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方舟健客

Fangzhou Inc.

方舟云康控股有限公司

(A company incorporated in the Cayman Islands with limited liability)

(Stock code: 6086)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2025, together with the comparative figures for the corresponding period in 2024 as follows. These interim results have been reviewed by the Audit Committee and the Company's auditors, KPMG.

In this announcement, “we”, “us” and “our” refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL AND BUSINESS HIGHLIGHTS

Our strong financial results for the first half of 2025 reflect disciplined execution of our strategy and sustained technological innovation. Key highlights include:

- **Continued Profitability:** Achieved net profit of RMB12.5 million during the Reporting Period (reversing a net loss in the prior-year period) as we continued to deploy technologies across our platform to grow our business scale and improve operating efficiency. Adjusted net profit (non-HKFRS measure) also grew 16.8% from RMB15.1 million for the six months ended June 30, 2024 to RMB17.6 million for the six months ended June 30, 2025
- **Strategic AI Advancement:** We achieved substantial progress by expanding AI integration across our chronic disease management platform. During the Reporting Period, we deployed a number of key AI solutions, including our “AI-Electronic Medical Record (EMR) Agent” and “AI Pre-Consult Agent” to facilitate intelligent pre-consultations and medical record retrieval and creation, our “AI Guidance Agent” to assist patients with physician and therapeutic area selection, and our “AI Doctor Assistant” to provide physicians with consultation support.
- **Robust Platform Growth and Partnership Development:** Our user base reached 52.8 million registered users as of June 30, 2025 (15.8% growth year-over-year), while average MAU increased significantly by 34.4% to 11.9 million for the twelve months ended June 30, 2025. We also expanded our healthcare provider network to 229 thousand registered physicians and strengthened collaborations with more than 1,650 suppliers and over 980 pharmaceutical companies

FINANCIAL SUMMARY

Condensed Consolidated Statements of Profit or Loss

	For the six months ended June 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	1,493,571	1,322,821
Cost of sales	(1,225,239)	(1,057,272)
Gross profit	268,332	265,549
Profit/(loss) before taxation	12,516	(818,707)
Profit/(loss) and total comprehensive income for the period	12,482	(818,725)
Non-HKFRS Measures		
Adjusted net profit (non-HKFRS measure) ¹	17,584	15,055
Attributable to:		
Equity shareholders of our Company	12,482	(818,725)

¹ We define adjusted net profit (non-HKFRS measure) as profit/(loss) and total comprehensive income for the period after excluding the effects of (i) equity settled share-based transactions; (ii) listing expenses; (iii) changes in the carrying amount of preferred shares liability; (iv) foreign exchange from preferred shares liability; and (v) fair value loss on financial assets measured at FVPL. For details, see “Management Discussion and Analysis — Financial Review — Adjusted Net Profit and Adjusted Net Profit Margin” in this announcement.

Condensed Consolidated Statements of Financial Position

	As of June 30, 2025 <i>RMB'000</i> (unaudited)	As of December 31, 2024 <i>RMB'000</i> (audited)
Non-current assets	44,418	55,769
Current assets	724,360	608,325
Non-current liabilities	21,491	31,090
Current liabilities	597,297	501,300
	<hr/>	<hr/>
Net assets	149,990	131,704
	<hr/>	<hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The first half of 2025 marked a period of significant advancement for the Company as we continued to strengthen our position as China's leading online CDM platform. Amid a rapidly evolving healthcare landscape shaped by an aging population, AI-driven technological advancements, and heightened demand for accessible medical services, we have focused on innovation, strategic partnerships, and service expansion to meet the needs of an increasingly health-conscious population.

China's government has also continued to stress the importance of promoting digitalization across the healthcare ecosystem. Notably, in April 2025, seven Chinese regulatory bodies including the Ministry of Industry and Information Technology ("MIIT"), the National Health Commission, the Ministry of Commerce, and other key ministries jointly issued the 2025-2030 Pharmaceutical Industry Digital Transformation Implementation Plan which recognizes digital transformation as essential to advancing China's pharmaceutical sector, and outlines the use of artificial intelligence, big data, and other advanced technologies to enhance all aspects of pharmaceutical development and production.

As China's leading online CDM platform, we continued to grow our user base and platform engagement during the Reporting Period, reaching 52.8 million registered users as of June 30, 2025, and averaging 11.9 million MAU for the twelve months ended June 30, 2025. Our strong commitment to maintaining customer loyalty is also evidenced by our consistently high 85.4% repeat purchase rate among paying users. Reflecting our continued focus on serving chronic disease patients, prescription drugs represented 81.7% of total GMV for the six months ended June 30, 2025.

The growing prevalence of chronic diseases and increasing patient demand for convenient, personalized healthcare solutions have positioned our digital platforms and AI-enabled services as essential tools for delivering quality care. We continue to explore and leverage AI applications to improve the quality of chronic disease management, reduce procurement costs and improve efficiency, and enable precision marketing approaches. We remain confident in our strategy and committed to our mission of ensuring “better health for all”.

Comprehensive Medical Services

Our comprehensive medical services business segment has consistently prioritized addressing the critical healthcare needs of chronic disease patients by leveraging AI and advanced technologies within our H2H telemedicine platform to provide follow-up online medical consultation, e-prescription and prescription refill services. Over the Reporting Period, we realized substantial milestones in broadening our business footprint through the expansion of our medical professional network. Our platform grew to 229 thousand registered physicians as of June 30, 2025. Reflecting the strong qualifications of healthcare experts within our ecosystem, 58.9% of our registered physicians were affiliated with Class III hospitals, while 38.5% held the title of associate chief physician or higher.

Over the Reporting Period, we continued to advance our AI-driven chronic disease management solutions. In the first half of 2025, we launched our “AI Electronic Medical Record (EMR) Agent” and “AI Pre-Consult Agent” for 24/7 intelligent pre-consultation and medical record retrieval and creation. The system employs large language models to ask intelligent follow-up questions and organize patient symptoms, medical history, and data for physicians, improving diagnostic efficiency. In addition, we deployed our “AI Guidance Agent” to assist patients with physician and therapeutic area selection, and our “AI Doctor Assistant” to provide physicians with consultation support. We also upgraded our AI customer service assistant to better support medication management throughout the patient journey. The system helps with prescription consultations, medication reminders, and timely renewals, boosting patient adherence. Through the integration of AI tools across our platform, we have created an innovative model that can improve physician efficiency while providing comprehensive patient lifecycle management.

During the Reporting Period, we continued to support our pharmaceutical company partners with new drug launches through our platform. In the first half of 2025, we brought several innovative drugs online, including Otsuka Pharmaceutical's Inklusig for the treatment of chronic myeloid leukemia (CML) and Philadelphia chromosome-positive acute lymphoblastic leukemia (Ph+ ALL), Novo Nordisk's Wegovy for chronic weight management, and Novartis' Kisqali for HR+/HER2- breast cancer, among others. These product launches align with our mission to expand treatment access and provide patients with a broader range of therapeutic options for managing chronic conditions, and we remain especially focused on specialties such as weight management, metabolic disorders, and infectious disease, among others, which we believe have significant unmet need.

Online Retail Pharmacy Services

As China's leading online CDM platform, our online retail pharmacy business centers on prescription drugs, and providing the broadest possible range of products for our customers. In the first half of 2025, we continued optimizing user experience and strengthening our platform capabilities to provide patients with a comprehensive selection of high-quality medications for chronic disease management. During the Reporting Period, our online retail pharmacy revenue grew 28.2% from RMB673.7 million for the six months ended June 30, 2024, to RMB863.7 million for the six months ended June 30, 2025, primarily driven by our growing user base and platform enhancements.

During the Reporting Period, we continued to upgrade our Fangzhou Jianke Online Pharmacy App and mini-app with AI-powered algorithms and interface enhancements to improve the user experience. Our focus centered on several key areas to drive growth, including significant improvements to search functionality. We leveraged advanced data analytics to improve user intent recognition, and implemented machine learning ranking models to improve search efficiency. In addition, we also enhanced the overall user experience by upgrading the design of core user pathways in our app and mini-app-including landing pages, search results, and product details-to address compatibility issues and eliminate conversion bottlenecks.

Customized Content and Marketing Solutions

Our customized content and marketing solutions business helps pharmaceutical companies inform and educate patients, and facilitate academic exchange among doctors through comprehensive digital marketing solutions. We are focused on enhancing understanding of chronic diseases and treatment options while delivering medical information and content, and hosting online conferences and live streaming events through our academic and patient communities. During the Reporting Period, revenue from customized content and marketing solutions decreased by 23.6% from RMB49.4 million as of June 30, 2024 to RMB37.7 million as of June 30, 2025, as we transitioned our business from conventional promotional approaches to providing comprehensive, higher value, one-stop solutions that deliver integrated marketing capabilities which enhance brand visibility, engagement, and overall effectiveness. While this transformation presents near-term challenges as we introduce our enhanced solutions to pharmaceutical companies, we expect it will ultimately drive market penetration and serve as key growth catalyst going forward.

During the Reporting Period, we strengthened deployment of AI technologies across our customized content and marketing solutions business. To address demand for high quality popular medical content, we introduced our AI content creation assistant, which enables rapid content creation, while reducing operational costs and expanding the breadth of our health knowledge coverage.

Pharmaceutical Supply Chain Optimization

A core strength of our supply chain management is our ability to attract pharmaceutical companies and suppliers to our ecosystem through our unique “AI-assist + chronic disease management” model and comprehensive multichannel capabilities spanning our business segments. As of June 30, 2025, our pharmaceutical supply chain encompassed partnerships with more than 1,650 suppliers and over 980 pharmaceutical companies, including multinational corporations and leading domestic players.

We continue to focus on enabling new drug launches and helping pharmaceutical companies establish effective marketing solutions. During the Reporting Period, we launched a number of innovative drugs through our platform from leading pharmaceutical companies including Novo Nordisk, Otsuka Pharmaceutical, Novartis AG, and Takeda Pharmaceuticals. These collaborations help us maintain consistent access to a broad range of pharmaceutical products, allowing us to offer over 216,000 drug SKUs, with 62% being prescription medications.

We further enhanced our “Fangzhou Quality Procurement” system with AI-powered capabilities. Our “AI Procurement Assistant” optimizes inventory management by dynamically adjusting stock levels, monitoring purchase orders, and providing alerts for critical issues including supplier qualification renewals and delivery delays. The system employs advanced analytics to improve supplier coordination and streamline fulfillment operations. This comprehensive approach to supply chain management is key to maintaining our operating efficiency, enabling us to maintain inventory turnover days of just 25.7 days during the Reporting Period despite continued revenue growth across our core business segments.

Social Healthcare Insurance

The expansion of our medical insurance related services represents a key strategic initiative as China continues to advance social healthcare insurance reforms. Since July 2024, when we began providing online follow-up consultation and prescription services for Guangzhou based social healthcare insurance participants, we have continued to enhance our platform, improving user experience and functionality.

During the first half of 2025, we simplified the social healthcare insurance on-boarding process for patients, and upgraded our medical insurance regulatory compliance systems. We also added our subsidiary Ruishi Hospital to the Guangzhou online medical insurance platform, and launched our Medical Insurance 2.0 connectivity interface, establishing the groundwork for future capabilities.

Future Prospects

As China’s leading online CDM platform, we are uniquely positioned to leverage AI technologies to meet the evolving healthcare demands driven by China’s demographic changes. We will continue to prioritize patient needs while advancing our “AI + chronic disease management” strategy to drive integrated business growth and contribute to the transformation of China’s healthcare industry. Looking ahead, our strategic vision centers on a number of key priorities:

1. Talent Acquisition and Development

We recognize that talent is the cornerstone of our business development, and fundamental to our competitiveness and future growth potential. The Company actively recruits high-caliber professionals with experience across pharmaceuticals, Internet technology, artificial intelligence, and operations, prioritizing candidates who possess interdisciplinary expertise. Concurrently, we continue to invest in our existing talent base through cross-functional job rotations that unlock talent potential while fostering greater organizational collaboration. Complementing these efforts, the Company is committed to establishing a comprehensive compensation system that balances short-term performance rewards with longer term incentives, empowering talent and driving mutual success.

2. Accelerating Technology Investments and Digital Innovation

Sustained technology investment and upgrades are critical drivers of our innovation capabilities, enabling us to maintain operational excellence and deliver superior user experiences – critical elements of our core competitive advantage. We will continue to advance AI-driven development across our platform with AI-agent applications for additional aspects of chronic disease management. In addition, we aim to establish a foundational framework for AI-based physicians focused on chronic disease care. These ongoing efforts are aimed at aligning with industry requirements while satisfying the varied needs of all stakeholders within our ecosystem, thereby enhancing customer satisfaction and building long-term user loyalty.

3. Strengthening Strategic Partnerships

We remain committed to establishing and expanding strategic partnerships with a wide range of pharmaceutical companies, actively exploring and developing high-quality collaborations across key areas of chronic disease management, including medical academic exchange, popular science content, supply chain optimization, and comprehensive service solutions in order to better serve a broad base of physicians and patients. We will also leverage our strong brand reputation to recruit more medical professionals to our platform, particularly from broader underpenetrated markets, to collaborate in delivering services to chronic disease patients across a range of specialties. Our strategic priority is centered on key therapeutic areas characterized by significant patient demand such as weight management, metabolic disorders, and infectious diseases, with the aim of reducing costs, improving accessibility, and ultimately serving a wider patient population.

4. Advancing Healthcare Insurance Collaboration

We plan to further expand our collaborations with social insurance authorities, adopting a “comprehensive health assurance” philosophy that spans the entire patient care continuum. We aim to leverage our technological expertise, while maintaining high standards of compliance, convenience, and cost management, to replicate our successful model across additional regions. In addition, we are engaged in discussions with a number of commercial insurance companies to foster innovation within the broader landscape of commercial health insurance, especially focused on chronic disease management. Our objective is to develop straightforward, applicable insurance solutions that enhance healthcare services, expand access to chronic disease management, and help alleviate the burden of healthcare costs for patients.

Financial Review

Revenue

We generated our revenue primarily from (i) online retail pharmacy services; (ii) comprehensive medical services; (iii) wholesale; and (iv) customized content and marketing solutions. The following table sets forth the breakdown of our revenue by business lines for the periods indicated.

	For the six months ended June 30,			
	2025		2024	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Online retail pharmacy services	863,688	57.8	673,745	50.9
Comprehensive medical services	357,172	24.0	320,735	24.2
Wholesale	235,004	15.7	278,960	21.1
Customized content and marketing solutions	37,707	2.5	49,381	3.8
Total	<u>1,493,571</u>	<u>100.0</u>	<u>1,322,821</u>	<u>100.0</u>

Our revenue increased by 12.9% from RMB1,322.8 million for the six months ended June 30, 2024 to RMB1,493.6 million for the six months ended June 30, 2025, primarily reflecting growth from our online retail pharmacy services and comprehensive medical services business segments.

Online Retail Pharmacy Services

Revenue from online retail pharmacy services primarily represents revenue from sales of pharmaceutical and healthcare products on our online retail pharmacy service platform, third-party platforms and our offline retail pharmacies.

Revenue generated from online retail pharmacy services increased by 28.2% from RMB673.7 million for the six months ended June 30, 2024 to RMB863.7 million for the six months ended June 30, 2025, which reflected the increased sales volume of our pharmaceutical and healthcare products primarily driven by the continued growth in our user base and strength in our operations and supply chain.

Comprehensive Medical Services

Revenue from comprehensive medical services primarily consists of (i) revenue from online consultation services provided by physicians to patients, e-prescription services and sales of pharmaceutical and other products on our H2H service platforms; and (ii) to a minimal extent, revenue from physician consultations and sales of pharmaceutical products through offline hospitals.

Revenue generated from comprehensive medical services increased by 11.4% from RMB320.7 million for the six months ended June 30, 2024 to RMB357.2 million for the six months ended June 30, 2025. In the first half of 2025, gross profit margins decreased to 13.3% from 22.8% for the corresponding period of 2024, driven by changes in our product mix as we strategically partnered with pharmaceutical companies on products for certain high-demand therapeutic areas with significant unmet need, despite their lower gross margin profile.

Wholesale

Wholesale revenue primarily consists of revenue from wholesale of pharmaceutical products to third-party distributors. Revenue generated from wholesale decreased by 15.8% from RMB279.0 million for the six months ended June 30, 2024 to RMB235.0 million for the six months ended June 30, 2025. This was primarily due to the prevailing market environment in the first half of 2025 where we found fewer wholesale opportunities that met our criteria for profitability.

Customized Content and Marketing Solutions

Revenue from customized content and marketing solutions mainly comprises income generated from customized content and marketing services we offered to pharmaceutical companies.

Revenue generated from customized content and marketing solutions decreased by 23.6% from RMB49.4 million for the six months ended June 30, 2024 to RMB37.7 million for the six months ended June 30, 2025, as we shifted our business from conventional promotional approaches to providing comprehensive, higher value integrated marketing solutions, creating near-term challenges but positioning us for stronger market penetration going forward.

Cost of Sales

Our cost of sales primarily consists of (i) procurement costs for pharmaceutical and other healthcare products; (ii) medical service costs directly related to registered physicians in providing online consultations and cost of sales in relation to the operations of our offline hospital; (iii) staff costs, representing wages, benefits and bonuses of our sales and marketing personnel for our customized content and marketing solutions and staff of our offline hospital; (iv) content production costs in connection with our customized content and marketing solutions; and (v) others, mainly representing depreciation and amortization.

Our cost of sales increased by 15.9% from RMB1,057.3 million for the six months ended June 30, 2024 to RMB1,225.2 million for the six months ended June 30, 2025, primarily reflecting an increase in overall sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.0% from RMB265.5 million for the six months ended June 30, 2024 to RMB268.3 million for the six months ended June 30, 2025. Our overall gross profit margin decreased from 20.1% for the six months ended June 30, 2024 to 18.0% for the six months ended June 30, 2025, primarily reflecting changes in margins for each underlying business segment, and shifts in segment mix.

Other Net Income/Loss

Other net income or loss primarily consist of (i) government grants, which mainly represent incentives and subsidies received from local governments for the purpose of encouraging business development; (ii) foreign exchange gain or loss primarily in connection with changes in present value of redemption amount of preferred shares in the share capital of the Company (the “**Preferred Shares**”) denominated in US dollars; and (iii) other gain or loss, mainly representing interest income from cash deposits and our donations.

Our other net income increased to RMB2.7 million for the six months ended June 30, 2025 from other net loss of RMB9.6 million for the six months ended June 30, 2024, primarily reflecting the decrease in foreign exchange loss in connection with the changes in present value of redemption amount of the Preferred Shares denominated in US dollars.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising and platform service fees, which mainly represent advertising and marketing fees we paid to third-party online platforms to promote our brand and services; (ii) service fees to registered physicians as compensation for their activities on our platform; (iii) logistics expenses for engaging third-party couriers for delivery services; (iv) staff costs, representing wages, benefits and bonuses of our sales and marketing personnel; (v) outsourcing expenses charged by outsourcing agencies in connection with the outsourced support staff for our operations, such as customer service personnel and warehouse workers; (vi) telecommunication expenses in relation to our promotional activities; (vii) share-based compensation to our sales and marketing personnel; and (viii) others, including utilities and depreciation and amortization.

Our selling and distribution expenses increased by 11.5% from RMB171.1 million for the six months ended June 30, 2024 to RMB190.7 million for the six months ended June 30, 2025, but decreased slightly as a percentage of revenue from 12.9% for the six months ended June 30, 2024 to 12.8% for the six months ended June 30, 2025. These shifts were primarily due to our overall revenue growth.

Administrative Expenses

Our administrative expenses primarily consist of (i) research and development costs, including staff costs of R&D personnel, outsourcing expenses for our R&D activities, depreciation of right-of-use assets, and share-based compensation to our R&D personnel; (ii) staff costs, representing wages, benefits and bonuses of our administrative personnel; (iii) professional service fees, which primarily represent fees paid to professional parties, including auditors, lawyers and consultants; (iv) handling fees that we paid to third-party payment platforms in relation to our sales of pharmaceutical and other products; (v) business expenses, including business development fees, office expenses and travel expenses incurred in our daily operations; (vi) technical service fees paid to third-party service providers for online technical support solutions; (vii) share-based compensation to our administrative personnel; (viii) depreciation of right-of-use assets; (ix) outsourcing expenses for certain administrative functions; and (x) others, including rent and utility expenses, telecommunication expenses related to administrative activities, and depreciation and amortization.

Our administrative expenses decreased by 92.0% from RMB831.1 million for the six months ended June 30, 2024 to RMB66.6 million for the six months ended June 30, 2025, and also decreased as a percentage of revenue from 62.8% for the six months ended June 30, 2024 to 4.5% for the six months ended June 30, 2025. These decreases were primarily due to a reduction in expenses incurred from our RSU Scheme.

Recognition of Impairment Losses

Our recognition of impairment losses, mainly representing impairment losses recognized on trade receivables from enterprise customers of our customized content and marketing solutions business, grew modestly from RMB63 thousand for the six months ended June 30, 2024 to RMB565 thousand for the six months ended June 30, 2025 due to an increase in our trade receivables balance which accompanied our revenue growth, and our conservative approach for provisioning against aged receivables.

Finance Costs

Our finance costs mainly represent (i) changes in the carrying amount of preferred shares liability, which were recognized in relation to the present value of redemption amount of the convertible redeemable Preferred Shares; and (ii) interest on lease liabilities and bank loans.

Our finance costs decreased by 98.9% from RMB72.4 million for the six months ended June 30, 2024 to RMB765 thousand for the six months ended June 30, 2025, primarily due to changes in the carrying amount of preferred shares liabilities. Upon the Listing Date, all of the Preferred Shares automatically converted into Ordinary Shares at a one to one ratio, and the carrying amount of the Preferred Shares was transferred to share capital and share premium.

Income Tax Expenses

Our income tax expenses remained largely flat at RMB34 thousand for the six months ended June 30, 2025, compared to RMB18 thousand for the six months ended June 30, 2024.

Profit/(Loss) and Total Comprehensive Income for the Period

As a result of the foregoing, our profit/(loss) and total comprehensive income for the period improved from a loss of RMB818.7 million for the six months ended June 30, 2024 to a profit of RMB12.5 million for the six months ended June 30, 2025.

Non-HKFRS measure: Adjusted Net Profit and Adjusted Net Profit Margin

We believe that the presentation of non-HKFRS measures, namely adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure), facilitates comparisons of operating performance from year to year and provides useful information for investors to understand and evaluate our consolidated results of operations in the same manner as our management by eliminating the impact of certain items. The use of adjusted net profit (non-HKFRS measure) and adjusted net profit margin (non-HKFRS measure) has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit (non-HKFRS measure) as profit/(loss) and total comprehensive income for the period after excluding the effects of (i) equity settled share-based transactions; (ii) listing expenses; (iii) changes in the carrying amount of preferred shares liability; (iv) foreign exchange from preferred shares liability; and (v) fair value loss on financial assets measured at FVPL. We account for the compensation cost from equity settled share-based transactions with employees, since it is a non-cash item and does not result in cash outflow. In addition, we eliminate the impact of changes in the carrying amount of preferred shares liability and foreign exchange differences associated with our Preferred Shares, primarily because these items are non-cash in nature. The convertible redeemable Preferred Shares were automatically converted into Ordinary Shares upon the completion of the Global Offering, and the carrying amount of the financial liabilities were transferred to share capital and capital reserve. The fair value loss on financial assets measured at FVPL does not reflect our underlying operating performance. We define adjusted net profit margin (non-HKFRS measure) as adjusted net profit (non-HKFRS measure) divided by revenue for the period and multiplied by 100%.

The following table reconciles our adjusted net profit (non-HKFRS measure) for the six months ended June 30, 2025, compared to the six months ended June 30, 2024:

	As of June 30,	
	2025	2024
	<i>RMB'000, except for percentages</i>	
	(unaudited)	(unaudited)
Profit/(loss) and total comprehensive income for the period	12,482	(818,725)
Add:		
Equity settled share-based transactions	5,804	731,587
Listing expenses	–	18,524
Changes in the carrying amount of preferred shares liability	–	71,327
Foreign exchange from preferred shares liability	–	12,342
Fair value loss on financial assets measured at FVPL	(702)	–
Adjusted net profit (non-HKFRS measure)	17,584	15,055
Adjusted net profit margin (non-HKFRS measure)	1.2%	1.1%

Property, Plant and Equipment

Our property, plant and equipment consist of (i) right-of-use assets; (ii) furniture, fixtures and other equipment; (iii) leasehold improvement; (iv) machinery and equipment; and (v) motor vehicles.

Our property, plant and equipment decreased by RMB12.1 million to RMB41.4 million as of June 30, 2025, compared to RMB53.5 million as of December 31, 2024, primarily due to the decrease in right-of-use assets from reductions in rent.

Intangible Assets

Our intangible assets consist of computer software, licenses and trademarks. Our intangible assets remained relatively unchanged at RMB3.0 million and RMB2.2 million as of June 30, 2025 and December 31, 2024, respectively.

Inventories

Our inventories mainly consist of pharmaceutical and healthcare products. Our inventories increased by RMB61.3 million to RMB202.7 million as of June 30, 2025, compared to RMB141.4 million as of December 31, 2024, primarily due to the growth in sales volume of pharmaceutical and healthcare products.

Trade and Other Receivables

Our trade receivables increased to RMB49.1 million as of June 30, 2025 from RMB36.3 million as of December 31, 2024, primarily reflecting a higher balance of monthly-settled receivables from online social healthcare insurance payments, which was driven by business expansion.

Our other receivables primarily represented rebates from suppliers and deposits in connection with our procurement of pharmaceutical and other products. Our other receivables increased to RMB67.2 million as of June 30, 2025, compared to RMB53.9 million as of December 31, 2024, primarily due to higher levels of supplier refund receivables related to returned purchases.

Prepayments

Our prepayments primarily represent prepayments to service providers for renovation, decoration, online promotional and advertising services provided to us and prepayments for our procurement of pharmaceutical and other products. Our prepayments decreased to RMB15.0 million as of June 30, 2025, compared to RMB16.7 million as of December 31, 2024, primarily due to improved credit and payment terms resulting from strengthened supplier relationships.

Trade and Other Payables

Our trade payables primarily represent payables to our suppliers and registered physicians on our platform, which are normally settled within 30 to 75 days. Our other payables primarily consist of (i) staff cost payables; (ii) other tax payables; (iii) deposits from suppliers for the procurement of pharmaceutical products; and (iv) other payables and accrued charges, primarily representing rent payables, payables to registered physicians and payables to suppliers for online promotional and advertising services and logistics services.

Our trade and other payables increased to RMB557.2 million as of June 30, 2025, compared to RMB457.5 million as of December 31, 2024, primarily due to growth in the scale of our business over the Reporting Period.

Contract Liabilities

Our contract liabilities represent (i) payments we receive in advance from customers for sales of pharmaceutical and healthcare products, which are recognized as revenue when the products are delivered; and (ii) advances from our loyalty points program, which are recognized as revenue when users pay using loyalty points or when loyalty points expire. Our contract liabilities remained stable, amounting to RMB23.0 million as of June 30, 2025, compared to RMB22.5 million as of December 31, 2024.

Liquidity and Capital Resources

During the Reporting Period, we primarily financed our operations through cash flows from operating activities and equity financing. As of June 30, 2025, we had cash and cash equivalents of RMB214.0 million, compared to RMB174.6 million as of December 31, 2024. We monitor and maintain a level of cash and cash equivalents we believe adequate to finance our operations and mitigate the effects of fluctuations in cash flows.

Our Directors believe that we have sufficient working capital to meet our present and future cash requirements for the second half of 2025, taking into account our anticipated improvement in operating cash flows, management of working capital, efforts to obtain more favorable credit terms from suppliers and net proceeds from the Global Offering.

Bank Loans

As of June 30, 2025, the repayment schedule of bank loans was within one year and the balances were unsecured. Our bank loans during the Reporting Period were denominated in RMB and were primarily used to supplement our working capital. We had bank loans of RMB10 thousand at 2.8% interest as of June 30, 2025, compared to RMB3.0 million at 3.0% interest as of December 31, 2024.

Lease Liabilities

We recognized right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases and leases of low value assets. Our lease liabilities decreased from RMB47.9 million as of December 31, 2024 to RMB36.5 million as of June 30, 2025, primarily due to reductions in rent.

Capital Commitments

As of June 30, 2025 and December 31, 2024, we had no material capital commitments.

Contingent Liabilities

As of June 30, 2025, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that are likely to have a material and adverse effect on our business, financial condition or results of operations.

Capital Expenditures

Our capital expenditures primarily consist of purchases of property, plant and equipment and intangible assets. Our capital expenditures were RMB2.2 million for the six months ended June 30, 2025 and RMB2.6 million for the six months ended June 30, 2024.

We expect our capital expenditures in 2025 will primarily be used to purchase property, plant and equipment and intangible assets. We plan to fund our planned capital expenditures with our cash balance.

Key Financial Ratios

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

	As of June 30, 2025	As of December 31, 2024
Gross profit margin ⁽¹⁾	18.0%	19.1%
Net profit/(loss) margin ⁽²⁾	0.8%	(31.4)%
Adjusted net profit margin (non-HKFRS measure) ⁽³⁾	1.2%	0.6%
Current ratio ⁽⁴⁾	1.2	1.2
Quick ratio ⁽⁵⁾	0.9	0.9

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue for the period/year and multiplied by 100%.
- (2) Net profit/(loss) margin is calculated using net profit/(loss) divided by revenue for the period/year and multiplied by 100%.
- (3) Adjusted net profit margin (non-HKFRS measure) is calculated using the adjusted net profit (non-HKFRS measure) divided by revenue for the period/year and multiplied by 100%.
- (4) Current ratio is calculated by using current assets divided by current liabilities as of the same date.
- (5) Quick ratio is calculated by using current assets less inventories and divided by current liabilities as of the same date.

Significant Investments

We did not make any material investments during the six months ended June 30, 2025. In addition, there is no plan of our Group for material investments or additions of material capital assets as of the date of this announcement.

Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended June 30, 2025.

Foreign Exchange Risk and Hedging

Our Group's financial statements were expressed in RMB, but our Group undertook certain transactions in foreign currencies, which exposed us to foreign currency risk. We currently do not hold any financial instruments for hedging purposes. Our Group manages our currency risks by closely monitoring the movement of the foreign currency rates and would consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As of June 30, 2025, our Group pledged a restricted bank deposit of RMB54.3 million in a margin account to secure bills payable. Apart from this deposit, the Group did not have any pledge of assets.

Employees and Remuneration

As of June 30, 2025, our Group had 485 employees. The total remuneration cost incurred by our Group for the six months ended June 30, 2025 was RMB68.9 million, as compared to RMB805.3 million for the six months ended June 30, 2024. This decrease was primarily due to a decrease in expenses incurred from our RSU Scheme.

The following table sets forth the number of full-time employees by function as of June 30, 2025.

	Number of employees	% of total
General and administrative personnel	97	20.0%
In-house medical professionals	62	12.8%
Operational personnel	109	22.5%
Research and development personnel	104	21.4%
Sales and marketing personnel	113	23.3%
Total	485	100.0%

As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing provident fund through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We are committed to establishing a competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation for our employees every year to provide feedback on their performance. Compensation for our staff typically consists of base salary and performance-based bonus.

Our Company has also adopted the RSU Scheme to provide incentives for our employees. Please refer to the section headed “Statutory and General Information – D. RSU Scheme” in Appendix IV to the Prospectus for further details.

Gearing Ratio

Our Group monitored its capital sufficiency using gearing ratio. As of June 30, 2025 and December 31, 2024, our Group's gearing ratio (total liabilities/total assets) was 0.8 and 0.8, respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Our Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code. We have adopted certain corporate governance measures in compliance with the Corporate Governance Code. We aim to achieve a high standard of corporate governance, which is crucial to safeguard the interests of the Shareholders. During the Reporting Period and up to the date of this announcement, our Company has complied with the code provisions set out in the Corporate Governance Code, except for the following:

Pursuant to code provision C.2.1 in the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Xie is currently serving as the chairman of the Board as well as the chief executive officer of our Company. As Mr. Xie is the founder of our Group and has been managing our Group's business since its establishment, our Directors consider that vesting the roles of chairman and chief executive officer in Mr. Xie is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. Taking into account all the corporate governance measures that we have implemented upon Listing, our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Accordingly, our Company had not segregated the roles of its chairman and chief executive officer. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company as necessary, taking into account the circumstances of our Group as a whole.

Saved as disclosed above, as of the date of this announcement and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from the code provisions of the Corporate Governance Code.

Compliance with the Model Code

Our Company has adopted the Model Code as its code of conduct regarding Directors' dealing in our Company's securities. Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this announcement.

Our Company's senior management and employees, who are likely to be in possession of inside information of our Company, are also subject to the Model Code for securities transactions. During the Reporting Period and up to the date of this announcement, we did not detect any incident of non-compliance with the Model Code by our Company's relevant senior management and employees.

Use of Proceeds from the Global Offering

On July 9, 2024, the Shares of our Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were HK\$67.09 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, which will be used in accordance with the intended use of net proceeds as disclosed in the Prospectus by our Company.

As of the date of this announcement, there has been no change in the intended use of net proceeds disclosed in the Prospectus. The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimate of future progress of regulatory approvals and market conditions made by our Company and subject to changes in accordance with our actual business operations and markets conditions. The table below sets out the details of the use of the net proceeds of the Company as of June 30, 2025:

Use of proceeds from Listing	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceed (%)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as of June 30, 2025 (HK\$ million)	Unutilized net proceeds as of June 30, 2025 (HK\$ million)	Expected time frame for unutilized amount
Business expansion	45.22	67.4%	7.20	21.04	24.18	Before December 2028
1. Promoting brand awareness	11.61	17.3%	2.22	7.75	3.86	Before December 2028
2. Enhancing user growth and engagement, and maintaining a highly active user base	14.42	21.5%	2.22	6.38	8.04	Before December 2028
3. Attracting and retaining talents, talents, especially those with extensive experience in media and technology-powered medical services and insights in the fields of chronic disease management	15.50	23.1%	2.21	6.36	9.14	Before December 2028
4. Expanding product offerings and enhancing supply chain capabilities	3.69	5.5%	0.55	0.55	3.14	Before December 2028

Use of proceeds from Listing	Amount of net proceeds for planned applications (HK\$ million)	Percentage of total net proceed (%)	Utilized net proceeds during the Reporting Period (HK\$ million)	Utilized net proceeds as of June 30, 2025 (HK\$ million)	Unutilized net proceeds as of June 30, 2025 (HK\$ million)	Expected time frame for unutilized amount
Research and development activities	10.74	16.0%	2.22	5.55	5.19	Before December 2028
1. Recruiting a team of approximately 40 software engineers by 2028, of which 70% are senior software engineers and the remainder are junior software engineers	4.70	7.0%	0.97	2.43	2.27	Before December 2028
2. (i) improve the application of AI technology and big data analysis capabilities in CDM to more accurately capture user habits throughout their activities, from seeking consultations, purchasing pharmaceutical products to their preferences for viewing content on our platform, thereby improving user experience and improving the conversion rate of paying users on our platform; (ii) optimize our infrastructure in various technological areas, such as (a) computer vision, to improve the efficiency of order identification and processing and user information management, (b) natural language processing, to optimize the question-answering engine of our AI medical assistant, and (c) search-based recommendation algorithms to deliver the most relevant information catered to the users' evolving needs; (iii) improve stability of the system to withstand the increasing pressure as we scale our online operations; and (iv) optimize the functions of our WeChat mini programs and perform routine system upgrade and maintenance	6.04	9.0%	1.25	3.12	2.92	Before December 2028
Potential investments and acquisitions or strategic alliances with other stakeholders in the value chain of the online CDM industry	7.78	11.6%	–	–	7.78	Before December 2028
Working capital and general corporate purposes	3.35	5.0%	0.84	1.51	1.84	Before December 2028
Total	67.09	100.0%	10.26	28.10	38.99	

Significant Events after the End of the Reporting Period

The Directors are not aware of any other significant event requiring disclosure that has taken place subsequent to June 30, 2025 and up to the date of this announcement.

Purchase, Sale or Redemption of our Company's Listed Securities

Neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's listed securities (including sale of treasury Shares, if any) during the Reporting Period and up to the date of this announcement.

Review of the Interim Results by the Audit Committee

We have established the Audit Committee with terms of reference in compliance with Rule 3.21 of the Listing Rules as well as paragraph D.3 of part 2 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. ZHU Xiaolu, Dr. WANG Haizhong and Ms. KANG Wei. The chairman of the Audit Committee is Mr. ZHU Xiaolu, who has the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The interim results of the Group for the six months ended June 30, 2025 have been reviewed by the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process.

The Audit Committee have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended June 30, 2025. The unaudited interim results of the Group for the six months ended June 30, 2025 have been reviewed by the Company's external auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Hong Kong Institute of Certified Public Accountants.

Material Litigation

Our Company was not involved in any material litigation or arbitration during the six months ended June 30, 2025. The Directors are also not aware of any material litigation or claims that are pending or threatened against our Group during the Reporting Period and up to the date of this announcement.

Interim Dividend

The Board did not recommend the payment of interim dividend for the six months ended June 30, 2025.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025 – Unaudited

		Six months ended June 30,	
		2025	2024
	<i>Note</i>	RMB'000	RMB'000
Revenue	3	1,493,571	1,322,821
Cost of sales		<u>(1,225,239)</u>	<u>(1,057,272)</u>
Gross profit		268,332	265,549
Other net income/(loss)		2,732	(9,639)
Selling and distribution expenses		(190,660)	(171,055)
Administrative expenses		(66,558)	(831,050)
Impairment losses on trade receivables		<u>(565)</u>	<u>(63)</u>
Profit/(loss) from operations		13,281	(746,258)
Finance costs		<u>(765)</u>	<u>(72,449)</u>
Profit/(loss) before taxation		12,516	(818,707)
Income tax	4	<u>(34)</u>	<u>(18)</u>
Profit/(loss) and total comprehensive income for the period		<u>12,482</u>	<u>(818,725)</u>
Earnings/(loss) per share			
Basic and diluted (in RMB)	5	<u>0.01</u>	<u>(1.27)</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At June 30, 2025 – Unaudited

		As at June 30, 2025 RMB'000	As at December 31, 2024 RMB'000
	Note		
Non-current assets			
Property, plant and equipment		41,355	53,455
Intangible assets		2,909	2,239
Other non-current assets		154	75
		<u>44,418</u>	<u>55,769</u>
Current assets			
Financial assets measured at fair value through profit or loss (“FVPL”)	6	80,173	86,870
Inventories	7	202,666	141,421
Trade and other receivables	8	116,328	90,224
Other current assets		41,914	32,943
Prepayments		14,993	16,664
Restricted bank deposits	9	54,287	65,565
Cash and cash equivalents	10	213,999	174,638
		<u>724,360</u>	<u>608,325</u>
Current liabilities			
Trade and other payables	11	557,170	457,497
Contract liabilities		22,992	22,450
Bank loans		10	3,001
Lease liabilities		14,969	16,801
Other current liabilities		2,156	1,537
Current taxation		–	14
		<u>597,297</u>	<u>501,300</u>
Net current assets		<u>127,063</u>	<u>107,025</u>
Total assets less current liabilities		<u>171,481</u>	<u>162,794</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONTINUED)

At June 30, 2025 – Unaudited

	<i>Note</i>	As at June 30, 2025 RMB'000	As at December 31, 2024 RMB'000
Non-current liability			
Lease liabilities		<u>21,491</u>	<u>31,090</u>
		<u>21,491</u>	<u>31,090</u>
NET ASSETS		<u>149,990</u>	<u>131,704</u>
CAPITAL AND RESERVES			
Share capital	13(b)	189	189
Reserves		<u>149,801</u>	<u>131,515</u>
TOTAL EQUITY		<u>149,990</u>	<u>131,704</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This unaudited interim financial information was extracted from the interim financial report of Fangzhou Inc. (the “**Company**”) and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2025.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorized for issue on August 27, 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended December 31, 2024 that is included in this interim results announcement and the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are online retail pharmacy services, comprehensive medical services, wholesale and customized content and marketing solutions.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of Hong Kong Financial Reporting Standard (“HKFRS”)		
Online retail pharmacy services	863,688	673,745
Comprehensive medical services	357,172	320,735
Wholesale	235,004	278,960
Customized content and marketing solutions	37,707	49,381
	<u>1,493,571</u>	<u>1,322,821</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set out as below:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Disaggregated by timing of revenue recognition		
– Point in time	1,455,864	1,273,440
– Over time	37,707	49,381
	<u>1,493,571</u>	<u>1,322,821</u>

No revenue from individual customer contributes over 10% of total revenue of the Group for the six months ended June 30, 2025 (six months ended June 30, 2024: Nil).

The Group applies the practical expedient in paragraph 121 of HKFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts of the Group are within one year or less.

(b) Segment Reporting

The Group manages its businesses by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments. The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

(i) Segment results

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Disaggregated by segment		
Online retail pharmacy services		
Revenue	863,688	673,745
Gross profit	190,276	149,101
Comprehensive medical services		
Revenue	357,172	320,735
Gross profit	47,368	73,212
Wholesale		
Revenue	235,004	278,960
Gross profit	2,258	6,355
Customized content and marketing solutions		
Revenue	37,707	49,381
Gross profit	28,430	36,881
Reportable segment gross profit derived from the Group's external customers	<u>268,332</u>	<u>265,549</u>

(ii) *Reconciliations of reportable segment profit or loss*

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Disaggregated by segment		
Reportable segment profit derived from the Group's external customers	268,332	265,549
Other net income/(loss)	2,732	(9,639)
Selling and distribution expenses	(190,660)	(171,055)
Administrative expenses	(66,558)	(831,050)
Impairment losses on trade receivables	(565)	(63)
Finance costs	(765)	(72,449)
	<hr/>	<hr/>
Consolidated profit/(loss) before taxation	12,516	(818,707)

(iii) *Geographic information*

Analysis of the Group's revenue and results as well as analysis of the Group's carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as over 99% of the Group's profit/loss from operations for the six months ended June 30, 2025 (six months ended June 30, 2024: over 99%) are generated from the PRC market.

4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Current tax		
Provision for the period	34	18

(i) The Cayman Islands income tax

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) Hong Kong income tax

For the subsidiary in Hong Kong, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the reporting period.

(iii) **The PRC corporate income tax**

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the Corporate Income Tax Law of the PRC and the respective regulations except for the following subsidiaries:

Fangzhou Information Technology Co., Ltd. was certified as “High and New Technology Enterprises” and entitled to the preferential income tax rate of 15%.

Certain subsidiaries were eligible as a small low-profit enterprise and entitled to a tax relief policy. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB 3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

5 EARNINGS/(LOSS) PER SHARE

(a) **Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares as below:

	Six months ended June 30,	
	2025	2024
Net profit/(loss) attributable to ordinary equity shareholders of the Company (<i>RMB'000</i>)	12,482	(818,725)
Weighted average number of ordinary shares at June 30 (shares)	<u>1,331,147,862</u>	<u>646,397,522</u>

(b) **Diluted earnings/(loss) per share**

For the six months ended June 30, 2025, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB12,482,000 and the weighted average number of ordinary shares of 1,337,188,664.

For the six months ended June 30, 2024, Preferred Shares and restricted share units were not included in the calculation of diluted loss per share, as their effect would have been anti-dilutive. Accordingly, diluted loss per share for the period six months ended June 30, 2024 was the same as basic loss per share.

6 FINANCIAL ASSETS MEASURED AT FVPL

	At June 30, 2025 <i>RMB'000</i>	At December 31, 2024 <i>RMB'000</i>
Listed securities	14,647	14,129
Units in private funds	<u>65,526</u>	<u>72,741</u>
	<u>80,173</u>	<u>86,870</u>

7 INVENTORIES

During the six months ended June 30, 2025, RMB8,215,000 (June 30, 2024: RMB33,130,000) of write-down of inventories made in prior years was reversed due to an increase in the estimated net realizable value as a result of a change in market condition.

8 TRADE AND OTHER RECEIVABLES

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At June 30, 2025 <i>RMB'000</i>	At December 31, 2024 <i>RMB'000</i>
Within 3 months	32,688	23,099
Over 3 months but within 6 months	7,463	9,520
Over 6 months but within 1 year	8,162	3,047
Over 1 year	<u>801</u>	<u>613</u>
Trade receivables, net of loss allowance	49,114	36,279
Other receivables	<u>67,214</u>	<u>53,945</u>
	<u>116,328</u>	<u>90,224</u>

Trade receivables are generally due within 180 days from the date of billing.

9 RESTRICTED BANK DEPOSITS

As at June 30, 2025, deposits with bank of RMB54,287,000 (December 31, 2024: RMB65,565,000) were pledged as securities for bills payable.

10 CASH AND CASH EQUIVALENTS

	As at June 30, 2025 <i>RMB'000</i>	As at December 31, 2024 <i>RMB'000</i>
Cash on hand	92	141
Cash at bank	199,566	164,970
Cash equivalents placed at payment platforms	14,341	9,527
	213,999	174,638

As at June 30, 2025, the Group's cash and cash equivalents situated in Mainland China amounted to RMB175,428,000 (December 31, 2024: RMB125,348,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control.

11 TRADE AND OTHER PAYABLES

As at the end of the reporting period, the ageing analysis of total trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At June 30, 2025 <i>RMB'000</i>	At December 31, 2024 <i>RMB'000</i>
Within 1 month	223,492	154,351
1 to 3 months	180,292	133,623
Over 3 months but within 6 months	66,930	60,485
Over 6 months but within 1 year	49	11
Over 1 year	157	157
Total trade and bills payables	470,920	348,627
Staff cost payables	20,827	32,439
Other tax payables	11,291	12,842
Deposits	1,526	1,962
Other payables and accrued charges	52,606	61,627
	557,170	457,497

12 EQUITY SETTLED SHARE-BASED TRANSACTIONS

RSU Incentive Plan

On January 1, 2020, the board of the Company approved the RSU Incentive Plan, which is a share-based incentive plan to reward, retain and motivate the Group's eligible persons as approved by the Board or the authorized administrator of the RSU Incentive Plan. Under the RSU Incentive Plan, the Directors of the Company are authorized, at their discretion, to grant restricted share of the Company to eligible persons on a fair and reasonable basis with reference to the performance of the Company and contribution of the individuals.

The shares granted would vest on specific dates, on condition that eligible persons remain in service without any performance requirements. Once the vesting conditions underlying the respective shares are met, the shares are considered duly and validly issued to the eligible persons. Unless approved by the board of the Company, any transfer of restricted shares prior to the Listing shall be void.

(a) Movements in RSUs granted are as follows:

	Number of shares
Outstanding as of January 1, 2024	7,401,249
Cancellation during the year	(1,596,250)
Granted on April 1, 2024	178,865,898
Shares vested during the year	<u>(174,466,209)</u>
Outstanding as of December 31, 2024 and January 1, 2025	10,204,688
Shares vested during the period	<u>(3,477,813)</u>
Outstanding as of June 30, 2025	<u>6,726,875</u>

(b) Equity settled share-based transactions expenses recognized in the consolidated statement of profit or loss and other comprehensive income:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
Administrative expenses	3,275	726,770
Selling and distribution expenses	<u>2,529</u>	<u>4,817</u>
	<u>5,804</u>	<u>731,587</u>

13 CAPITAL AND RESERVES

(a) Authorized share capital

The authorized share capital of the Company was USD50,000 divided into 2,500,000,000 shares of a nominal value of USD0.00002 each.

(b) Issued share

Details of the changes in the Company's issued ordinary shares:

	Number of ordinary shares issued	Nominal value of ordinary shares <i>USD'000</i>	Nominal value of ordinary shares <i>RMB'000</i>
Ordinary shares, Issued			
At January 1, 2024	617,562,340	12	86
Issued during the year	151,042,178	3	21
Conversion of Preferred Shares	571,662,939	11	82
As at December 31, 2024, January 1, 2025 and June 30, 2025	<u>1,340,267,457</u>	<u>26</u>	<u>189</u>

(c) Dividends

During the six months ended June 30, 2025 and 2024, the entities comprising the Group did not declare nor pay dividends to the equity shareholders.

PUBLICATION OF THE 2025 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and our Company's website (investors.jianke.com). The interim report of our Company for the six months ended June 30, 2025 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders (if requested) and published on the respective websites of the Stock Exchange and our Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management, employees, business partners and customers of our Group for their support and contribution to our Group.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of our Company
“CDM”	the establishment of an integrated system of intervention and management for chronic disease throughout different stages of the continuum of chronic disease care, ultimately strengthening disease control, preventing disease deterioration, and controlling the overall medical cost
“China” or “the PRC”	the People's Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Company”, “our Company”, or “the Company”	Fangzhou Inc. (方舟云康控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on September 26, 2019
“Consolidated Affiliated Entities”	the entities we control through the contractual arrangements, namely Fangzhou Yunkang and its subsidiaries

“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Global Offering”	the offer for subscription and placing of the Shares as described in the Prospectus
“GMV”	gross merchandise volume, the total value of all orders placed, regardless of whether the services or products are performed or delivered or whether the products are returned
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company, its subsidiaries and the Consolidated Affiliated Entities from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“H2H”	hospital-to-home
“H2H service platforms”	the platforms where we offer H2H services, which are online medical services forming the primary part of our comprehensive medical services. These platforms include the Jianke Doctor App (健客醫生), Jianke Hospital App (健客醫院) and certain of our WeChat mini programs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jianke Platforms”	the platforms where we offer certain of our services, including Jianke Doctor App (健客醫生), Jianke Hospital App (健客醫院), Fangzhou Jianke Online Pharmacy App (方舟健客網上藥店), the website of Jianke.com and WeChat official accounts and mini programs

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange since July 9, 2024
“Listing Date”	July 9, 2024, being the date on which dealings in the Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange
“MAU”	monthly active users and, in relation to us, the number of active users who access our services on the Jianke Platforms at least once during a calendar month
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Xie”	Mr. XIE Fangmin (謝方敏), an executive Director, Chairman of the Board and chief executive officer of our Company
“Prospectus”	the prospectus issued by our Company on June 28, 2024
“Reporting Period”	for the six months ended June 30, 2025
“RMB”	Renminbi yuan, the lawful currency of the PRC
“RSU Scheme”	the restricted share unit scheme adopted by our Company on January 1, 2020
“Share(s)” or “Ordinary Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.00002 each

“Shareholder(s)”	holder(s) of our Share(s)
“SKU”	stock keeping unit
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the US
“%”	per cent

By order of the Board
Fangzhou Inc.
Mr. XIE Fangmin
Chairman

Hong Kong, August 27, 2025

As of the date of this announcement, the Board comprises Mr. XIE Fangmin, Mr. ZHOU Feng and Mr. ZOU Yuming as executive Directors, Mr. David McKee HAND as non-executive Director, and Dr. WANG Haizhong, Ms. KANG Wei and Mr. ZHU Xiaolu as independent non-executive Directors.