-	(42,000)
Recognition of equity-settled share-based payments (note 29)	-	-	-	1,741	-	-	1,741	42	1,783
As at 31 May 2026	15,845	11,986	1,069	4,952	210	46,825	80,887	3,834	84,721

* These reserve accounts comprise the consolidated reserves of RMB3,464,000, RMB30,283,000, RMB81,081,000 and RMB65,042,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 31 May 2026, respectively.

** In August 2025, the Company was converted into a joint stock Company with limited liability and the net assets of the Company were converted into 15,845,352 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares has been credited to the Company’s capital reserve (note 27).

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	6	22,390	31,320	82,800	22,884	30,704
Finance costs	7	482	1,060	1,833	654	1,021
(Gain)/loss on disposal of items of property, plant and equipment	5	(6)	(9)	9	(22)	18
Gain on termination of leases	15	(3)	(73)	(57)	(2)	(10)
Depreciation of property, plant and equipment .	13	1,014	2,903	7,858	2,958	4,765
Amortisation of intangible assets	16	118	310	681	172	331
Depreciation of right-of-use assets	15	4,233	7,019	12,257	4,276	7,832
Investment income from financial assets at fair value through profit or loss	5	–	–	(357)	–	(180)
Gain on disposal of a subsidiary	5	–	–	(1,199)	–	–
Equity-settled share-based payment expenses . .	29	–	–	3,691	777	1,783
		<u>28,228</u>	<u>42,530</u>	<u>107,516</u>	<u>31,697</u>	<u>46,264</u>
Decrease/(increase) in inventories		215	(842)	(1,918)	(1,048)	(2,228)
(Increase)/decrease in trade receivables		(6)	6	(1)	–	71
Increase/(decrease) in prepayments, other receivables and other assets		(5,317)	(4,260)	(805)	949	(213)
Increase in trade payables		874	463	2,100	734	1,256
Increase/(decrease) in other payables and accruals		<u>16,154</u>	<u>29,841</u>	<u>49,399</u>	<u>16,272</u>	<u>(22,706)</u>
Cash generated from operations		40,148	67,738	156,291	48,604	22,444
Income tax paid.		<u>(525)</u>	<u>(5,812)</u>	<u>(10,647)</u>	<u>(2,592)</u>	<u>(2,767)</u>
Net cash flows from operating activities.		<u>39,623</u>	<u>61,926</u>	<u>145,644</u>	<u>46,012</u>	<u>19,677</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(11,050)	(34,950)	(22,915)	(9,252)	(10,197)
Purchase of intangible assets		(3,092)	(3,233)	(846)	(602)	(198)
Disposal of a subsidiary	31	–	–	(26)	–	–
Proceeds from disposal of property, plant and equipment		33	132	118	35	34
Make up the unpaid portion of subscribed capital for an equity investments designated at fair value through other comprehensive income		–	–	(20)	–	–

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	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchase of financial assets measured at fair value through profit or loss		–	–	(230,000)	–	(130,000)
Proceeds from redemption of financial assets measured at fair value through profit or loss		–	–	230,000	–	130,000
Investment income received	5	–	–	357	–	180
Net cash flows used in investing activities . . .		(14,109)	(38,051)	(23,332)	(9,819)	(10,181)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection from investors		–	1,392	3,592	3,593	–
Capital injection from non-controlling equity holders		245	1,100	190	190	–
New interest-bearing bank borrowings		–	5,130	–	–	–
Dividends paid		–	–	(13,000)	(13,000)	(42,000)
Dividends paid to non-controlling equity holders		–	–	(4,322)	(1,250)	(695)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of interest-bearing bank borrowings		–	(769)	(4,361)	(513)	–
Interest paid on interest-bearing bank borrowings		–	(151)	(104)	(36)	–
Principal portion of lease payments		(4,536)	(9,006)	(14,392)	(5,182)	(11,630)
Interest portion of lease payments		(482)	(909)	(1,729)	(618)	(1,021)
Net cash flows used in financing activities . . .		(4,773)	(3,213)	(35,895)	(16,816)	(58,431)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period	22	13,038	33,779	54,441	54,441	140,858
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		33,779	54,441	140,858	73,818	91,923
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position		33,779	54,441	140,858	73,818	91,923

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	1,214	22,201	23,359	24,232
Investments in subsidiaries	14	3,596	13,856	24,836	27,275
Right-of-use assets	15	428	1,693	2,219	1,114
Other intangible assets	16	2,822	3,171	5,752	5,882
Other non-current assets.	18	7,586	2,702	288	86
Total non-current assets		15,646	43,623	56,454	58,589
CURRENT ASSETS					
Inventories	19	786	1,038	1,361	2,879
Trade receivables	20	76	70	70	–
Prepayments, other receivables and other assets	21	24,574	31,390	23,425	52,538
Cash and cash equivalents	22	1,235	4,657	57,234	17,561
Total current assets		26,671	37,155	82,090	72,978
CURRENT LIABILITIES					
Trade payables	23	346	75	450	313
Other payables and accruals	24	35,301	64,323	97,269	93,175
Lease liabilities	15	179	608	593	236
Total current liabilities		35,826	65,006	98,312	93,724
NET CURRENT LIABILITIES		(9,155)	(27,851)	(16,222)	(20,746)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,491	15,772	40,232	37,843
NON-CURRENT LIABILITIES					
Lease liabilities	15	159	875	1,396	857
Deferred tax liabilities.		5	52	57	5
Total non-current liabilities.		164	927	1,453	862
Net assets		6,327	14,845	38,779	36,981
EQUITY					
Share capital.	27	5,000	5,155	15,845	15,845
Reserves	28	1,327	9,690	22,934	21,136
Total equity		6,327	14,845	38,779	36,981

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Harbin Yuyantang Traditional Chinese Medicine Outpatient Group Co., Ltd. (the “**Company**”, formerly known as Harbin Gaozhentang Chinese Medicine Outpatient Co., Ltd.) was incorporated as a limited company in Harbin, People’s Republic of China (the “**PRC**”) on 11 July 2018. The registered office address of the Company was 1-2/F, No.145, Xiangfang Street, Xiangfang District, Harbin City, Heilongjiang Province, China.

On 8 August 2025, the Company was converted into a joint stock company with limited liability, and a total of 15,845,352 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

During the Relevant Periods, the Company and its subsidiaries were principally engaged in the provision of a variety of TCM healthcare services.

As at the date of this report, the Company had direct interests in its subsidiaries, of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

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Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenyang Gaozhentang Traditional Chinese Medicine Outpatient Department Co., Ltd. (瀋陽膏珍堂中醫門診有限公司)(note (a))	PRC/Chinese mainland 19 November 2018	RMB1,000,000	100%	–	Provision of TCM healthcare services
Suihua Beilin District Gaozhentang Traditional Chinese Medicine Outpatient Department Co., Ltd. (綏化市北林區膏珍堂中醫門診有限公司)(note (a))	PRC/Chinese mainland 30 October 2019	RMB500,000	100%	–	Provision of TCM healthcare services
Harbin Gaozhentang Fushun Outpatient Department Co., Ltd. (哈爾濱膏珍堂福順專科中醫門診有限公司)(note (a))	PRC/Chinese mainland 9 September 2021	RMB500,000	100%	–	Provision of TCM healthcare services
Harbin Gaozhentang Renhe Traditional Chinese Medicine Outpatient Co., Ltd. (哈爾濱膏珍堂仁和中醫門診有限公司)(note (a))	PRC/Chinese mainland 26 September 2021	RMB500,000	100%	–	Provision of TCM healthcare services
Shenyang Gaozhentang Shenzhen Traditional Chinese Medicine Outpatient Department Co., Ltd. (瀋陽膏珍堂沈州中醫門診部有限公司)(note (a))	PRC/Chinese mainland 11 March 2022	RMB500,000	–	100%	Provision of TCM healthcare services
Heilongjiang Yuyantang Pharmaceutical Group Co., Ltd. (黑龍江譽研堂藥業集團有限公司)(note (a))	PRC/Chinese mainland 26 August 2022	RMB10,000,000	100%	–	Sales of pharmaceuticals and provision of herbal decoction services
Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服務有限公司)(note (a))	PRC/Chinese mainland 2 March 2023	RMB500,000	51%	–	Provision of TCM healthcare services
Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫療服務有限公司)(note (a))	PRC/Chinese mainland 20 November 2023	RMB1,000,000	51%	–	Provision of TCM healthcare services

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Name	Place and date of incorporation/registration and place of operations	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Harbin Gaozhentang Shangzhi Specialized Outpatient Department Co., Ltd. (哈爾濱膏珍堂尚質專科門診有限公司)(note (a))	PRC/Chinese mainland 30 July 2025	RMB500,000	100%	–	Provision of TCM healthcare services
Shenyang Tiexi Gaozhentang General Outpatient Department Co., Ltd. (瀋陽鐵西膏珍堂綜合門診部有限公司)(note (a))	PRC/Chinese mainland 4 March 2022	RMB500,000	–	100%	Provision of TCM healthcare services
Changchun Gaozhentang Shande Medical Service Co., Ltd. (長春膏珍堂善德醫療服務有限公司)(note (a))	PRC/Chinese mainland 23 November 2023	RMB200,000	–	100%	Provision of TCM healthcare services

The English names of the PRC companies above represent director’s best efforts in translating the Chinese names of these companies as no English names have been registered.

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

Note:

- (a) No audited financial statements have been prepared for these entities for the years ended 31 December 2023 and 2024 and 2025, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

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2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”).

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which were measured at fair value.

As at 31 May 2026, the Group’s and Company’s current liabilities exceeded its current assets. The directors of the Company have reviewed the Company’s cash flow forecast for the next twelve months and are of the opinion that the Company will have sufficient facilities to repay the liabilities. Accordingly, the directors of the Company consider it is appropriate to prepare the statement of financial position of the Company on a going concern basis.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;

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- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>

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

² No mandatory effective date yet determined but available for adoption

³ Effective for annual/reporting periods beginning on 1 January 2029

IFRS 18 introduces new requirements for the presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group’s financial statements. The standard is not expected to have any significant impact on the Group’s financial position and performance, except that the presentation of statement of profit or loss and statement of comprehensive income will be amended and additional disclosure will be included in the financial statements.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its financial instruments at fair value through other comprehensive income and fair value through profit or loss at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|---|
| Level 1 | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	10 to 47.5 years
Plant and machinery	3 to 20 years
Motor vehicles	1.75 to 4 years
Office equipment	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years based on the Group’s past experiences and different purposes on usages of the software and the authorised period for such uses.

Research and development costs

All research costs are expensed as incurred.

Expenditure on projects to develop new products is capitalised only when the Group can demonstrate the following: (1) technical feasibility to complete the intangible asset for use or sale; (2) the Group’s intention to complete the project and its ability to use or sell the asset; (3) how the asset will generate future economic benefits; (4) the availability of resources to complete the project; and (5) the ability to measure reliably the expenditure incurred during the development phase. Product development expenditure that does not meet these criteria is expensed as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 10 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and medical equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- | | |
|---------|--|
| Stage 1 | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

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Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade payables, other payables and accruals and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis and, finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

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Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

TCM Healthcare services

TCM healthcare services comprise consultation and diagnosis services, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) herbal paste and medication, and iii) physiotherapy, which are considered as separate performance obligations. For all of the three performance obligations, control of the respective service is transferred at a point in time, i.e., upon completion of the respective service or delivery of medicative healthcare products to customers. Revenue from consultation, diagnosis and prescription is recognised when those services are completed. Revenue from herbal paste and medication is recognised when the related medicative healthcare products are delivered to customers. Revenue from physiotherapy is recognised upon completion of the services. Transactions are directly paid by bank cards, third-party payment platforms or cash from customers.

Some contracts for the sale of herbal paste and medication provide customers with rights of return.

Rights of return

For contracts which provide a customer with a right to return the goods, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised.

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Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates a share incentive scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of the restricted shares is determined by an external valuer by using the discounted cash flow method. Further details are included in note 29 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the entities in the Group which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The entities in the Group are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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Housing fund

The Company and the Group’s subsidiaries which operate in Chinese mainland contribute on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Company and these subsidiaries are expensed as incurred.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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The Group includes the renewal period as part of the lease term for leases of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 to the Historical Financial Information.

Fair value measurement of share-based payments

The Group operates a share incentive scheme for the Group’s employees. The fair values of the restricted shares are determined by the discounted cash flow method at the grant dates. Significant estimates on assumptions, including the underlying equity value, discount rate, perpetual growth rates, earnings forecasts, are made by management. Further details are included in note 29 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in a variety of healthcare businesses.

For management purposes, the Group is not organised into business units based on their services and has only one reportable operating segment. Management monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

Since all of the Group’s non-current assets were located in Chinese mainland, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s revenue for each of the Relevant Periods.

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5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers	150,023	215,221	399,725	127,721	182,835

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services					
TCM healthcare services	150,023	215,221	399,725	127,721	182,835
	150,023	215,221	399,725	127,721	182,835
Geographical market					
Chinese mainland	150,023	215,221	399,725	127,721	182,835
	150,023	215,221	399,725	127,721	182,835
Timing of revenue recognition					
Goods and services transferred at a point in time	150,023	215,221	399,725	127,721	182,835
Total	150,023	215,221	399,725	127,721	182,835

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of each of the Relevant Periods and five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue recognised that was included in contract liabilities at the beginning of each reporting year/period:					
Provision of TCM healthcare services	20,234	27,547	48,367	19,896	54,237

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(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

TCM healthcare services

Revenue from TCM healthcare services which contain more than one performance obligations, including (i) consultation, diagnosis and prescription, (ii) herbal paste and medication and (iii) physiotherapy. The Group allocates the transaction price to each performance obligation on relative stand-alone selling price basis. The control of services or pharmaceutical products is transferred at a point in time, and revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products as the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable. Payments for transactions are directly settled by bank cards, via third-party payment platforms or in cash with customers.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Amounts expected to be recognised as revenue:					
Within one year.	33,514	53,439	78,610	64,624	68,495

An analysis of other income and gains is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Government grants*	76	108	140	5	14
Bank interest income	49	60	48	16	11
Investment income on financial assets at fair value through profit or loss	–	–	357	–	180
Gain/(loss) on disposal of property, plant and equipment.	6	9	(9)	22	(18)
Gain on disposal of a subsidiary . . .	–	–	1,199	–	–
Gain on termination of leases	3	73	57	2	10
Other	197	6	54	46	94
	331	256	1,846	91	291

* The government grants related to income received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period upon actual receipt. There were no unfulfilled conditions or contingencies relating to the grants.

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6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging:

		Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
	Notes	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
					(unaudited)	
Cost of provision of TCM healthcare services.		24,672	29,633	52,849	15,856	22,502
Depreciation of property, plant and equipment*	13	1,014	2,903	7,858	2,958	4,765
Depreciation of right-of-use assets*. . .	15	4,233	7,019	12,257	4,276	7,832
Amortisation of other intangible assets*	16	118	310	681	172	331
Lease payments in respect of short-term leases	15	182	1,098	892	538	475
Auditor’s remuneration		–	600	1,607	600	643
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses (excluding directors’, supervisor’s, and chief executive’s remuneration (note 8))						
– Wages and salaries		66,388	101,615	176,669	60,107	82,263
– Pension scheme contributions		11,402	18,602	26,110	10,223	14,111
– Share-based payments expenses. . . .		–	–	2,270	483	796
Total		<u>77,790</u>	<u>120,217</u>	<u>205,049</u>	<u>70,813</u>	<u>97,170</u>

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets for each of the Relevant Periods are included in “cost of sales”, “selling and distribution expenses” and “administrative expenses”.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest-bearing bank borrowings	–	151	104	36	–
Interest on lease liabilities (note 15(c))	482	909	1,729	618	1,021
	482	1,060	1,833	654	1,021

8. DIRECTORS’, SUPERVISOR’S AND CHIEF EXECUTIVE’S REMUNERATION

Directors’, supervisor’s and chief executive’s remuneration as recorded during the Relevant Periods and five months ended 31 May 2025 is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	1,003	1,582	2,637	702	893
Pension scheme contributions	111	127	204	68	130
Share-based payment expenses	–	–	1,421	294	986
	1,114	1,709	4,262	1,064	2,009

During the Relevant Periods and five months ended 31 May 2025, certain directors were granted a share incentive scheme, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 29. The fair value of such awards, which has been recognised in the profit or loss over the vesting period was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is partially included in the above directors’, supervisor’s and chief executive’s remuneration disclosures.

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(a) Directors, supervisors and the chief executive

Year ended 31 December 2023

	Salaries	Performance-related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Guo Yang ⁽¹⁾	252	144	51	447
Mr. Gao Lifu ⁽²⁾	243	140	49	432
Ms. Guo Yi ⁽³⁾	224	–	11	235
	<u>719</u>	<u>284</u>	<u>111</u>	<u>1,114</u>

Year ended 31 December 2024

	Salaries	Performance-related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Guo Yang ⁽¹⁾	461	–	64	525
Mr. Gao Lifu ⁽²⁾	460	284	47	791
Ms. Guo Yi ⁽³⁾	319	58	16	393
	<u>1,240</u>	<u>342</u>	<u>127</u>	<u>1,709</u>

Year ended 31 December 2025

	Salaries	Performance-related bonuses	Share-based payment expenses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Guo Yang ⁽¹⁾	456	144	750	79	1,429
Mr. Gao Lifu ⁽²⁾	456	144	490	87	1,177
Ms. Jiang Yujuan ⁽⁴⁾	211	–	12	–	223
Supervisors:					
Ms. Guo Yi ⁽³⁾	438	144	85	19	686
Mr. Chen Gang ⁽⁵⁾	342	128	41	–	511
Ms. Liu Yanxue ⁽⁶⁾	174	–	43	19	236
	<u>2,077</u>	<u>560</u>	<u>1,421</u>	<u>204</u>	<u>4,262</u>

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Period ended 31 May 2025 (Unaudited)

	Salaries	Performance-related bonuses	Share-based payment expenses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Guo Yang ⁽¹⁾	190	60	166	31	447
Mr. Gao Lifu ⁽²⁾	188	60	109	29	386
Ms. Guo Yi ⁽³⁾	144	60	19	8	231
	<u>522</u>	<u>180</u>	<u>294</u>	<u>68</u>	<u>1,064</u>

Period ended 31 May 2026

	Salaries	Share-based payment expenses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Guo Yang ⁽¹⁾	190	706	57	953
Mr. Gao Lifu ⁽²⁾	190	205	57	452
Ms. Jiang Yujuan ⁽⁴⁾	114	5	–	119
Supervisors:				
Ms. Guo Yi ⁽³⁾	162	35	8	205
Mr. Chen Gang ⁽⁵⁾	142	17	–	159
Ms. Liu Yanxue ⁽⁶⁾	<u>95</u>	<u>18</u>	<u>8</u>	<u>121</u>
	<u>893</u>	<u>986</u>	<u>130</u>	<u>2,009</u>

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and five months ended 31 May 2025.

Notes:

- (1) Mr. Guo Yang was appointed as the chairman of the Board of Directors of the Company in December 2021.
- (2) Mr. Gao Lifu was appointed as a director of the Company on 1 December 2022.
- (3) Ms. Guo Yi was appointed as a director of the Company on 11 July 2018. She resigned as a director and was appointed as supervisor of the Company in August 2025.
- (4) Ms. Jiang Yujuan was appointed as a director of the Company in August 2025.
- (5) Mr. Chen Gang was appointed as a supervisor of the Company in August 2025.
- (6) Ms. Liu Yanxue was appointed as a supervisor of the Company in August 2025.

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(b) Independent non-executive directors

There were no emoluments payable to the independent non-executive directors during the Relevant Periods and five months ended 31 May 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group during the Relevant Periods and five months ended 31 May 2025 included 0, 2, 1, 2 and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining 5, 3, 4, 3 and 3 highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and five months ended 31 May 2025 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonuses, allowances and benefits in kind . .	2,778	1,834	6,047	1,578	1,268
Pension scheme contributions	39	18	127	79	136
Share-based payment expenses	–	–	1,074	289	936
	<u>2,817</u>	<u>1,852</u>	<u>7,248</u>	<u>1,946</u>	<u>2,340</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Nil to HK\$1,000,000	5	3	–	3	3
HK\$1,000,001 to HK\$2,000,000	–	–	4	–	–

During the Relevant Periods and five months ended 31 May 2025, a share incentive scheme was granted to certain of the highest paid non-director and non-chief executive employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair value of the restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless subject to tax exemption set out below.

Certain of the Group’s PRC subsidiaries have been qualified as small and micro enterprises and were entitled to a preferential corporate income tax rate of 5% during the Relevant Periods and five months ended 31 May 2025.

The income tax expense of the Group for the Relevant Periods and five months ended 31 May 2025 analysed as follows:

	Year ended 31 December			Five months ended 31 May	
	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)
Total	<u>1,894</u>	<u>4,242</u>	<u>12,333</u>	<u>4,742</u>	<u>4,542</u>

A reconciliation of the expected income tax calculated at the statutory tax rate and profit before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Profit before tax	<u>22,390</u>	<u>31,320</u>	<u>82,800</u>	<u>22,884</u>	<u>30,704</u>
Tax charge at the statutory tax rate of 25%	5,598	7,831	20,700	5,721	7,676
Lower tax rates enacted by specific jurisdictions	(3,838)	(2,730)	(9,760)	(1,528)	(3,720)
Effect on opening deferred tax of changing in tax rate	(17)	–	110	110	(19)
Adjustments in respect of current tax of previous years	–	24	(38)	(38)	177
Deductible tax losses not recognised	314	56	114	128	72
Tax losses utilised from previous periods	(331)	(1,740)	(101)	(101)	–
Expenses not deductible for tax	<u>168</u>	<u>801</u>	<u>1,308</u>	<u>450</u>	<u>356</u>
Tax charge at the Group’s effective tax rate	<u>1,894</u>	<u>4,242</u>	<u>12,333</u>	<u>4,742</u>	<u>4,542</u>

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The deferred tax assets and the deferred tax liabilities arising from lease contracts of the same subsidiary have been offset in the statements of financial position for presentation purposes. Except for the deferred tax assets that have been offset, the Group has deductible tax losses for which deferred tax assets are not recognised of RMB7,366,000, RMB1,520,000, RMB997,000 and RMB1,055,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

Deferred tax assets have not been recognised in respect of tax losses as they have arisen in the Company and its subsidiaries that have been loss-making for some time, and these were not considered probable that taxable profits in the foreseeable future will be available against which the tax losses and the deductible temporary differences can be utilised.

11. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividends declared by the Company	11,940	–	13,000	13,000	42,000

In December 2023, the Company’s shareholders approved the 2023 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB2.39 per share on the Company’s 5,000,000 shares, amounting to an aggregate of RMB11,940,000, was approved. The corresponding dividend payable was offset against the shareholders’ loans.

In February 2025, the Company’s shareholders approved the 2024 profit distribution plan at an annual general meeting. Pursuant to the plan, the Company’s registered capital was increased by RMB9,845,400 through the capitalisation of undistributed profits, resulting in an increase in the Company’s registered capital from RMB5,154,600 to RMB15,000,000, while the shareholders’ equity interests remained unchanged. In addition, a dividend of RMB0.87 per share on the Company’s 15,000,000 shares, amounting to an aggregate of RMB13,000,000, was approved and paid to the Company’s shareholders in March 2025.

In February 2026, the Company’s shareholders approved the 2025 profit distribution plan at an annual general meeting, pursuant to which a dividend of RMB2.65 per share on the Company’s 15,845,352 shares, amounting to an aggregate of RMB42,000,000, was approved and paid to the Company’s shareholders in April 2026.

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	20,692	25,582	67,087	17,142	24,220
Shares					
Weighted average number of ordinary shares in issue during the year/period, used in the basic loss per share calculation ('000)	14,550	14,564	15,634	15,338	15,845
Earnings per share (basic and diluted)					
RMB per share	1.42	1.76	4.29	1.12	1.53

The calculation of the basic earnings per share amounts is based on the profit for the year/period attributable to ordinary equity holders of the Company, and the weighted average numbers of ordinary shares of 14,550,000, 14,563,558, 15,634,014, 15,845,352 and 15,338,141 in issue during the Relevant Periods and five months ended 31 May 2025.

The Group had no dilutive potential ordinary shares, and accordingly, the diluted earnings per share amounts for the Relevant Periods were the same as the basic earnings per share amounts.

The general meeting of the Company approved the profit distribution plan for 2024, which included the issuance of 9,845,400 shares by way of capitalisation of reserves. The comparative figures were adjusted to reflect the capitalisation issue.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	–	17	850	460	1,361	30	2,718
Accumulated depreciation. . .	–	(1)	(103)	(115)	(175)	–	(394)
Net carrying amount	–	16	747	345	1,186	30	2,324
At 1 January 2023, net of							
accumulated depreciation . . .	–	16	747	345	1,186	30	2,324
Additions	–	14	587	2	836	840	2,279
Depreciation provided during the year	–	(5)	(184)	(106)	(719)	–	(1,014)
Disposals	–	–	–	(27)	–	–	(27)
Transfers.	–	–	–	–	330	(330)	–
At 31 December 2023	–	25	1,150	214	1,633	540	3,562
At 31 December 2023:							
Cost.	–	30	1,437	411	2,527	540	4,945
Accumulated depreciation. . .	–	(5)	(287)	(197)	(894)	–	(1,383)
Net carrying amount	–	25	1,150	214	1,633	540	3,562

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost.	–	30	1,437	411	2,527	540	4,945
Accumulated depreciation. . .	–	(5)	(287)	(197)	(894)	–	(1,383)
Net carrying amount	–	25	1,150	214	1,633	540	3,562
At 1 January 2024, net of							
accumulated depreciation . . .	–	25	1,150	214	1,633	540	3,562
Additions	–	179	3,204	518	299	39,943	44,143
Transfers.	30,242	–	1,135	–	8,311	(39,688)	–
Depreciation provided during the year	(46)	(11)	(431)	(141)	(2,274)	–	(2,903)
Disposals	–	–	–	(123)	–	–	(123)
At 31 December 2024	30,196	193	5,058	468	7,969	795	44,679
At 31 December 2024:							
Cost.	30,242	209	5,776	646	11,137	795	48,805
Accumulated depreciation. . .	(46)	(16)	(718)	(178)	(3,168)	–	(4,126)
Net carrying amount	30,196	193	5,058	468	7,969	795	44,679

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost.	30,242	209	5,776	646	11,137	795	48,805
Accumulated depreciation. . .	(46)	(16)	(718)	(178)	(3,168)	–	(4,126)
Net carrying amount	<u>30,196</u>	<u>193</u>	<u>5,058</u>	<u>468</u>	<u>7,969</u>	<u>795</u>	<u>44,679</u>
At 1 January 2025, net of							
accumulated depreciation . . .	30,196	193	5,058	468	7,969	795	44,679
Additions	645	644	2,749	96	10,119	7,953	22,206
Transfers.	2,316	–	2,560	–	2,397	(7,273)	–
Depreciation provided during the year	(1,609)	(70)	(1,159)	(159)	(4,861)	–	(7,858)
Disposals	–	–	(89)	(38)	–	–	(127)
Disposal of a subsidiary. . . .	–	(60)	(273)	–	(1,268)	–	(1,601)
At 31 December 2025, net of							
accumulated depreciation . . .	<u>31,548</u>	<u>707</u>	<u>8,846</u>	<u>367</u>	<u>14,356</u>	<u>1,475</u>	<u>57,299</u>
At 31 December 2025:							
Cost.	33,203	784	10,642	620	20,497	1,475	67,221
Accumulated depreciation. . .	(1,655)	(77)	(1,796)	(253)	(6,141)	–	(9,922)
Net carrying amount	<u>31,548</u>	<u>707</u>	<u>8,846</u>	<u>367</u>	<u>14,356</u>	<u>1,475</u>	<u>57,299</u>

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2026							
At 1 January 2026:							
Cost.	33,203	784	10,642	620	20,497	1,475	67,221
Accumulated depreciation. . .	(1,655)	(77)	(1,796)	(253)	(6,141)	–	(9,922)
Net carrying amount	<u>31,548</u>	<u>707</u>	<u>8,846</u>	<u>367</u>	<u>14,356</u>	<u>1,475</u>	<u>57,299</u>
At 1 January 2026, net of							
accumulated depreciation . . .	31,548	707	8,846	367	14,356	1,475	57,299
Additions	413	397	376	35	2,069	6,801	10,091
Transfers.	–	–	–	–	2,169	(2,169)	–
Depreciation provided during							
the period	(742)	(70)	(673)	(58)	(3,222)	–	(4,765)
Disposals	–	(4)	(18)	(30)	–	–	(52)
At 31 May 2026, net of							
accumulated depreciation . . .	<u>31,219</u>	<u>1,030</u>	<u>8,531</u>	<u>314</u>	<u>15,372</u>	<u>6,107</u>	<u>62,573</u>
At 31 May 2026:							
Cost.	33,616	1,177	11,000	625	24,735	6,107	77,260
Accumulated depreciation. . .	(2,397)	(147)	(2,469)	(311)	(9,363)	–	(14,687)
Net carrying amount	<u>31,219</u>	<u>1,030</u>	<u>8,531</u>	<u>314</u>	<u>15,372</u>	<u>6,107</u>	<u>62,573</u>

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The Company

	<u>Plant and machinery</u>	<u>Motor vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2023					
At 1 January, 2023:					
Cost.	535	106	280	417	1,338
Accumulated depreciation.	<u>(40)</u>	<u>(31)</u>	<u>(35)</u>	<u>–</u>	<u>(106)</u>
Net carrying amount	<u>495</u>	<u>75</u>	<u>245</u>	<u>417</u>	<u>1,232</u>
At 1 January 2023, net of					
accumulated depreciation	495	75	245	417	1,232
Additions	178	–	–	116	294
Transfers.	–	–	55	(55)	–
Depreciation provided during the					
year	(108)	(22)	(155)	–	(285)
Disposals	<u>–</u>	<u>(27)</u>	<u>–</u>	<u>–</u>	<u>(27)</u>
At 31 December 2023,					
net of accumulated depreciation .	<u>565</u>	<u>26</u>	<u>145</u>	<u>478</u>	<u>1,214</u>
At 31 December 2023:					
Cost.	713	79	335	478	1,605
Accumulated depreciation.	<u>(148)</u>	<u>(53)</u>	<u>(190)</u>	<u>–</u>	<u>(391)</u>
Net carrying amount	<u>565</u>	<u>26</u>	<u>145</u>	<u>478</u>	<u>1,214</u>

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024							
At 1 January 2024:							
Cost.	–	–	713	79	335	478	1,605
Accumulated depreciation. . .	–	–	(148)	(53)	(190)	–	(391)
Net carrying amount	–	–	565	26	145	478	1,214
At 1 January 2024, net of							
accumulated depreciation . . .	–	–	565	26	145	478	1,214
Additions	–	37	2,348	401	331	18,386	21,503
Transfers.	18,724	–	140	–	–	(18,864)	–
Depreciation provided during							
the year	(12)	–	(208)	(75)	(199)	–	(494)
Disposals	–	–	–	(22)	–	–	(22)
At 31 December 2024, net of							
accumulated depreciation . . .	18,712	37	2,845	330	277	–	22,201
At 31 December 2024: Cost . . .	18,724	37	3,201	458	666	–	23,086
Accumulated depreciation . . .	(12)	–	(356)	(128)	(389)	–	(885)
Net carrying amount	18,712	37	2,845	330	277	–	22,201

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025							
At 1 January 2025:							
Cost.	18,724	37	3,201	458	666	–	23,086
Accumulated depreciation. . .	(12)	–	(356)	(128)	(389)	–	(885)
Net carrying amount	18,712	37	2,845	330	277	–	22,201
At 1 January 2025, net of							
accumulated depreciation . . .	18,712	37	2,845	330	277	–	22,201
Additions	496	69	993	15	638	896	3,107
Depreciation provided during							
the year	(988)	(19)	(500)	(100)	(307)	–	(1,914)
Disposals	–	–	(35)	–	–	–	(35)
Transfers.	466	–	384	–	–	(850)	–
At 31 December 2025, net of							
accumulated depreciation . . .	18,686	87	3,687	245	608	46	23,359
At 31 December 2025:							
Cost.	19,686	106	4,497	401	1,304	46	26,040
Accumulated depreciation. . .	(1,000)	(19)	(810)	(156)	(696)	–	(2,681)
Net carrying amount	18,686	87	3,687	245	608	46	23,359

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	Buildings	Office equipment	Plant and machinery	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 May 2026							
At 1 January 2026:							
Cost.	19,686	106	4,497	401	1,304	46	26,040
Accumulated depreciation. . .	(1,000)	(19)	(810)	(156)	(696)	–	(2,681)
Net carrying amount	18,686	87	3,687	245	608	46	23,359
At 1 January 2026, net of							
accumulated depreciation . . .	18,686	87	3,687	245	608	46	23,359
Additions	211	–	69	35	30	1,430	1,775
Depreciation provided during							
the period	(404)	(9)	(254)	(42)	(181)	–	(890)
Disposals	–	(4)	(8)	–	–	–	(12)
Transfers.	–	–	–	–	66	(66)	–
At 31 May 2026, net of							
accumulated depreciation . . .	18,493	74	3,494	238	523	1,410	24,232
At 31 May 2026:							
Cost.	19,897	102	4,558	436	1,400	1,410	27,803
Accumulated depreciation. . .	(1,404)	(28)	(1,064)	(198)	(877)	–	(3,571)
Net carrying amount	18,493	74	3,494	238	523	1,410	24,232

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14. INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Shenyang Gaozhentang Traditional Chinese Medicine Outpatient Department Co., Ltd. (瀋陽 膏珍堂中醫門診部有限公司)	500	500	1,657	1,936
Suihua Beilin District Gaozhentang Traditional Chinese Medicine Outpatient Department Co., Ltd. (綏化市北林區膏珍堂中醫門診有限公司) . .	500	500	523	533
Harbin Gaozhentang Fushun Outpatient Department Co., Ltd. (哈爾濱膏珍堂福順專科中醫門診有限 公司)	500	500	585	593
Harbin Gaozhentang Renhe Traditional Chinese Medicine Outpatient Co., Ltd. (哈爾濱膏珍堂仁和中醫門診 有限公司)	500	500	574	582
Heilongjiang Yuyantang Pharmaceutical Group Co., Ltd. (黑龍江譽研堂藥業集團有限公司)	741	4,341	10,023	10,027
Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服務有限公司)	255	255	255	255
Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫療服務有限公司) . .	–	510	698	763
Harbin Gaozhentang Shangzhi Specialized Outpatient Department Co., Ltd. (哈爾濱膏珍堂 尚質專科門診有限公司)	–	–	500	546
Others	600	6,750	10,021	12,040
	<u>3,596</u>	<u>13,856</u>	<u>24,836</u>	<u>27,275</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for buildings used in its operations. Leases of buildings generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group, unless consent is given by the lessors. As a lessee, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for the exemptions for leases of short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases that, at the commencement date, have lease terms of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	As at 31 December			As at
	2023	2024	2025	31 May
	RMB’000	RMB’000	RMB’000	2026
At beginning of year/period	10,500	10,621	30,438	50,618
Additions	4,425	28,913	36,038	33,747
Depreciation charge	(4,233)	(7,019)	(12,257)	(7,832)
Termination of lease contracts	(71)	(2,077)	(1,462)	(2,373)
Disposal of a subsidiary	—	—	(2,139)	—
At end of year/period	<u>10,621</u>	<u>30,438</u>	<u>50,618</u>	<u>74,160</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December			As at
	2023	2024	2025	31 May
	RMB’000	RMB’000	RMB’000	2026
At beginning of year/period	10,082	9,897	27,654	45,320
Additions	4,425	28,913	36,038	33,747
Termination of lease contracts	(74)	(2,150)	(1,519)	(2,383)
Accretion of interest recognised during the year/period	482	909	1,729	1,021
Lease payments	(5,018)	(9,915)	(16,121)	(12,651)
Disposal of a subsidiary	—	—	(2,461)	—
At end of year/period	<u>9,897</u>	<u>27,654</u>	<u>45,320</u>	<u>65,054</u>
Analysed into:				
Current portion	3,319	8,937	14,838	19,018
Non-current portion	<u>6,578</u>	<u>18,717</u>	<u>30,482</u>	<u>46,036</u>
	<u>9,897</u>	<u>27,654</u>	<u>45,320</u>	<u>65,054</u>

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

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(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Lease payments in respect of short-term leases	182	1,098	892	538	475
Interest on lease liabilities	482	909	1,729	618	1,021
Depreciation charge of right-of-use assets	4,233	7,019	12,257	4,276	7,832
Gain on termination of leases	(3)	(73)	(57)	(2)	(10)
Total amount recognised in profit or loss	<u>4,894</u>	<u>8,953</u>	<u>14,821</u>	<u>5,430</u>	<u>9,318</u>

The Company as a lessee

Leases of buildings generally have lease terms between 2 and 10 years.

(a) *Right-of-use assets*

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	838	428	1,693	2,219
Additions	–	1,782	1,288	–
Depreciation charge	(410)	(517)	(657)	(239)
Termination of lease contracts	–	–	(105)	(866)
At end of year/period	<u>428</u>	<u>1,693</u>	<u>2,219</u>	<u>1,114</u>

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(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	800	338	1,483	1,989
Additions	–	1,782	1,288	–
Accretion of interest recognised during the year/period	33	54	70	38
Lease payments	(495)	(691)	(718)	(23)
Termination of lease contracts	–	–	(134)	(911)
At end of year/period	<u>338</u>	<u>1,483</u>	<u>1,989</u>	<u>1,093</u>
Analysed into:				
Current portion	179	608	593	236
Non-current portion	<u>159</u>	<u>875</u>	<u>1,396</u>	<u>857</u>
	<u>338</u>	<u>1,483</u>	<u>1,989</u>	<u>1,093</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	33	54	70	26	38
Depreciation charge of right-of-use assets . . .	410	517	657	257	239
Expense relating to short-term leases	138	499	634	321	298
Gain on termination of leases	–	–	(29)	–	(45)
Total amount recognised in profit or loss . . .	<u>581</u>	<u>1,070</u>	<u>1,332</u>	<u>604</u>	<u>530</u>

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16. OTHER INTANGIBLE ASSETS

The Group

	<u>Software</u>
	<i>RMB’000</i>
31 December 2023	
At 1 January 2023:	
Cost	316
Accumulated depreciation	<u>(18)</u>
Net carrying amount	<u>298</u>
At 1 January 2023, net of accumulated depreciation	298
Additions	2,642
Amortisation provided during the year	<u>(118)</u>
At 31 December 2023	<u>2,822</u>
At 31 December 2023:	
Cost	2,958
Accumulated depreciation	<u>(136)</u>
Net carrying amount	<u>2,822</u>

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	<u>Software</u>
	<i>RMB’000</i>
31 December 2024	
At 1 January 2024:	
Cost	2,958
Accumulated depreciation	<u>(136)</u>
Net carrying amount	<u>2,822</u>
At 1 January 2024, net of accumulated depreciation	2,822
Additions	1,156
Amortisation provided during the year	<u>(310)</u>
At 31 December 2024, net of accumulated depreciation	<u>3,668</u>
At 31 December 2024:	
Cost	4,114
Accumulated depreciation	<u>(446)</u>
Net carrying amount	<u>3,668</u>
	<u>Software</u>
	<i>RMB’000</i>
31 December 2025	
At 1 January 2025:	
Cost	4,114
Accumulated depreciation	<u>(446)</u>
Net carrying amount	<u>3,668</u>
At 1 January 2025, net of accumulated depreciation	3,668
Additions	3,152
Amortisation provided during the year	<u>(681)</u>
At 31 December 2025, net of accumulated depreciation	<u>6,139</u>
At 31 December 2025:	
Cost	7,266
Accumulated depreciation	<u>(1,127)</u>
Net carrying amount	<u>6,139</u>

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	<u>Software</u>
	<i>RMB’000</i>
31 May 2026	
At 1 January 2026:	
Cost	7,266
Accumulated depreciation	<u>(1,127)</u>
Net carrying amount	<u><u>6,139</u></u>
At 1 January 2026, net of accumulated depreciation	6,139
Additions	419
Amortisation provided during the period	<u>(331)</u>
At 31 May 2026, net of accumulated depreciation	<u><u>6,227</u></u>
At 31 May 2026:	
Cost	7,685
Accumulated depreciation	<u>(1,458)</u>
Net carrying amount	<u><u>6,227</u></u>

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The Company

	<u>Software</u>
	<i>RMB’000</i>
31 December 2023	
At 1 January 2023:	
Cost	316
Accumulated amortisation.	<u>(18)</u>
Net carrying amount	<u>298</u>
At 1 January 2023, net of accumulated amortisation	298
Additions	2,642
Amortisation provided during the year	<u>(118)</u>
At 31 December 2023, net of accumulated amortisation	<u>2,822</u>
At 31 December 2023:	
Cost	2,958
Accumulated amortisation.	<u>(136)</u>
Net carrying amount	<u>2,822</u>

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	<u>Software</u>
	<i>RMB’000</i>
31 December 2024	
At 1 January 2024:	
Cost	2,958
Accumulated amortisation.	<u>(136)</u>
Net carrying amount	<u><u>2,822</u></u>
At 1 January 2024, net of accumulated amortisation	2,822
Additions	650
Amortisation provided during the year	<u>(301)</u>
At 31 December 2024, net of accumulated amortisation	<u><u>3,171</u></u>
At 31 December 2024:	
Cost	3,608
Accumulated amortisation.	<u>(437)</u>
Net carrying amount	<u><u>3,171</u></u>

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	<u>Software</u>
	<i>RMB’000</i>
31 December 2025	
At 1 January 2025:	
Cost	3,608
Accumulated amortisation.	<u>(437)</u>
Net carrying amount	<u><u>3,171</u></u>
At 1 January 2025, net of accumulated amortisation	3,171
Additions	3,152
Amortisation provided during the year	<u>(571)</u>
At 31 December 2025, net of accumulated amortisation	<u><u>5,752</u></u>
At 31 December 2025:	
Cost	6,760
Accumulated amortisation.	<u>(1,008)</u>
Net carrying amount	<u><u>5,752</u></u>

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	<u>Software</u>
	<i>RMB’000</i>
31 May 2026	
At 1 January 2026:	
Cost	6,760
Accumulated amortisation.	<u>(1,008)</u>
Net carrying amount	<u><u>5,752</u></u>
At 1 January 2026, net of accumulated amortisation.	5,752
Additions	419
Amortisation provided during the period.	<u>(289)</u>
At 31 May 2026, net of accumulated amortisation	<u><u>5,882</u></u>
At 31 May 2026:	
Cost	7,179
Accumulated amortisation.	<u>(1,297)</u>
Net carrying amount	<u><u>5,882</u></u>

17. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>As at 31 December</u>			<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>31 May</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Equity investment designated at fair value through other comprehensive income				
Unlisted equity investment, at fair value				
Heilongjiang Qingzhu Female Medicine Management Co., Ltd.	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>568</u></u>	<u><u>568</u></u>

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

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18. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December			As at 31 May
	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
	<u>10,273</u>	<u>3,157</u>	<u>657</u>	<u>1,774</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for other intangible assets.	–	2,527	221	–
Prepayments for property, plant and equipment	7,586	168	48	64
Rental deposits	–	7	19	22
	<u>7,586</u>	<u>2,702</u>	<u>288</u>	<u>86</u>

19. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Decocting pieces, consumables and packaging materials	<u>3,073</u>	<u>3,915</u>	<u>5,794</u>	<u>8,022</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Decocting pieces, consumables and packaging materials	<u>786</u>	<u>1,038</u>	<u>1,361</u>	<u>2,879</u>

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20. TRADE RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	76	70	71	–
	76	70	71	–
Impairment	–	–	–	–
Net carrying amount	76	70	71	–

Since July 2022, the Group has suspended the settlement of payments for individual patients through government’s social insurance schemes. However, due to issues with the bank account registered with the Harbin Municipal Medical Insurance Bureau, RMB70,000 in medical insurance reimbursements were received in January 2026. The individual patients of the Group would usually settle payments by bank cards, via third-party payment platforms or in cash.

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the invoice date, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	6	–	1	–
2 to 3 years	70	–	–	–
Over 3 years	–	70	70	–
	76	70	71	–

As at the end of each of the Relevant Periods, trade receivables of the Group are considered to have low credit risk and thus the Group has assessed that the ECL for trade receivables is immaterial.

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables.	76	70	70	–
	76	70	70	–
Impairment.	–	–	–	–
Net carrying amount	<u>76</u>	<u>70</u>	<u>70</u>	<u>–</u>

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025 and 31 May 2026, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	6	–	–	–
2 to 3 years	70	–	–	–
Over 3 years.	–	70	70	–
	<u>76</u>	<u>70</u>	<u>70</u>	<u>–</u>

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 May
	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
Other receivables.	2,357	2,997	980	1,333
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Impairment allowance	–	–	–	–
	<u>2,882</u>	<u>7,587</u>	<u>9,479</u>	<u>11,845</u>

Amounts due from the related parties included in the Group’s prepayments, other receivables and other assets were RMB2,149,000, RMB2,149,000, RMB1,000 and RMB2,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Due from subsidiaries	22,015	27,045	17,190	44,261
Tax recoverable.	–	649	933	–
Prepayments	363	1,272	1,516	2,942
Other receivables*.	2,196	2,424	195	90
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<u>24,574</u>	<u>31,390</u>	<u>23,425</u>	<u>52,538</u>

* Amounts due from the related parties included in the Company’s other receivables were RMB2,149,000, RMB2,149,000, RMB1,000 and RMB2,000 as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

22. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	<u>33,779</u>	<u>54,441</u>	<u>140,858</u>	<u>91,923</u>
Denominated in RMB	<u>33,779</u>	<u>54,441</u>	<u>140,858</u>	<u>91,923</u>
	<u>33,779</u>	<u>54,441</u>	<u>140,858</u>	<u>91,923</u>

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	1,235	4,657	57,234	17,561
Denominated in RMB	1,235	4,657	57,234	17,561
	<u>1,235</u>	<u>4,657</u>	<u>57,234</u>	<u>17,561</u>

The RMB is not freely convertible into other currencies, however, under Regulations on the Foreign Exchange Control of the PRC and the Administrative Regulations on Settlements, Sales and Payments in Foreign Exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

The Group

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	2,030	1,954	4,307	5,563
1 to 2 years	—	539	—	—
	<u>2,030</u>	<u>2,493</u>	<u>4,307</u>	<u>5,563</u>

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.

The fair values of trade and bills payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

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The Company

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 1 year	346	39	450	313
1 to 2 years	—	36	—	—
	<u>346</u>	<u>75</u>	<u>450</u>	<u>313</u>

24. OTHER PAYABLES AND ACCRUALS

The Group

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

Notes:

- (a) Contract liabilities include short-term advances received for TCM healthcare services. The increase in contract liabilities as at 31 December 2023, 2024 and 2025 as primarily due to the increased prepayments made by the customers of the Group. Conversely, the decrease in contract liabilities as at 31 May 2026 was primarily due to the consumption of services by the customers of the Group.
- (b) Other payables are non-interest-bearing and have no fixed terms of settlement.

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Payroll and welfare payable	2,058	3,998	6,525	3,748
Amounts due to subsidiaries	28,553	51,923	80,497	84,037
Contract liabilities	3,564	5,196	2,035	1,286
Other tax payables	265	552	1,577	1,810
Other payables	861	2,654	6,635	2,294
	<u>35,301</u>	<u>64,323</u>	<u>97,269</u>	<u>93,175</u>

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2024			As at 31 December 2025			As at 31 May 2026		
	Effective Interest rate	Maturity	RMB’000	Effective Interest rate	Maturity	RMB’000	Effective Interest rate	Maturity	RMB’000
Current									
Secured bank loan*	3.45%	October 2025	<u>1,026</u>	/	/	<u>-</u>	/	/	<u>-</u>
			<u>1,026</u>			<u>-</u>			<u>-</u>
Non-current									
Secured bank loan*	3.45%	15 January 2029	<u>3,335</u>	/	/	<u>-</u>	/	/	<u>-</u>
			<u>3,335</u>			<u>-</u>			<u>-</u>
			<u>4,361</u>			<u>-</u>			<u>-</u>

* At 19 January 2024, the Group’s interest-bearing bank borrowing was guaranteed by Harbin Liandong Jintian Industrial Co., Ltd., as well as by the executive director of the Company, Mr. Guo Yang, and his spouse Wei Wang.

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	-	1,026	-	-
In the second year	-	1,026	-	-
In the third to fifth years, inclusive	-	2,309	-	-
	<u>-</u>	<u>4,361</u>	<u>-</u>	<u>-</u>

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At the end of September 2025, the Group agreed with the lender to settle the interest-bearing bank borrowings in advance, and the remaining liabilities were fully settled in October 2025, with the corresponding guarantees subsequently released.

26. DEFERRED TAX

The Group

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets
	<i>RMB’000</i>
As at 1 January 2023	298
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>287</u>
As at 31 December 2023	<u><u>585</u></u>
As at 1 January 2024	585
Deferred tax charged to the consolidated statement of profit or loss during the year	<u>1,376</u>
As at 31 December 2024	<u><u>1,961</u></u>
As at 1 January 2025	1,961
Deferred tax charged to the consolidated statement of profit or loss during the year	1,561
Disposal of a subsidiary	<u>(107)</u>
As at 31 December 2025	<u><u>3,415</u></u>
As at 1 January 2026	3,415
Deferred tax charged to the consolidated statement of profit or loss during the period	<u>468</u>
As at 31 May 2026	<u><u>3,883</u></u>

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Deferred tax assets

	Unrealised gains arising from intra- group transactions	Leases liabilities	Losses available for offsetting against future taxable profits	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	–	324	–	324
Deferred tax credited to the consolidated statement of profit or loss during the year	16	209	45	270
As at 31 December 2023	16	533	45	594
As at 1 January 2024	16	533	45	594
Deferred tax credited to the consolidated statement of profit or loss during the year	87	1,244	272	1,603
As at 31 December 2024	103	1,777	317	2,197
As at 1 January 2025	103	1,777	317	2,197
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	52	1,370	(47)	1,375
Disposal of a subsidiary	–	(123)	–	(123)
As at 31 December 2025	155	3,024	270	3,449
As at 1 January 2026	155	3,024	270	3,449
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the period	(26)	376	647	997
As at 31 May 2026	129	3,400	917	4,446

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	76	432	429	1,080
Net deferred tax liabilities recognised in the consolidated statement of financial position	(67)	(196)	(395)	(517)

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	7,366	1,520	997	1,055

The Company

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	7,366	405	–	–

Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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27. PAID-IN CAPITAL/SHARE CAPITAL

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Issue and fully paid	<u>5,000</u>	<u>5,155</u>	<u>15,845</u>	<u>15,845</u>

A summary of movements in the Company’s share capital during the Relevant Periods is as follows:

	Number of shares in issue	Share capital RMB'000
As at 1 January and 31 December 2023	<u>5,000,000</u>	<u>5,000</u>
Capital injection (a).	<u>154,600</u>	<u>155</u>
As at 31 December 2024	<u>5,154,600</u>	<u>5,155</u>
Capital injection (b).	845,352	845
Retained profits transferred to paid-in capital (c)	<u>9,845,400</u>	<u>9,845</u>
As at 31 December 2025 and 31 May 2026.	<u>15,845,352</u>	<u>15,845</u>

Notes:

- (a) In July 2024, the Company entered into a capital increase agreement with Hainan Youzhuo Technology Co., Ltd. According to the agreement, capital totalling RMB1,392,000 was injected into the Company by the new investor with approximately RMB155,000 and RMB1,237,000 credited to the Company’s paid-in capital and capital reserve, respectively.
- (b) On 1 April 2025 (the grant date), a total of 845,352 shares were granted under the Employee Incentive Scheme to Heilongjiang Zhitongdaohe First Generation Medical Service Partnership (Limited Partnership) and Heilongjiang Zhitongdaohe Second Generation Medical Service Partnership (Limited Partnership), and accordingly, capital totalling RMB3,592,000 was injected into the Company by the new investors with approximately RMB845,000 and RMB2,747,000 credited to the Company’s paid-in capital and capital reserve, respectively.
- (c) As approved in the extraordinary general meeting held on 18 February 2025, the Company has transferred retained profits of RMB9,845,000 to paid-in capital with a nominal value of RMB1 per share.
- (d) On 8 August 2025, the Company was converted into a joint stock company with limited liability, and a total of 15,845,352 ordinary shares with a par value of RMB1.00 each were issued and allotted to the shareholders of the Company according to the paid-in capital registered under the names of such shareholders on that day.

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28. RESERVES

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Statutory reserve

Statutory reserve represents the amount set aside from the retained profits by certain subsidiaries established in the PRC and is not distributable as dividend. In accordance with the relevant regulations, the Company’s subsidiaries established in the PRC are required to allocate at least 10% of their after-tax profit according to the PRC accounting standards and regulations to statutory reserves until such reserves have reached 50% of registered capital. These reserves can only be used for specific purposes and are not distributable or transferable to loans, advances, or cash dividends.

Capital reserve

The capital reserve represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) the conversion into a joint stock company with limited liability underwent in 2025. Details of the movements in the capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

Share-based payment reserve

The share-based payment reserve represents the share-based compensation reserve arising from equity-settled share award as detailed presented in note 29.

Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value through other comprehensive income comprises the cumulative profits of equity investment designed at fair value through other comprehensive income, as further explained in note 17.

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The Company

The amounts of the Company’s total equity and the movements therein for the Relevant Periods are presented as follows:

	Paid-in capital	Share capital	Capital reserve	Equity- settled share-based payment reserve	Statutory surplus reserve	(Accumulated losses)/ retained profits	Total
	RMB’000 (note 27)	RMB’000 (note 27)	RMB’000	RMB’000 (note 29)	RMB’000	RMB’000	RMB’000
As at 1 January 2023	5,000	–	–	–	–	(1,520)	3,480
Profit for the year	–	–	–	–	–	14,787	14,787
Transfer from retained profits	–	–	–	–	1,327	(1,327)	–
Dividends declared	–	–	–	–	–	(11,940)	(11,940)
At 31 December 2023 and 1 January 2024	5,000	–	–	–	1,327	–	6,327
Profit for the year	–	–	–	–	–	7,126	7,126
Capital injection from investors	155	–	1,237	–	–	–	1,392
Transfer from retained profits	–	–	–	–	712	(712)	–
At 31 December 2024 and 1 January 2025	5,155	–	1,237	–	2,039	6,414	14,845
Profit for the year	–	–	–	–	–	32,198	32,198
Final 2024 dividend declared	–	–	–	–	–	(13,000)	(13,000)
Capital injection from investors	845	–	2,747	–	–	–	3,592
Transfer from retained profits	–	–	–	–	3,220	(3,220)	–
Disposal of a subsidiary	–	–	(2,161)	–	–	–	(2,161)
Retained profits converted into paid-in capital (note 27).	9,845	–	–	–	–	(9,845)	–
Conversion into a joint stock company	(15,845)	15,845	7,502	(388)	(4,190)	(2,924)	–
Recognition of equity-settled share-based payments (note 29)	–	–	–	3,305	–	–	3,305
At 31 December 2025 and 1 January 2026	–	15,845	9,325	2,917	1,069	9,623	38,779
Profit for the period	–	–	–	–	–	38,438	38,438
Final 2025 dividend declared	–	–	–	–	–	(42,000)	(42,000)
Recognition of equity-settled share-based payments (note 29)	–	–	–	1,764	–	–	1,764
As at 31 May 2026	–	15,845	9,325	4,681	1,069	6,061	36,981

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29. SHARE-BASED PAYMENTS

The Group operates a share incentive scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the directors, senior management, and other employees of the Group.

On 1 April 2025 (the grant date), a total of 845,352 shares were granted under the Employee Incentive Scheme to Heilongjiang Zhitongdaohe First Generation Medical Service Partnership (Limited Partnership) and Heilongjiang Zhitongdaohe Second Generation Medical Service Partnership (Limited Partnership). These shares are beneficially owned by 57 directors, senior management and employees at a grant price of RMB4.25 per share.

Pursuant to the Company’s incentive plan, the shares are subject to lock-up periods of 1 year, 2 year, and 3 years from the grant date, and will be released in three tranches. Based on the Group’s service condition requirements, the restricted shares will be unlocked in three phases, at 40%, 30% and 30% of the total number of shares granted, upon expiration of each respective lock-up period.

On 12 December 2025, two senior management personnel transferred their granted shares to Mr. Guo Yang, an Executive Director of the Company, at a grant price of RMB4.25 per share. The shares were subject to the same lock-up and vesting conditions as originally set forth in the initial incentive plan, with the holding period adjusted to exclude the time already served by the original grantees.

On 31 May 2026, two senior management personnel transferred their granted shares to Mr. Guo Yang, an Executive Director of the Company, at a grant price of RMB4.25 per share. The shares were subject to the same lock-up and vesting conditions as originally set forth in the initial incentive plan, with the holding period adjusted to exclude the time already served by the original grantees.

Under the Scheme, the Group recognised share-based payment expenses of RMB3,691,000 and RMB1,783,000, during the year ended 31 December 2025 and the five months ended 31 May 2026. The fair value of the restricted shares as at the grant date was determined with reference to the fair value of ordinary shares on the grant date, using the discounted cash flow method.

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30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at 31 May 2026
Percentage of equity interest held by non-controlling interests:				
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司) (Note 31)	–	40%	–	–
Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫療服務有限公司)	49%	49%	49%	49%
Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服務有限公司)	<u>49%</u>	<u>49%</u>	<u>49%</u>	<u>49%</u>
Profit/(loss) for the year/period allocated to non-controlling interests:				
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司) (Note 31)	–	(396)	(964)	/
Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫療服務有限公司)	–	902	3,025	1,340
Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服務有限公司)	<u>(196)</u>	<u>990</u>	<u>1,319</u>	<u>602</u>
Accumulated balances of non-controlling interests at the reporting date:				
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司) (Note 31)	–	404	–	/
Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫療服務有限公司)	–	1,202	1,862	2,754
Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服務有限公司)	<u>49</u>	<u>1,039</u>	<u>683</u>	<u>1,080</u>

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Year ended 31 December 2023

**Dandong Gaozhentang
Medical Service Co., Ltd.**
(丹東膏珍堂醫療服務
有限公司)

RMB’000

At 31 December 2023

Revenue	4,665
Total expenses	(2,427)
Loss for the year	(399)
Total comprehensive loss for the year	<u>(399)</u>
Current assets	1,925
Non-current assets	689
Current liabilities	(2,304)
Non-current liabilities	<u>(209)</u>
Net cash flows from operating activities	818
Net cash flows used in investing activities	(316)
Net cash flows from financing activities	<u>500</u>
Net increase in cash and cash equivalents	<u><u>1,002</u></u>

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Year ended 31 December 2024

	Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主 女科醫療管理 有限公司) (Note 31)	Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍 堂醫療服務 有限公司)	Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂 醫療服務 有限公司)
	RMB'000	RMB'000	RMB'000
At 31 December 2024			
Revenue	8	30,482	10,558
Total expenses	(956)	(12,595)	(3,677)
(Loss)/profits for the year	(993)	1,841	2,021
Total comprehensive (loss)/income for the year	<u>(993)</u>	<u>1,841</u>	<u>2,021</u>
Current assets	423	12,300	5,390
Non-current assets	4,206	4,784	384
Current liabilities	(1,776)	(12,441)	(3,653)
Non-current liabilities	<u>(1,866)</u>	<u>(1,992)</u>	<u>–</u>
Net cash flows from operating activities.	1,115	11,379	2,411
Net cash flows used in investing activities	(2,361)	(1,224)	–
Net cash flows from/(used in) financing activities. . .	<u>1,350</u>	<u>(397)</u>	<u>(210)</u>
Net increase in cash and cash equivalents.	<u>104</u>	<u>9,758</u>	<u>2,201</u>

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Year ended 31 December 2025

	Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫 療服務有限公司)	Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服 務有限公司)
	RMB'000	RMB'000
At 31 December 2025		
Revenue	59,893	13,972
Total expenses	(22,530)	(4,511)
Profit for the year	6,172	3,640
Total comprehensive income for the year	<u>6,172</u>	<u>3,640</u>
Current assets	18,432	4,504
Non-current assets	10,577	1,587
Current liabilities	(20,739)	(3,882)
Non-current liabilities	<u>(4,469)</u>	<u>(815)</u>
Net cash flows from operating activities.	7,974	2,941
Net cash flows used in investing activities	(3,386)	(501)
Net cash flows used in financing activities	<u>(7,067)</u>	<u>(3,825)</u>
Net decrease in cash and cash equivalents	<u>(2,479)</u>	<u>(1,385)</u>

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Period ended 31 May 2026

	Changchun Yuyuan Gaozhentang Medical Service Co., Ltd. (長春譽遠膏珍堂醫 療服務有限公司)	Dandong Gaozhentang Medical Service Co., Ltd. (丹東膏珍堂醫療服 務有限公司)
	RMB'000	RMB'000
At 31 May 2026		
Revenue	23,888	5,516
Total expenses	(8,850)	(1,110)
Profit for the period	2,734	1,229
Total comprehensive income for the period	<u>2,734</u>	<u>1,229</u>
Current assets	18,991	5,757
Non-current assets	13,716	2,638
Current liabilities	(20,380)	(4,578)
Non-current liabilities	<u>(6,705)</u>	<u>(1,613)</u>
Net cash flows from operating activities	3,459	2,297
Net cash flows used in investing activities	(1,307)	–
Net cash flows used in financing activities	<u>(1,724)</u>	<u>(1,002)</u>
Net increase in cash and cash equivalents	<u>428</u>	<u>1,295</u>

31. DISPOSAL OF A SUBSIDIARY

In 4 September 2025, due to the additional investment by the minority shareholders of Heilongjiang Qingzhu Female Medicine Management Co., Ltd., (黑龍江省青主女科醫療管理有限公司) in which the Company’s equity was reduced from 60% to 15%. As the Group no longer has control or significant influence over the entity, it has been accounted for as an equity investment designated at fair value through other comprehensive income. The date of disposal is defined as 31 August 2025.

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An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	As at <u>31 August 2025</u> <i>RMB’000</i>
Net assets disposed of:	
Property, plant and equipment	1,601
Right-of-use assets	2,139
Cash and bank balances	26
Prepayments and other receivables	325
Deferred tax assets	123
Inventories	39
Trade and bills payables	(286)
Other payables and accruals	(2,820)
Lease liabilities	(2,461)
Deferred tax liabilities	(107)
Non-controlling interests	<u>560</u>
Subtotal	(861)
Gain on disposal of a subsidiary	<u>1,199</u>
Fair value of the residual interest.	<u><u>338</u></u>
Satisfied by:	
Equity investment designated at fair value through other comprehensive income	<u><u>338</u></u>
	As at <u>31 August 2025</u> <i>RMB’000</i>
Cash and bank balances disposed of.	<u>26</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>26</u></u>

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32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025 and five months ended 31 May 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,425,000, RMB28,913,000, RMB36,038,000 and RMB33,747,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statement of cash flows as cash flows from financing activities.

	Interest- bearing bank borrowings	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
At 1 January 2023	–	10,082	10,082
Changes from financing cash flow	–	(5,018)	(5,018)
Termination of lease contracts	–	(74)	(74)
New lease arrangements	–	4,425	4,425
Accretion of interest	–	482	482
At 31 December 2023 and			
1 January 2024	–	9,897	9,897
Changes from financing cash flow	4,210	(9,915)	(5,705)
Termination of lease contracts	–	(2,150)	(2,150)
New lease arrangements	–	28,913	28,913
Accretion of interest	151	909	1,060
At 31 December 2024 and			
1 January 2025	4,361	27,654	32,015
Changes from financing cash flow	(4,465)	(16,121)	(20,586)
Termination of lease contracts	–	(1,519)	(1,519)
Disposal of a subsidiary	–	(2,461)	(2,461)
New lease arrangements	–	36,038	36,038
Accretion of interest	104	1,729	1,833
At 31 December 2025 and			
1 January 2026	–	45,320	45,320
Changes from financing cash flow	–	(12,651)	(12,651)
Termination of lease contracts	–	(2,383)	(2,383)
New lease arrangements	–	33,747	33,747
Accretion of interest	–	1,021	1,021
As at 31 May 2026	–	65,054	65,054

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(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating activities	(182)	(1,098)	(892)	(538)	(475)
Within financing activities	(5,018)	(9,915)	(16,121)	(5,800)	(12,651)
	(5,200)	(11,013)	(17,013)	(6,338)	(13,126)

33. CONTINGENT LIABILITIES

As at 31 December 2023, 2024 and 2025 and 31 May 2026, neither the Group nor the Company had any significant contingent liabilities.

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 31 May
	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

35. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties:

Name	Relationship
Heilongjiang Zhitongdaohe Investment Partnership (Limited Partnership) (黑龍江志同道合投資合夥企業 (有限合夥)	Controlling shareholder
Heilongjiang Yuyantang Investment Co., Ltd. (黑龍江譽研堂投資有限公司)	Controlling shareholder
Heilongjiang Zhitongdaohe Erdai Medical Service Partnership (Limited Partnership) (黑龍江志同道合二代醫療服務合夥企業 (有限合夥))	Controlling shareholder

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Name	Relationship
Heilongjiang Zhitongdaohe Yidai Medical Service Partnership (Limited Partnership) (黑龍江志同道合一代醫療服務合夥企業(有限合夥))	Controlling shareholder
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司)	Entity with a shareholding ratio exceeding 5%

(2) Related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the following transactions were carried out with related parties during the Relevant Periods and five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Providing a loan to related parties:					
Heilongjiang Yuyantang Investment Co., Ltd. (黑龍江譽研堂投資有限公司)	1,504	–	–	–	–
Heilongjiang Zhitongdaohe Investment Partnership (Limited Partnership)(黑龍江志同道合投資合夥企業(有限合夥))	645	–	–	–	–
Heilongjiang Zhitongdaohe Erdai Medical Service Partnership (Limited Partnership) (黑龍江志同道合二代醫療服務合夥企業(有限合夥)).	–	–	–	–	1
Heilongjiang Zhitongdaohe Yidai Medical Service Partnership (Limited Partnership) (黑龍江志同道合一代醫療服務合夥企業(有限合夥)).	–	–	–	–	1
Sales of products and services to a related party:					
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司)	–	–	4	–	–

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(3) Outstanding balances with related parties:

	As at 31 December			As at
	2023	2024	2025	31 May
	RMB’000	RMB’000	RMB’000	2026
Amount due to a related party:				
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司).....	<u>–</u>	<u>–</u>	<u>1</u>	<u>1</u>
Amounts due from related parties:				
Heilongjiang Yuyantang Investment Group Co., Ltd. (黑龍江譽研堂投資有限公司)**	1,504	1,504	–	–
Heilongjiang Zhitongdaohe Investment Partnership (Limited Partnership)(黑龍江志同道合投資合夥企業(有限合夥))** ..	645	645	–	–
Heilongjiang Zhitongdaohe Erdai Medical Service Partnership (Limited Partnership) (黑龍江志同道合二代醫療服務合夥企業(有限合夥))***	–	–	–	1
Heilongjiang Zhitongdaohe Yidai Medical Service Partnership (Limited Partnership) (黑龍江志同道合一代醫療服務合夥企業(有限合夥))***	–	–	–	1
Heilongjiang Qingzhu Female Medicine Management Co., Ltd. (黑龍江省青主女科醫療管理有限公司)*	<u>–</u>	<u>–</u>	<u>1</u>	<u>–</u>
	<u>2,149</u>	<u>2,149</u>	<u>1</u>	<u>2</u>

* The amount due from Heilongjiang Qingzhu Female Medicine Management Co., Ltd. arose from trade-related activities.

** The amounts due from Heilongjiang Yuyantang Investment Group Co., Ltd. and Heilongjiang Zhitongdaohe Investment Partnership (Limited Partnership) were non-trade in nature and were fully repaid on 21 December 2025.

*** The amounts due from Heilongjiang Zhitongdaohe Yidai Medical Service Partnership (Limited Partnership) and Heilongjiang Zhitongdaohe Erdai Medical Service Partnership were non-trade in nature and were fully repaid on 9 July 2026.

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36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

As at 31 December 2023

Financial assets	Financial assets at amortised cost
	<i>RMB’000</i>
Trade receivables	76
Financial assets included in prepayments, other receivables and other assets	2,357
Financial assets included in other non-current assets.	34
Cash and cash equivalents	<u>33,779</u>
	<u>36,246</u>
Financial liabilities	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade payables	2,030
Financial liabilities included in other payables and accruals.	<u>3,373</u>
	<u>5,403</u>

As at 31 December 2024

Financial assets	Financial assets at amortised cost
	<i>RMB’000</i>
Trade receivables	70
Financial assets included in prepayments, other receivables and other assets	2,997
Financial assets included in other non-current assets.	292
Cash and cash equivalents	<u>54,441</u>
	<u>57,800</u>

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Financial liabilities	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade payables	2,493
Financial liabilities included in other payables and accruals.	5,472
Interest-bearing bank borrowings	4,361
	<u>12,326</u>

As at 31 December 2025

Financial assets	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income
	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	71	–
Equity investment designated at fair value through other comprehensive income	–	568
Financial assets included in prepayments, other receivables and other assets	980	–
Financial assets included in other non-current assets.	305	–
Cash and cash equivalents	<u>140,858</u>	<u>–</u>
	<u>142,214</u>	<u>568</u>

Financial liabilities	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade payables	4,307
Financial liabilities included in other payables and accruals.	<u>10,980</u>
	<u>15,287</u>

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As at 31 May 2026

	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income Equity investments
<u>Financial assets</u>	<u>RMB’000</u>	<u>RMB’000</u>
Equity investment designated at fair value through other comprehensive income	–	568
Financial assets included in prepayments, other receivables and other assets	1,333	–
Financial assets included in other non-current assets. .	1,214	–
Cash and cash equivalents	<u>91,923</u>	<u>–</u>
	<u>94,470</u>	<u>568</u>
 <u>Financial liabilities</u>		 <u>Financial liabilities at amortised cost</u>
		<u>RMB’000</u>
Trade payables		5,563
Financial liabilities included in other payables and accruals		<u>7,941</u>
		<u>13,504</u>

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, interest-bearing bank borrowings, trade payables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. Management has also assessed that the fair value of restricted cash approximates to its carrying amount.

The Group’s finance centre is responsible for determining the policies and procedures for the fair value management of financial instruments. The finance centre reports directly to the chief financial officer and the board of directors. At each reporting date, the finance centre analyses the

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movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

For the fair value of the unlisted equity investment at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Financial assets at fair value through profit or loss of the Group represented structured deposits with banks in Chinese mainland. For the structured deposits, the fair value is estimated based on expected cash flow from the implied yield.

Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 31 May 2026:

	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Sensitivity of fair value to the input</u>
31 December 2025				
Equity investment designated at fair value through other comprehensive income.	Market approach	Liquidity discount	30%	10 base points increase/decrease would result in decrease/increase in fair value by RMB57,000 and RMB57,000 respectively
	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range of inputs</u>	<u>Sensitivity of fair value to the input</u>
31 May 2026				
Equity investment designated at fair value through other comprehensive income	Market approach	Liquidity discount	30%	10 base points increase/decrease would result in decrease/increase in fair value by RMB57,000 and RMB57,000 respectively

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The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2025				
Equity investment designated at fair value through other comprehensive income	—	—	568	568

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at ended 31 May 2026				
Equity investment designated at fair value through other comprehensive income	—	—	568	568

The movements in fair value measurements within Level 3 during the year/period are as follows:

	As at 31 December 2025
	RMB’000
Equity investment designated at fair value through other comprehensive income	
At 1 January 2025	—
Transfer (<i>Note 31</i>).	338
Total gains recognised in other comprehensive income	210
Make up the unpaid portion of subscribed capital	20
At 31 December 2025	568

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	As at <u>31 May 2026</u> RMB’000
Equity investment designated at fair value through other comprehensive income	
At 1 January 2026	<u>568</u>
At 31 May 2026	<u><u>568</u></u>

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers out of Level 3 for financial assets. The fair values of equity investments designated at fair value through other comprehensive income, which were transferred to in 2025 has been estimated using the market approach thereafter.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise financial assets at fair value through profit or loss, cash and cash equivalents, and interest-bearing bank borrowings. These financial instruments are primarily utilised to raise financing for the Group’s operations. In addition, the Group maintains other financial assets and liabilities including other receivables and other payables, which are directly generated from its operating activities.

The main risks arising from the Group’s financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with a floating interest rate. The management of the Company consider the Group’s exposure to interest rate risk in respect of interest-bearing bank borrowings is not significant.

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Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, trade receivables, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year -end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables*	–	76	76
Financial assets included in prepayments, other receivables and other assets**	2,357	–	2,357
Financial assets included in other non-current assets	34	–	34
Cash and cash equivalents	<u>33,779</u>	<u>–</u>	<u>33,779</u>
	<u>36,170</u>	<u>76</u>	<u>36,246</u>

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables*	–	70	70
Financial assets included in prepayments, other receivables and other assets**	2,997	–	2,997
Financial assets included in other non-current assets	292	–	292
Cash and cash equivalents	54,441	–	54,441
	<u>57,730</u>	<u>70</u>	<u>57,800</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables*	–	71	71
Financial assets included in prepayments, other receivables and other assets**	980	–	980
Financial assets included in other non-current assets	305	–	305
Cash and cash equivalents	140,858	–	140,858
	<u>142,143</u>	<u>71</u>	<u>142,214</u>

As at 31 May 2026

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets included in prepayments, other receivables and other assets**	1,333	–	1,333
Financial assets included in other non-current assets	1,214	–	1,214
Cash and cash equivalents	91,923	–	91,923
	<u>94,470</u>	<u>–</u>	<u>94,470</u>

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* For trade receivables to which the Group applies the simplified approach for impairment, information based on the individual considerations is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease liabilities.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	2,030	–	2,030
Financial liabilities included in other payables and accruals	3,373	–	3,373
Lease liabilities	3,434	6,589	10,023
	<u>8,837</u>	<u>6,589</u>	<u>15,426</u>

As at 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	2,493	–	2,493
Interest-bearing bank borrowings	1,160	3,518	4,678
Financial liabilities included in other payables and accruals	5,472	–	5,472
Lease liabilities	9,765	19,064	28,829
	<u>18,890</u>	<u>22,582</u>	<u>41,472</u>

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As at 31 December 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	4,307	–	4,307
Financial liabilities included in other payables and accruals	10,980	–	10,980
Lease liabilities	17,045	32,501	49,546
	<u>32,332</u>	<u>32,501</u>	<u>64,833</u>

As at 31 May 2026

	Less than 12 months or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	5,563	–	5,563
Financial liabilities included in other payables and accruals	7,941	–	7,941
Lease liabilities	21,227	49,061	70,288
	<u>34,731</u>	<u>49,061</u>	<u>83,792</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 31 December 2023, 2024 and 2025 and 31 May 2026 were as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	<u>67,164</u>	<u>148,387</u>	<u>271,912</u>	<u>258,172</u>
Total liabilities	<u>58,651</u>	<u>110,304</u>	<u>172,441</u>	<u>173,451</u>
Debt to asset ratio	<u>87%</u>	<u>74%</u>	<u>63%</u>	<u>67%</u>

39. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after the end of the Relevant Periods that require additional disclosure or adjustments.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 May 2026.