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ClouDr Group Limited

智雲健康科技集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9955)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO IMPAIRMENT LOSSES RECOGNISED FOR THE YEAR ENDED DECEMBER 31, 2025

Reference is made to the annual results announcement of ClouDr Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated March 26, 2026 (the “**Results Announcement**”) and the annual report of the Company published on April 29, 2026 (the “**2025 Annual Report**”) in relation to the annual results of the Group for the year ended December 31, 2025. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Results Announcement, the 2025 Annual Report and the Company’s announcements dated March 30, 2025, August 27, 2025 and October 21, 2025 (collectively, the “**Disposal Announcements**”).

This announcement is made to provide the Company’s shareholders and potential investors with additional details regarding the basis for and background of certain impairment losses recognised in the Results Announcement, including (i) impairment losses on trade receivables and other receivables of RMB293.2 million; (ii) impairment losses recognised on assets held for sale of RMB265.0 million; (iii) impairment losses recognised on non-current assets of RMB80.9 million (collectively, the “**Impairments**”); and (iv) update the latest progress of remedial actions taken for the Impairments.

Background

As disclosed in the Results Announcement, the Group recorded total Impairments of approximately RMB639.1 million for the year ended December 31, 2025. These Impairments are largely non-recurring items primarily attributable to (i) a one-off specific provision related to certain businesses whose counterparty is currently under major lawsuits or judicial investigations and the consequential impact on downstream customers in the same business; (ii) the strategic divestment of the Disposal Group (as defined in the Disposal Announcements); and (iii) unexpected policy risks that resulted in non-current assets impairment.

The Impairments are the culmination of a series of developments that have been progressively disclosed to the market over the past year, including the Disposal Announcements, the Company's interim results for the six months ended June 30, 2025 published on August 27, 2025, the Company's interim report for the six months ended June 30, 2025 published on September 29, 2025 (the "**2025 Interim Report**"), and the profit warning announcement published on February 16, 2026.

(1) IMPAIRMENT ON TRADE RECEIVABLES AND OTHER RECEIVABLES (RMB293.2 MILLION)

A. One-off specific provision (approximately RMB264.4 million)

This component represents the substantial majority of the trade and other receivables impairment and primarily relates to the Group's out-of-hospital value-added solutions business.

This provision arose from a pharmaceutical supplier of this business, which is under lawsuits and judicial investigations (the "**Counterparty**"). The abnormal operations of the Counterparty have affected other customers introduced to the Group by the Counterparty, impairing their ability to settle outstanding amounts owed to the Group which necessitated the recognition of this provision as disclosed in the Company's announcement dated October 21, 2025 to cover the Counterparty as well as all affected customers.

Following the discovery of the Counterparty incident, the Company conducted a broader review of its related business lines, scrutinising counterparties one by one, in particular those involving businesses of a similar nature. Through this review, the Company identified additional exposures in its related business line sharing similar risk characteristics. The Company determined that these exposures similarly warranted specific provisions. As a result, the Company has been progressively phasing out the entire value added solutions related to sales of pharmaceutical products.

As disclosed in the Group's 2025 Interim Report, as at June 30, 2025, a one-off specific provision of approximately RMB188.9 million had been recognised in respect of the Counterparty, the other affected parties and the other similar businesses identified through the broader review as disclosed above. The remaining balance of RMB75.5 million was recognised in the second half of 2025 upon further confirmation that there were no realistic recovery prospects and the businesses had been phasing out.

Recovery actions

The Group implemented several control and remedial measures, including payment collection, pursuing remedial actions such as legal actions and obtaining goods to offset debts, and terminating transactions with the Counterparty and the affected parties. Through active collection efforts during the first half of 2025, the Group successfully recovered over RMB20.0 million. The recovered amount comprised approximately RMB6.8 million in cash and approximately RMB13.4 million in pharmaceutical goods accepted in offset of outstanding debts between March and June 2025. The Company accepted pharmaceutical goods from the Counterparty and another customer introduced by the Counterparty in offset of outstanding debts. As of the date of this announcement, the Company further recovered approximately RMB5.4 million through legal proceedings.

As at the date of this announcement, the Company is continuing its ongoing recovery actions. Among the RMB264.4 million one-off specific provision, approximately RMB207.0 million (representing approximately 78.2% of the total provision) is currently subject to ongoing recovery actions, including filing police reports (which remain under active investigation) and initiating civil proceedings against the Counterparty and the other relevant parties to claim ongoing amounts. For the remainder of the provision, the Company is evaluating further potential recovery options with its legal advisers and will take further recovery actions if possible.

The Group's out-of-hospital solutions business segment involving the Counterparty and the other similar businesses identified has been fully ceased by end of 2025, and accordingly the Company does not expect any further impairment charges to arise from this business in future periods.

The Company's assessment is that the prospects of further recovery are principally dependent on the outcome of the legal proceedings and the judicial investigation, which involve significant uncertainty, and accordingly a full provision has been maintained as of December 31, 2025.

B. Impairment losses relating to the Disposal Group (approximately RMB28.8 million)

The impairment losses of approximately RMB28.8 million relating to the Disposal Group represents expected credit loss provisions recognised in respect of trade receivables and other receivables of subsidiaries reclassified to the Disposal Group held for sale. These subsidiaries were primarily engaged in the sale of medical supplies and consumables. Please refer to the Disposal Announcements for details about the background and reasons for ceasing to operate the Disposal Group.

(2) IMPAIRMENT ON ASSETS HELD FOR SALE (RMB265.0 MILLION)

This impairment relates directly to the Disposal Group, being the subsidiaries proposed for disposal as detailed in the Disposal Announcements. These subsidiaries were primarily engaged in the sale of medical supplies and consumables. The impairment was principally driven by the significant reduction in the agreed disposal consideration between the original disposal announcement dated March 30, 2025 and the announcement dated August 27, 2025. Under the original disposal, the considerations were based on substantive net asset values. However, following the termination of the original disposal and the reorganisation of the disposal structure, the consideration was reduced to RMB100,000, reflecting the significant deterioration in the financial position and business viability of the Disposal Group entities during the intervening period.

In particular, the Disposal Group's net assets decreased from approximately RMB314.8 million as of December 31, 2024 to approximately nil as of June 30, 2025, which was principally attributable to: (i) operating losses incurred by the Disposal Group entities following the cessation of their business operations during April to May 2025; (ii) impairment charges recognised on the trade receivables and other receivables of the Disposal Group entities; and (iii) the write-down of the Disposal Group's net assets to their fair value less costs to sell, being the agreed disposal consideration of RMB100,000.

In accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, the Disposal Group was measured at the lower of its carrying amount and its fair value less costs to sell, excluding certain assets specified by IFRS 5, such as financial assets within the scope of IFRS 9, *Financial Instruments*. The fair value was determined by reference to the agreed disposal consideration under the Supplemental Agreement (RMB100,000), which was negotiated on an arm's length basis and reflected the nil net asset value of the Disposal Group as at the date of disposal. No independent valuation report was obtained, as the fair value was directly evidenced by the arm's length disposal consideration.

Prior to the disposal on August 27, 2025, the Disposal Group entities had owed outstanding amounts to the Group. On September 2, 2025, Guangxi Zhiyun, a subsidiary of the two purchasers of the Disposal Group entities (Shanghai Lueyu and Hangzhou Bujing) and the direct holding company of the relevant Disposal Group entities, following completion of the disposal, undertook that all its assets before the transaction date (August 27, 2025) belong solely to the Company. Relying on this undertaking, the Company has been actively pursuing legal actions against the relevant debtors to recover outstanding amounts. As of the date of this announcement, the Group has successfully recovered a total of RMB23.2 million, which has helped mitigate previous losses.

(3) IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT RELATED TO XINWANG MEDICAL (RMB21.0 MILLION)

This impairment relates to a production property situated in a suburban industrial park in Lianyungang, Jiangsu Province, which was originally used for the production of paraffin and medical consumables by Xinwange Medical (part of the Disposal Group). The state-owned land use rights have been granted for industrial use, and the property was mortgaged to a bank to secure a bank loan for Xinwange Medical with an outstanding principal amount of RMB26.0 million as at December 31, 2025.

Following the impact of VBP, which rendered the underlying business unviable, operations at the production property ceased in May 2025. By the fourth quarter of 2025, upon completion of the disposal of the Disposal Group, it was evident that the production property had no ongoing use for the Group's core business and could not be independently realised due to the conditions attached to the original government agreement and the associated mortgage.

An independent valuation report was obtained from an independent professional valuation firm (the “**Independent Valuer**”). The Independent Valuer adopted the market approach, and concluded that the fair value of the production property as at December 31, 2025 was approximately RMB14.9 million, with estimated disposal costs of approximately RMB0.5 million.

There has been no change in the valuation methodology for the impairment of property, plant and equipment from prior periods.

As the expected proceeds from any disposal of the production property would be less than the outstanding bank loan balance, the management estimated the recoverable amount from the production property to be nil and recognised full impairment losses accordingly.

(4) GOODWILL IMPAIRMENT (RMB28.1 MILLION)

The goodwill impairments recognised in FY2025 relate to (a) Polifarma (Nanjing) Pharmaceutical Co., Ltd. (“**Polifarma**”) (approximately RMB9.5 million); and (b) Hangzhou Zhimin Pharmaceutical Chain Co., Ltd. and Hangzhou Tongdao Tang Pharmacy Co., Ltd. (collectively, “**Hangzhou Zhimin**”) (approximately RMB18.7 million). Both entities continue to operate.

(a) **Polifarma**

Polifarma is a pharmaceutical company based in Nanjing, 100% of whose equity was acquired by the Company in December 2022. In 2025, the overall pharmaceutical market environment in the PRC deteriorated, with the overall hospital sales revenue for neurological drugs (excluding biologics) declining by approximately 5% year-on-year. Polifarma’s revenue and profitability were further adversely affected by internal operational restructuring, specifically: (i) the integration and restructuring of Polifarma’s sales team as part of the Group’s broader organisational optimisation; and (ii) channel adjustments to reduce distributors’ working capital and inventory turnover pressure. These factors caused Polifarma’s revenue to grow only modestly from RMB119.9 million in FY2024 to RMB123.6 million in FY2025, while net profit swung from RMB18.1 million in FY2024 to a net loss of RMB19.5 million in FY2025.

(b) **Hangzhou Zhimin**

Hangzhou Zhimin operates a pharmacy chain business based in Hangzhou, 100% of whose equity was acquired by the Company on May 1, 2022. During FY2025, the broader retail pharmacy ecosystem in the PRC experienced the largest-scale closure wave in history, with a net closure of approximately 22,000 pharmacies and an industry closure rate of 7.9%. Against this backdrop, Hangzhou Zhimin closed 9 underperforming pharmacy outlets during FY2025, reducing its total store count from 28 to 19. As a result, Hangzhou Zhimin recorded a net loss of approximately RMB4.1 million in FY2025, principally due to the one-off costs associated with the closure of the pharmacy outlets and fixed cost deleveraging.

Valuation methodology

Independent goodwill impairment test reports were obtained from the Independent Valuer. The recoverable amounts of both entities were determined based on the higher of value-in-use and fair value less costs of disposal, using the income approach (discounted cash flow (“**DCF**”) method). The DCF method was adopted because: (a) both entities are ongoing operating businesses with identifiable future cash flow streams; (b) the DCF method directly measures the present value of expected future economic benefits, consistent with IAS 36; and (c) the market approach was not adopted as the primary method due to the lack of sufficiently comparable publicly traded companies or recent transactions for the specific business profiles.

There has been no change in the valuation methodology for the goodwill impairment tests from prior periods. The income approach (DCF method) has been consistently applied since the initial acquisition of each entity.

(5) IMPAIRMENT ON INTANGIBLE ASSETS — AGENCY/DISTRIBUTION RIGHTS (RMB31.8 MILLION)

This impairment relates to the exclusive agency/distribution rights held by the Group in connection with its in-hospital subscription solution (targeted marketing) business. During the second half of 2025, competing products in the same therapeutic categories as the products covered by these exclusive rights were included in national and provincial VBP tenders. As a result, hospitals have increasingly been required to procure these products through centralised procurement channels at substantially reduced prices (with price reductions for the affected products ranging from approximately 84% to 98%), which has materially undermined the commercial viability of the Group’s targeted marketing activities for the relevant product categories, and the expected future cash inflows from these agency/distribution rights are estimated to be negligible. Accordingly, a full impairment of approximately RMB31.8 million was recognised.

The impairment assessment was performed internally by the Company’s finance team in accordance with IAS 36. The affected agency/distribution rights relate to four pharmaceutical products: Salbutamol (沙丁胺醇), Olaparib (奥拉帕利片), Dimethicone (二甲硅油) and Neostigmine (新斯的明). Among these products, Olaparib, Salbutamol and Neostigmine were included in national or provincial alliance VBP tenders during the second half of 2025. As a result, hospitals have increasingly been required to procure these products through centralised procurement channels at substantially reduced prices, which has materially undermined the commercial viability of the Group’s targeted marketing activities for these products. The VBP inclusion had already generated a significant adverse impact on the Group’s revenue

from these three products in the second half of 2025, including an abrupt decline in revenue for Salbutamol and the complete cessation of revenue for Neostigmine. In respect of Dimethicone, based on management's assessment of the prevailing policy environment, the product is highly likely to be included in provincial alliance VBP tenders or subject to regional price reductions in 2026.

In performing the impairment assessment, the finance team reviewed the official VBP tender results and implementation timelines for each product category, analysed the historical revenue trajectories (noting the abrupt decline in revenue for Salbutamol and the complete cessation of revenue for Neostigmine in 2025), assessed communications with the relevant pharmaceutical manufacturers confirming that their digital marketing requirements had been substantially eliminated, and reviewed the Company's internal 2026 sales volume budgets which projected significant volume declines. Based on the foregoing, the finance team concluded that projected future cash inflows from all four agency/distribution rights would be negligible, warranting a full impairment of approximately RMB31.8 million. The resulting impairment amounts were reviewed and approved by the senior management. There has been no change in the valuation methodology from prior periods.

REASONS FOR AND BOARD'S ASSESSMENT OF THE IMPAIRMENTS

The Directors, including the independent non-executive Directors, are of the view that the Impairments recognised for the year ended December 31, 2025 are fair and reasonable, on the basis that:

- (i) the Impairments were determined in compliance with IFRS Accounting Standards, including IFRS 5, IFRS 9 and IAS 36 as applicable;
- (ii) the impairment on trade receivables and other receivables reflects the objective reality of the Counterparty, the ongoing legal proceedings and judicial investigation, and the consequential impact on downstream customers, as well as the VBP-induced credit deterioration across the Disposal Group's counterparties;
- (iii) the impairment on assets held for sale reflects the irrecoverable erosion in value driven by the VBP policy and is consistent with the arm's length disposal terms;
- (iv) the impairment on property, plant and equipment is supported by an independent valuation and reflects the economic reality that proceeds from any disposal would be insufficient to cover the bank loan secured by the property;

- (v) the goodwill impairments are supported by independent valuation reports from a qualified professional valuer using a methodology consistent with prior periods; and
- (vi) the impairment on intangible assets reflects the irreversible impact of VBP inclusion on the commercial value of the relevant agency/distribution rights.

By order of the Board
ClouDr Group Limited
Kuang Ming
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, June 30, 2026

As at the date of this announcement, the Board comprises Mr. Kuang Ming and Ms. Hu Yue as the executive Directors, and Dr. Hong Weili, Mr. Zhang Saiyin and Mr. Ang Khai Meng as the independent non-executive Directors.

* *For identification purpose only*