北京同仁堂醫養投資股份有限公司
Beijing Tong Ren Tang Healthcare Investment Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 2667

GLOBAL OFFERING

Sponsor, Sole Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CICC 中金公司

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

ICBC 工银国际 | 國信證券(香港) GUOSEN SECURITIES (HK) | 華福國際 HUAFU INTERNATIONAL | 浦銀國際SPDBI | 興證國際 INDUSTRIAL SECURITIES INTERNATIONAL

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Beijing Tong Ren Tang Healthcare Investment Co., Ltd.
北京同仁堂醫養投資股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**108,153,500 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**10,815,500 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**97,338,000 H Shares (subject to reallocation) and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$8.30 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**2667**

Sponsor, Sole Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Joint Bookrunners and Joint Lead Managers

Joint Lead Managers

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and on Display" in Appendix VII to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or before Thursday, March 26, 2026 and, in any event, not later than 12:00 noon on Thursday, March 26, 2026. The Offer Price will be not more than HK$8.30 per Offer Share and is currently expected to be not less than HK$7.30 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed between us and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) by 12:00 noon on Thursday, March 26, 2026, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$8.30 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$8.30.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **yiyang.tongrentang.com** as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. See sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for more details.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering. This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at yiyang.tongrentang.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

March 20, 2026

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** under the *"HKEXnews > New Listings > New Listing Information"* section, and our website at **yiyang.tongrentang.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk**; or

(2) apply through **HKSCC EIPO** service to electronically cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to submit **electronic application instruction(s)** on your behalf through HKSCC's FINI system in accordance with your instruction.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 500 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		*HK$*		*HK$*		*HK$*
500	4,191.85	6,000	50,302.22	40,000	335,348.22	400,000	3,353,482.20
1,000	8,383.70	7,000	58,685.94	45,000	377,266.74	500,000	4,191,852.76
1,500	12,575.56	8,000	67,069.64	50,000	419,185.28	600,000	5,030,223.30
2,000	16,767.41	9,000	75,453.35	60,000	503,022.34	700,000	5,868,593.86
2,500	20,959.26	10,000	83,837.05	70,000	586,859.39	800,000	6,706,964.40
3,000	25,151.12	15,000	125,755.58	80,000	670,696.45	900,000	7,545,334.96
3,500	29,342.96	20,000	167,674.11	90,000	754,533.50	1,000,000	8,383,705.50
4,000	33,534.83	25,000	209,592.63	100,000	838,370.56	2,000,000	16,767,411.00
4,500	37,726.68	30,000	251,511.16	200,000	1,676,741.10	3,000,000	25,151,116.50
5,000	41,918.52	35,000	293,429.69	300,000	2,515,111.66	5,407,500(1)	45,334,887.49

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **yiyang.tongrentang.com**.*

Hong Kong Public Offering commences	9:00 am on Friday, March 20, 2026
Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 am on Wednesday, March 25, 2026
Application lists of the Hong Kong Public Offering open[3]	11:45 am on Wednesday, March 25, 2026
Latest time to (a) lodge completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, March 25, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant and will submit **electronic application instruction(s)** on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

Application lists of the Hong Kong Public Offering close[3]	12:00 noon on Wednesday, March 25, 2026
Expected Price Determination Date[5]	by 12:00 noon on Thursday, March 26, 2026
Announcement of the final Offer Price, an indication of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **yiyang.tongrentang.com**[6]	no later than 11:00 p.m. on Friday, March 27, 2026

The results of allocations in the Hong Kong Public Offering to be available through a variety of channels, including:

• in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at **yiyang.tongrentang.com** and **www.hkexnews.hk**, respectively	no later than 11:00 p.m. on Friday, March 27, 2026
• from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment)** with a "search by ID" function from	11:00 p.m. on Friday, March 27, 2026 to 12:00 midnight on Thursday, April 2, 2026

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on ..... Monday, March 30, 2026, Tuesday, March 31, 2026, Wednesday, April 1, 2026 and Thursday, April 2, 2026

- For those applying through **HKSCC EIPO** channel, you may also check with your **broker** or **custodian** from ....6:00 p.m. on Thursday, March 26, 2026

Despatch of H Share certificates in respect of wholly or partially successful applications to be despatched or deposited into CCASS on or before[7] .... Friday, March 27, 2026

Despatch of **White Form** e-Refund payment instructions/ refund cheques on or before[7] .... Monday, March 30, 2026

Dealings in H Shares on the Stock Exchange to commence on .... at 9:00 a.m. on Monday, March 30, 2026

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at Wednesday, March 25, 2026 after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 25, 2026, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares".

(5) The Price Determination Date is expected to be on or before Thursday, March 26, 2026 and, in any event, not later than 12:00 noon on Thursday, March 26, 2026 or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Thursday, March 26, 2026 or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the website forms part of this prospectus.

(7) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be around that time. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of H Share certificates and before they become valid do so entirely of their own risk.

    White Form e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

    Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques and H Share certificates.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO INVESTORS

We have issued this prospectus solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should only rely on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, advisors, officers, employees, agents or representatives, or any other person or party involved in the Global Offering.

This summary is an overview of the information contained in this prospectus and does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a subsidiary of TRT which strategically focuses on TCM healthcare services in China, delivering comprehensive TCM healthcare services to individual customers, standardized management services to business customers, and a wide selection of healthcare products and other products. Combining medical "treatment (醫)" and "care (養)," we deliver modernized and customized TCM healthcare services. Using both TCM medication and non-medication treatments, we provide customers with regimen suitable for their diversified needs, all backed by standardized management.

As of the Latest Practicable Date, we had established tiered TCM healthcare service network comprising 12 self-owned offline medical institutions and an Internet hospital, as well as 12 managed offline medical institutions. Benefit from the well-established brand "Tong Ren Tang (同仁堂)" and quality pharmaceuticals, we have accumulated and integrated abundant offline and online healthcare resources. We are the largest TCM hospital group in the non-public TCM hospital healthcare service industry in China in 2024 in terms of the total number of out-patient and in-patient visits, with a market share of 1.7%. In terms of the total TCM healthcare service revenue in 2024, we ranked second with a market share of 0.2% in the non-public TCM hospital healthcare service industry, the market size of which represented 46.5% of the total market size of the TCM healthcare service industry in China in the same year.

TRT Group principally engages in (i) pharmaceutical industry, (ii) commercial retail, (iii) health and wellness (健康養生) and (iv) healthcare (including the healthcare business of our Group and the similar businesses carried out by TRT Group) and elderly care (醫療養老) (representing the business of TRT Senior Care Fund, which primarily engages in the minority equity investment in elderly care business, such as elderly care home, and the relevant investee business is not consolidated into the financial statements of TRT Group). Currently, listed members of TRT Group include (i) TRT Limited (stock code: 600085.SH), (ii) TRT Technologies (stock code: 1666.HK), a subsidiary of TRT Limited, and (iii) TRT Chinese Medicine (stock code: 3613.HK), a subsidiary of TRT Technologies, all of which primarily engage in the production and sale of TCM healthcare products. Pursuant to the annual reports of the three listed members of TRT Group, for the years ended December 31, 2022, 2023 and 2024, (i) revenue generated from retail and wholesale accounted for approximately 99.5%, 99.4% and 99.4% of TRT Limited's total revenue, respectively; (ii) sales of Chinese medicine products accounted for approximately 99.0%, 99.0% and 99.1% of TRT Technologies' total revenue, respectively; and (iii) sales of products accounted for approximately 97.2%, 96.7% and 96.8% of TRT Chinese Medicine's total revenue, respectively.

Our Business Model

During the Track Record Period, we generated revenue primarily from (i) TCM healthcare services; (ii) management services; and (iii) sale of healthcare products and other products.

TCM Healthcare Services

We provide TCM healthcare services with a comprehensive coverage of specialties across all healthcare needs through our self-owned medical institutions. As of the Latest Practicable Date, we had 12 self-owned offline medical institutions, comprising seven hospitals, three out-patient healthcare centers and two clinics, all of which were for-profit medical institutions.

We have also expanded our service offerings online through establishing our Internet hospital, where we integrate external medical institution, physician and pharmacy resources to serve a broader customer base nationwide. See "Business — Our TCM Healthcare Services" for more details.

Management Services

Leveraging our extensive healthcare resources and rich managerial experiences, we also provide management services to business customers. Underpinned by our multi-functional coordinated procurement management platform, we provide platform services to pharmaceutical production and/or trading companies to promote efficiency and convenience of their sale of decocting pieces. We also provide full supply chain services to a pharmaceutical trading company to promote efficiency and convenience of its sale of TCM patent medicines and western medicines. In addition, we provide management services to medical institutions and charge service fees in return. As of the Latest Practicable Date, there were 12 offline medical institutions under our management (the "**Managed Medical Institutions**"), including eight hospitals, one out-patient healthcare center and three community healthcare institutions, all of which were not-for-profit medical institutions. See "Business — Our Management Services" for more details.

Sale of Healthcare Products and Other Products

To complement our TCM healthcare services and explore diversified revenue streams along the industry value chain, we also sell healthcare products and other products to customers under both retail and wholesale models. Our sales channels operate separately from medical institutions, including, among others, our self-owned standalone stores in Jinhua, Zhejiang province. In particular, we are granted the rights by TRT Commerce to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills (安宫牛黃丸) series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province). Substantially all of such retailers sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to their individual customers, instead of medical institutions. In addition, we also sell Angong Niuhuang Pills series (varied by materials) to customers under retail model. See "Business — Our Sale of Healthcare Products and Other Products" for more details.

Our Organic Growth and Strategic Acquisitions

As a TCM healthcare group, we have been utilizing our strengths in management capability and healthcare resources to develop our TCM healthcare service network through establishment, assignment and acquisition. Among medical institutions that had been consolidated into the financial statements of our Group during the Track Record Period, three medical institutions were established by us, namely, TRT Internet Hospital, Qiqihar TRT TCM Hospital and Shunyi TRT TCM Hospital. In particular, TRT Internet Hospital contributed revenue of RMB2.5 million, RMB7.9 million, RMB1.8 million, RMB1.5 million and RMB0.9 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025. The decrease in revenue generated from TRT Internet Hospital from the year ended December 31, 2023 to the year ended December 31, 2024 was mainly as Cuihe Pharmacy became our subsidiary in March 2024 thus ceased to contribute management service fees to TRT Internet Hospital. Cuihe Pharmacy is an offline pharmacy that received our management services before our acquisition in 2024. We currently position it as part of our online TCM healthcare services which sells healthcare products and other products to customers of our Internet hospital. See "Business — Our Management Services — Management Services to Cuihe Pharmacy." The decrease in revenue generated from TRT Internet Hospital from the nine months ended September 30, 2024 to the nine months ended September 30, 2025 was mainly because we were in preparation of shutting down "Tong Ren Tang Selection (同仁堂優選)," and thus resulting in a gradual decrease in its revenue. "Tong Ren Tang Selection" is a platform established by us mainly as a trustworthy channel for employees of TRT Group (including us) to purchase products under the "Tong Ren Tang" brand. We permanently shut down "Tong Ren Tang Selection" in November 2025 to avoid potential competition with similar business of TRT Group. See "Relationship with Our Controlling Shareholders — Delineation of Business — Sale of Healthcare Products and Other Products — Our Retail Business — (ii) Our online retail business." Qiqihar TRT TCM Hospital was newly established by us under the asset-light model jointly with an Independent Third

Party for-profit hospital and was preparing for the commencement of operations as of the Latest Practicable Date. We were also preparing for the commencement of operations of Shunyi TRT TCM Hospital as of the same date. Our revenue generated from medical institutions assigned to us by other state-owned enterprises at nil consideration amounted to RMB466.2 million, RMB485.9 million, RMB395.2 million, RMB287.9 million and RMB293.0 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025. Our revenue generated from such medical institutions decreased from the year ended December 31, 2023 to the year ended December 31, 2024, mainly due to our transfer of the organizer's interests in not-for-profit medical institutions to TRT Kangyang in June 2023. Our revenue generated from medical institutions acquired by us amounted to RMB350.4 million, RMB508.7 million, RMB598.1 million, RMB417.7 million and RMB434.4 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025.

Certain of our self-owned medical institutions as of the Latest Practicable Date with long operating histories have only benefited from management standardization, digitalization and modernization as well as resource integration for a relatively limited period of time since being acquired by or assigned to us, and therefore underperformed during the Track Record Period. See "Business — Our In-network Medical Institutions — Key Operational and Financial Information of Our TCM Healthcare Service Network" for detailed reasons for historical net losses of such medical institutions and specific measures they adopted to improve profitability.

We acquired SXT Hospital and SXT Pharmacies in 2022, the financial results of which had been consolidated into the financial statements of our Group since May 31, 2022. Since acquisition, we spent dedicated efforts to integrate SXT Hospital and SXT Pharmacies through our modernized management and professional operations. Our revenue generated from SXT Hospital and SXT Pharmacies amounted to RMB199.2 million, RMB360.2 million, RMB373.5 million, RMB265.3 million and RMB256.7 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 21.9%, 31.2%, 31.8%, 31.9% and 29.9% of our total revenue for the same periods, respectively. Our revenue generated from SXT Hospital and SXT Pharmacies decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to the decrease in revenue from sale of healthcare products and other products of SXT Pharmacies, resulting from (i) the restricted wholesale business, as SXT Pharmacies have shifted to exclusively wholesale the Angong Niuhuang Pills series for the avoidance of potential competition with similar business of TRT Group; and (ii) the decline in retail business, which was attributable to more prudent consumer spending behavior consistent with the market conditions during the relevant period. Our gross profit generated from SXT Hospital and SXT Pharmacies amounted to RMB64.0 million, RMB96.9 million, RMB91.8 million, RMB53.9 million and RMB49.5 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 44.8%, 44.6%, 41.3%, 38.0% and 31.7% of our total gross profit for the same periods, respectively. Our gross profit generated from SXT Hospital and SXT Pharmacies decreased from the year ended December 31, 2023 to the year ended December 31, 2024, primarily due to decrease in the average spending per out-patient visit, following the requirements of local medical insurance policies to control patient spending. Our gross profit generated from SXT Hospital and SXT Pharmacies decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, in line with the decreased revenue generated therefrom.

Our acquisition of SXT Hospital and effective integration efforts afterwards along with the transfer of organizer's interests in seven not-for-profit medical institutions contributed to the growth of gross profit margin of TCM healthcare services for the year ended December 31, 2023. In addition, attributable to our acquisition of SXT Pharmacies as well as the boosted sale of Angong Niuhuang Pills series following obtaining the exclusive selling rights in Zhejiang province, our sale of healthcare products and other products achieved continuous development throughout the Track Record Period.

Our Relationship with TRT Group

Delineation of Business

The listed members of TRT Group also offer limited TCM healthcare services. Unlike our Group whose principal business activities focus on the provision of TCM healthcare services, the medical services our fellow subsidiaries provide through resident TCM physicians mainly serve as supplements to their pharmaceutical retail business and differentiate from our TCM healthcare services in terms of operational scale, business positioning, service scope and/or targeted clientele. TRT Group also provides TCM healthcare services through certain TCM hospitals and other medical institutions, which we consider only pose immaterial competition to the business of our Group due to clear geographical delineation or operational scale. Details of these three listed subsidiaries are set out below. See "Relationship with Our Controlling Shareholders — Delineation of Business" for more details.

TRT Limited	
Principal Business	Production and sale of TCM patent medicines and other healthcare products
Main Products	TCM patent medicine in the form of pills (藥丸), powder (散劑), paste (膏方), pellets (丹藥) and herbal wine (藥酒). Main products include Angong Niuhuang Pills (安宮牛黃丸), Tongren Wuji Baifeng Pills (同仁烏雞白鳳丸), Tongren Dahuoluo Pellets (同仁大活絡丹), Guogong Herbal Wine (國公酒) and Tongren Niuhuang Qingxin Pills (同仁牛黃清心丸).
Geographic focus	Mainland China
Similar businesses with our Group(1)	• A for-profit hospital in Beijing, a for-profit hospital in Chengde, Hebei province and a not for- profit hospital in Tangshan, Hebei province(2) • Resident TCM Physician Services(3) • Sale of "Angong Niuhuang Pills" to 15 pharmacies of TRT Group in Zhejiang province • A retail pharmacy under the TRT Brand in Jinhua, Zhejiang province(4)
TRT Technologies	
Principal Business	Production and sale of TCM patent medicines and other healthcare products
Main Products	TCM patent medicine in the form of instant granules (沖劑), honeyed pills (水蜜丸), tablets (片劑) and soft capsules (軟膠囊). Main products include Angong Niuhuang Pills, Liuwei Dihuang Pills (六味地黃丸), Jinkui Shenqi Pills (金匱腎氣丸), Niuhuang Jiedu Tablets (牛黃解毒片), Ganmao Qingre Granules (感冒清熱顆粒), Ejiao (阿膠), and Xihuang Pills (西黃丸).
Geographic focus	Mainland China
Similar businesses with our Group(1)	• 49% equity interests in Beijing TRT Second TCM Hospital, a subsidiary of our Group
TRT Chinese Medicine	
Principal Business	Distribution, retail sale and production of TCM patent medicines and other healthcare products
Main Products	TCM patent medicines and other healthcare products
Geographic focus	Hong Kong, Macau and other regions outside the mainland China
Similar businesses with our Group(1)	• Resident TCM Physician Services

Notes:

(1) Other than the similar businesses carried out by the listed subsidiaries of the TRT Group, TRT Group also engages in certain businesses similar with those of our Group through its other subsidiaries. For details, please refer to "Relationship with Our Controlling Shareholders — Delineation of Business — Excluded Business."

(2) Other than these three hospitals owned by TRT Limited, TRT also owns a for-profit hospital in Shandong province through TRT Medical Fund and holds the organizer's interests in six not-for-profit medical institutions in Beijing through TRT Kangyang. For details, please see "Relationship with Our Controlling Shareholders — Delineation of Business — Excluded TCM Healthcare Services — B. Excluded Medical Institutions."

(3) Other than the Resident TCM Institutions of TRT Limited and TRT Chinese Medicine, TRT also operates Resident TCM Institutions through other unlisted subsidiary.

(4) Other than the retail pharmacy owned by TRT Limited in Jinhua, Zhejiang province, TRT also owns a retail pharmacy in Jinhua, Zhejiang province through Beijing TRT Health Pharmaceutical Co., Ltd. (北京同仁堂健康藥業股份有限公司). For details, please see "Relationship with Our Controlling Shareholders — Delineation of Business — Sale of Healthcare Products and Other Products — Our Retail Business — (i) Our offline retail business."

Connected Transactions with TRT Group

We entered into various continuing connected transactions with TRT Group regarding, among others, trademarks licensing arrangement, sale and purchase of pharmaceutical, management services, internet hospital cooperation and lease arrangements. These continuing connected transactions have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better, and are mutually beneficial to TRT Group and us. See "Connected Transactions" for further details.

Selected Quantitative Information in Relation to Our Business Relationships with TRT Group

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Provision of TCM healthcare service packages as employees' benefits[(1)]					
– Number of business customers involved	1	–	–	–	–
– Revenue *(RMB in thousands)*	35	–	–	–	–
– % of total revenue (%)	<0.1	–	–	–	–
– Gross profit *(RMB in thousands)*	5	–	–	–	–
– Gross profit margin (%)	14.3	–	–	–	–
Provision of management services					
To pharmaceutical production and/or trading companies under TRT Group[(2)]					
– Number of customers involved	–	1	2	1	1
– Revenue *(RMB in thousands)*	–	8	2,944	373	696
– % of total revenue (%)	–	<0.1	0.3	<0.1	<0.1
– Gross profit *(RMB in thousands)*	–	6	2,336	276	530
– Gross profit margin *(%)*	–	72.0	79.3	74.0	76.1
To Managed Medical Institutions under TRT Group[(2)]					
– Number of medical institutions under management	–	–	5	6	5
– Revenue *(RMB in thousands)*	–	–	2,896	832	600
– % of total revenue (%)	–	–	0.2	<0.1	<0.1
– Gross profit *(RMB in thousands)*	–	–	1,954	474	336
– Gross profit margin (%)	–	–	67.5	57.0	56.0
Sale of healthcare products and other products					
Sale of healthcare products and other products to TRT Group[(3)]					
– Number of customers involved	–	2	6	7	7
– Revenue *(RMB in thousands)*	–	45	8,338	3,643	8,071
– % of total revenue *(%)*	–	<0.1	0.7	0.4	0.9
– Gross profit *(RMB in thousands)*	–	2	690	233	1,025
– Gross profit margin (%)	–	5.3	8.3	6.4	12.7

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Sale of Tong Ren Tang branded products (3)					
– Revenue *(RMB in thousands)*	8,640	24,348	83,517	62,052	72,526
– % of total revenue (%)	0.9	2.1	7.1	7.5	8.5
– Gross profit *(RMB in thousands)*	1,152	5,764	13,205	8,045	8,276
– Gross profit margin (%)	13.3	23.7	15.8	13.0	11.4
Others (4)					
– Number of customers involved	3	5	26	8	7
– Revenue *(RMB in thousands)*	316	1,328	2,933	2,076	6,203
– % of total revenue (%)	<0.1	0.1	0.2	0.2	0.7
– Gross profit *(RMB in thousands)*	51	247	1,094	444	1,892
– Gross profit margin (%)	16.1	18.6	37.3	21.4	30.5
Procurement of healthcare products and other products from TRT Group (5)					
– Number of suppliers involved	18	16	17	17	12
– Purchase amount *(RMB in thousands)*	25,294	38,616	146,420	110,145	129,673
– % of total purchases (%)	3.3	4.1	15.4	15.9	18.5
Leasing of properties from TRT Group (6)					
– Number of suppliers involved	2	2	3	3	2
– Purchase amount *(RMB in thousands)*	2,901	2,902	18,235	6,618	12,512
In-licensing of intellectual property rights from TRT Group					
– Number of suppliers involved	1	1	1	1	1
– Purchase amount *(RMB in thousands)*	766	406	446	355	516
– % of total purchases (%)	<0.1	<0.1	<0.1	<0.1	<0.1

Notes:

(1) Representing our TCM healthcare service packages for a pharmaceutical trading company of TRT Group for its employees' benefits.

(2) We started to provide comprehensive services to a pharmaceutical production and trading company under TRT Group at the end of 2023, and the revenue generated therefrom increased in 2024. In June 2023, we transferred the organizer's interests of seven not-for-profit medical institutions to TRT Kangyang, and started to provide management services to six of those medical institutions in January 2024. Besides, in 2022 and 2023, we also generated revenue from provision of management services to Cuihe Pharmacy, which was a subsidiary of TRT Senior Care Fund before our acquisition in March 2024. Apart from Managed Medical Institutions, in 2022, we also generated revenue from provision of management services to Cuihe Clinic, which was an indirect subsidiary of TRT Senior Care Fund before May 2022. Our management services to such medical institution terminated in June 2022 upon expiration of the relevant management service agreement.

(3) Our revenue generated from sale of healthcare products and other products to TRT Group increased in 2024 and the nine months ended September 30, 2025, as we started to sell healthcare products and other products to six not-for-profit medical institutions of TRT Group following our provision of management services to them. Our gross profit margin of sale of healthcare products and other products to TRT Group increased from 5.3% in 2023 to 8.3% in 2024, primarily due to the same reason. Our gross profit margin of sale of healthcare products and other products to TRT Group increased from 6.4% for the nine months ended September 30, 2024 to 12.7% for the nine months ended September 30, 2025, primarily driven by the expansion of Beijing Tongda's business scale, which enhanced its bargaining power and thereby reduced procurement costs. During the Track Record Period, the gross profit margin of our sale of healthcare products and other products to TRT Group was lower than our overall gross profit margin of sale of healthcare products and other products. This is because our product sales to TRT Group primarily consisted of Beijing Tongda's sale of TCM patent medicines and western medicines to not-for-profit medical institutions of TRT Group, whereas our sales to other customers also include health supplements and nourishment and valuable medicinal, the gross profit margin of which were relatively higher.

Our revenue generated from sale of Tong Ren Tang branded products increased from RMB8.6 million in 2022 to RMB24.3 million in 2023, primarily due to our acquisition of SXT Pharmacies in June 2022. Our revenue generated from sale of Tong Ren Tang branded products increased from RMB24.3 million in 2023 to RMB83.5

million in 2024, primarily due to the sale of Tong Ren Tang branded Angong Niuhuang Pills series by SXT Pharmacies. Our gross profit margin of sale of Tong Ren Tang branded products increased from 13.3% in 2022 to 23.7% in 2023, primarily due to SXT Pharmacies' sale of certain Tong Ren Tang branded products with high gross profit margin.

(4) Primarily representing (i) training services provided to TRT Group in respect of its medical professionals; (ii) conference services provided to TRT Group in respect of the TCM congresses it held; and (iii) Internet medical services provided to TRT Group in respect of its offline pharmacies. Our revenue generated from other services to TRT Group increased in 2023, primarily due to our provision of conference services to TRT Group. Our revenue generated from other services to TRT Group further increased in 2024, primarily due to our provision of Internet medical services to TRT Group.

(5) Our purchase amount of procurement of healthcare products and other products from TRT Group increased from RMB25.3 million in 2022 to RMB38.6 million in 2023, primarily due to our acquisition of SXT Pharmacies in June 2022. Our purchase amount of procurement of healthcare products and other products from TRT Group increased from RMB38.6 million in 2023 to RMB146.4 million in 2024, and also increased from RMB110.1 million in the nine months ended September 30, 2024 to RMB129.7 million in the nine months ended September 30, 2025, primarily due to the procurement of Tong Ren Tang branded Angong Niuhuang Pills series by SXT Pharmacies. During the Track Record Period, the pricing of our procurement of healthcare products and other products from TRT Group was generally in line with (i) the pricing of our procurement of the same categories of products from Independent Third Party suppliers; and (ii) the pricing of TRT Group's sale of the same categories of products to its Independent Third Party customers.

(6) Our purchase amount of leasing of properties from TRT Group increased from RMB2.9 million in 2023 to RMB18.2 million in 2024, primarily due to the property lease under Beijing TRT Lease Framework Agreement dated January 29, 2024 and became effective on March 27, 2024.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and sustainable growth in the TCM healthcare service industry in China: (i) a TCM healthcare group achieved outstanding accomplishments and well positioned to serve nationwide customers; (ii) well-established tiered TCM healthcare service network that achieves comprehensive resource coordination and robust synergies; (iii) amassing high-caliber TCM experts to cultivate advantageous specialties and customize optimal regimens; (iv) reliable supply of pharmaceuticals with distinguished quality; (v) integrating offline and online healthcare resources to open up new possibilities for TCM healthcare; (vi) standardized chain operations with excellence in constantly exporting modernized managerial and multidisciplinary expertise as well as brand influence; and (vii) a management team that combines operational capabilities and medical academic backgrounds. For details, see "Business — Competitive Strengths."

OUR BUSINESS STRATEGIES

We intend to further entrench our competitive strengths and implement the following strategies in pursuit of our vision: (i) rapidly expand the scale and enhance service capacity of our medical institution chain; (ii) coordinating "treatment" and "care," extending our footprint along the industry value chain; (iii) promote the organic growth and talent introduction of high-caliber physicians, and further improve physician cultivation and training system; and (iv) upscale our service network through offline-online integration of both internal and external resources and improvements in the digitalization and management capabilities. For details, see "Business — Business Strategies."

OUR FUTURE EXPANSION

Going forward, we plan to expand our TCM healthcare service network by (i) acquiring for-profit TCM medical institutions; (ii) establishing for-profit medical institutions; and (iii) providing management services to more medical institutions. For details, see "Business — Our Future Expansion."

OUR SUPPLIERS AND CUSTOMERS

Our Suppliers

Our suppliers primarily comprise (i) suppliers of pharmaceuticals (such as decocting pieces, TCM patent medicines and western medicines), other products (such as packaged food products), medical devices, and medical consumables; (ii) human resource management service companies for the streamlined management of physicians in collaboration with us practicing at some of our self-owned medical institutions; (iii) public cloud service providers of cloud-based infrastructure; and (iv) software service providers or software distributors of our online systems. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our purchases from the five largest suppliers in each year/period of the Track Record Period accounted for 37.9%, 39.3%, 42.1% and 42.7% of our total purchases, respectively, and our purchases from the largest supplier in each year/period of the Track Record Period accounted for 10.3%, 9.3%, 17.4% and 20.1% of our total purchases, respectively. Among our five largest suppliers during each year/period of the Track Record Period, (i) Zhejiang Sanxitang TCM, being an associate of Mr. Zhu; and (ii) TRT Group controlled by our Ultimate Controlling Shareholder are connected persons of our Group. Except for Zhejiang Sanxitang TCM and TRT Group, all of our five largest suppliers during each year/period of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, except for TRT Group, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during each year/period of the Track Record Period.

Our Customers

Our customers primarily consist of (i) individual customers that receive TCM healthcare services at offline medical institutions or Internet hospital owned and operated by us; (ii) individual customers that purchase healthcare products or other products at our offline standalone stores; and (iii) retailers that procure Angong Niuhuang Pills series from us; and (iv) medical institutions and business customers that receive our management services. Given the dispersed base of our customers, we do not have substantial reliance on any single customer. During the Track Record Period, the revenue contributed by our five largest customers in each year/period during the Track Record Period accounted for no more than 4.7% of our total revenue. Our five largest customers in 2022 and 2023 were solely from product sales. Among the five largest customers in each year/period of 2024 and the first nine months of 2025, three customers were from product sales, one customer was from management services, with the remaining one contributing revenue to both product sales and management services. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our revenue generated from the five largest customers in each year/period of the Track Record Period accounted for 2.3%, 2.6%, 3.0% and 4.7% of our total revenue, respectively, and our revenue generated from the largest customer in each year/period of the Track Record Period accounted for 0.8%, 0.7%, 1.2% and 1.8% of our total revenue, respectively. Among our five largest customers during each year/period of the Track Record Period, (i) Sanxitang Food controlled by Ms. Pan; (ii) Mr. Zhu, being a Shareholder of our Company, a substantial shareholder and director of San Xi Tang; and (iii) TRT Group controlled by our Ultimate Controlling Shareholder, are connected persons of our Group. Except for Sanxitang Food, Mr. Zhu and TRT Group, all of our five largest customers during each year/period of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, except for TRT Group, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during each year/period of the Track Record Period.

Overlapping of Customers and Suppliers

During the Track Record Period, certain of our five largest customers in each year/period of the Track Record Period also acted as our suppliers, or vice versa. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. See ''Business — Overlapping of Customers and Suppliers'' for more details.

PRICING

Pursuant to the applicable PRC laws and regulations, our for-profit in-network medical institutions and stores are generally entitled to set the prices of their TCM healthcare services and products at their own discretion. We price TCM healthcare services and products based on certain factors, including complexity of the treatment, operating costs, local market conditions and competitors' pricing. Not-for-profit medical institutions managed by us are subject to price ceilings prescribed by the national and relevant local government authorities.

Our in-network medical institutions that are qualified as Medical Insurance Designated Medical Institutions are required to charge medical fees in accordance with the pricing guidelines, price ceilings and/or cost-plus ceilings set by the relevant government authorities for services and products eligible to be paid through the public medical insurance programs. We regularly inspect the price lists of our self-owned medical institutions to ensure compliance with local medical insurance policies.

As of the Latest Practicable Date, all of our self-owned offline medical institutions that have commenced operations were Medical Insurance Designated Medical Institutions. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from direct settlement through public medical insurance programs accounted for 52.5%, 55.7%, 56.6%, 53.7% and 56.6% of our total revenue for the same periods, respectively. As of the same date, all of our Managed Medical Institutions were Medical Insurance Designated Medical Institutions, except for a branch of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital which commenced operation in November 2025 and was in the process of applying for such qualification. Our management fees are also affected by Managed Medical Institutions' settlement through public medical insurance program.

Please see "Business — Pricing" for details of the pricing policies of our sale of healthcare products and management services.

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Offer Shares. Some of the major risks that we face include: (i) we conduct our business in the strictly regulated healthcare industry and are subject to ongoing compliance costs; (ii) changes in China's regulatory regime for the healthcare industry, particularly changes in healthcare reform policies, could materially affect our business operations and future expansion; (iii) we operate in a highly competitive industry. If we do not compete successfully against existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected; (iv) our business operations primarily focus on TCM, the receptiveness of which in China may change, and our business, financial condition and results of operations may be materially affected; (v) our business may be affected by therapeutic changes or by shifts in physicians' or customers' preferences for other treatments; and (vi) we may incur impairment losses on our goodwill and other intangible assets, which could adversely affect our results of operations and financial position.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), TRT, our Ultimate Controlling Shareholder, together with TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund will therefore be our Controlling Shareholders for the purpose of the Listing Rules. See "Relationship with Our Controlling Shareholders" for further details.

PRE-IPO INVESTMENTS

In March 2024, we received the Pre-IPO Investments from our Pre-IPO Investors, namely, TRT Senior Care Fund, TRT Medical Fund (which subsequently transferred its entire equity interest in our Company to certain of its partners, namely, Bozhou Yipinde, Jining Yinling, Bingrong Investment and TRT Medical Fund Management), Tongqing Fund, Tongkang Fund, Mr. Zhu and Ms. Pan. See "History, Reorganization and Corporate Structure — Pre-IPO Investments and Subsequent Shareholding Changes" for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our combined financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix IA to this prospectus:

Summary of Consolidated Statement of Comprehensive Income Items

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	(Unaudited)	
Revenue	**910,975**	**1,153,126**	**1,175,118**	**832,609**	**857,926**
Cost of sales	(768,207)	(935,645)	(952,621)	(690,593)	(701,890)
Gross profit	**142,768**	**217,481**	**222,497**	**142,016**	**156,036**
Profit before tax	**6,213**	**65,481**	**61,375**	**35,233**	**34,230**
Income tax expense	(15,446)	(22,847)	(15,178)	(8,640)	(10,233)
Profit/(loss) for the period	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Attributable to:					
Owners of the parent	(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests	7,063	20,296	9,336	4,094	3,304
Total comprehensive (losses)/income for the period	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Attributable to:					
Owners of the parent	(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests	7,063	20,296	9,336	4,094	3,304
	(9,233)	**42,634**	**46,197**	**26,593**	**23,997**

Non-HKFRS Financial Measure

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with HKFRS Accounting Standards, we also use adjusted net profit or loss (non-HKFRS financial measure), as additional financial measure, which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe that the presentation of such non-HKFRS financial measure facilitates comparisons of the operating performance from period to period, aiming to provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, the use of non-HKFRS financial measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net profit or loss (non-HKFRS financial measure), as net profit or loss adjusted by adding the listing expense. The following table reconciles our adjusted net profit or loss (non-HKFRS financial measure) for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	(Unaudited)	
Net profit or loss	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Add:					
Listing expense	–	5,235	15,535	10,053	220
Adjusted net profit or loss (non-HKFRS financial measure)	**(9,233)**	**47,869**	**61,732**	**36,646**	**24,217**

Our adjusted net profit (non-HKFRS financial measure) increased from 2023 to 2024, which was in line with our optimized profitability during the same periods. Our adjusted net profit (non-HKFRS financial measure) decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to (i) a decrease in net profit, as we recorded gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in the first nine months of 2024 while there was no such gain in the first nine months of 2025; and (ii) a decrease in listing expense, consistent with the progress of our Listing preparation, as such expenses are incurred in line with specific milestones of the Listing process.

Revenue, Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by business line and geographical region* for the periods indicated.

	Year ended December 31,												Nine months ended September 30,							
	2022				2023				2024				2024				2025			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
														(Unaudited)						
TCM healthcare services	**814,656**	**89.4**	**116,469**	**14.3**	**994,878**	**86.3**	**168,945**	**17.0**	**987,743**	**84.1**	**160,901**	**16.3**	**702,168**	**84.3**	**112,401**	**16.0**	**723,456**	**84.3**	**120,629**	**16.7**
– Beijing	637,354	70.0	76,430	12.0	700,187	60.7	110,898	15.8	581,902	49.6	80,215	13.8	420,292	50.5	57,814	13.8	420,053	49.0	64,723	15.4
– Zhejiang province	116,175	12.8	32,741	28.2	221,227	19.2	54,732	24.7	224,560	19.1	50,725	22.6	156,856	18.8	33,918	21.6	157,188	18.3	33,293	21.2
– Other regions	61,127	6.6	7,298	11.9	73,464	6.4	3,315	4.5	181,281	15.4	29,961	16.5	125,020	15.0	20,669	16.5	146,215	17.0	22,163	15.2
Management services	**1,883**	**0.2**	**1,048**	**55.7**	**9,588**	**0.8**	**6,308**	**65.8**	**15,534**	**1.3**	**11,840**	**76.2**	**8,090**	**1.0**	**5,750**	**71.1**	**11,344**	**1.3**	**8,298**	**73.1**
– Beijing	1,883	0.2	1,048	55.7	9,588	0.8	6,308	65.8	15,534	1.3	11,840	76.2	8,090	1.0	5,750	71.1	11,344	1.3	8,298	73.1
– Other regions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of healthcare products and other products[1]	**87,697**	**9.6**	**32,567**	**37.1**	**137,659**	**11.9**	**38,362**	**27.9**	**166,573**	**14.2**	**45,191**	**27.1**	**119,087**	**14.3**	**22,036**	**18.5**	**116,249**	**13.6**	**23,088**	**19.9**
– Beijing	4,689	0.5	1,350	28.8	2,994	0.2	555	18.5	18,136	1.5	4,840	26.7	11,198	1.3	2,780	24.8	16,755	2.0	6,935	41.4
– Zhejiang province	83,008	9.1	31,217	37.6	134,665	11.7	37,807	28.1	147,950	12.6	39,864	26.9	107,358	12.9	18,725	17.4	99,494	11.6	16,153	16.2
– Other regions	–	–	–	–	–	–	–	–	487	<0.1	487	100.0	531	0.1	531	100.0	–	–	–	–
Others[2]	**6,739**	**0.8**	**(7,316)**	**(108.6)**	**11,001**	**1.0**	**3,866**	**35.1**	**5,268**	**0.4**	**4,565**	**86.7**	**3,264**	**0.4**	**1,829**	**56.0**	**6,877**	**0.8**	**4,021**	**58.5**
Total	**910,975**	**100.0**	**142,768**	**15.7**	**1,153,126**	**100.0**	**217,481**	**18.9**	**1,175,118**	**100.0**	**222,497**	**18.9**	**832,609**	**100.0**	**142,016**	**17.1**	**857,926**	**100.0**	**156,036**	**18.2**

Notes:

(1) During the Track Record Period, our revenue generated from sale of healthcare products and other products in geographical regions other than Zhejiang province was primarily in connection with our retail and wholesale business conducted through "Tong Ren Tang Selection (同仁堂優選)," Cuihe Pharmacy and Beijing Tongda. See "Business — Our Sale of Healthcare Products and Other Products" and "Relationship with Our Controlling Shareholders — Delineation of Business – Sale of Healthcare Products and Other Products." Since the end of June 2024, other than (i) sale of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); (ii) Beijing Tongda's sale of TCM patent medicines and western medicines to our in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center; (iii) sale of Donkey-hide Gelatin products to a pharmaceutical company in April 2025 to optimize inventory level and utilize our remaining wholesale inventory; and (iv) sale of Yangfei Pills (養肺丸) and other healthcare products, as certain sales personnel misinterpreted our plans for SXT Pharmacies' wholesale business, we have not sold healthcare products under the wholesale model.

(2) Primarily including promotion fees generated from promotion activities, service fees generated from catering services and research fund received from collaboration partners for the research project on the clinical application of Chinese medicinal herbs (中藥材).

* The geographical region is based on the registration location of our subsidiaries.

Revenue

Revenue Generated from TCM Healthcare Services

Our revenue generated from TCM healthcare services increased by 22.1% from RMB814.7 million for the year ended December 31, 2022 to RMB994.9 million for the year ended December 31, 2023, which was primarily attributable to the organic growth of our existing self-owned medical institutions and our integration efforts of acquired medical institutions. Our revenue generated from TCM healthcare services remained relatively stable at RMB994.9 million for the year ended December 31, 2023 and RMB987.7 million for the year ended December 31, 2024. Our revenue generated from TCM healthcare services increased by 3.0% from RMB702.2 million for the nine months ended September 30, 2024 to RMB723.5 million for the nine months ended September 30, 2025, which was primarily attributable to the consolidation of Shanghai CZT and Shanghai ZHT following our acquisitions in 2024.

Revenue Generated from Management Services

Revenue from our provision of management services increased substantially from RMB1.9 million for the year ended December 31, 2022 to RMB9.6 million for the year ended December 31, 2023, and further increased to RMB15.5 million for the year ended December 31, 2024. It also increased from RMB8.1 million for the nine months ended September 30, 2024 to RMB11.3 million for the nine months ended September 30, 2025. Such increases were primarily attributable to (i) the development of our comprehensive management services to pharmaceutical production and/or trading companies along with their growing business scale; and (ii) the commencement of our providing management services to six not-for-profit medical institutions in January 2024.

Revenue Generated from Sale of Healthcare Products and Other Products

Revenue from sale of healthcare products and other products increased by 57.0% from RMB87.7 million for the year ended December 31, 2022 to RMB137.7 million for the year ended December 31, 2023, primarily due to the increase in our sale of healthcare products following our acquisition of SXT Pharmacies. Revenue from sale of healthcare products and other products increased by 21.0% from RMB137.7 million for the year ended December 31, 2023 to RMB166.6 million for the year ended December 31, 2024, which was driven by the development of sale of healthcare products by SXT Pharmacies following its obtaining the exclusive rights to sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province). Revenue from sale of healthcare products and other products remained relatively stable at RMB119.1 million for the nine months ended September 30, 2024 and RMB116.2 million for the nine months ended September 30, 2025.

Gross Profit and Gross Profit Margin

Our gross profit continuously increased throughout the Track Record Period. The increase of our gross profit from RMB142.8 million for the year ended December 31, 2022 to RMB217.5 million for the year ended December 31, 2023 was primarily attributable to the increase in gross profit of our TCM healthcare services, generally in line with the growth of revenue derived from TCM healthcare services. The increase of our gross profit from RMB217.5 million for the year ended December 31, 2023 to RMB222.5 million for the year ended December 31, 2024 was primarily attributable to the increase in gross profit of our sale of healthcare products and other products, generally in line with the growth of revenue therefrom. The increase of our gross profit from RMB142.0 million for the nine months ended September 30, 2024 to RMB156.0 million for the nine months ended September 30, 2025 was primarily attributable to the increases in gross profit of our TCM healthcare services, generally in line with the increased revenue therefrom.

Our gross profit margin increased from 15.7% for the year ended December 31, 2022 to 18.9% for the year ended December 31, 2023, primarily attributable to (i) higher gross profit margin of TCM healthcare services benefiting from our integration efforts and effective operations since acquisition of SXT Hospital and the transfer of the organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023, and (ii) increased gross profit margin of management services attributable to economies of scale. Such increase was partially offset by the decrease in the gross profit margin of sale of healthcare products and other products. The gross profit margin of our sale of healthcare products and other products decreased from 37.1% for the year ended December 31, 2022 to 27.9% for the year ended December 31, 2023, primarily due to (i) the decrease in SXT Pharmacies' sales volume of products with high gross profit margin, such as Ganoderma Lucidum Spore Powder (靈芝孢子粉), Donkey-hide Gelatin (阿膠) and Wild Ginseng (野山參), mainly as a result of decreased demands for such valuable medicinals; (ii) the product discounts of RMB0.4 million offered by us in 2023 to promote sales; and (iii) fierce market competition, coupled with increasing raw material costs. Our gross profit margin remained stable at 18.9% for the years ended December 31, 2023 and 2024. The gross profit margin of management services increased in 2024, resulting from economies of scale. Such increase was partially offset by the decreased gross profit margin of TCM healthcare services, primarily due to more costs recognized as a result of the property lease under Beijing TRT Lease Framework Agreement since March 2024. Our gross profit margin increased from 17.1% for the nine months ended September 30, 2024 to 18.2% for the nine months ended September 30, 2025, primarily attributable to the increase in gross profit margin of our TCM healthcare services, mainly as a result of a greater proportion of non-medication treatments with relatively higher margins in our service mix. For details, see "Financial Information — Consolidated Statements of Profit or Loss and Other Comprehensive Income."

See "Business — Our Business Model," "Financial Information — Consolidated Statements of Profit or Loss and Other Comprehensive Income," and "Financial Information — Period to Period Comparison of Results of Operations" for detailed discussions of our revenue, gross profit and gross profit margin.

Profit or Loss for the Period

We recorded net loss of RMB9.2 million for the year ended December 31, 2022, primarily due to (i) an increase in our costs of sales including increasing expenditure of pharmaceuticals and medical consumables and expanded employee benefits expenses arising from our recruitment of additional physicians to support the growth of our TCM healthcare service network; (ii) the loss incurred by TRT Catering Management of RMB9.6 million, which was disposed by us in June 2023 as we do not intend to further pursue business opportunities in the catering industry; and (iii) the standardization efforts we spent to integrate the newly acquired San Xi Tang in 2022.

We turned around our loss-making position in 2023 and boosted net profit in 2024 and the first nine months of 2025, primarily attributable to (i) our acquisitions of (a) SXT Hospital and SXT Pharmacies in 2022, and (b) Shanghai CZT and Shanghai ZHT in 2024, the financial results of which have been consolidated into our financial statements since acquisitions; (ii) a one-off gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in 2024; and (iii) our endeavors in strengthening revenue streams and profitability. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, revenue contributed by such acquired entities amounted to RMB201.1 million, RMB361.4 million, RMB478.4 million, RMB330.1 million and RMB351.8 million, respectively, representing 22.1%, 31.3%, 40.7%, 39.6% and 41.0% of our total revenue for the same periods, while gross profit contributed by such acquired entities amounted to RMB64.3 million, RMB97.3 million, RMB114.5 million, RMB69.0 million and RMB64.4 million, respectively, representing 45.0%, 44.7%, 51.5%, 48.6% and 41.3% of our total gross profit for the same periods. Total net profit generated from such acquired entities amounted to RMB25.7 million, RMB46.7 million, RMB52.5 million, RMB27.6 million and RMB23.3 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025.

Our net profit increased by 8.4% from RMB42.6 million for the year ended December 31, 2023 to RMB46.2 million for the year ended December 31, 2024, primarily due to (i) the increase in net other income and gains caused by our gains of RMB17.1 million on disposal of Shijiazhuang TRT TCM Hospital in August 2024, as we did not reach consensus with its minority shareholder as to its future development and we do not regard Hebei province as our strategic focus, see "History, Reorganization and Corporate Structure — Reorganization — Intragroup Restructuring" for more details, partially offset by a decrease of RMB10.3 million in concession income with details included in "Financial Information — Consolidated Statements of Profit or Loss and Other Comprehensive Income — Net Other Income and Gains or Losses"; and (ii) the consolidation of Shanghai CZT, Shanghai ZHT and Cuihe Pharmacy following our acquisitions in 2024, which were partially offset by (i) the increased costs of RMB14.5 million recognized as a result of the property lease under Beijing TRT Lease Framework Agreement since March 2024; and (ii) more listing expenses incurred along with our preparation for the Listing. Excluding the one-off gain on disposal of Shijiazhuang TRT TCM Hospital of RMB17.1 million in 2024, we would have experienced a decrease in net profit from 2023 to 2024.

Our net profit decreased by 9.8% from RMB26.6 million for the nine months ended September 30, 2024 to RMB24.0 million for the nine months ended September 30, 2025, primarily due to the aforementioned one-off gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in the first nine months of 2024 while there was no such gain in the first nine months of 2025.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Total non-current assets	763,785	647,886	839,649	828,505
Total current assets	555,100	523,299	530,739	521,362
Total current liabilities	469,323	462,184	422,292	382,854
Net current assets	85,777	61,115	108,447	138,508
Total assets less current liabilities	849,562	709,001	948,096	967,013
Total non-current liabilities	211,245	145,664	241,522	245,317
Net assets	638,317	563,337	706,574	721,696

Net Assets

Our net assets decreased from RMB638.3 million as of December 31, 2022 to RMB563.3 million as of December 31, 2023, primarily due to (i) non-cash distributions of RMB87.3 million resulting from our transfer of the organizer's interests in seven not-for-profit medical institutions and the transfer of TRT Catering Management to TRT Kangyang in June 2023; and (ii) dividends paid to non-controlling shareholders of RMB17.3 million mainly as a result of the dividends paid by our certain subsidiaries to their non-controlling shareholders in 2023. Such decrease was partially offset by our total comprehensive income for the year of RMB42.6 million. Our net assets increased from RMB563.3 million as of December 31, 2023 to RMB706.6 million as of December 31, 2024, primarily attributable to (i) capital injection from shareholders of RMB365.7 million; and (ii) total comprehensive income for the year of RMB46.2 million, partially offset by transactions with non-controlling shareholders of RMB276.6 million. Our net assets increased from RMB706.6 million as of December 31, 2024 to RMB721.7 million as of September 30, 2025, as a result of our total comprehensive income for the period of RMB24.0 million.

For details of our financial position, see "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position."

Summary of Consolidated Statements of Cash Flows

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	(Unaudited)	
Net cash flows generated from operating activities	24,418	88,494	87,787	37,806	43,674
Net cash flows used in investing activities	(131,062)	(36,503)	(102,319)	(95,019)	(80,806)
Net cash flows generated from/(used in) financing activities	131,807	(85,120)	18,230	59,263	(34,153)
Net increase/(decrease) in cash and cash equivalents	25,163	(33,129)	3,698	2,050	(71,285)
Cash and cash equivalents at the beginning of the period	301,000	326,163	293,034	293,034	296,732
Cash and cash equivalents at the end of the period	**326,163**	**293,034**	**296,732**	**295,084**	**225,447**

Our net cash generated from operating activities increased from RMB24.4 million for the year ended December 31, 2022 to RMB88.5 million for the year ended December 31, 2023, primarily attributable to the increase of RMB59.3 million in profit before tax. Our net cash generated from operating activities remained relatively stable at RMB88.5 million for the year ended December 31, 2023 and RMB87.8 million for the year ended December 31, 2024. Our net cash generated from operating activities increased from RMB37.8 million for the nine months ended September 30, 2024 to RMB43.7 million for the nine months ended September 30, 2025, primarily due to the decrease of RMB5.7 million in income tax paid. See "Financial Information — Liquidity and Capital Resources — Cash Flows — Operating Activities."

Key Financial Ratios

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Profitability ratios					
Gross profit margin (%)	15.7	18.9	18.9	17.1	18.2
Net profit/(loss) margin (%)	(1.0)	3.7	3.9	3.2	2.8
Return on equity (%)	N/A	7.1	7.3	N/A	N/A
Return on assets (%)	N/A	3.4	3.6	N/A	N/A

	As of December 31,			As of September 30,
	2022	2023	2024	2025
Liquidity ratios				
Current ratio	1.2x	1.1x	1.3x	1.4x
Quick ratio	0.9x	1.0x	1.1x	1.1x
Capital adequacy ratio				
Debt-to-asset ratio (%)	39.7	35.1	45.2	46.6

For calculation and analysis of our key financial ratios, see "Financial Information — Key Financial Ratios."

COMPETITION

We operate in a highly competitive and fragmented industry. In the same geographical regions as our in-network medical institutions, there are multiple hospitals, out-patient healthcare centers, clinics and community healthcare institutions with TCM service offerings as well as TCM departments in general hospitals. The following key factors generally affect our competitiveness in the industry: quality of TCM healthcare services and healthcare products, service experience, healthcare resources, especially seasoned medical professionals, brand influence, customers' accessibility, as well as pricing. The TCM healthcare service industry in China is primarily driven by (i) demand-side drivers, including (a) aging population, (b) increasing prevalence of chronic diseases, (c) increasing and diversified TCM healthcare demands, and (d) broadening receptiveness of TCM healthcare services; and (ii) supplier-side drivers, including (a) promulgation of favorable policies, (b) advancement of technologies and optimization of service quality, (c) implementation of multi-site practice policy, (d) offline-merge-online trend breaks temporal and spatial constraints, and (e) development of medical insurance programs. See "Industry Overview" for a more detailed discussion regarding the industries and markets where we operate.

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any non-compliance incidents that are systemic or have a material adverse effect on our business, financial condition or results of operations. See "Business — Compliance and Legal Proceedings — Compliance."

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings that could have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings pending or, to our knowledge, threatened against us that could have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, our Directors were not involved in any actual or threatened material claims or litigation. We may continue to face potential legal proceedings and claims in our ordinary course of business. See "Risk Factors — Risks Relating to Our Business and Industry — If we become subject to litigation, legal or contractual disputes, governmental investigations, arbitration or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities" and "Business — Compliance and Legal Proceedings — Legal Proceedings."

RECENT DEVELOPMENTS

Recent Business and Financial Performance

Our business model, revenue structure and cost structure generally remained unchanged subsequent to the Track Record Period. The number of customer visits to our existing TCM healthcare service network increased from 3.0 million in 2024 to 3.4 million in 2025. According to our unaudited preliminary financial information for the year ended December 31, 2025 set out in Appendix IIB to this prospectus, our revenue remained relatively stable at RMB1,171.3 million for the year ended December 31, 2025 as compared to RMB1,175.1 million for the year ended December 31, 2024. In addition, our gross profit remained relatively stable at RMB221.8 million for the year ended December 31, 2025 as compared to RMB222.5 million for the year ended December 31, 2024, with gross profit margin both being 18.9% for the years ended December 31, 2024 and 2025.

However, **our net profit decreased from RMB46.2 million for the year ended December 31, 2024 to RMB33.8 million for the year ended December 31, 2025,** primarily due to (i) the impact of non-recurring items in 2024, such as our gains on disposal of Shijiazhuang TRT TCM Hospital and revaluation of contingent consideration, representing the revaluation of performance-based compensation determined according to the performance commitment provisions under the share transfer agreements of San Xi Tang. See "History, Reorganization and Corporate Structure — Our Major Acquisitions — Acquisitions of SXT Hospital and SXT Pharmacies" and "Financial Information — Consolidated Statements of Profit or Loss and Other Comprehensive Income — Net Other Income and Gains or Losses;" (ii) the industry-wide impact brought by the recent regulatory development, such as medical insurance reimbursement policies for TCM formula granules and national TCM decocting pieces procurement alliance; (iii) our initial investment during the ramp-up stage of the newly established Shunyi TRT TCM Hospital; and (iv) the losses on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang recorded in 2025.

Recent Material Establishment and Disposal

As of the Latest Practicable Date, Qiqihar TRT TCM Hospital, a hospital newly established by us under the asset-light model jointly with an Independent Third Party for-profit hospital, was preparing for the commencement of operations. We have obtained the Medical Institution Practicing License for such hospital on March 3, 2025. We were also preparing for the commencement of operations of Shunyi TRT TCM Hospital. As Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital are located in the Dongcheng District and Fengtai District in Beijing, respectively, we strategically chose Shunyi District in Beijing to expand our service coverage. The density of TCM hospitals in Shunyi District in Beijing is low and there remain significant unmet demands for reliable TCM healthcare services in such district. This location allows us to serve both residents of Northeast Beijing and travelers arriving at Beijing Capital International Airport. We anticipate that establishing Shunyi TRT TCM Hospital will enable us to serve more customers, increase revenue, and further enhance our brand recognition and market influence. We were preparing for the application for the Medical Institution Practicing License for such hospital as of the Latest Practicable Date, and expect it to commence operations in the first half of 2026, aiming to further deepen our penetration in TCM healthcare service market in Beijing. Moreover, we were preparing for establishing a new Hospital in Zhengzhou, Henan province, under the asset-light model jointly with an Independent Third Party. As of the Latest Practicable Date, we had finished location selection for such new hospital.

As of the Latest Practicable Date, we were in the process of disposing TRT Baoding considering Hebei province is geographically beyond our strategic business focus. We do not expect the disposal of TRT Baoding to be completed prior to the Listing, and we will comply with the Listing Rules with respect to the disposal after the Listing. For details of our establishment and reasons for the subsequent disposal of TRT Baoding, please see "History, Reorganization and Corporate Structure — Our Major Corporate Development — Disposal of TRT Baoding."

Recent Regulatory Development

In January 2025, Beijing Municipal Medical Insurance Bureau issued the *Notice of the Beijing Municipal Medical Insurance Bureau on Improving Medical Insurance Reimbursement Policies for Traditional Chinese Medicine Formula Granules* (《北京市醫療保障局關於完善中藥配方顆粒醫保報銷政策的通知》) to clarify the reimbursement standard for over 200 TCM formula granules. After the notice became effective on February 28, 2025, (i) for TCM formula granules priced at or below the reimbursement standard, costs will be shared between insured patients and medical insurance fund in accordance with the medical insurance policy, (ii) for TCM formula granules priced above the reimbursement standard, amount in excess of the reimbursement standard shall be paid by the insured patient (except for designated disabled revolutionary soldiers) while amount within the reimbursement standard will be shared between the insured patient and medical insurance fund under the medical insurance policy. In addition, the notice specifies that all medical institutions must procure TCM formula granules exclusively through designated online purchasing platforms, with preference given to products offering optimal quality at competitive prices. Medical institutions must submit supporting documentation to the Municipal Sunshine Pharmaceutical Procurement Platform for purchases of premium-priced TCM formula granules. The medical insurance fund will not cover TCM formula granules acquired through offline procurement channels. Due to the changes in the reimbursement standard, sale of TCM formula granules declined. However, such reduction has been mitigated by increased use of decocting pieces as an alternative, which largely offset the impact brought by this adjustment.

On November 29, 2024, the National TCM Decocting Pieces Procurement Alliance Office (全國中藥飲片聯盟採購辦公室) issued the *National TCM Decocting Pieces Alliance Centralized Procurement Document* (《全國中藥飲片採購聯盟集中採購文件》), outlining plans to advance volume-based centralized drug procurement, expand coverage of bulk drug purchasing, and further reduce medication costs for the public. Composed of representatives appointed by each province or autonomous region and under the guidance of the National Healthcare Security Administration, the National TCM Decocting Pieces Procurement Alliance Office represents medical institutions and pharmacies in implementing centralized volume-based procurement for TCM decocting pieces. The centralized volume-based procurement consolidates previously fragmented procurement. The National TCM Decocting Pieces Procurement Alliance Office represents medical institutions and/or pharmacies to organize procurement and conduct unified negotiations with suppliers, during which procurement volume is specified. Leveraging substantial purchasing volume, this initiative secures lower prices for decocting pieces without compromising the quality, enabling more customers to access high-quality and affordable TCM healthcare services. On February 17, 2025, the National TCM Decocting Pieces Procurement Alliance Office announced the *National TCM Decocting Pieces Alliance Procurement Selected Results* (《全國中藥飲片聯盟採購中選結果》). On August 5, 2025, Beijing Municipal Medical Insurance Bureau issued the *Notice of the Beijing Municipal Medical Insurance Bureau on Implementing the Bidding Results of the Centralized Procurement of the National TCM Decocting Pieces Procurement Alliance* (《北京市醫療保障局關於執行全國中藥飲片採購聯盟集中採購中選結果的通知》), requiring all public medical institutions in Beijing to participate in this centralized volume-based procurement and encouraging non-public medical institutions designated by medical insurance to actively participate. Medical institutions are required to follow the bidding results of this volume-based procurement of TCM decocting pieces since August 16, 2025. All of our in-network medical institutions adhere to such policies on centralized procurement of decocting pieces, which may lead to reduction in prices of commonly-used decocting pieces and in turn the revenue and gross profit margin of our provision of TCM healthcare services. In addition, a decline in the pricing of decocting pieces may compromise their quality, potentially leading to patient dissatisfaction with product quality. However, customer demand may be stimulated following the decreased costs for providing TCM healthcare services.

Similarly, the National TCM Patent Medicine Joint Procurement Office (全國中成藥聯合採購辦公室) issued the *National TCM Patent Medicine Procurement Alliance Centralized Procurement Document* (《全國中成藥採購聯盟集中採購文件》) and the *National TCM Patent Medicine Procurement Alliance Centralized Procurement Document (First Batch Expansion and Continuation)* (《全國中成藥採購聯盟集中採購文件(首批擴圍接續)》) on November 30, 2024. The National TCM Patent Medicine Procurement Alliance Centralized Procurement Selected Results was released by the National TCM Patent Medicine Joint Procurement Office on February 10, 2025. All of our in-network medical institutions adhere to such national policies on centralized procurement of TCM patent medicines, which caused downward pricing pressure on our commonly used medicines and could lead to reduced revenue and gross profit margin. See "Industry Overview — The TCM Healthcare Service Industry in China — Key Drivers — Impact of the Recent Regulatory Development in the TCM Healthcare Service Industry in China."

See "Risk Factors – Risks Relating to Our Business and Industry – Regulatory pricing controls may affect the pricing of TCM healthcare services and products provided by our in-network medical institutions, which may in turn affect our financial condition and results of operations."

As advised by our PRC Legal Advisors, while the recent regulatory development has contributed to the decrease in our short-term net profit, it would not have any material adverse impact on our overall business operations and financial condition. Our Directors confirm that we have implemented measures to comply with the recent regulatory requirements and do not expect such regulatory development to have any material adverse impact on our business operations and financial results. Based on the documents and information provided by the Company, and the discussions with the Company and the PRC Legal Advisors of the Company, nothing has come to the Sponsor's attention that would cause it to disagree with our Directors' view.

- ***Enhancing TCM Healthcare Services to Offset Revenue Impact***. We further diversified our TCM healthcare services in response to national healthcare initiatives, and expanded our offerings through TCM non-medication treatments. These efforts enriched our TCM healthcare service portfolio and, combined with our "trusted physicians + quality medicine" (好醫好藥) philosophy, attracted a broader patient base to our TCM healthcare services, including those customers conduct out-of-pocket payment, partially offsetting revenue pressure from the price reduction in decocting pieces (中藥飲片) and TCM patent medicines (中成藥).

- ***Attracting Customers by Pursuing Distinguished Quality to Entrench Our Competitiveness***. We collaborate with leading industry specialists and establish quality control expert committee to improve efficacy of our TCM healthcare services, entrenching our competitiveness in product and service quality to attract more customers and mitigate the downward pricing pressure.

- ***Cost Control Leveraging Robust Supply Chain Management and Growing Bargaining Power***. We established our wholly-owned subsidiary, Beijing Tongda, in pursuit of organized supply chain management. Beijing Tongda aggregates and consolidates the procurement demands for pharmaceuticals, mainly covering TCM patent medicines and western medicines, and prepares our procurement catalog. Through such deployment, we consolidate and coordinate the procurement demands of our in-network medical institutions at the headquarters level to enhance the cost efficiency of procurement and foster economies of scale. Robust supply chain management capabilities enable us to negotiate favorable cooperation with suppliers, mitigating policy-related risks in procurement. To mitigate the adverse impact brought by downward pricing pressure from the national volume-based procurement, we enhance our cost efficiency through refining inventory management and leveraging our growing bargaining power along with business expansion.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, (i) there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees, prospects, the industry where we operate, or market or regulatory environment to which we are subject since September 30, 2025, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix IA to this prospectus; and (ii) there has been no event since September 30, 2025 that would materially affect the information shown in the Accountants' Report set forth in Appendix IA to this prospectus.

The unaudited preliminary financial information of our Group as of and for the year ended December 31, 2025 as set out in Appendix IIB to this prospectus, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules, have been agreed by the Reporting Accountants, to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2025, following with their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares, on the basis that, among other things, we satisfy the market capitalisation/revenue/cash flow test under Rule 8.05(2) of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2024, being RMB1,175.1 million (equivalent to approximately HK$1,332.4 million), which is significantly over HK$500 million; (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative Offer Price range, exceeds HK$2 billion; and (iii) our positive cash flow from operating activities of over HK$100 million in aggregate for the three years ended December 31, 2024.

OFFERING STATISTICS

Offer size:	Initially 23.24% of our enlarged issued share capital
Over-allotment Option:	Up to 15% of our initial Offer Shares
Offer Price per Offer Share:	HK$7.30 to HK$8.30 per Offer Share
Offering Structure:	90% International Offering and 10% Hong Kong Public Offering (subject to reallocation and the Over-allotment Option)

	Based on the Offer Price of HK$7.30 per Offer Share	Based on the Offer Price of HK$8.30 per Offer Share
Market capitalization of our Shares(1)	HK$3,397.14 million	HK$3,862.51 million
Unaudited pro forma adjusted net tangible assets of our Group attributable to equity shareholders of our Company per Share(2)	HK$2.17	HK$2.40

Notes:

(1) The calculation of market capitalization is based on 465,362,049 Shares expected to be in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 465,362,049 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option. For illustrative purpose, the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.88196 to HK$1.00.

LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB64.1 million (HK$72.6 million), including (i) underwriting commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all Offer Shares of approximately HK$29.0 million; and (ii) non-underwriting related expenses of approximately HK$43.6 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$24.7 million; and (b) sponsor fee and other fees and expenses of approximately HK$18.9 million, representing approximately 8.6% of the gross proceeds of the Global Offering based on the same assumptions. As of September 30, 2025, we have incurred listing expenses of RMB29.9 million (HK$33.9 million), of which approximately RMB20.7 million (HK$23.5 million) were charged to the consolidated statements of profit or loss and other comprehensive income as administrative expenses and approximately RMB9.2 million (HK$10.4 million) were recognized as other receivables in the consolidated statements of financial position and are expected to be a deduction in equity upon the Listing. We expect to incur additional listing expenses of approximately RMB34.2 million (HK$38.7 million), of which approximately RMB8.3 million (HK$9.3 million) are expected to be recognized as administrative expenses and approximately RMB25.9 million (HK$29.4 million) are expected to be recognized as a deduction in equity directly upon the Listing.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position. During the Track Record Period, our Company did not declare or pay any dividend. See "Financial Information — Dividends."

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the subsidiaries of our Company declared dividends of nil, RMB30.3 million, RMB12.2 million and RMB8.9 million, respectively, to non-controlling shareholders.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$7.80 per Offer Share (being the mid-end of the Offer Price range stated in this prospectus), will be approximately HK$771.0 million, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

Approximately HK$ in millions	Percentage of Net Proceeds	Future Plans
366.2	47.5%	expansion of our TCM healthcare service network
182.1	23.6%	enhancement of our TCM healthcare service capacity
145.6	18.9%	repayment of certain of our outstanding bank loans
77.1	10.0%	working capital and other general corporate purposes

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in "Glossary of Technical Terms."

"Accountants' Report"	the accountants' report of our Company for the Track Record Period, the text of which is set out in Appendix IA to this prospectus
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Anshan TRT TCM Hospital"	Beijing Tong Ren Tang Anshan TCM Hospital Co., Ltd. (北京同仁堂鞍山中醫醫院有限公司), a limited liability company established in the PRC on November 23, 2012 and a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by Anshan Iron and Steel Group Corporation General Hospital (鞍鋼集團公司總醫院)
"Articles of Association"	the articles of association of our Company conditionally adopted by our Shareholders on June 12, 2024 with effect from the Listing Date, as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Banking Ordinance"	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Beijing Fire Safety Consultant"	Zhongtai Yunchuang (Beijing) Construction Engineering Co., Ltd. (中泰雲創(北京)建設工程有限公司), an independent fire safety consulting company
"Beijing Jufang"	Beijing Jufang Medical Management Co., Ltd. (北京局方醫療管理有限公司), a limited liability company established in the PRC on February 3, 2021 and is held as to 99% by TRT Medical Fund
"Beijing Jufang LP"	Beijing Jufang Enterprise Management Center (Limited Partnership) (北京局方企業管理中心(有限合夥)), a limited liability partnership established in the PRC on March 31, 2020 and a management shareholding platform of TRT Medical Fund Management, the general partner of which is TRT Heritage Fund Management
"Beijing SASAC"	State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
"Beijing Tongda"	Beijing Tong Ren Tang Tongda Pharmaceutical Trading Co., Ltd. (北京同仁堂通達醫藥貿易有限公司), a limited liability company established in the PRC on September 23, 2022 and a wholly-owned subsidiary of our Company

"Beijing Tongyu LP"	Beijing Tongyu Enterprise Management Center (Limited Partnership) (北京同昱企業管理中心(有限合夥)), a limited liability partnership established in the PRC on July 14, 2021 and a management shareholding platform of TRT Heritage Fund Management
"Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital"	Beijing Tong Ren Tang First Integrated Traditional Chinese and Western Medicine Hospital (北京同仁堂第一中西醫結合醫院), formerly known as Beijing Wood Factory Staff Hospital (北京市木材廠職工醫院), a not for-profit hospital established under the laws of the PRC and one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Beijing TRT Second TCM Hospital"	Beijing Tong Ren Tang Second TCM Hospital Co., Ltd. (北京同仁堂第二中醫醫院有限責任公司), a limited liability company established in the PRC on January 4, 2016 and a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by TRT Technologies, and where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Beijing TRT TCM Hospital"	Beijing Tong Ren Tang TCM Hospital Co., Ltd. (北京同仁堂中醫醫院有限責任公司), a limited liability company established in the PRC on October 27, 2008 and a wholly-owned subsidiary of our Company
"Beijing Zhongqi"	Beijing Zhongqi International Investment Co., Ltd. (北京中企國際投資有限公司), a limited liability company established in the PRC on October 26, 2001 and a shareholder of Wangfujing Hospital
"Bijie Hospitals"	including Bijie Qixingguan District Maternal and Child Health Hospital (畢節市七星關區婦幼保健院) and Bijie Qixingguan District TCM Hospital (畢節市七星關區中醫醫院), not-for-profit medical institutions established under the laws of the PRC and our Managed Medical Institutions, of which the organizer's interests are held by Health Bureau of Bijie Qixingguan District (畢節市七星關區衛生健康局)
"Bingrong Investment"	Huzhou Bingrong Equity Investment Partnership (Limited Partnership) (湖州秉榮股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 22, 2019 and one of our Pre-IPO Investors
"Board" or "Board of Directors"	our board of Directors
"Bozhou Yipinde"	Bozhou Yipinde Pharmaceutical Co., Ltd. (亳州市益品得藥業有限責任公司), a limited liability company established in the PRC on November 18, 2003 and one of our Pre-IPO Investors
"BSCOM"	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), formerly known as Beijing State-owned Capital Operation and Management Company Limited (北京國有資本經營管理中心), a state-owned enterprise established in the PRC on December 30, 2008, which is in turn wholly owned by Beijing SASAC

"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday, or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"Capital Market Intermediary(ies)"	the capital market intermediary(ies) participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chengde Hospital"	Beijing Tong Ren Tang Chengde TCM Hospital Co., Ltd. (北京同仁堂承德中醫醫院有限責任公司), a limited liability company established in the PRC on August 18, 2016 and a non-wholly owned subsidiary of TRT Limited
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (北京同仁堂醫養投資股份有限公司), formerly known as Beijing Tong Ren Tang Healthcare Industry Investment Group Co., Ltd. (北京同仁堂醫養產業投資集團有限公司), or Beijing Tong Ren Tang Investment Development Co., Ltd. (北京同仁堂投資發展有限責任公司), a limited liability company established in the PRC on March 17, 2015, which was converted into a joint stock limited liability company on June 21, 2024
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to TRT, TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund

"Conversion of Unlisted Shares into H Shares"	the conversion of 110,139,024 Unlisted Shares into H Shares on a one-for-one basis upon the completion of Global Offering. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on August 28, 2025 and an application for H Shares to be listed on the Stock Exchange has been made to the Stock Exchange
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Cuihe Clinic"	Beijing Fude TCM Clinic Co., Ltd. (北京桴德中醫診所有限公司, formerly known as Beijing Cuihe TCM Clinic Co., Ltd. (北京粹和中醫診所有限公司)), a limited liability company established in the PRC on November 14, 2005 and an indirect subsidiary of TRT Senior Care Fund before May 2022
"Cuihe Pharmacy"	Beijing Cuihe Health Management Co., Ltd. (北京粹和健康管理有限公司), formerly known as Beijing Xiangxing Health Management Co., Ltd. (北京湘行健康管理有限公司), a limited liability company established in the PRC on August 27, 2021 and a wholly-owned subsidiary of our Company
"CZT"	Wan Chengzhitang TCM Co., Ltd. (萬承志堂中醫藥股份有限公司), a joint stock limited liability company established in the PRC on March 7, 2008, the shares of which are traded on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統有限責任公司) (stock code: 833263), which holds the entire equity interests in Hangzhou CZT
"Dahua Community Healthcare Station"	Beijing Haidian District Xueyuan Road Street Dahua Community Healthcare Service Station (北京市海淀區學院路街道大華社區衛生服務站), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Director(s)"	director(s) of our Company
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FINI"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"Fire Safety Consultants"	Taiyuan Fire Safety Consultant and Beijing Fire Safety Consultant

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., an independent market research and consulting company
"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this prospectus
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries or, where the context so requires (i) in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time and (ii) where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	ordinary Share(s) of the Company which an application has been made for listing and permission to trade on the Stock Exchange with nominal value of RMB1.00 each
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hangzhou CZT"	Hangzhou Wan Chengzhitang Health Technology Co., Ltd. (杭州萬承志堂健康科技有限公司), a limited liability company established in the PRC on November 13, 2012 wholly owned by CZT, and a shareholder of Shanghai CZT
"HKFRS Accounting Standards"	Hong Kong Financial Reporting Standards, amendments and the related interpretations issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"HK$"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 10,815,500 H Shares (subject to reallocation) being offered by our Company for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering for subscription of the Hong Kong Offer Shares (subject to adjustment) by the public in Hong Kong at the Offer Price and on, subject to, the terms and conditions described in this prospectus as further described in "Structure of the Global Offering — The Hong Kong Public Offering"
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 18, 2026 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Sponsor, the Sole Overall Coordinator, and the Hong Kong Underwriters, as described in "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"Hotan County Hospital"	Hotan County People's Hospital (和田縣人民醫院), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Medical Institutions, of which the organizer's interests are held by Health Commission of Hotan County (和田縣衛生健康委員會)
"Hotan Uyghur Hospital"	Hotan Region Uyghur Medicine Hospital (和田地區維吾爾醫醫院), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Medical Institutions, of which the organizer's interests are held by Administrative Office of Hotan Region of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區和田地區行政公署)
"Huangsi Out-patient Healthcare Center"	Beijing Tong Ren Tang Medical Care Industry Investment Group Co., Ltd Huangsi Comprehensive Out-patient Healthcare Center (北京同仁堂醫養產業投資集團有限公司黃寺綜合門診部), a not-for-profit hospital established under the laws of the PRC and one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Huaxi Clinic"	Yiwu Huaxi TCM Clinic Co., Ltd. (義烏華溪中醫診所有限公司), a limited liability company established in the PRC on September 25, 2018 wholly owned by SXT Pharmacies, and a non-wholly owned subsidiary of our Company

"Hujialou Second Community Healthcare Center"	Beijing Chaoyang District Hujialou Second Community Healthcare Service Center (北京市朝陽區呼家樓第二社區衛生服務中心), a not-for-profit community medical institution established under the laws of the PRC, of which the organizer's interests are held by TRT Kangyang
"in-network medical institutions"	medical institutions owned and operated by us and medical institutions managed by us. Our in-network medical institutions comprise hospitals, out-patient healthcare centers, clinics and community healthcare institutions
"Independent Third Party(ies)"	a person or entity which, to the best of our Director's knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
"International Offer Shares"	the 97,338,000 H Shares initially offered by our Company for subscription under the International Offering (subject to reallocation) as described in "Structure of the Global Offering", together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over allotment Option
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters outside the United States in the offshore transactions as defined in and in accordance with Regulation S, as further described in "Structure of the Global Offering"
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about Thursday, March 26, 2026 by, among others, the Sole Overall Coordinator, the International Underwriters and our Company in respect of the International Offering, as further described in "Underwriting — Underwriting Arrangements — The International Offering"
"Jianhua Hospital"	Qiqihar Jianhua Hospital Co., Ltd. (齊齊哈爾建華醫院有限責任公司), a limited liability company established in the PRC on March 30, 2015 and a shareholder of Qiqihar TRT TCM Hospital
"Jinhua Out-patient Healthcare Center"	Jinhua Sanxitang TCM Out-patient Healthcare Center Co., Ltd. (金華三溪堂中醫門診有限公司), a limited liability company established in the PRC on November 12, 2015 wholly owned by SXT Pharmacies, and a non-wholly owned subsidiary of our Company
"Jinhua Pharmacy"	Jinhua Sanxitang TCM Co., Ltd. (金華三溪堂國藥館有限公司), a limited liability company established in the PRC on May 5, 2022, which was de-registered on March 28, 2024

"Jining Hospital"	Beijing Tong Ren Tang (Jining) TCM Hospital Co., Ltd. (北京同仁堂(濟寧)中醫醫院有限公司), formerly known as Jining Wentaihe TCM Hospital Co., Ltd. (濟寧溫泰和中醫醫院有限公司), a limited liability company established in the PRC on December 30, 2020, which is held by TRT Medical Fund and Jining Yinling as to 51% and 49%, respectively
"Jining Yinling"	Jining Wentaihe Yinling Real Estate Co., Ltd. (濟寧溫泰和銀齡置業有限公司), a limited liability company established in the PRC on March 13, 2014 and one of our Pre-IPO Investors
"Jiuxianqiao Community Healthcare Center"	Beijing Chaoyang District Jiuxianqiao Community Healthcare Service Center (北京市朝陽區酒仙橋社區衛生服務中心), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Joint Bookrunners" and "Joint Lead Managers"	Joint Bookrunners and Joint Lead Managers as named in "Directors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	Joint Global Coordinators as named in "Directors and Parties Involved in the Global Offering" of this prospectus
"Latest Practicable Date"	March 10, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of our H Shares on the main board of the Stock Exchange
"Listing Date"	the date, expected to be on or about Monday, March 30, 2026, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of the Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Liujian Community Healthcare Station"	Beijing Haidian District Wanshoulu Street Liujian Community Healthcare Service Station (北京市海淀區萬壽路街道六建社區衛生服務站), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Managed Connected Medical Institutions"	Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital, Huangsi Out-patient Healthcare Center, Jiuxianqiao Community Healthcare Center, Dahua Community Healthcare Station and Liujian Community Healthcare Station, all of which are connected persons of our Company

"Managed Medical Institutions"	the not-for-profit offline medical institutions to which we provide management services and, as of the Latest Practicable Date, including our Managed Connected Medical Institutions, Bijie Hospitals, Qianxinan Hospital, Hotan Uyghur Hospital, Hotan County Hospital, Ningshan County Hospital and Yuan'an County Hospital. Qixing Hospital was one of our Managed Medical Institutions before its deregistration on December 31, 2024
"MHRSS"	Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zhu"	Mr. Zhu Zhibiao (朱智彪), a shareholder of San Xi Tang and one of our Pre-IPO Investors
"Ms. Pan"	Ms. Pan Songqin (潘松琴), a shareholder of San Xi Tang and one of our Pre-IPO Investors
"Nansanhuan TRT Pharmacy"	Beijing Tong Ren Tang Nansanhuan Zhonglu Pharmacy Co., Ltd. (北京同仁堂南三環中路藥店有限公司), a limited liability company established in the PRC on February 18, 2004 and non-wholly owned by TRT Technologies as to 51% with the remaining 49% equity interests being held by our Company
"NATCM"	National Administration of Traditional Chinese Medicine (國家中醫藥管理局)
"NBSC"	National Bureau of Statistics of the PRC (中國國家統計局)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NHC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
"NHFPC"	National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會), the predecessor of the NHC
"Niansanli Clinic"	Yiwu Sanxitang Medical Management Co., Ltd. Niansanli Clinic (義烏市三溪堂醫療管理有限公司廿三里診所), a branch company of SXT Medical Management and established in the PRC on August 10, 2021
"Ningshan County Hospital"	Ningshan County TCM Hospital (寧陝縣中醫醫院), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Medical Institutions, of which the organizer's interests are held by Health and Medical Security Bureau of Ningshan County (寧陝縣衛生健康和醫療保障局)
"Nomination Committee"	the nomination committee of the Board

"Non-Competition Undertaking"	a letter of non-competition undertakings dated November 12, 2025 entered into among our Controlling Shareholders and our Company (for itself and on behalf of our subsidiaries), particulars of which are summarized in "Relationship with Our Controlling Shareholders — Non-competition Undertaking"
"not-for-profit hospital"	a hospital established and operated for the purpose of providing healthcare services to the general public, whose net income before tax (收支結餘) should be used for the development of the hospital, such as improving hospital management, developing new treatment techniques or establishing new healthcare services instead of being distributed as dividends
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, Stock Exchange trading fee of 0.00565%, SFC transaction levy of 0.0027% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and which will be determined in the manner as further described in "Structure of the Global Offering"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Overall Coordinator at its sole and absolute discretion under the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 16,223,000 additional H Shares at the Offer Price, among other things, as further described in "Structure of the Global Offering"
"Overseas Listing Trial Measures"	Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and effective on March 31, 2023
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	PRC Accounting Standards and Accounting Regulations for Business Enterprise (《中國企業會計準則》), as amended, supplemented or otherwise modified from time to time
"PRC Governmental Body"	has the meaning ascribed thereto under the Listing Rules
"PRC Legal Advisors"	Tian Yuan Law Firm, our legal advisors as to PRC law
"PRC Legal Advisors relating to Data Compliance"	Commerce & Finance Law Offices, our legal advisors as to PRC law in respect of data compliance
"PRC Securities Law"	Securities Law of the PRC (中華人民共和國證券法) as amended, supplemented or otherwise modified from time to time

"Pre-IPO Investments"	the pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in "History, Reorganization and Corporate Structure"
"Pre-IPO Investors"	the investor(s) of the Pre-IPO Investments
"Price Determination Date"	the date, expected to be on or before Thursday, March 26, 2026 but no later than 12:00 noon on Thursday, March 26, 2026, on which the Offer Price is to be determined for the purposes of the Global Offering
"Property Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer
"Qianxinan Hospital"	Qianxinan Buyei and Miao Autonomous Region Maternal and Childcare Hospital (黔西南布依族苗族自治州婦幼保健院), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Medical Institutions, of which the organizer's interests are held by Health Bureau of Qianxinan Buyei and Miao Autonomous Region (黔西南布依族苗族自治州衛生健康局)
"Qiqihar TRT TCM Hospital"	Tong Ren Tang Hekang (Qiqihar) TCM Hospital Co., Ltd. (同仁堂鶴康(齊齊哈爾)中醫醫院有限公司), a limited liability company established in the PRC on February 19, 2024 and a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by Jianhua Hospital
"Qixing Hospital"	Beijing Qixing Huadian Technology Group Co., Ltd. Hospital (北京七星華電科技集團有限責任公司醫院), a not-for-profit hospital established under the laws of the PRC and was one of our Managed Connected Medical Institutions before its deregistration on December 31, 2024, of which the organizer's interests were held by TRT Kangyang
"Regulation S"	Regulation S under the U.S. Securities Act, as amended from time to time
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reorganization"	the reorganization of the businesses comprising our Group in preparation for the Listing, as described in the section headed "History, Reorganization and Corporate Structure"
"Reporting Accountants"	Ernst & Young
"RMB" or "Renminbi"	the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAMR"	State Administration of Market Regulation of the PRC (中國國家市場監督管理總局)

"San Xi Tang"	SXT Hospital and SXT Pharmacies
"Sanxitang Food"	Yiwu Sanxitang Food Co., Ltd. (義烏市三溪堂食品有限公司), a limited liability company established in the PRC on June 27, 2016 and controlled by Ms. Pan
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai CZT"	Shanghai Chengzhitang TCM Out-patient Healthcare Center Co., Ltd. (上海承志堂中醫門診部有限公司), a limited liability company established in the PRC on August 10, 2007 and a non-wholly owned subsidiary of our Company, with the remaining 30% equity interests held by Hangzhou CZT
"Shanghai ZHT"	Shanghai Zhonghetang TCM Out-patient Healthcare Center Co., Ltd. (上海中和堂中醫門診部有限公司), formerly known as Shanghai Zhonghetang Out-patient Healthcare Center Co., Ltd. (上海中和堂門診部有限公司), a limited liability company established in the PRC on December 13, 2005 and a non-wholly owned subsidiary of our Company, with the remaining 40% equity interests held by Shanghai Zhongyou Health Technology Group Co., Ltd. (上海中優健康科技集團有限公司) and Mr. Yuan Chongqing (袁重慶) as to 30% and 10%, respectively
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of our Shares
"Shijiazhuang TRT TCM Hospital"	Shijiazhuang Heji TCM Hospital Co., Ltd. (石家莊和濟中醫醫院有限公司), formerly known as Beijing Tong Ren Tang Shijiazhuang TCM Hospital Co., Ltd. (北京同仁堂石家莊中醫醫院有限公司), a limited liability company established in the PRC on April 19, 2017 and a former subsidiary of our Company
"Shunyi TRT TCM Hospital"	Beijing Tong Ren Tang Shunyi TCM Hospital Co., Ltd. (北京同仁堂順意中醫醫院有限公司), a limited liability company established in the PRC on March 21, 2025 and a wholly-owned subsidiary of our Company
"Sponsor", "Sole Sponsor-Overall Coordinator" or "Sole Overall Coordinator"	China International Capital Corporation Hong Kong Securities Limited
"STA"	State Taxation Administration of the PRC (中國國家稅務總局)
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited

"State Council"	the State Council of the People's Republic of China (中華人民共和國中央人民政府)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"SXT Hospital"	Sanxitang TCM Healthcare Hospital Co., Ltd. (義烏三溪堂中醫保健院有限公司), a limited liability company established in the PRC on December 28, 2015 and a non-wholly owned subsidiary of our Company, with the remaining 25% equity interests held by Mr. Zhu and Ms. Pan as to 13.75% and 11.25%, respectively
"SXT Medical Management"	Yiwu Sanxitang Medical Management Co., Ltd. (義烏市三溪堂醫療管理有限公司), a limited liability company established in the PRC on July 30, 2021 wholly owned by SXT Pharmacies, and a non-wholly owned subsidiary of our Company
"SXT Pharmacies"	Yiwu Sanxitang TCM Chain Co., Ltd. (義烏市三溪堂國藥館連鎖有限公司), a limited liability company established in the PRC on November 19, 2002 and a non-wholly owned subsidiary of our Company, with the remaining 25% equity interests held by Mr. Zhu and Ms. Pan as to 13.75% and 11.25%, respectively
"Taiyuan Fire Safety Consultant"	Shanxi Yonghong Automatic Fire-Fighting Facility Inspection & Testing Co., Ltd. (山西永宏自動消防設施檢測有限公司), an independent fire safety consulting company
"Taiyuan Healthcare Management"	Beijing Tong Ren Tang Taiyuan Healthcare Management Chain Co., Ltd. (北京同仁堂太原醫療管理連鎖有限責任公司), a limited liability company established in the PRC on June 4, 2015 and a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by TRT Shanxi Pharmacy
"Taiyuan TRT TCM Hospital"	Beijing Tong Ren Tang Taiyuan Healthcare Management Chain Co., Ltd. TCM Hospital (北京同仁堂太原醫療管理連鎖有限責任公司中醫醫院), a branch company of Taiyuan Healthcare Management and established on June 14, 2016
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
"Tangshan Hospital"	Beijing Tong Ren Tang Tangshan TCM Hospital (北京同仁堂唐山中醫院), a not-for-profit hospital established under the laws of the PRC, of which the organizer's interests are held by Beijing Tong Ren Tang Tangshan Chain Pharmacy Co., Ltd. (北京同仁堂唐山連鎖藥店有限責任公司), a non-wholly owned subsidiary of TRT Limited

"Tongkang Fund"	Suzhou Tongkang Medical Care Industry Investment Partnership Limited Partnership (蘇州同康醫養產業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 13, 2023, one of our Pre-IPO Investors and one of our Controlling Shareholders
"Tongqing Fund"	Beijing Tongqing Equity Investment Partnership Limited Partnership (北京同清股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 24, 2023, one of our Pre-IPO Investors and one of our Controlling Shareholders
"Track Record Period"	the three financial years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025
"TRT"	China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司), a limited liability company established in the PRC on August 17, 1992 and one of our Controlling Shareholders
"TRT Baoding"	Beijing Tong Ren Tang Baoding Zhili TCM Hospital Co., Ltd. (北京同仁堂(保定)直隸中醫醫院有限公司), a limited liability company established in the PRC on March 3, 2015 and a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by Mr. Zhang Wentong (張文童)
"TRT Basic Healthcare Management"	Beijing Tong Ren Tang Basic Healthcare Management Co., Ltd. (北京同仁堂基礎醫療管理有限公司), a limited liability company established in the PRC on May 19, 2023 and a wholly-owned subsidiary of our Company
"TRT Catering Management"	Beijing Tong Ren Tang Catering Management Co., Ltd. (北京同仁堂餐飲管理有限公司), a limited liability company established in the PRC on April 22, 2020 and wholly owned by TRT Kangyang
"TRT Chinese Medicine"	Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司), a company incorporated in Hong Kong with limited liability on March 18, 2004, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3613)
"TRT Commerce"	Beijing Tong Ren Tang Commerce Investment Group Co., Ltd. (北京同仁堂商業投資集團有限公司), a limited liability company established in the PRC on June 5, 2003 and a non-wholly owned subsidiary of TRT Limited
"TRT Group"	TRT and its subsidiaries or, where the context requires, excluding our Group
"TRT Heritage Fund Management"	Beijing Tong Ren Tang Heritage Innovation Private Equity Fund Management Co., Ltd. (北京同仁堂傳承創新私募基金管理有限公司), formerly known as Beijing Tong Ren Tang Senior Care Investment Management Co., Ltd. (北京同仁堂養老投資管理有限責任公司), a limited liability company established in the PRC on August 1, 2016, which is controlled by TRT Kangyang and one of our Controlling Shareholders

"TRT Internet Hospital"	Beijing Tong Ren Tang Internet Hospital Management Co., Ltd. (北京同仁堂互聯網醫院管理有限公司), a limited liability company established in the PRC on July 30, 2020 and a wholly-owned subsidiary of our Company
"TRT Kangyang"	Beijing Tong Ren Tang Kangyang Industry Development Co., Ltd. (北京同仁堂康養產業發展有限公司), a limited liability company established in the PRC on December 20, 2022, which is wholly owned by TRT and one of our Controlling Shareholders
"TRT Limited"	Beijing Tong Ren Tang Co., Ltd. (北京同仁堂股份有限公司), a joint stock limited liability company established in the PRC on June 18, 1997, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600085)
"TRT Medical Fund"	Beijing Tong Ren Tang Medical Industry Investment Center (Limited Partnership) (北京同仁堂醫療產業投資中心(有限合夥)), a limited liability partnership established in the PRC on October 12, 2019 and a former shareholder of our Company
"TRT Medical Fund Management"	Beijing Tong Ren Tang Medical Private Equity Fund Management Co., Ltd. (北京同仁堂醫療私募基金管理有限公司), formerly known as Beijing Tong Ren Tang Medical Investment Management Co., Ltd. (北京同仁堂醫療投資管理有限責任公司), a limited liability company established in the PRC on December 18, 2018, which is controlled by TRT Kangyang and one of our Controlling Shareholders
"TRT Senior Care Fund"	Beijing Tong Ren Tang Senior Care Industry Investment Operation Center (Limited Partnership) (北京同仁堂養老產業投資運營中心(有限合夥)), a limited liability partnership established in the PRC on February 27, 2017, one of our Pre-IPO Investors and one of our Controlling Shareholders
"TRT Shanxi Pharmacy"	Beijing Tong Ren Tang Shanxi Pharmacy Chain Co., Ltd. (北京同仁堂山西連鎖藥店有限責任公司), a limited liability company established in the PRC on August 17, 2005 and non-wholly owned by TRT
"TRT Technologies"	Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司), a joint stock limited liability company established in the PRC on March 22, 2000, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1666)
"Ultimate Controlling Shareholder"	TRT
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"Unlisted Share(s)"	ordinary Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
"US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the US Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"Wangfujing Hospital"	Beijing Tong Ren Tang Wangfujing TCM Hospital Co., Ltd. (北京同仁堂王府井中醫醫院有限公司), a limited liability company established in the PRC on December 1, 2009 and a non-wholly owned subsidiary of TRT Limited
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"WHO"	World Health Organization (世界衛生組織)
"Yaxin Out-patient Healthcare Center"	Beijing Yaxin Tezhong Jiancai Company Out-patient Healthcare Center (北京市亞新特種建材公司門診部), a not-for-profit medical institution established under the laws of the PRC and an affiliate of one of our Managed Connected Medical Institutions, of which the organizer's interests are held by TRT Kangyang
"Yuan'an County Hospital"	Yuan'an County TCM Hospital (遠安縣中醫醫院), a not-for-profit medical institution established under the laws of the PRC and one of our Managed Medical Institutions, of which the organizer's interests are held by Health Bureau of Yuan'an County (遠安縣衛生健康局)
"Zhejiang Sanxitang TCM"	Zhejiang Sanxitang TCM Co., Ltd. (浙江三溪堂中藥有限公司), a limited liability company established in the PRC on April 10, 2013 and an associate of Mr. Zhu
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese names shall prevail.

This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"acupotomy (小針刀)"	a TCM technique that involves inserting a special needle knife instrument into acupoints or affected areas to release adhesions, relieve muscle tension and alleviate pain
"acupuncture"	a clinical method and technique that uses small needles to stick into customers' meridian points to prevent and treat diseases
"China Time-honored Brand (中華老字號)"	a prestigious designation certified by the Ministry of Commerce of the PRC (中華人民共和國商務部) awarded to Chinese brands with a long history, traditional craftsmanship, and cultural significance, recognized for their heritage and quality
"Class I/II/III"	classification of hospitals in terms of bed number, where Class III hospitals shall have over 501 beds, Class II hospitals shall have 101-500 beds, and Class I hospitals shall have less than 100 beds
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's server with access to shared pools of configurable resources
"CT"	computerized tomography, a type of scan that makes use of computer-processed combinations of many X-ray images taken from different angles to produce cross-sectional tomographic images of specific areas of a scanned object, allowing the user to see inside the object without cutting
"cupping"	a TCM non-medication treatment in which a suction is created on the skin with the application of heated cups
"customer visit"	a visit by a customer to a medical institution for diagnosis and treatment or other healthcare purposes, including both out-patient visits and in-patient visits
"decocting pieces"	processed Chinese medicinal slices which can be used in prescribed formulas for preparing Chinese patent medicines or for decoction as a means of diet therapy
"decoction"	decocting Chinese medicinal herbs, a method of extraction by boiling herbal or plant material to dissolve the chemicals of the medicinal materials, such as stems, roots, bark and rhizomes
"dermatology"	the branch of medicine that deals with the diagnosis and treatment of skin disorders
"encephalopathy"	the branch of medicine that deals with abnormal brain function or structure leading to cognitive impairment and neurological symptoms
"endocrinology"	the branch of medicine that deals with hormone-related disorders and diseases affecting the endocrine system

"general hospital"	a hospital that provides multidisciplinary healthcare services including out-patient, in-patient and diagnosis
"GFA"	gross floor area
"gross profit"	represents the difference between revenue and cost of sales
"gross profit margin"	represents gross profit divided by revenue, expressed as a percentage
"gynecology"	the branch of medicine that deals with the diseases and routine care of the reproductive system of women
"health supplement"	products containing substances that may be taken to supplement the diet with additional nutrients
"HIS"	hospital information system, a comprehensive information system designed to manage a medical institution's operation
"in-patient healthcare services"	the services provided to customers who are hospitalized overnight or for an indeterminate period of time, usually several days or weeks, subject to their conditions and recovery
"Intangible Cultural Heritage Representative Inheritors (非物質文化遺產代表性傳承人)"	individuals who are officially recognized for their essential roles in safeguarding and inheriting intangible cultural heritage
"internal medicine"	the branch of medicine that focuses on diagnosis, treatment, and prevention of diseases affecting internal organs and systems
"massage"	a manipulation of body's soft tissues, commonly applied with hands, fingers, elbows, knees, forearms, feet, or a device, for the treatment of body stress or pain
"medical institution"	an institution with a valid Medical Institution Practicing License to engage in the provision of healthcare services
"Medical Insurance Designated Medical Institutions"	medical institutions designated by the relevant local medical insurance authority as ones that are permitted to treat patients covered by public medical insurance programs
"Medical Insurance Designated Pharmacies"	pharmacies designated by the relevant local medical insurance authority as ones that are permitted to sell products covered by public medical insurance programs
"moxibustion"	a TCM non-medication treatment which consists of burning a cone or stick made of ground mugwort leaves on particular points of the body to improve body condition
"multi-site practice physician"	licensed physicians who are qualified and permitted to practice at multiple sites in the PRC

"National Famous TCM Doctor(s) (全國名中醫)"	experienced famous TCM physicians selected by MHRSS, NHFPC and NATCM. These physicians should be famous TCM physicians at the provincial level, Senior TCM Expert Academic Experience Inheritance Instructor(s) at or above the provincial level, or National TCM Clinical Outstanding Talents
"National Senior TCM Expert Academic Experience Inheritance Instructor(s) (全國老中醫藥專家學術經驗繼承工作指導老師)"	an honorary title certified by NATCM to TCM experts with senior qualification and at least 30 years of experience in the field of TCM to promote TCM academic experience inheritance
"non-medication treatments"	therapeutic approaches that do not involve the use of pharmaceuticals, including but not limited to acupuncture, moxibustion, massage, cupping, and scraping
"nourishment"	healthcare products derived from natural products which are necessary for people's growth, health and good condition
"oncology"	the branch of medicine that deals with cancer
"ophthalmology"	the branch of medicine that focuses on the diagnosis and treatment of eye disorders, including diseases related to the eyes and visual system
"organizer's interest (舉辦人權益)"	the interest held by the organizers of not-for-profit medical institutions
"orthopedics"	the branch of medicine that focuses on conditions of the musculoskeletal system
"otolaryngology"	the branch of medicine that focuses on injuries and diseases of the ears, nose, and throat
"out-patient healthcare center"	a type of standalone medical institutions in China, mainly dealing with common, frequently occurring, and chronic diseases demanding for basic examination and specialized care
"out-patient healthcare services"	the healthcare services provided by physicians to customers who are not hospitalized overnight
"payback period"	the time that a new medical institution takes for the accumulated operating cash flow attributable to us from the relevant medical institution to cover our initial investment
"pediatrics"	the branch of medicine that deals with the medical care of infants, children and adolescents
"public medical insurance programs"	primarily include the Urban Employee Basic Medical Insurance Scheme (城鎮職工基本醫療保險制度) and the Basic Medical Insurance Systems for Urban and Rural Residents (城鄉居民基本醫療保險制度)

"Qihuang Scholar (岐黃學者)"	National TCM Inheritance and Innovation "Hundreds of Thousands of Talents" Project (Qihuang Project) Leading Talents (國家中醫藥傳承與創新"百千萬"人才工程(岐黃工程)岐黃學者), an honorary title granted by NATCM to medical professionals with senior qualification (高級職稱) and leading position in advancing the inheritance and innovation of TCM
"registered beds"	the number of beds that are registered in a medical institution's practicing license
"rheumatology"	the branch of medicine that deals with rheumatic diseases, which affect the joints, muscles, bones, and connective tissues, such as arthritis and autoimmune conditions
"scraping"	a TCM non-medication treatment using a tool to apply pressure and scrape the skin to relieve pain and tension
"specialty hospital"	a hospital that primarily or exclusively provides healthcare services in specific departments
"sphenopalatine ganglion acupuncture (蝶齶神經節針刺)"	a specialized acupuncture method targeting the sphenopalatine ganglion, a neural cluster located behind the nasal cavity, aiming to alleviate various conditions such as chronic headaches, facial pain and certain autonomic disorders
"sq.m."	square meter
"TCM"	traditional Chinese medicine
"TCM appropriate techniques"	TCM therapeutic techniques, including but not limited to acupuncture, moxibustion, massage and medicinal diet therapy
"TCM healthcare service network"	our three-tier TCM healthcare service network, consisting of (i) a hospital chain, including our self-owned or managed hospitals; (ii) a primary medical institution chain, including our self-owned or managed out-patient healthcare centers, clinics and community healthcare institutions; and (iii) our self-owned Internet hospital
"TCM patent medicines"	readily processed Chinese medicines in various intake forms, such as pills, granules and soft capsules, based on the nature and function of medicines
"TCM physicians"	licensed medical practitioners engaged in TCM-related medical and preventive healthcare
"western medicine"	a system in which healthcare professionals treat symptoms and diseases using drugs, radiation, or surgery. Drugs used in western medicine refer to modern medicine, usually made from chemical synthesis or formulated from a natural product

This prospectus contains certain forward-looking statements representing our goals, expectation and views of future events, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will," "would," "estimate," "expect," "anticipate," "plan," "aim," "going forward," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and the negative of these words and other similar expressions. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially.

These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in;
- general economic trends in which we operate our business;
- our ability to control costs and expenses;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this prospectus reflect our management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. See "Risk Factors," "Business" and "Financial Information" for more details.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information. In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

An investment in our H Shares involves various risks. You should carefully consider all the information in this prospectus and in particular the risks and uncertainties described below before making an investment in our H Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the trading price of our H Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We conduct our business in the strictly regulated healthcare industry and are subject to ongoing compliance costs.

Our operations are subject to various laws and regulations in China , which mainly cover (i) licensing and management of medical institutions; (ii) licensing of medical professionals; (iii) procurement and use of pharmaceuticals, medical consumables and medical devices; (iv) quality and pricing of TCM healthcare services and healthcare products; (v) collection and storage of customers' medical information and privacy protection; (vi) anti-corruption and anti-bribery; and (vii) discharge and disposal of medical waste generated from operations and occupational health. See "Regulatory Overview" for details of laws and regulations that we are subject to. If we cannot meet relevant requirements under the evolving laws and regulations or interpretations of the laws and regulations that regulate healthcare service providers, we could be subject to disciplinary warnings and/or administrative penalties. In particular, medical professionals practicing at our TCM healthcare service network are required to obtain the necessary qualification certificate for their respective practice and may only practice within the scope of their licenses and at the specific medical institutions at which their licenses are registered. Meanwhile, licenses or permits of our in-network medical institutions and pharmacies are subject to periodic renewal requirements and inspections by the relevant government authorities. If physicians or other medical professionals practicing at our TCM healthcare service network become unlicensed at any time during their practices, or if we or our in-network medical institutions or pharmacies fail to timely renew any major license, permit, certificate or approval requisite for operations, we may face administrative penalties, suspension of operations or even revocation of operating licenses, depending on the nature of the incidents, which could adversely affect our business, financial condition and results of operations. If we fail to obtain a series of licenses, permits, certificates or approvals for our newly commenced or acquired business, we may be subject to the corresponding administrative penalties, including suspension of operations under the worst-case scenario.

Changes in China's regulatory regime for the healthcare industry, particularly changes in healthcare reform policies, could materially affect our business operations and future expansion.

China's regulatory regime for the healthcare industry is developing, which may affect the way we and our in-network medical institutions operate the business. New regulatory regimen may be promulgated, and the current applicable laws and regulations may be amended or replaced to implement strengthened or additional supervision and more stringent management requirements. For instance, on March 10, 2023, NATCM promulgated the *Basic Standards for Traditional Chinese Medicine Clinics (2023 Edition)* (《中醫診所基本標準(2023年版)》), which replaced the *Notice on Issuing the Basic Standards for Traditional Chinese Medicine Clinics and Traditional Chinese Medicine (Comprehensive) Clinics* (《關於印發中醫診所基本標準和中醫(綜合)診所基本標準的通知》) jointly promulgated by the NHFPC and NATCM on December 1, 2017 and set higher requirements for TCM clinics in multiple aspects, such as diagnosis and treatment service offerings, establishment of internal policies and systems of medical record. In addition, the laws and regulations may also be subject to further interpretation and enforcement and are evolving. Any of such developments could require us to obtain additional licenses, permits or approvals, broaden the scope of liabilities relating to medical incidents, increase our operating costs and expenses, or even result in the invalidation of our existing licenses, permits or approvals. Moreover, our business operations and future expansion could be materially affected by governmental policies, which may be subject to further amendments and changes. If we are found to be non-compliant with any of the applicable rules, laws, or regulations, we may face administrative penalties, including suspension of operations and even revocation of operating licenses, depending on the nature of the findings, any of which could materially and adversely affect our business, results of operations and financial condition. Additionally, future regulatory changes may reduce coverage or reimbursement rates or extend the payment processing cycle under the public medical insurance programs, or implement additional pricing controls on TCM healthcare services and products, which could have an adverse impact on our business, results of operations and financial condition.

We operate in a highly competitive industry. If we do not compete successfully against existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected.

We operate in the TCM healthcare service industry in China, which is highly competitive and fragmented. According to Frost & Sullivan, in terms of the total TCM healthcare service revenue in 2024, we took a market share of 0.2% in the non-public TCM hospital healthcare service industry in China. We face competition from various existing market players, and also expect new market entrants to such industry will continue to grow and compete against us in the future. The number of market players in the non-public TCM hospital healthcare service industry in China increased from 2,525 in 2019 to 3,614 in 2024, indicating the intensified market competition in such fragmented market. We cannot assure you that we will be able to successfully compete against existing or new competitors, which may have greater resources, conduct consolidations and mergers, and/or develop alliances to acquire significant market share, and changes in the competitive landscape may result in price reduction, reduced profitability or loss of market share, any of which could have a material adverse effect on our results of operations and business prospects.

Our business operations primarily focus on TCM, the receptiveness of which in China may change, and our business, financial condition and results of operations may be materially affected.

TCM healthcare service industry in China is dependent upon the receptiveness of TCM among the public. Going forward, customer preferences for and demands of TCM healthcare services and products may experience material changes and even shift away due to various reasons such as customers' preferences for other treatment options. In addition, there can be no assurance that future findings from scientific research and clinical studies, or publicity will continue to be favorable to all TCM healthcare services or products, or consistent with existing findings. Scientific research reports, clinical findings or publicity, whether or not accurate, may associate illness or other adverse effects with TCM healthcare services and products in general or those provided by us or other TCM healthcare service providers, question the safety, efficacy or benefits of such services and products, or claim that any of such services and products are unsafe or less effective than expected. Such adverse publicity could arise even if the adverse effects associated with such services and products resulted from customers' failure to consume such services or products appropriately or as directed by the medical professionals. Any such research reports, clinical findings or publicity may adversely affect the demand for TCM healthcare services and products, and our business, results of operations and financial condition may be adversely affected.

Our business may be affected by therapeutic changes or by shifts in physicians' or customers' preferences for other treatments.

New services and equipment may arise in healthcare service industry in China with continuous technological advances, which could cause variation in physicians' or customers' preferences and the competitive landscape. As a healthcare service provider, we are required to be familiar with modern technologies and apply new services and equipment in the daily operations to the extent necessary, especially during treating complex or severe diseases through combining TCM with western medicine. If our in-network medical institutions are unable to adapt to therapeutic changes more successfully than competitors or fail to obtain access to new treatment methods in a timely manner, we may lose attractiveness to potential customers, and our ability to compete could be strained. Even if we timely identified and applied new services and equipment, there can be no assurance that we will be able to recover the relevant expenditures or compete successfully with our competitors in integrating the newly introduced services or equipment into the existing business. In addition, rapid technological improvements could, at times, lead to earlier-than-planned obsolescence or redundancy of equipment and result in impairment charges, which may adversely affect our results of operations.

The success of our business depends on our reputation and brand name. Any negative publicity about us, any of our in-network medical institutions, physicians or other medical professionals practicing at our in-network medical institutions could harm our brand image and reputation, which could adversely affect our business and prospects.

Our business success depends on our reputation and brand name. Negative publicity involving us, the industry where we operate, our in-network medical institutions, medical professionals practicing at such medical institutions, services and products provided in our TCM healthcare service network could adversely harm the brand image and reputation of us and our TCM healthcare service network. Such negative publicity could also cause deterioration in the level of market recognition of and trust in the TCM healthcare services and products provided by our in-network medical institutions, thereby resulting in reduced customer visits and market demands, and potential loss of medical professionals and other staff. Such negative publicity may also result in the diversion of management's attention, and government investigations or other forms of scrutiny. These consequences may have an adverse effect on our business, results of operations, financial condition and prospects.

We may not be able to manage the growth of our business and operations and grow at a rate comparable to our growth rate in the past.

The historical growth in our revenue does not have implications or may not necessarily reflect our future operating or financial performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control, including the effects of changing regulatory, economic, public health, environmental and competitive conditions, the ability of our TCM healthcare service network to retain and attract physicians, the ability to expand customer base, and implementation of our expansion plan. Moreover, our future development is also subject to other factors that cannot be fully predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, we have a relatively short operating history in operating online TCM healthcare services, making it more difficult to accurately assess the prospects or forecast the future results of our business based on the historical results of our operations. There can be no assurance that we will be able to increase revenue of, or generate profits from, online TCM healthcare services or other new businesses in the future.

We may not be able to maintain or renew the licensed use and authorization of the "Tong Ren Tang" trademark and/or property leasing from TRT.

We believe that the "Tong Ren Tang" brand name is vital to our business and operations. We currently use the "Tong Ren Tang" trademark for our business operations pursuant to the trademark licensing by TRT. See "Connected Transactions — Fully-exempt Continuing Connected Transactions — 1. Tong Ren Tang Trademark Licensing Framework Agreements" for details. There can be no assurance that we will be able to maintain the licensed use and authorization of the "Tong Ren Tang" trademark from TRT or renew such arrangement under the same or similar terms upon its expiration, failing which we will be unable to continue our operations under the brand name of "Tong Ren Tang," and our business, financial condition and results of operations will be materially and adversely affected. In addition, Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital lease properties from TRT and TRT Technologies, respectively, for their respective hospital operations and/or office use. See "Connected Transactions — Fully-exempt Continuing Connected Transactions — 6. Beijing TRT Lease Framework Agreement" and "Connected Transactions — One-off Transactions Entered into before the Listing" for details. We cannot assure you that the abovementioned medical institutions using properties leased from TRT or TRT Technologies can successfully extend or renew their current leases upon expiration on commercially reasonable terms or at all. We may incur higher rental expenses or even be forced to relocate such medical institutions upon expiration, which could materially disrupt our business operations and cause significant relocation expenses.

We may not be able to effectively execute our expansion plans, which may adversely affect our business, financial condition, results of operations and prospects.

In the future, we plan to further develop our business. See "Business — Business Strategies." There remain uncertainties on whether we could timely and properly realize our expansion as expected. With the expansion of our business, our business operations have and will continue to become increasingly complex in terms of the type, scale and location therefore causing strain on our managerial, operational, financial and human resources. Our current and planned personnel, procedures and measures may not be sufficient to support our future operations. The lack of familiarity with new service offerings and the corresponding promotion methods could make it difficult for us to anticipate customer demands and preferences. For instance, during the Track Record Period, we expanded existing offline services to online channels, which could expose us to additional challenges. We may experience less customer acceptance, unpleasant customer experience, even customer complaints and face costly medical liability claims for online services, which could harm our reputation and our financial performance. It may be difficult for us to strengthen our competitiveness, recoup our investments and achieve profitability in the new service offerings and our profit margin, if any, may be lower than expected, which would adversely affect our overall profitability and results of operations.

The anticipated benefits to be generated from our expansion efforts are based on assumptions that may prove to be inaccurate. Moreover, we may not be able to successfully complete these growth initiatives, strategies and operating plans and realize all of the benefits that we expect to achieve, or it may be more costly to do so than we anticipate. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, our business, financial condition and results of operations may be materially and adversely affected.

Establishing new medical institutions involves risks and could result in fluctuations in our short-term financial performance. Newly opened medical institutions may not achieve normal operations as anticipated.

We incur substantial expenses before new medical institutions' commencement of operations, mainly in terms of construction or property leasing, renovation, medical professional recruitment, and procurement of pharmaceuticals, medical devices and medical consumables for operations. New medical institutions generally have lower income and higher operating costs during their initial stages of operations. It typically takes newly opened medical institutions a period of time to achieve utilization rates and operating results comparable to the existing ones due to various factors. New medical institutions may even operate at a loss, which could adversely affect our results of operations. Accordingly, the number and timing of new medical institutions' establishment and commencement of operations have, and may continue to have, a significant impact on our profitability. Our results of operations may fluctuate significantly from period to period due to the offline business expansion, therefore, period-to-period comparisons of our operating results during the Track Record Period may not be meaningful and you should not rely on them to predict the future performance of our operating results.

Moreover, if we are unable to effectively deal with the uncertainties faced by new medical institutions in site selection, medical professional recruitment, provision of suitable TCM healthcare services and products, regulatory compliance, and maintenance of competitive advantages, we may not be able to expand our business in a timely and cost-efficient manner. Inability or material delay in managing these uncertainties or any substantial increase in costs to ramp up operations and utilization of the new medical institutions could cause an adverse impact on our financial performance and business prospects.

We may not be able to successfully complete any future acquisitions or enhance post-acquisition performance, which could adversely affect our business, financial condition and prospects.

We have expanded our TCM healthcare service network through both organic growth and acquisitions. In the future, we may continue to acquire suitable targets when appropriate opportunities arise. We are exposed to various risks and uncertainties during and after implementing our future acquisition plans, in particular: (i) failure to identify suitable acquisition targets or have to engage in intense competition for certain suitable acquisition targets, resulting in acquisitions on terms less commercially favorable to us; (ii) failure to timely obtain the applicable regulatory approvals and third-party consents necessary to consummate the planned acquisitions; (iii) failure to obtain sufficient financing on acceptable terms to us or at all, to fund such acquisitions; (iv) failure to successfully integrate the acquisition targets with the existing business and operations of our in-network medical institutions; (v) failure to build customer awareness in the local community and timely make the acquired medical institutions achieve utilization rates and operating results comparable to the existing ones; (vi) failure to effectively manage a growing TCM healthcare service network; (vii) failure to adapt to the local customer preferences and regulatory environment and cost-effectively operate in new geographic regions; and (viii) failure to generate revenue and achieve profitability as anticipated from the acquired businesses.

In addition, acquisition targets may have unknown or contingent liabilities, including liabilities for failure to comply with evolving requirements or interpretations of the applicable laws, regulations and rules. If the acquisition targets were subject to any administrative penalties, inferior services or products, or perceived harm to customers prior to our acquisition, we may also suffer reputational or even financial harm. There can be no assurance that due diligence before acquisitions will uncover all administrative penalties and the corresponding background information, as well as actual or alleged adverse events, relating to our acquisition targets for activities before our acquisition. For example, historically, certain hospitals we acquired failed to complete fire safety procedures for their premises. See "Business — Compliance and Legal Proceedings — Compliance — Failure to Complete Fire Safety Procedures for Certain Medical Institution Premises."

If we are unable to implement acquisitions and successfully grow our business through any future acquisitions, or if we suffer reputational or financial harm caused by unknown or contingent liabilities of the acquisition targets, or claims initiated by dissatisfied customers against the acquisition targets and us, our business and prospects could be adversely affected. Moreover, the process of pursuing and implementing acquisitions as well as integrating and managing acquired businesses, whether or not successful, could divert our resources and management attention from our existing business and impair our ability to successfully manage and grow our business organically.

Certain historical operating results of medical institutions acquired by us have been disclosed or considered during calculating certain operating data in this prospectus. The historical operating results of such medical institutions prior to acquisition may not be indicative of their results after the acquisition.

During the Track Record Period, we conducted several acquisitions, such as the acquisition of medical institutions under the brand name of "San Xi Tang (三溪堂)." Certain historical operating results of such medical institutions prior to acquisition have been disclosed in this prospectus and are derived from their respective internal record prior to acquisition. For example, to evaluate the growth in revenue and number of customer visits of the SXT Hospital after our acquisition, we took operating information of SXT Hospital prior to our acquisition into consideration for comparison purposes. See "Business — Our Business Highlights — Our Organic Growth and Strategic Acquisitions." As such operating information is generated prior to our acquisition, we cannot assure you that it is prepared based on the same standards as ours. Accordingly, those operating results in this prospectus that considered operating data generated by the acquired medical institutions prior to the acquisition may not reflect what our results of operations would have been had we been a combined entity during the periods presented, and may not be indicative of its results after acquisition by us.

We may incur impairment losses on our goodwill and other intangible assets, which could adversely affect our results of operations and financial position.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we recorded goodwill of RMB187.3 million, RMB161.2 million, RMB263.4 million and RMB263.4 million, respectively. See Notes 2.3 and 16 of Section II to the Accountants' Report included in Appendix IA to this prospectus for details of goodwill and its impairment testing. During the Track Record Period, we did not record impairment loss on our goodwill. There are inherent uncertainties relating to the factors in relation to the assessment of goodwill impairment that might adversely affect our business operation, or under circumstances where we might fail to sustain the growth as well as the gross profit margin we have estimated. If we were required to recognize material impairment charges due to significant adverse changes in factors in relation to the assessment of goodwill impairment, our net profit in the corresponding period might be substantially affected. In addition, goodwill impairment might also adversely affect our financial position and all types of financing activities due to its negative impact to our financial ratios.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had intangible assets other than goodwill of RMB21.7 million, RMB26.4 million, RMB45.5 million and RMB43.3 million, respectively. See Notes 2.3 and 15 of Section II to the Accountants' Report included in Appendix IA to this prospectus for details of amortization and impairment testing of intangible assets other than goodwill. During the Track Record Period, we had not incurred any impairment losses on intangible assets other than goodwill. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions, and unpredictable adverse changes in the future may also result in decreases in the value of intangible assets other than goodwill. Therefore, we cannot assure you that these assumptions and estimates would not result in outcomes that require a material adjustment to the carrying amounts of intangible assets other than goodwill in the future, which may in turn result in impairment losses. Significant impairment losses on other intangible assets may have a material adverse effect on our financial condition and results of operations, and may in turn limit our ability to obtain financing in the future.

If our in-network medical institutions are unable to recruit, retain and manage a sufficient number of qualified physicians and other medical professionals, our business and results of operations could be adversely affected.

The business operations of our TCM healthcare service network highly rely on attracting, training, retaining and managing a high-caliber and stable team of physicians and other medical professionals. The competition for medical professionals, especially qualified TCM physicians, is intense. The supply of qualified TCM physicians is limited due to the length of training required, including academic study and clinical training, which can take up to eight years or even longer for certain medical specialties. We believe that TCM physicians generally consider the following key factors when selecting medical institutions to practice at, including the brand influence and reputation, culture, the number of customer visits, the operating efficiency, the quality of facilities and supporting staff, compensation, training programs and location. Our in-network medical institutions may not compete favorably with our competitors in respect of one or of more these factors, and thus may not be able to attract or retain a sufficient number of qualified TCM physicians we desire.

Multi-site practice physicians practice at our in-network medical institutions pursuant to the liberated physician registration regulation. Such physicians are entitled to provide consultation and diagnosis services in our TCM healthcare service network after completing the multi-site practice registration. If the relevant government authorities promulgate new regulations to change such practices in the future, our in-network medical institutions may not be able to retain their current base of multi-site practice physicians. If our in-network medical institutions are unable to successfully recruit or retain seasoned and qualified TCM physicians, our business, results of operations and financial condition may be adversely affected.

Regulatory pricing controls may affect the pricing of TCM healthcare services and products provided by our in-network medical institutions, which may in turn affect our financial condition and results of operations.

PRC laws and regulations set pricing controls and price ceilings on TCM healthcare services, pharmaceuticals, medical consumables and medical devices. In particular, Medical Insurance Designated Medical Institutions are required to set the prices for TCM healthcare services, pharmaceuticals, medical consumables and medical devices covered by the public medical insurance programs in accordance with the pricing guidelines adopted under such programs in order for customers to be eligible for payment by the public medical insurance programs. As of the Latest Practicable Date, all of our self-owned offline medical institutions that have commenced operations were Medical Insurance Designated Medical Institutions. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from direct settlement through public medical insurance programs accounted for 52.5%, 55.7%, 56.6%, 53.7% and 56.6% of our total revenue for the same periods, respectively. As of the same date, all of our Managed Medical Institutions were Medical Insurance Designated Medical Institutions, except for a branch of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital which commenced operation in November 2025 and was in the process of applying for such qualification. Our management fees are also affected by Managed Medical Institutions' settlement through public medical insurance program. Furthermore, the PRC government has adopted a centralized volume-based procurement regime in an effort to regulate the prices of certain pharmaceuticals, which may exert downward pressure on the pricing of the relevant pharmaceuticals used in our medical institutions. See "Business — Pricing" and "Regulatory Overview — Regulations Relating to the Price of Healthcare Service and Medicine" for details.

Governmental policies that set price ceilings, control profit margins or restrict insurance reimbursement amounts may in turn affect our results of operations. We cannot predict changes in the pricing guidelines, price ceilings and/or cost-plus ceilings in the future or if any additional TCM healthcare services and products provided by us may become subject to pricing control, or more stringent medical insurance reimbursement limits, which may cause pressure on the pricing of our TCM healthcare service network. Moreover, if we fail to respond to changes in the pricing guidelines, price ceilings and/or cost-plus ceilings in a timely manner by adjusting our pricing policies or services and products, our competitiveness in the market, our business operations and prospects may be adversely affected.

Our self-owned medical institutions and pharmacies derive a significant portion of revenue by providing TCM healthcare services and products to customers with public medical insurance coverage. Any failure to remain eligible for public medical insurance coverage, or any non-payment or delayed payment under public medical insurance programs could adversely affect our results of operations and financial position.

Customers who are covered by the public medical insurance programs may choose to rely on public medical insurance programs to pay for some of healthcare services and products, with the remaining portions to be settled through cash, online payments via third-party platforms and bank card. Whether a medical institution is eligible for public medical insurance coverage could affect its acceptance among potential customers. As of the Latest Practicable Date, all of our self-owned offline medical institutions that commenced operations were Medical Insurance Designated Medical Institutions. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue derived from direct settlement through public medical insurance programs accounted for 52.5%, 55.7%, 56.6%, 53.7% and 56.6% of our total revenue for the same periods, respectively. The specific percentage covered by public medical insurance programs may vary based on criteria including type of the insurance program, local practice, age of the customer and type of services or products involved. We expect to continue to receive a significant portion of our total revenue under public medical insurance programs.

We cannot assure you that our medical institutions will be able to maintain their status as Medical Insurance Designated Medical Institutions, the loss of which may cause reduced customer visits and negative publicity among customers. Reimbursement policies in medical insurance coverage plans may be subject to further changes in the future such that certain TCM healthcare services and products provided by our medical institutions may no longer be covered, or that more stringent thresholds on existing coverage may be implemented. Any reduction in the rates reimbursed by relevant medical insurance bureaus or the scope of services or products covered could discourage customers from visiting our medical institutions and pharmacies, which may adversely affect our business operations and financial condition.

Moreover, any delayed or delinquent settlement under the public medical insurance programs could increase our trade receivables or result in write-offs. Depending on the policies and practices of local medical insurance bureaus, our self-owned Medical Insurance Designated Medical Institution may be subject to an annual quota set by government for public medical insurance reimbursements. If the quota assigned by the local medical insurance bureaus fail to increase in line with the revenue growth of the relevant medical institutions, the loss generated from such non-reimbursable amounts would increase, which could adversely affect our business, results of operations and financial condition.

Violation of the regulatory requirements relevant to medical insurance may result in penalties against the non-compliant medical institutions. For example, during the Track Record Period, Shijiazhuang TRT TCM Hospital, Shanghai CZT and Shanghai ZHT failed to meet certain regulatory requirements on Medical Insurance Designated Medical Institutions such as improper pricing and settlement of medical reimbursement with the local medical insurance bureau in relation to services and products ineligible for reimbursement, and were imposed administrative penalties by the relevant government authorities. The aggregate amount of such administrative penalties was approximately RMB1.2 million. To our knowledge, such incidents were mainly caused by unfamiliarity with and/or misunderstanding of the relevant regulatory guidelines and pricing ceilings by certain of such medical institutions' employees, as a result of the evolving and varied requirements and practices adopted by the local medical insurance bureaus. The relevant administrative penalties had been fully paid by such medical institutions before our acquisitions. Similarly, Shanghai ZHT failed to fully comply with certain regulatory requirements on Medical Insurance Designated Medical Institutions such as those relating to overcharging, and was imposed administrative penalties of RMB2.98 million by the relevant government authority in September 2025 primarily in respect of such conduct prior to the equity transfer closing date. As of the Latest Practicable Date, Shanghai ZHT had fully paid such administrative penalties. As advised by our PRC Legal Advisors, such administrative decisions would not have any material and adverse effect on our business operations or the Listing.

If medical institutions managed by us or their organizers decide to terminate or not to renew their collaboration arrangements with us, or if the applicable laws and regulations prohibit this business model, our revenue and profitability may suffer.

As of the Latest Practicable Date, we provided medical institution management services to 12 offline medical institutions under collaboration agreements with such medical institutions and their organizer. Such agreements typically range from three to five years. In accordance with such agreements, the organizer and the Managed Medical Institutions have rights to unilaterally terminate the collaboration agreements under certain circumstance. Please see "Business — Our Management Services — Management Services to Medical Institutions — Scope of Management Services to Managed Medical Institutions" for details. We cannot assure you that the organizer or the Managed Medical Institutions will renew collaboration agreements with us upon expiration of the existing ones. If the organizer and the Managed Medical Institutions decide to terminate or not to renew their collaboration arrangements with us, our revenue and profitability may suffer.

In addition, although our PRC Legal Advisors have advised us that, based on the interviews with the health administrative authorities or the authorities for registration of public institutions of several Managed Medical Institutions, the relevant collaboration agreements are legally binding and do not violate the applicable PRC laws and regulations, we cannot assure you that governmental policies will not change to prohibit such collaboration arrangements or business model, making it unlawful for us to continue to perform our obligations under the relevant collaboration agreements. If any of these events occur, we would face a decrease in revenue generated from our medical institution management business. As a result, our business, financial condition and results of operations could be adversely affected.

Our revenue generated from medical institution management services is subject to the operating performance of Managed Medical Institutions.

The management fees charged on our four Managed Medical Institutions in Beijing for our management services are generally calculated as a fixed percentage of the respective Managed Medical Institution's annual revenue, provided that charging such fees would not result in a loss-making position of the Managed Medical Institution in the relevant year. Pursuant to the collaboration agreements with these medical institutions, although we can recommend the candidate of their chief administrators and financial controllers, their organizer is entitled to determine the recruitment and dismissal of the management team. In addition, we do not have the same level of control over certain material business matters of the Managed Medical Institutions as our self-owned medical institutions. The amount of management fees payable by the Managed Medical Institutions would be adversely affected if the relevant medical institutions experienced poor operating performance and recorded reduced revenue.

If we are unable to continue to attract and retain customers, foster superior customer experience and maintain customer trust in us, our in-network medical institutions and stores, our business, financial condition and results of operations may be materially and adversely affected.

Our ability to continue to attract and retain customers was affected by our ability to provide superior customer experience and maintain customer trust in us, which requires us to continue to provide high-quality TCM healthcare services and healthcare products, keep pace with regulatory development and public's growing awareness, attract and retain experienced medical professionals, maintain stable medical supplies, ensure timely and reliable delivery to customers, flexible payment options and superior customer services. Reaching these goals not only requires rich industry knowledge and experience in operating medical institutions, but also depends on numerous factors beyond our control. Moreover, potential customers may have concerns over the reliability, safety and efficacy of the TCM healthcare services provided by us through our online channels. We may spend extra efforts to maintain or support the reliability, security and functionality of our online channels and introduce such channels to cultivate customers' trust. Additionally, failure by third-party suppliers and medical professionals practicing at our in-network medical institutions, over whom we generally do not have full control, to ensure high-quality supplies or services may adversely affect our customers' receptiveness of, and willingness to purchase, our services and products. If we cannot continue to provide high-quality TCM healthcare services through both offline and online channels or fail to meet the customers' expectations on our service offerings, we may not be able to retain our existing customers or attract new customers.

Meanwhile, if our customer services were perceived to be unsatisfactory or inadequate, such as longer waiting time than expected at peak times, or misleading or remiss responses to customers' inquiries, customer experience would be materially and adversely affected. Any negative publicity or feedback on our customer services may harm our brand image and cause us to lose customers and market share, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

We may not be able to promote our services effectively, properly or at reasonable costs and we are subject to limitations in promotion activities as a healthcare service provider.

We sometimes promote the recognition of our in-network medical institutions and educate customers about the high-quality primary care and chronic disease management services we provide. Our branding and promotion activities may not be well received and may not result in the improved operating and financial performance that we anticipate. Additionally, approaches and strategies in attracting customers in the healthcare industry in China are continuously evolving, which may further require us to adjust our existing methods to be in line with the industry developments. Failure to refine our existing branding and promotion strategies or to introduce new promotion strategies in a cost-effective manner may adversely affect our business, results of operations and financial condition.

We are obligated to ensure all of our advertising content complies with applicable laws and regulations. For advertisements related to certain types of services and products, we are required to complete filings with local authorities and obtained all requisite government approvals. According to the applicable PRC laws and regulations, medical institutions need to obtain a Medical Advertisement Examination Certificate (醫療廣告審查證明) before publishing a medical advertisement. Violation of these regulations may result in penalties against the non-compliant medical institution, including rectification, orders, warnings, suspension of operations, revocation of relevant permits to engage in the provision of specific healthcare services and products, and the revocation of the Medical Institution Practicing License of such medical institution. In addition, if the content of the published advertisement deviates from what is approved and documented in the Medical Advertisement Examination Certificate, the competent authority may revoke the Medical Advertisement Examination Certificate and suspend any application for advertisement examination for one year. Historically, Shanghai CZT, had been imposed an insignificant administrative penalty of RMB0.1 million by the local government authority for its posting medical advertisement on the WeChat official account without obtaining Medical Advertisement Examination Certificate prior to our acquisition. To our knowledge, this incident was mainly caused by unfamiliarity with and/or misunderstanding of the relevant regulatory requirements on medical advertisement by certain of Shanghai CZT's employees. The relevant administrative penalty had been fully paid by Shanghai CZT before our acquisition. We have adopted a series of measures to assure our branding and promotion activities complying with applicable laws and regulations, including but not limited to designating staff to review the content of our medical advertisement and apply for Medical Advertisement Examination Certificate before publishing a medical advertisement, and conducting periodic review on our medical advertisement.

We cannot assure you such measures will be sufficient. If we are punished with serious penalties, we may not be able to publish new advertisements in a timely manner, and our business and reputation could be materially affected. Moreover, government actions and civil claims may be filed against us for misleading or inaccurate medical advertising. We may have to spend significant resources in defending against such actions, which may cause diversion of management's attention and interruptions to our business operations.

Failure to maintain our business relationships with our suppliers, or any decrease, shortage or delay in the supply, or an increase in the cost of our purchases may adversely affect our business, financial condition and results of operations.

We have established business relationships with suppliers primarily in respect of pharmaceuticals, medical devices, and medical consumables. Our suppliers also include human resource management service companies, public cloud service providers and software service providers or software distributors of our online systems. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, purchases from our five largest suppliers in each year/period of the Track Record Period accounted for approximately 37.9%, 39.3%, 42.1% and 42.7% of our total purchases, respectively. For the same periods, purchases from our largest supplier in each year/period of the Track Record Period accounted for approximately 10.3%, 9.3%, 17.4% and 20.1% of our total purchases, respectively. If we fail to maintain our business relationship with suppliers, especially major suppliers, or if they cease to cooperate with us, or breach their supply agreements with us, or if our business relationships with them are otherwise terminated, interrupted, or modified in any way adverse to us, we may face limited remedies and may spend additional efforts to source alternative supplies in sufficient quantity under commercially acceptable terms to us, which could have a negative impact on the stability of our operations, thus adversely affect our business, financial condition and results of operations. Moreover, we cannot assure you that we will be able to timely renew our supply agreements with existing suppliers upon expiration or to establish relationships with new suppliers to keep pace with the continued expansion of our business.

In addition, we may face supply shortages and fluctuations in the market prices of supplies. The availability and prices of supplies from third-party suppliers, especially decocting pieces and TCM patent medicines, may be affected by multiple factors beyond our control. In the event that our suppliers are unable to continue to supply us with sufficient quantities of qualified supplies at acceptable prices, we may have to spend additional time and efforts to obtain substitutes with acceptable quality and prices elsewhere. We cannot assure you that we will be able to pass on any increase in the costs of supplies from third-party suppliers to our customers. Substantial fluctuations in market prices of supplies requisite for our daily operations may result in an increase in our costs and adversely affect our profitability.

We cannot assure you that the quality of all supplies we procure from third parties can meet the expectation of customers, which could expose us to liabilities and adversely affect our brand image, reputation, results of operations and prospects.

We use a variety of decocting pieces, TCM patent medicines and other healthcare products, medical devices and medical consumables during providing TCM healthcare services to our customers. We also procure such supplies from third-party suppliers for our daily operations. We may not have full control over the quality of supplies we procure from these third parties. We cannot assure you that the quality of all supplies we procure from third parties can meet the expectation of customers, free of defects and meet all applicable quality standards. If these supplies are perceived to be or subsequently confirmed to have been defective at the time of the supply, even though we did not know or could not have known about such defect, we may be subject to liability claims, negative publicity, reputational damage, regulatory investigation or administrative penalties, any of which may adversely affect our results of operations and brand image. We cannot assure you that significant claims of such nature will not be asserted against us in the future, and that adverse verdicts will not be reached or that we will be able to recover losses from third-party suppliers.

We are exposed to risk of inventory obsolescence. Failure to maintain proper inventory level could have a material adverse effect on our business, financial condition, results of operations and prospects.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, our inventories amounted to RMB124.1 million, RMB79.3 million, RMB82.5 million and RMB95.8 million, respectively. We are exposed to inventory risks as a result of various factors that are beyond our control. With the expansion of our business, our inventory level increases, and our inventory obsolescence risk may also increase along with the increased purchase of inventories. There can be no assurance that we can accurately predict the relevant trends and events and avoid over-stocking or under-stocking inventories. On the one hand, inventory level in excess of demand may result in expiration of inventories or an increase in inventory holding costs and a potential negative impact on our liquidity. On the other hand, inventory shortages may result in unfulfilled customer demands, leading to a negative impact on customer experience. If we cannot manage our inventory level efficiently in the future, our business, financial condition, results of operations and prospects may be adversely affected.

Any operation disruption to the warehousing facilities that we use, or to the logistics services provided by our suppliers, could materially and adversely affect our business, financial condition and results of operations.

Our wholly-owned subsidiary for supply chain management, Beijing Tongda, engages third-party warehousing service provider for storing inventories, primarily including TCM patent medicines and western medicines. Meanwhile, our self-owned medical institutions typically store their own inventories, primarily including decocting pieces, TCM patent medicines, western medicines, medical consumables and medical devices in their storerooms. Natural disasters or other unanticipated catastrophic events, including power interruptions, earthquakes, water shortage, fires, storms, terrorist attacks and wars, changes in government planning for the land underlying such warehousing facilities, as well as challenges from third parties or government authorities to our right to use such warehousing facilities, could interrupt the operation of warehousing facilities, destroy inventories stored therein, and adversely affect our business operations. If any of the foregoing occurs, we may be forced to relocate the affected warehousing facilities. We may fail to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, as a result of which our business, financial condition and results of operations could be materially and adversely affected.

In addition, we rely on logistics service providers to deliver healthcare products sold through our online channels to our customers. Logistics services that meet our requirements for guaranteed storage safety, optimal and flexible space utilization and timely and reliable delivery may be in short supply in the market. We cannot assure you that we will be able to renew our agreements with qualified logistics service providers upon expiration, or to identify substitute logistics service providers on terms acceptable to us on a timely basis, failing which may impair our business, results of operations and financial condition.

Our business is subject to seasonality. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition.

In line with the TCM healthcare service industry in China, our in-network medical institutions generally experience fewer customer visits in the first quarter of a calendar year, mainly due to the postponed customer demands in TCM healthcare services before and during the Chinese New Year. As a result, our operating and financial results for an interim period may not be representative of our overall performance. In addition, our costs and expenses do not necessarily correspond with the timing of our revenue recognition. We expect to continue to experience seasonal fluctuations in our revenue, results of operations and financial condition in the future.

We incurred net losses during the Track Record Period and our operating results may fluctuate in the future.

We incurred net loss of RMB9.2 million for the year ended December 31, 2022. See "Financial Information — Period to Period Comparison of Results of Operations" for detailed discussions. We cannot assure you that we will not incur net loss in the future. We expect our costs and expenses may continue to increase in the following major aspects: (i) expanding

TCM healthcare service network through establishing or acquiring medical institutions and upgrading existing medical institutions; (ii) attracting and retaining seasoned medical professionals; (iii) strengthening our online service capacity; and (iv) digitalizing our operations and propelling the informatization of our TCM healthcare service network. Our revenue may not grow at the rate we expect, and it may not increase sufficiently to offset the increase in costs and expenses. In addition, certain items that partially contributed to our net profit in 2024 are non-recurring in nature, such as our gains on disposal of Shijiazhuang TRT TCM Hospital and gains on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang. We cannot assure you that we will achieve continuous growth in profitability. If we are unable to achieve and sustain profitability, the value of our business and Shares may be adversely affected in the future.

We are subject to credit risks with respect to our trade receivables and prepayments, other receivables and other assets.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade receivables amounted to RMB80.5 million, RMB112.9 million, RMB107.7 million and RMB102.3 million, respectively; while our prepayments, other receivables and other assets amounted to RMB38.4 million, RMB40.9 million, RMB32.4 million and RMB44.1 million, respectively, as of December 31, 2022, 2023 and 2024 and September 30, 2025. See "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position" for major components of our trade receivables and prepayments, other receivables and other assets during the Track Record Period.

There is no guarantee that our business customers, pharmaceutical production and/or trading companies, and/or related parties will always perform their obligations in a timely manner and we are subject to credit risk in relation to deposits and prepayments. Moreover, depending on the policies and practices of local medical insurance bureaus, we may face delayed or delinquent settlement under the public medical insurance programs. If we are not able to collect the trade receivables or recover the deposits and prepayments as scheduled, we may be required to recognize an impairment loss against our trade receivables or prepayments, other receivables and other assets, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Our loan agreements may have included arrangements that impose material and adverse effect on our financial condition, results of operations, cash flows and business prospects.

We entered into loan agreements to finance our capital expenditure and working capital requirements. As of January 31, 2026, the equity interest of our certain operating subsidiaries has been pledged. See "Financial Information — Contingent Liabilities" for the details. In the event of default, the lenders may foreclose the equity interest of such subsidiaries, and we may not be able to consolidate the results of such subsidiaries into our financial statements, which could have a material adverse effect on our results of operation. In addition, as we expect to further expand our TCM healthcare service network through acquisitions, we may enter into new loan agreements with commercial banks in the future. Our loan agreements may contain financial and other covenants that require us to maintain certain financial ratios or impose certain restrictions on the disposition of our assets or the conduct of our business. Furthermore, our future loan agreements may include certain restrictive covenants whereby we may be required to obtain approval from our lenders to, among other things, incur additional debt, pledge assets, undertake guarantee obligations and dispose of or sell assets. If we are not granted such approvals, we may not be able to obtain additional financing or conduct certain other business activities that may be viewed as favorable to us, and we cannot assure you that our financial resources will be adequate to support our operations, and our financial condition, results of operations, cash flows and business prospects may be materially and adversely affected.

Our in-network medical institutions could become the subject of customer complaints, claims and disputes in the course of their operations, which could result in costs and materially and adversely affect our brand image, reputation, business, financial condition and results of operations.

Physicians, other medical professionals and medical institutions in China have become subject to an increasing number of medical complaints, claims and disputes in recent years. Such negative feedback from customers typically alleges malpractices, medical adverse events or other causes of action. Due to the nature of TCM healthcare services, we are exposed to inherent risks of medical complaints, claims and disputes raised by customers, medical incidents and legal proceedings arising from our operations. We generally do not intervene the clinical activities of our in-network medical institutions or over the decisions and actions taken by the physicians and other medical professionals as their diagnoses and treatments are subject to their professional judgment and in most cases, must be performed on a real-time basis. Any incorrect decisions or improper actions on the part of the physicians and other medical professionals, or any failure by our TCM healthcare service network to properly manage clinical activities may cause undesirable or unexpected outcomes, including complications, injuries and even deaths in extreme cases. Furthermore, there are inherent risks associated with the TCM clinical activities that may result in adverse reactions such as dizziness and numbness of the tongue caused by overdose of certain decocting pieces as well as burns caused by nonproficiency of physicians during the physiotherapy.

Our in-network medical institutions may choose to settle with the dissatisfied customers in order to minimize the negative impact on their reputation and operations. Please see "Business — Our Customers — Customer Services and Feedback" and "Business — Compliance and Legal Proceedings — Medical Disputes" for details of customer complaints, claims and disputes that our in-network medical institutions faced during the Track Record Period and up to the Latest Practicable Date. We cannot guarantee our in-network medical institutions will not be subject to such disputes or that they can successfully prevent or settle all disputes raised by customers in the future. Any customer complaints, claims and disputes, regardless of merit, could result in significant legal costs, divert attention of medical professionals and management, cause reputational damage, impair the ability of our in-network medical institutions to attract, recruit and retain medical professionals and staff, discourage customers from visiting them, and cause severe interruptions to their operations, which may materially and adversely affect our business, financial condition and results of operations.

If we become subject to litigation, legal or contractual disputes, governmental investigations, arbitration or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

During our ordinary course of business, we may be involved in claims, disputes and legal proceedings from time to time relating to, among others, medical disputes, product liability, patient safety, quality control, privacy protection, environmental protection, tax declaration, breach of contract, employment or labor disputes and infringement of intellectual property rights. Unresolved or threatened litigation, legal or contractual disputes, governmental investigations, arbitration or administrative proceedings involving us, our in-network medical institutions or our employees may divert the attention of our management, cause interruptions to our business and result in damages, liabilities and substantial costs.

Furthermore, any litigation, legal or contractual disputes, governmental investigations, arbitration or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If the outcomes of these proceedings are less favorable to us, we could be required to pay significant legal costs and monetary damages, assume legal and other liabilities and even to suspend or terminate the related business projects. For example, one of our subsidiaries was previously involved in a litigation concerning disputes with the construction contractor stemming from the construction project contract, which had been fully settled as of the Latest Practicable Date. See "Business — Compliance and Legal Proceedings — Legal Proceedings." In addition, negative publicity arising therefrom may damage our reputation and adversely affect our brand image. As a result, our business, results of operations and financial condition may be materially and adversely affected.

Failure to effectively identify fictitious transactions or other fraudulent conducts by customers could adversely affect our business, financial condition and results of operations.

We may face risks with respect to fraudulent activities on our TCM healthcare service network. For instance, customers may provide false or misleading information to our medical professionals in order to obtain prescriptions and/or healthcare products that they are not supposed to get. There can be no assurance that fraudulent measures taken by customers to obtain prescriptions can be identified and prevented by measures implemented by us within our medical institutions to detect and reduce the occurrence of fraudulent activities. Additionally, sale of prescription pharmaceuticals is subject to stringent scrutiny, which may expose us to risks and challenges. We cannot assure you that our scrutiny measures and mechanism on sale of pharmaceuticals will always be effective or sufficient. In particular, we may fail to detect prescription abuse or fraudulent orders effectively and timely. As the methods used to bypass or cheat our scrutiny measures may change frequently and may not be recognized until they succeed, we may be unable to anticipate these methods and implement adequate preventative measures, which may distract the attention of both our medical professionals and management and incur significant liability.

The occurrence of fictitious transactions or other fraudulent conducts by customers may subject us to lawsuits, regulatory investigations, fines and penalties against us, which could harm our reputation and the overall satisfaction among our customers and adversely affect our business, financial condition and results of operations.

Increasing focus with respect to environmental, social and corporate governance (the "ESG") matters may impose additional costs on us or expose us to additional risks. We cannot assure you that we or any of our in-network medical institutions will not be subject to liabilities or penalties relating to the environmental protection and fire safety.

Our business is generally subject to laws and regulations relating to the environment and public health. The amendments and changes to the applicable laws and regulations may cause additional compliance costs, which could have an adverse effect on our business, results of operations and prospects.

Failure to comply with applicable regulations relating to the environmental and public health matters could result in administrative actions or penalties on us. Historically, certain of our premises failed to complete requisite fire safety procedures. See "Business — Compliance and Legal Proceedings — Compliance — Failure to Complete Fire Safety Procedures for Certain Medical Institution Premises."

Our business operations are also exposed to risks relating to occupational health and safety, primarily with respect to occupational health and containment of infection transmission. The physicians, other medical professionals and other staff practicing at our in-network medical institutions may fail to deal with such risks properly.

We cannot assure you that we or any of our in-network medical institutions will not be subject to liabilities or penalties in connection with environmental, public health, occupational health and safety in the future. Any of these actions or penalties may adversely affect our business, results of operations and financial condition.

Moreover, public awareness of ESG has been increasing in recent years, making our business more sensitive to changes in social trends and policies associated with environmental protection, public health and other ESG issues. For information about our ESG policies and practices, please see "Business — Environmental, Social and Corporate Governance." Investor advocacy groups, certain institutional investors, investment funds, and other influential investors have placed increasing importance on the ESG practices and the social costs of their investments. Any ESG concern or developments in social trends and political policies relating to ESG could increase our compliance costs, or require us to alter our practices in a way that could adversely impact our operating results. If we fail to adapt to or comply with the evolving expectations and standards of ESG, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and our business operations and financial condition could be materially and adversely affected.

Our insurance coverage may be inadequate to cover all significant risk exposures.

We maintain limited insurance policies covering certain potential liabilities. See "Business — Insurance" for details of insurances we maintained as of the Latest Practicable Date. There can be no assurance that our insurance coverage will be available or sufficient to cover all of the risk exposures faced by us and our in-network medical institutions.

The occurrence of natural or man-made disasters that are outside the scope of our insurance coverage may severely interrupt our business and cause significant loss to us. Moreover, the existing insurances maintained by us contain exclusions and limitations on coverage. If our insurance coverage is unavailable or insufficient to cover any risk exposures, we may incur substantial costs and diversion of our resources, which could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our owned and leased properties may adversely affect our business, financial condition and results of operations.

We face legal defects regarding some of our owned properties. As of the Latest Practicable Date, we have not obtained the real estate ownership certificates for two properties owned and occupied by TRT Baoding. As advised by our PRC Legal Advisors, the relevant PRC government authorities have the rights to order such subsidiary to cease to use or dismantle such properties, and impose penalties on it. In addition, we face legal defects regarding some of our leased properties. As of the Latest Practicable Date, we had not registered certain of our lease agreements with the relevant PRC government authorities. If we fail to complete or timely complete such lease registration upon the housing authorities' request, we may face fines on each unregistered lease agreement, which may adversely affect our financial position. As advised by our PRC Legal Advisors, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. For details of the legal defects of our owned and leased properties, see "Business — Properties." We cannot assure you that our use of such properties will not be challenged in the future. In the event that our use of properties is challenged, we may spend efforts to respond to third parties' challenges on our interests and face the diversion of the attention of our management and other staff. As a result, our business and results of operations may be adversely affected.

Failure to renew our current leases on reasonable terms or to locate desirable alternatives for our in-network medical institutions, pharmacies or stores could materially and adversely affect our business, financial condition and results of operations.

We may not be able to successfully extend or renew our current leases upon their expiration on commercially reasonable terms, or at all, and may therefore be forced to relocate the relevant medical institutions, pharmacies or stores. This could disrupt the operations of medical institutions, pharmacies or stores and may result in significant relocation expenses, which could materially and adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. Moreover, with the continuous expansion of our business, we may not be able to locate desirable alternative sites for our medical institutions, pharmacies or stores. In such case, failure in selecting desirable alternatives and timely relocating our medical institutions, pharmacies or stores concerned on commercially reasonable terms could adversely affect our operations and business expansion.

Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the Labor Contract Law or comply with applicable laws and regulations of the PRC may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

PRC laws and regulations require us to participate in various employee benefit plans, including social insurance, unemployment insurance, medical insurance, maternity insurance, work-related injury insurance and the housing provident fund. See "Regulatory Overview —

Regulations Relating to Labor" for details. During the Track Record Period, we did not fully comply with the rules and regulations in relation to social insurance and housing provident fund, which may subject us to liabilities and/or penalties. Except for Shijiazhuang TRT TCM Hospital that was disposed by us in August 2024, during the Track Record Period, we did not make social insurance and housing provident fund contributions for certain of our employees, or failed to make full social insurance and housing provident fund contributions for certain of our employees as required by relevant laws and regulations, with a shortfall amounting to RMB2.4 million, RMB4.2 million, RMB3.2 million and RMB2.3 million, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. See "Business — Employees." We cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

Our business generates and possesses a large amount of personal and medical information of customers, and any improper collection, storage, use or disclosure of such information could materially and adversely affect our brand image, reputation and business.

Unless otherwise provided in laws and administrative regulations, healthcare service providers can only collect personal and medical information of customers with such customers' prior consents and to the extent necessary under the applicable PRC laws and regulations. PRC laws and regulations also generally require healthcare service providers to protect the privacy of their customers and prohibit unauthorized disclosure of personal information. Our TCM healthcare service network may be liable for damage caused by divulging the customers' personal or medical records without consent. A security breach that leads to leakage of our customers' personal and medical information, even though anonymized, could subject us to legal liabilities, regulatory sanctions, reputational damage and customers' trust. Our Internet hospital and online channels are operated based on our information technology infrastructure. Any data breach, system attack or internet malfunction of our information technology infrastructure may force us to suspend or cease our services online and may even lead us to be subject to regulatory actions, investigations or litigations on data privacy and cybersecurity, which could materially and adversely affect our brand image, reputation and business.

We are subject to evolving laws, regulations and governmental policies regarding privacy, cybersecurity, data protection and cross-border data flow. Actual or alleged failure to comply with such laws, regulations and governmental policies could adversely affect our business and reputation.

When conducting our business, we may need to store, transmit and process certain data of our customers. We are exposed to risks inherent in handling data and in ensuring the data security and privacy. There have been several regulatory changes and development in relation to privacy, cybersecurity, data protection and cross-border data flow in recent years. Relevant laws, regulations and governmental policies are evolving and may be subject to further interpretations or changes, which may affect the scope of our responsibilities in this regard.

As of the Latest Practicable Date, all the data collected and produced during our operations within the mainland of the PRC is stored within the PRC. There is no data cross-border transfer during our business operations. As of the Latest Practicable Date, we were not identified as an operator of "critical information infrastructure" by any government authority. As a result, the obligations as required by the applicable laws for such operators of "critical information infrastructure" are currently not applicable to us. With the continuous expansion of our business and growth of our customer base, if we are recognized as an operator of "critical information infrastructure" in the future, we will be required to comply with such obligations under the applicable laws and regulations. See "Regulatory Overview — Regulations Relating to Internet Security" and "Regulatory Overview — Regulations Relating to Personal Information or Data Protection" for further details of laws, regulations and governmental policies regarding privacy, cybersecurity and data protection.

The above regulatory developments could impact the general healthcare industry and in particular, the healthcare service providers with online operations in China. We may incur substantial costs to comply with such laws and regulations, communicate with our customers and address their concerns in cybersecurity and data privacy and protection, and improve our information technology infrastructure. We may from time to time be required to rectify or further improve our internal measures regarding cybersecurity and data privacy and protection. Any failure or perceived failure by us or our in-network medical institutions to comply with all applicable laws and regulations regarding cybersecurity and data privacy and protection, or any failure or perceived failure of physicians, other medical professionals or other staff practicing at our in-network medical institutions to comply with relevant laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation among our existing and potential customers and subject us to fines and damages, which could have an adverse effect on our business and results of operations.

We may be subject to liability for contents available on our online channels that are alleged to be factually incorrect or otherwise unlawful.

We are required to monitor the interfaces of our online channels for items or contents deemed to be factually incorrect or otherwise unlawful under the PRC laws and regulations. We are also required to take proper measures to ensure services provided through our online channels are legal to be provided online. We may be subject to potential liabilities for any contents we distribute that are deemed to be inappropriate. Moreover, any unlawful actions taken by our customers on our websites or other online channels, such as posting defamatory comments to us or physicians or other medical professionals practicing at our in-network medical institutions, may subject us to negative publicity and potential liabilities. It may be difficult to determine the type of contents that may result in liability to us, and if we are found to be liable, we may be subject to fines, revocation of our relevant business licenses, or be prevented from operating our online channels. In addition, online defamatory comments that we, physicians or other medical professionals practicing at our in-network medical institutions fail to provide satisfactory services to customers, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand image, undermine the trust in our TCM healthcare services.

Claims may be brought by third parties against us for defamation, libel, negligence, copyright, patent or trademark infringement, tort (including personal injury), other unlawful activity or other theories and claims based on the nature and content of information posted on our online channels, including news feeds, reviews on TCM healthcare services or products and message boards. Regardless of the outcome of such disputes or lawsuits, we may spend extra time and attention to deal with the negative publicity and suffer from reputational damage, which may adversely affect our business.

The proper functioning of our and our in-network medical institutions' information technology infrastructure is essential to our business. Any technological failure, security breach or other disruptions may adversely affect our business.

The information technology infrastructure in our in-network medical institutions visualizes their operational and financial performance. Any failure associated with the information technology infrastructure, including those caused by power disruption or loss, natural disasters, computer viruses, hackers, network failures, system malfunctions or other unauthorized tampering, may cause interruptions in the ability of our in-network medical institutions to provide TCM healthcare services, keep accurate customer records, and maintain proper business operations. In addition, if the information technology infrastructure relating to the billing and medical insurance reimbursements were to malfunction and result in the loss of related records, our in-network medical institutions may not receive payment in full amount under the public medical insurance programs. Any of the foregoing events may adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights, which could harm our brand image and business.

We believe our patents, trademarks and other intellectual property rights are crucial to our success. Our principal intellectual property rights include our registered trademarks, patent, copyright and domain names. We also use the "Tong Ren Tang" trademark under the non-exclusive license from TRT. We are susceptible to third parties' infringement of intellectual property rights. There can be no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorization. Our efforts to enforce or defend our intellectual property rights may not be adequate or effective. We may have to initiate legal proceedings to defend our intellectual property rights against any infringement by third parties, which may be costly and time-consuming, requiring us to devote substantial resources and divert the attention and time of our management. Furthermore, we may face the outcome of legal actions that are less favorable to us. Any failure to effectively protect our intellectual property rights may adversely affect our business, financial condition, results of operations and prospects.

In addition, other parties may register trademarks with features similar to our registered trademarks under certain circumstances, which may confuse our potential customers and business partners. In such cases, the goodwill and value of our trademarks and the public perception of our brand image may be harmed. A negative perception of our brand image could cause an adverse effect on our business, financial condition, results of operations and prospects.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially disrupt our business.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties during our daily operations. In defending against third-party infringement or misappropriation claims, we may incur legal expenses and other resources, which would be both costly and time-consuming, resulting in the diversion of the attention of our management and other staff, regardless of their merit. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to liabilities to third parties, require us to seek consents or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision of relevant services or using the relevant brand. To the extent that such consents or licenses are not available on commercially acceptable terms to us or at all, we may be required to divert considerable time and resources to source alternative technologies or rebrand our services, or we may be forced to delay or suspend the relevant services or the relevant brand promotion.

We have entered into and may continue to enter into agreements in the future with third parties to get licenses in connection with various third-party intellectual property rights, including rights to use software and computer programs. Claims on infringement or misappropriation may arise from such agreements, such as the scope of the rights granted under the license agreements, the interpretation or application of the provisions under the agreements and the extent to which our use of intellectual property may infringe, misappropriate or otherwise violate intellectual property rights of the licensor. Such claims arising from intellectual property licensing agreements with third parties may adversely affect our reputation and may in turn affect our business, financial conditions and results of operations.

Negative publicity in connection with such claims could also harm our brand image and adversely affect the growth of customer visits and recruitment of renowned physicians. In addition, disruptions to our business operations as a result of such claims could materially and adversely affect our business, financial condition and results of operations.

We may need additional capital and may not be able to obtain it in a timely manner or under commercially acceptable terms, or at all.

We may require additional cash resources to finance our continued growth or other future developments, such as any acquisition initiatives or other business expansion plans. The amount and timing of such additional financing needs vary depending on the timing of our implementation of organic growth, acquisitions and the amount of cash flow generated from our business operations. If our capital resources are insufficient to satisfy our cash needs, we may seek additional capital by issuance of additional equity securities or debt financing. Raising additional financing by issuance of additional equity securities may result in share dilution, while debt financing may result in the increased debt servicing obligations and could result in operating and financing covenants that may, among other things, restrict our operational flexibility or our ability to distribute dividends. If we fail to service the debt obligations or comply with any debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial conditions may be adversely affected. Moreover, our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control. In the event that our future financing is not available or is not available on commercially reasonable terms, our business, results of operations and growth prospects may be adversely affected.

Any future occurrence of *force majeure* events, such as natural disasters and outbreaks of contagious diseases in China could prevent our in-network medical institutions and stores from effectively serving their customers and thus materially and adversely affect our results of operations.

Our business could be materially and adversely affected by natural disasters, the outbreak of an epidemic, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of a disaster or a prolonged outbreak of an epidemic or other adverse public health developments in the PRC or elsewhere in the world could adversely affect the macroeconomy, materially impact the healthcare industry, weaken the spending power of our customers, and disrupt our business operations. These events could even cause a temporary suspension or closure of our medical institutions or pharmacies, which could materially and adversely affect our business, financial condition and results of operations. During the Track Record Period, our business operations had been affected by the COVID-19 pandemic. The ultimate impact of the COVID-19 pandemic or a similar health epidemic remains uncertain and subject to frequent changes. To the extent the such pandemic adversely affects our business and financial results, it may also heighten other risks described in this “Risk Factors” section.

We rely upon the continuing efforts of our senior management team and other key personnel. Any failure to attract, motivate and retain them could severely hinder our ability to maintain and grow our business.

The continuing and collaborative efforts of our senior management team and other key personnel are crucial to our success. We have been, and expect to continue to be, heavily dependent on the continued services of our senior management team and other key personnel, some of whom have been with us since our inception. In particular, we rely on the expertise, experience and leadership of Mr. Rao Zuhai, the chairman of the Board, and Dr. Lu Yan, our executive Director. We also rely on a number of key members of our senior management team.

In line with the industry practice, we do not maintain key person insurance. Competition for competent candidates in the industry is intense and the pool of competent candidates is limited. If we lose the services of one or more of our key personnel, we may not be able to find suitable or qualified replacements timely or at all and may incur additional expenses to recruit and train new personnel. As a result, our business could be disrupted, the implementation of our business strategies could be delayed, and our financial condition and results of operations could be materially and adversely affected. In addition, if any member of our senior management team or key employees joins our competitor or forms a competing business, we may lose know-how, trade secrets, customers and key professionals and staff. If any dispute arises between our current or former key personnel and us, we may have to incur substantial costs and expenses to enforce such agreements or we may not be able to enforce them at all.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the Global Offering, our Controlling Shareholders will retain substantial control over our Company. Subject to our Articles of Association and the PRC Company Law, the Controlling Shareholders will be able to exercise significant control and exert significant influence over our business operations or otherwise on matters that are significant to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of our Controlling Shareholders may differ from the interests of other Shareholders. Our Controlling Shareholders are free to exercise their votes according to their interests, other than on limited matters that they shall abstain from voting. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Changes in the economic, political, social or regulatory conditions could have a material effect on our business and prospects.

We generate all of our revenue from the PRC. All of our businesses, assets, operations are located in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the macroeconomy through fiscal and monetary policies. Our performance has been and will continue to be affected by the Chinese economy, while the uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact the China economy. The global economic slowdown and the turmoil in the global financial markets and continued weakness in the U.S. economy have collectively added downward pressure to economic growth in China. We are unable to predict all the risks that we face as a result of current economic, political, social and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business operations and financial performance.

Failure to respond to developments in the legal system may subject our business and financial performance to risks.

We conduct our business primarily through operating subsidiaries in the PRC, which are governed by the PRC laws and regulations. The PRC legal system is based on written statutes and evolves rapidly, some of the current laws and regulations are relatively new and may be amended in the future and interpreted or enforced depending on the specific facts and circumstances, which may affect our judgment on the relevance of legal requirements and the value of your investment. Meanwhile, laws, regulations or enforcement policies, including those regulating healthcare industry in China, are evolving rapidly. Any enforcement actions against us could have a material adverse effect on us.

Investors of our H Shares may become subject to PRC taxation on dividends received from us and gains from the disposition of our H Shares.

Individual holders of H Shares who are not residents of mainland China and whose names appear on the register of members of H Shares (the "**Non-PRC Resident Individual Holders**"), are subject to PRC individual income tax on dividends received from us. Pursuant to the *Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011 and issued by the STA, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. Meanwhile, under the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) and its implementation regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares.

However, pursuant to the *Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Any collection of such tax in the future may materially and adversely affect the value of such individual holders' investments in H Shares.

Under the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to its PRC-sourced income, including dividends derived from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under applicable double tax treaty or arrangement between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the *Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in the PRC to Non-resident Enterprises Holding H-shares of the Enterprises* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) promulgated by the STA on November 6, 2008, we intend to withhold tax at 10% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to a reduced withholding rate under an applicable tax treaty or arrangement could apply to the PRC tax authority for a refund of the excessive amount withheld, and payment of such refund will be subject to the approval from the PRC tax authority. There is room for discretion as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, regarding whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected, the value of such non-PRC resident enterprise holders' investments in H Shares may be materially and adversely affected.

Payment of dividends is subject to conditions under the PRC laws.

Dividends may be paid only out of distributable profits pursuant to the stipulation of the PRC laws. Distributable profits are defined as our profits after taxes as determined under the PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given period are retained and available for distribution in subsequent periods.

Moreover, as the calculation of distributable profits under the PRC GAAP is different from the calculation under the HKFRS Accounting Standards in multiple respects, our subsidiaries may not have distributable profits as determined under the PRC GAAP, even if they have profits for that period as determined under the HKFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could adversely affect our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Fluctuations in exchange rates could result in foreign currency exchange losses.

We expect that substantially all of our revenue will be denominated in Renminbi. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under the existing PRC laws and regulations on foreign exchange, following the completion of the Global Offering, we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the SAFE. Fluctuations in the exchange rate of Renminbi against Hong Kong dollar, U.S. dollar and other foreign currencies are affected by various macroeconomic factors. The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. There can be no assurance that our business, financial condition and results of operations would not be adversely affected by the fluctuation in exchange rates in the future. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our H Shares in foreign currency terms.

You may experience difficulties in effecting service of the legal process upon us and our management and seeking recognition and enforcement of judgments against them across jurisdictions.

The legal systems across different jurisdictions vary significantly. Therefore, the effecting service of legal process and the process of recognizing and enforcing any judgments may be different across jurisdictions and are subject to treaties or arrangements providing for the recognition and enforcement of judgments made by courts of other jurisdictions. As a result, investors may experience difficulties to effect service of process and/or recognize and enforce any judgments for disputes brought in other jurisdictions. We are a company incorporated under the laws of the PRC, and all of our assets are located in the PRC. Substantially all of our Directors and senior management reside within the PRC, and the assets of our Directors and senior management are likely to be located within China. As a result, it may be difficult for you to effect service of process within Hong Kong, the United States or elsewhere outside the PRC upon us or these persons, or to bring an action in Hong Kong against us or these individuals. Moreover, the PRC has not entered into treaties with certain other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. An original action may only be brought in the PRC against us or our Directors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the civil procedure laws in the PRC.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and the liquidity and market price of our H Shares following the Global Offering may be volatile.

No public market currently exists for our H Shares. The initial Offer Price for our H Shares to the public will be the result of negotiations between our Company and the Sole Overall Coordinator (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering.

In addition, the trading price and trading volume of the H Shares may be subject to significant volatility in responses to various factors, including: (i) variations in our operating results; (ii) unexpected business interruptions resulting from natural disasters or outbreaks of contagious diseases; (iii) changes in financial estimates by securities analysts; (iv) announcements made by us or our competitors; (v) investors' perception of us and of the investment environment in regions where we operate; (vi) developments in the PRC healthcare markets; (vii) changes in pricing made by us or our competitors; (viii) acquisitions by us or our competitors; (ix) the depth and liquidity of the market for our H Shares; (x) additions to or departures of, our executive officers and other members of our senior management; (xi) release or expiry of lock-up or other transfer restrictions on our H Shares; and (xii) political, economic, financial, social and regulatory developments in regions where we operate and in the global economy.

It is possible that our H Shares may be subject to changes in price not directly related to our performance and as a result, investors in our H Shares may suffer substantial losses.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval) have been duly completed and the filing with the CSRC has been completed. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market.

As the Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering may experience an immediate dilution.

Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their H Shares. In addition, purchasers of our H Shares may experience further dilution of their shareholdings if we issue additional H Shares pursuant to the exercise of the Over-allotment Option. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional H Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible assets value per Share of their H Shares if we issue additional H Shares in the future at a price which is lower than the net tangible assets value per Share at that time.

Future sales or perceived sales of substantial amounts of our securities in the public market, including any future public offering in the PRC, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the market price of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield favorable returns for our Shareholders. For details of our intended use of proceeds from the Global Offering, see "Future Plans and Use of Proceeds." Our management will have discretion as to the actual utilization of the net proceeds within the disclosed scope of planned usage. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the net proceeds from the Global Offering.

We may not pay any dividends on our H Shares.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, general business conditions and other factors that our Directors consider relevant. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. See "Financial Information — Dividends."

Certain facts, forecasts and statistics contained in this prospectus are derived from various official government sources and may not be complete or up to date.

We have derived certain facts and other statistics in this prospectus, particularly the section headed "Industry Overview," from information provided by the government. While we have taken reasonable care in the reproduction of the information, the information from official government sources has not been prepared or independently verified by us, the Sponsor, the Underwriters or any of our or their respective affiliates or advisors, and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. You should consider carefully how much weight or importance you should attach to or place on such information or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. See "Forward-looking Statements" for typical words and expressions identifying forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this prospectus. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations, the market price and trading volume of our H Shares may decline.

The trading market for our Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our H Shares to decline.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there may have been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it, and you should not rely on such information.

In preparation for the Listing, our Company has applied for the following waivers from strict compliance with the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Since substantially all of the business operations of our Group are managed and conducted outside of Hong Kong, and all of our executive Directors ordinarily reside in the PRC, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions to maintain regular and effective communication between the Stock Exchange and us:

(i) we have appointed Mr. Rao Zuhai (饒祖海), one of our executive Directors, and Ms. Mak Po Man Cherie (麥寶文) ("**Ms. Mak**"), one of our joint company secretaries who is ordinarily resident in Hong Kong, as our authorized representatives ("**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules to serve as our principal channel of communication with the Stock Exchange. We have provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;

(ii) as and when the Stock Exchange wishes to contact our Directors on any matters, each of our Authorized Representatives will have means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We will implement measures such that (i) each Director must provide his or her mobile phone number, office phone number, facsimile number and email address to our Authorized Representatives and the Stock Exchange; and (ii) in the event that a Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to our Authorized Representatives;

(iii) we have provided the Stock Exchange with the contact details of each Director to facilitate communication with the Stock Exchange. Furthermore, each Director who is not an ordinary resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period of time, if required;

(iv) we have appointed Rainbow Capital (HK) Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional and alternative channel of communication with the Stock Exchange during the period from the Listing Date to the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the Listing, and its representative(s) will be fully available to answer enquiries from the Stock Exchange. The compliance advisor will advise our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing, and will have access at all times to our Authorized Representatives, our Directors and the other senior management of our Company to ensure that it is in a position to provide prompt responses to any queries or requests from the Stock Exchange in respect of our Company;

(v) any meeting between the Stock Exchange and our Directors will be arranged through our Authorized Representatives or compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our Authorized Representatives and compliance advisor.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience," the Stock Exchange will consider the individual's: (i) length of employment with the listing applicant and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

We have appointed Ms. Qiao Yanan (喬雅楠) ("**Ms. Qiao**") as one of the joint company secretaries in June 2024. Ms. Qiao joined our Group as an assistant to our general manager and is principally responsible for the securities affairs and investor relations of our Company. Ms. Qiao has accumulated abundant knowledge about the business operations and governance of corporations with a strong recognition of the corporate culture of our Group. By virtue of her positions as assistant to the general manager and secretary to the Board, industry experience and familiarity with our Group, Ms. Qiao has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. As such, our Directors believe that Ms. Qiao is a suitable person to act as the company secretary of our Company. However, Ms. Qiao does not possess the specified qualifications strictly required by Rule 3.28 and Rule 8.17 of the Listing Rules. As a result, we have appointed Ms. Mak, who meets the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules, to act as the other joint company secretary. For details of Ms. Qiao's and Ms. Mak's biographies, see "Directors and Senior Management." Over the initial period of three years from the Listing Date, we will implement the following measures to assist Ms. Qiao to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

(i) Ms. Mak will assist Ms. Qiao so as to enable her to discharge her duties and responsibilities as a joint company secretary of our Company. Given Ms. Mak's relevant experiences, she will be able to advise both Ms. Qiao and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;

(ii) Ms. Qiao will be assisted by Ms. Mak for an initial period of three years commencing from the Listing Date, which should be sufficient for her to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;

(iii) We will ensure that Ms. Qiao has access to the relevant trainings and support to enable her to familiarize herself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company, and Ms. Qiao has undertaken to attend such trainings;

(iv) Ms. Mak will communicate with Ms. Qiao on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Mak will work closely with, and provide assistance to Ms. Qiao with a view to discharging her duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders' meetings; and

(v) Pursuant to Rule 3.29 of the Listing Rules, Ms. Qiao and Ms. Mak will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Ms. Qiao and Ms. Mak will be advised by our legal advisors as to Hong Kong law and our compliance advisor as and when appropriate and required.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the Listing Date, in accordance with the Guide for New Listing Applicants published by the Stock Exchange, on the condition that (i) Ms. Mak is engaged as a joint company secretary and provides assistance to Ms. Qiao during this period; and (ii) the waiver will be revoked if Ms. Mak, during the three-year waiver period, ceases to provide assistance to Ms. Qiao, or if there are material breaches of the Listing Rules by our Company. Prior to the expiry of the initial three-year period, we will conduct a further evaluation of the qualification and experience of Ms. Qiao to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will liaise with the Stock Exchange to assess whether Ms. Qiao, having had the benefit of Ms. Mak's assistance for three years, would have acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and there is no need to further apply for a waiver.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, see "Connected Transactions."

WAIVER IN RELATION TO RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Pursuant to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in the prospectus must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange. Pursuant to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in the prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Company during each of the three financial years immediately preceding the issue of the prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Company is required to include in the prospectus a report by our Company's auditor with respect to profits and losses in respect of each of the three financial years immediately preceding the issue of the prospectus and assets and liabilities of our Company at the last date to which the financial statements of our Company were prepared.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The Accountants' Report for each of the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 is set out in Appendix IA to this prospectus, but it does not include the financial results of our Company in respect of the full year immediately preceding the proposed date of issue of this prospectus, being the full year ended December 31, 2025.

Accordingly, we have applied to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules pursuant to paragraph 19 of Chapter 1.1A of the Guide for New Listing Applicants and to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, as the waiver and exemption will not prejudice the interests of the investing public and strict compliance with all of the above requirements would be unduly burdensome, for the following reasons:

(i) there would not be sufficient time for our Group and the Reporting Accountants to finalize our audited financial statements for the year ended December 31, 2025 for inclusion in this prospectus, which shall be issued on or before March 20, 2026. If the financial statements are required to be audited up to December 31, 2025, our Company and the Reporting Accountants would have to undertake a substantial amount of work to prepare, update and finalize the Accountants' Report and this prospectus and the relevant sections of this prospectus will need to be updated to cover such additional period. This would involve additional time and costs since a substantial amount of work is required to be carried out for audit purposes. It would be unduly burdensome for the audited results for the year ended December 31, 2025 to be finalized within a short period of time. Our Directors consider that the benefits of such work to the potential investors of our Company may not justify the additional work and expenses involved and the delay of the Listing timetable;

(ii) our Company has included in this prospectus (a) the Accountants' Report covering the three years ended December 31, 2024 and the nine months ended September 30, 2025, (b) the unaudited financial information for the year ended December 31, 2025, which has been agreed with the Reporting Accountants, Ernst & Young, following their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and a commentary on the results for the year as set out in Appendix IIB to this prospectus, and (c) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the date of this prospectus. As such, our Company is of the view that all material information containing adequate and reasonably up-to-date information has already been provided to potential investors in the circumstances to form a view on the track record and earnings trend of our Group, and all material information that is necessary for the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Company has been included in this prospectus;

(iii) the Directors, and the Sponsor after performing sufficient due diligence, confirmed that, up to the date of this prospectus, there has been no material adverse change in the financial and trading positions or prospects of our Group since September 30, 2025 up to the date of this prospectus and there has been no event which would materially affect the information shown in the Accountants' Report, the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year as set out in Appendix IIB to this prospectus, the section headed "Financial Information" in this prospectus and other parts of this prospectus;

(iv) our Company will not be in breach of its Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not publishing its preliminary results announcement for the year ended December 31, 2025 in accordance with Rule

13.49(1) of the Listing Rules. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after Listing and no later than March 31, 2026 stating that the relevant financial information has been included in this prospectus; and

(v) our Company will comply with the requirements under Rules 13.46(2) of the Listing Rules in respect of publication of our annual report. Our Company currently expects to issue our annual report for the year ended December 31, 2025 on or before April 30, 2026. In this regard, our Directors consider that our Shareholders, the investing public as well as potential investors of our Company will be kept informed of the financial results of our Group for the year ended December 31, 2025.

In such circumstances, an application has been made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver has been granted by the Stock Exchange on the conditions that: (i) this prospectus will be issued on or before March 20, 2026 and our H Shares will be listed on the Stock Exchange on or before March 31, 2026 (i.e. within three months after the latest financial year end of our Company); (ii) this prospectus includes the unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year; (iii) our Company obtains a certificate of exemption from the SFC from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and (iv) our Company is not in breach of its constitutional documents or laws and regulations of PRC or other regulatory requirements regarding its obligation to publish preliminary results announcements. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after Listing and no later than March 31, 2026 stating that the relevant financial information has been included in this prospectus.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under section 342(1) in respect of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and a certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) the particulars of the exemption are set out in this prospectus; (ii) this prospectus will be issued on or before March 20, 2026; and (iii) our H Shares will be listed on the Stock Exchange on or before March 31, 2026 (i.e. within three months after the latest financial year end of our Company).

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors, collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong (as amended or supplemented from time to time)) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out in this prospectus. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, employees or advisors or any other party (collectively, the "**Relevant Persons**") involved in the Global Offering.

The Listing is sponsored by the Sponsor and the Global Offering is managed by the Sole Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

The Offer Price is expected to be determined between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or before Thursday, March 26, 2026 and, in any event not later than 12:00 noon on Thursday, March 26, 2026. If, for any reason, the Offer Price is not agreed among us and the Sole Overall Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

CSRC FILING

The CSRC issued notice of filing on August 28, 2025 for the Global Offering and for the submission of the application to list our H Shares on the Hong Kong Stock Exchange. In granting such notice of filing, the CSRC accepts no responsibility for our financial soundness, or for the accuracy of any of the statements made or opinions expressed in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering and the Conversion of Unlisted Shares into H Shares.

No part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the H Share register of members of the Company in Hong Kong in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence on Monday, March 30, 2026. The Shares will be traded in board lots of 500 Shares each. The stock code of the H Shares will be 2667.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the general rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

H SHARES REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares will be subject to Hong Kong stamp duty. See "Appendix VI — Statutory and General Information — D. Other Information — 7. Taxation of Holders of H Shares." For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of our Company, the Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attaching to the H Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK$, US$ and RMB have been translated, for the purpose of illustration only, into each other in this prospectus at the following exchange rates:

HK$1.00: RMB0.88196;

US$1.00: RMB6.8982; and

US$1.00: HK$7.8214.

No representation is made that any amounts in HK$, US$ or RMB were or could have been or could be converted into each other at such rates or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC and foreign national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Rao Zuhai (饒祖海)	Flat 202, Unit 3, Building 2, No. 8 Taiping Street, Xicheng District, Beijing, PRC	Chinese
Mr. Lu Yan (魯喦)	Flat 206, Building 10, Wangchun Garden, Beiyuan Jiayuan, Chaoyang District, Beijing, PRC	Chinese
Ms. Gui Shan (桂嬗)	Flat 1306, Building 8, Lianpa Garden, Beiyuan Jiayuan, Chaoyang District, Beijing, PRC	Chinese
Non-executive Directors		
Mr. Zhu Feng (朱峰)	Flat 301, Unit 5, Building 12, Qianniwa Sanqu, Fengtai District, Beijing, PRC	Chinese
Mr. Sun Kai (孫愷)	Flat 2303, Building 14, Xiluoyuan Sanqu, Fengtai District, Beijing, PRC	Chinese
Ms. Xing Qian (邢茜)	Flat 203, Unit 2, Building 5, Shanghai Salon, Daxing District, Beijing, PRC	Chinese
Independent non-executive Directors		
Mr. Yim, Chi Hung Henry (嚴志雄)	Flat 3, 12/F, Tower A, North Point Centre Building, 286 King's Road, North Point, Hong Kong	Chinese (Hong Kong)
Mr. Zhang Xiang (張翔)	Flat 101, Unit 3, Building 8, Block 3, Xiaojiahe Teachers' Residence, Malianwa Street, Haidian District, Beijing, PRC	Chinese
Mr. Gao Yanbin (高彥彬)	Flat 2601, 26/F, Unit 5, Building 5, Xinli Sisley Mansion, Daxing District, Beijing, PRC	Chinese

For further information regarding our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sponsor

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

Sponsor-Overall Coordinator, Sole Overall Coordinator

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

Joint Global Coordinators

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre,
1 Harbour View Street, Central, Hong Kong

ICBC International Securities Limited
37/F ICBC Tower, 3 Garden Road, Central,
Hong Kong

Guosen Securities (HK) Brokerage Company, Limited
Suites 3207-3212 on Level 32, One Pacific
Place, 88 Queensway, Hong Kong

Huafu International Securities Limited
Units 2603-2604, 26/F, Infinitus Plaza,
199 Des Voeux Road Central, Sheung Wan,
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower, One Hennessy,
1 Hennessy Road, Hong Kong

China Industrial Securities International Capital Limited
32/F, Infinitus Plaza, 199 Des Voeux Road
Central, Sheung Wan, Hong Kong

Joint Bookrunners

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre,
1 Harbour View Street, Central, Hong Kong

ICBC International Securities Limited
37/F ICBC Tower, 3 Garden Road, Central,
Hong Kong

Guosen Securities (HK) Brokerage Company, Limited
Suites 3207-3212 on Level 32, One Pacific
Place, 88 Queensway, Hong Kong

Huafu International Securities Limited
Units 2603-2604, 26/F, Infinitus Plaza,
199 Des Voeux Road Central, Sheung Wan,
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower, One Hennessy,
1 Hennessy Road, Hong Kong

China Industrial Securities International Capital Limited
32/F, Infinitus Plaza, 199 Des Voeux Road
Central, Sheung Wan, Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower 81 Lockhart Road, Wan
Chai, Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower,
50 Connaught Road Central, Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor, Wing On Centre, 111 Connaught
Road Central, Sheung Wan, Hong Kong

Patrons Securities Limited
Unit 3214, 32/F, Cosco Tower, 183 Queen's
Road Central, Hong Kong

West Bull Securities Limited
2701-2703, 27/F, Infinitus Plaza, 199 Des
Voeux Rd Central, Sheung Wan, Hong Kong

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre,
1 Harbour View Street, Central, Hong Kong

ICBC International Securities Limited
37/F ICBC Tower, 3 Garden Road, Central,
Hong Kong

Guosen Securities (HK) Brokerage Company, Limited
Suites 3207-3212 on Level 32, One Pacific
Place, 88 Queensway, Hong Kong

Huafu International Securities Limited
Units 2603-2604, 26/F, Infinitus Plaza,
199 Des Voeux Road Central, Sheung Wan,
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower, One Hennessy,
1 Hennessy Road, Hong Kong

China Industrial Securities International Capital Limited
32/F, Infinitus Plaza, 199 Des Voeux Road
Central, Sheung Wan, Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower 81 Lockhart Road,
Wan Chai, Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower,
50 Connaught Road Central, Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor, Wing On Centre, 111 Connaught
Road Central, Sheung Wan, Hong Kong

Patrons Securities Limited
Unit 3214, 32/F, Cosco Tower, 183 Queen's
Road Central, Hong Kong

West Bull Securities Limited
2701-2703, 27/F, Infinitus Plaza, 199 Des
Voeux Rd Central, Sheung Wan, Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre, No. 95 Queensway,
Admiralty, Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha
Wan Plaza, 833 Cheung Sha Wan Road,
Kowloon, Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers, 189 Des Voeux
Road Central, Hong Kong

Legal Advisors to our Company

As to Hong Kong law
Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law
Tian Yuan Law Firm
5/F, Tower A, Corporate
Square
35 Financial Street
Xicheng District
Beijing
PRC

As to PRC law in respect of data compliance
Commerce & Finance Law Offices
12-14th Floor
China World Office 2
No. 1 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

Legal Advisors to the Sponsor and Underwriters

As to Hong Kong law
Haiwen & Partners LLP
Suites 601-602 & 610-616, 6/F
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

As to PRC law
Han Kun Law Offices
9/F, Office Tower C1
Oriental Plaza
1 East Chang An Avenue
Dongcheng District
Beijing
PRC

Auditor and Reporting Accountants

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Compliance Advisor

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
No. 71 Des Voeux Road
Central
Hong Kong

Industry Consultant

Frost & Sullivan (Beijing) Inc.
Suite 2504
Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Property Valuer

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor
One Taikoo Place
979 King's Road
Hong Kong

Receiving Banks

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Registered Office	No. 323-1982, Zhuxinzhuang, Shigezhuang Street, Changping District, Beijing, PRC
Headquarters and Principal Place of Business in the PRC	5th Floor, Tower A, Yonggui Center, No. 47 Guangqumennei Street, Dongcheng District, Beijing, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Company's Website	**yiyang.tongrentang.com** *(the information contained on the website does not form part of this prospectus)*
Joint Company Secretaries	**Ms. Qiao Yanan (喬雅楠)** 5th Floor, Tower A, Yonggui Center, No. 47 Guangqumennei Street, Dongcheng District, Beijing, PRC **Ms. Mak Po Man Cherie (麥寶文)** *(associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Authorized Representatives	**Mr. Rao Zuhai (饒祖海)** Flat 202, Unit 3, Building 2, No. 8 Taiping Street, Xicheng District, Beijing, PRC **Ms. Mak Po Man Cherie (麥寶文)** 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Audit Committee	Mr. Yim, Chi Hung Henry (嚴志雄) *(Chairperson)* Mr. Gao Yanbin (高彥彬) Mr. Zhu Feng (朱峰)
Remuneration and Appraisal Committee	Mr. Gao Yanbin (高彥彬) *(Chairperson)* Mr. Rao Zuhai (饒祖海) Mr. Zhang Xiang (張翔)
Nomination Committee	Mr. Gao Yanbin (高彥彬) *(Chairperson)* Mr. Zhang Xiang (張翔) Ms. Gui Shan (桂嬗)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Principal Bank(s)	**China Merchants Bank Beijing Qingnian Road Branch** 3rd Floor, China Merchants Bank, No. 156 Fuxingmennei Street, Xicheng District, Beijing, PRC

Bank of Beijing Shatan Branch
No. 8 and 17, 1st and 2nd floors, Building 18, Chaoyangmen South Street, Dongcheng District, Beijing, PRC

Industrial and Commercial Bank of China Co., Ltd.
Beijing Chongwenmenwai Street Branch
No. 90, Chongwenmenwai Street, Dongcheng District, Beijing, PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the report commissioned by us and prepared by Frost & Sullivan, and from various official government publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Sponsor, Sole Overall Coordinator, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Underwriters, or any of our or their respective directors, advisors, officers, employees or agents or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

In connection with the Global Offering, we engaged an independent market research consultant, Frost & Sullivan, to conduct an analysis of, and to prepare an industry report on the industries where we operate with a commission fee of RMB880,000. Founded in 1961, Frost & Sullivan conducts market research and prepares industry report on a variety of industries, among other services. The information from Frost & Sullivan disclosed in this prospectus is extracted from the Frost & Sullivan Report with its consent. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the collected data and information, and cross-check each respondent's information and expressions against those of others: (i) secondary research, which involved reviewing published sources including national statistics, annual reports of listed companies, industry reports and data based on Frost & Sullivan's in-house research database; and (ii) primary research, which involved in-depth interviews with the industry participants. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) China's economy is expected to grow at a steady rate; (ii) China's aging population and population with typical chronic diseases are expected to grow continuously; and (iii) there is no major technological breakthrough in the healthcare service industry in China during the forecast period.

DIRECTORS' CONFIRMATION

After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the Frost & Sullivan Report since the date of the report that may qualify, contradict or have an impact on the information in this prospectus.

THE TCM HEALTHCARE SERVICE INDUSTRY IN CHINA

Overview

TCM has a history of thousands of years in China. Rooted in Chinese ancient philosophy, TCM integrates medicinal resources and holistic physiotherapies to promote people's physical and mental conditions. Compared with western medicine, TCM has fewer side effects and focuses more on preventative care and long-term health management, especially the management of chronic diseases and treatment of complex diseases. Encompassing both medication and non-medication treatments to address various diseases and sub-health conditions, TCM emphasizes the balance and harmony of the body's internal systems and promotes the overall wellness. Under medication treatment, decocting pieces and TCM patent medicines are prescribed catering to individual symptoms and health conditions, while non-medication treatments, typically including acupuncture, moxibustion, massage, cupping, and scraping, alleviate symptoms and treat diseases without using pharmaceuticals. Leveraging tailored, diversified and flexible treatment options, TCM healthcare services are playing a unique and increasingly vital role in disease therapy and daily health management.

Main Participants

As a significant segment of the healthcare service industry in China, the TCM healthcare service industry in China has demonstrated a proven track record and great growth potential. TCM medical institutions are the main participants of the TCM healthcare service industry and are distributed dispersively in the industry, which primarily consist of (i) TCM hospitals; (ii) TCM out-patient healthcare centers; (iii) TCM clinics; and (iv) other TCM medical institutions, such as community healthcare institutions providing TCM services.

The following table sets forth major differences of TCM medical institutions.

	TCM hospitals	TCM out-patient healthcare centers	TCM clinics	Community healthcare institutions
Major positioning	For complex or severe diseases demanding for comprehensive examination and multidisciplinary healthcare services	For common, frequently occurring, and chronic diseases demanding for basic examination and TCM specialized care	For common, frequently occurring, and chronic diseases demanding for basic TCM healthcare services	Providing basic healthcare services, public healthcare services and health management services to local residents
Requirements on number of medical professionals	Class I: ≥ three TCM physicians (中醫師); one TCM practitioner (中藥士), four nurses and corresponding radiology and medical examination personnel; ≥ 0.7 medical professional per bed; Class II: ≥ four TCM physicians at the level of attending physician or above, and ≥ one TCM physician in each clinical department Class III: clinical department directors must be TCM physicians at the level of associate chief physician or above, and ≥ one TCM pharmacist at the level of associate chief pharmacist or above	≥ four TCM physicians, including ≥ one at the level of attending physician or above; ≥ two nurses, one TCM practitioner and corresponding radiology and medical examination personnel	≥ one TCM physician with clinical experience of over five years after obtaining qualification	≥ six general or TCM physicians, including ≥ one at the level of attending physician or above and ≥ one at the level of intermediate or above; nine nurses
Requirements on departments and equipment	At least 20 beds Class I: ≥ three primary TCM clinical departments with pharmacy, laboratory, and X-ray room; Class II: ≥ five TCM clinical departments and related medical technology departments Class III: ≥ 12 clinical departments and related medical technology departments	≥ three TCM clinical departments and medical technology departments with basic equipment appropriate for the setting of clinical specialties	Basic and necessary equipment for healthcare and disinfection and appropriate for the setting of services	Basic department and necessary equipment for healthcare and disinfection; ≥ five observation beds or in-patient beds; ≥ 1,000 square meters

Among all medical institutions in China, TCM hospitals, as the mainstay of TCM healthcare service providers, accounted for only approximately 0.6% as of December 31, 2024, demonstrating the scarcity of such valuable component in the healthcare service industry in China. According to the NHC, the number of TCM hospitals increased steadily at a CAGR of 4.4% from 5,232 as of December 31, 2019 to 6,497 as of December 31, 2024. Non-public TCM hospitals increased remarkably at a CAGR of 7.4% from 2,525 as of December 31, 2019 to 3,614 as of December 31, 2024.

Scarcity of Seasoned TCM Physicians

The number of TCM physicians, one of the key indicators for TCM healthcare service capacity, has been increasing in China in recent years. The number of TCM physicians in China grew at a CAGR of 8.9% from 625.0 thousand as of December 31, 2019 to 956.0 thousand as of December 31, 2024, among whom the total number of chief physicians and associate-chief physicians increased from 96.0 thousand as of December 31, 2019 to 153.0 thousand as of December 31, 2024, representing a CAGR of 9.7%. However, the number of TCM physicians in China as of December 31, 2024 accounted for only 17.2% of the total number of physicians as of the same date. Among these TCM physicians, chief physicians and associate-chief physicians only accounted for 16.0%. The scarcity of seasoned TCM physicians indicates the vast unmet demands for excellent TCM healthcare services.

Increasing Patient Visits

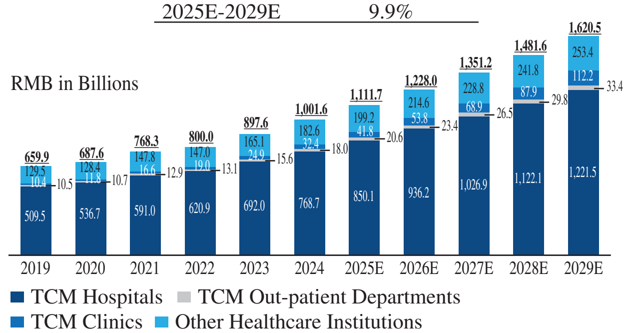
Strengthened service capacity allows TCM healthcare service providers to treat more patients. The patient visits to TCM medical institutions in China increased in general at a CAGR of 7.8% from 1,163.9 million in 2019 to 1,690.6 million in 2024, accounting for 17.2% of the total patient visits to medical institutions in China in 2024. The total number of in-patient visits to TCM medical institutions in China increased in general from 208.6 million in 2019 to 405.5 million in 2024, and is expected to increase at a CAGR of 13.8% from 2025 to 2029. From 2019 to 2024, the patient visits to TCM hospitals increased in general from 675.3 million to 859.0 million at a CAGR of 4.9%.

Market Size

The market size of the TCM healthcare service industry in China in terms of total revenue generated by TCM healthcare service providers expanded at a CAGR of 8.7% from RMB659.9 billion in 2019 to RMB1,001.6 billion in 2024, occupying a market share of 14.0% of the total healthcare service industry in China in 2024. Such market size is forecasted to grow substantially and reach RMB1,620.5 billion in 2029 at a CAGR of 9.9% from 2025 to 2029, occupying a market share of 16.0% of the total healthcare service industry in China in 2029. The following diagram sets forth the historical and forecasted market size of the TCM healthcare service industry in China by the nature of TCM medical institutions as stated in their Medical Institution Practicing Licenses, from 2019 to 2029.

Market Size of TCM Healthcare Service Industry in China (by Nature of Medical Institutions), 2019-2029E

Period	CAGR TCM Healthcare Service Industry
2019-2024	8.7%
2025E-2029E	9.9%

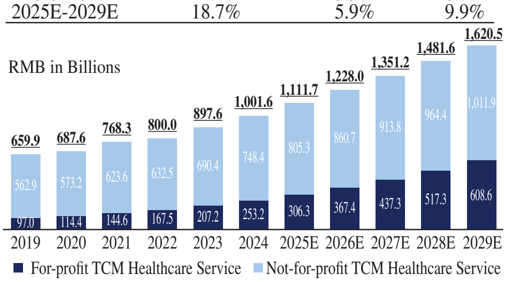


Note: The most recent data published by NHC is for 2023, while the data of 2024 is based on forecasting.

Sources: NHC and Frost & Sullivan analysis

Market Size of TCM Healthcare Service Industry in China (by For/Not-for-profit), 2019-2029E

Period	CAGR For-profit TCM Healthcare Service	Not-for-profit TCM Healthcare Service	Total
2019-2024	21.2%	5.9%	8.7%
2025E-2029E	18.7%	5.9%	9.9%

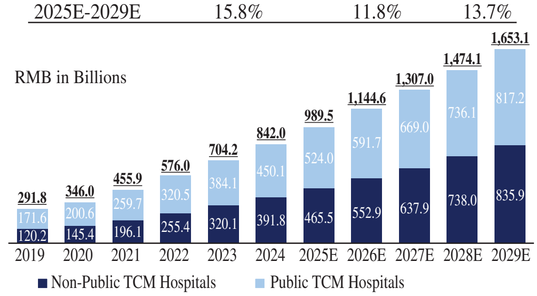


Note: The most recent data published by NHC is for 2023, while the data of 2024 is based on forecasting.

Sources: NHC, Frost & Sullivan analysis

Market Size of TCM Healthcare Service Industry in China (by Non-public/Public), 2019-2029E

Period	CAGR Non-public TCM Hospitals	Public TCM Hospitals	Total
2019-2024	26.7%	21.3%	23.6%
2025E-2029E	15.8%	11.8%	13.7%



Note: The most recent data published by NHC is for 2023, while the data of 2024 is based on forecasting.

Sources: NHC, Frost & Sullivan analysis

Not-for-profit medical institutions refer to medical institutions established and operated for the public interest, not for profit, and their income is used to cover the cost of medical services. According to the *Implementation Opinions on the Classification Management of Urban Medical Institutions* (《關於城鎮醫療機構分類管理的實施意見》) issued in 2000, except for the explicit provision that the government shall not establish for-profit medical institutions, other medical institutions are, in principle, free to choose to be registered as for-profit or not-for-profit in nature. Therefore, a not-for-profit medical institution can be a non-public medical institution and vice versa.

Key Drivers

The TCM healthcare service industry in China is primarily driven by (i) demand-side drivers, including (a) aging population, (b) increasing prevalence of chronic diseases, (c) increasing and diversified TCM healthcare demands, and (d) broadening receptiveness of TCM healthcare services; and (ii) supplier-side drivers, including (a) promulgation of favorable policies, (b) advancement of technologies and optimization of service quality, (c) implementation of multi-site practice policy, (d) offline-merge-online trend breaks temporal and spatial constraints, and (e) development of medical insurance programs.

Impact of the Recent Regulatory Development in the TCM Healthcare Service Industry in China

National TCM Decocting Pieces Alliance Centralized Procurement Document (《全國中藥飲片採購聯盟集中採購文件》)

National TCM Decocting Pieces Alliance marks the beginning of the profound reform in the TCM healthcare service industry in China. The national centralized procurement initiative expands its coverage nationwide for the first time, encompassing 45 commonly used decocting pieces, such as Astragalus membranaceus (Huangqi) and Codonopsis pilosula (Dangshen). Nearly 32,000 medical institutions participated, with procurement demands reaching 97 million kilograms. Meanwhile, the centralized procurement accelerated industry consolidation. Among over 2,300 licensed enterprises, approximately 1,400 participated, and only 585 of them won the bid. The competitive paradigm for the industry will be shifting from price competition to comprehensive improvement in diversified aspects, such as supply chain resilience, quality control and service capacity.

Notice of the Beijing Municipal Medical Insurance Bureau on Improving Medical Insurance Reimbursement Policies for Traditional Chinese Medicine Formula Granules (《北京市醫療保障局關於完善中藥配方顆粒醫保報銷政策的通知》)

The inclusion of 200 TCM formula granules into the Beijing reimbursement catalog covers both common and premium ingredients. The reimbursement standard is likely to cause reconstruction of the price system and shift in corporate strategy. Facing the fierce competition, TCM healthcare service providers with economies of scale and robust cost control capability can gain competitive advantages. In the short term, price compression is expected to accelerate industry consolidation. TCM healthcare service providers with comprehensive capabilities are more likely to gain increasing market share. In the mid-term, quality traceability capabilities and cost efficiency emerge as core competencies. In the long term, TCM healthcare service providers with regional synergy within a broad healthcare service network will benefit from such policies.

Key Entry Barriers

New entrants to the TCM healthcare service industry in China primarily encounter the following entry barriers: (i) comprehensive requirements in operating medical institutions in tiers; (ii) long period of time to build brand recognition; and (iii) scarcity of seasoned TCM physicians.

Key Future Trend: Tiered Healthcare System

Under the healthcare reform, the PRC government has been intensively propelling the establishment and development of the tiered healthcare system, to ensure that residents' differentiated healthcare demands are addressed properly and efficiently, while facilitating patient referrals once necessary and activating the rational utilization and sharing of healthcare resources. Leading TCM healthcare service providers have accommodated to such trend and become the pioneers in establishing and improving the tiered healthcare system, enhancing patients' accessibility and satisfaction with TCM healthcare services.

MEDICAL INSTITUTION MANAGEMENT SERVICE INDUSTRY IN CHINA

Overview

The medical institution management service industry in China has recently developed to play a vital role in optimizing the operations of medical institutions. Medical institution management service providers offer managerial resources and multidisciplinary expertise to enhance operational efficiency, healthcare quality and overall performance of the managed medical institutions, and in turn charge management service fees based on the agreed calculation methods. Leveraging external expertise, managed medical institutions can deliver healthcare services with higher quality and efficiency while benefiting from enriched healthcare resources, refined administrative processes and improved customer satisfaction.

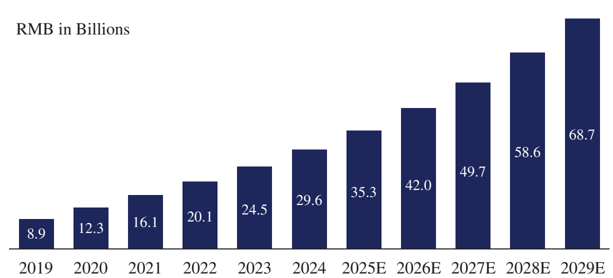
The TCM healthcare service industry in China is dispersive with numerous TCM healthcare service providers that lack a standardized and systematic management system. Outstanding TCM healthcare service providers leverage their accumulated and advanced expertise to deliver medical institution management services, exporting managerial and operational experience to those medical institutions facing operational efficiency and service quality conundrums.

Market Size

The market size of the medical institution management service industry in China in terms of total revenue generated by medical institution management service providers expanded from RMB8.9 billion in 2019 to RMB29.6 billion in 2024, and is forecasted to grow substantially and reach RMB68.7 billion in 2029 at a CAGR of 18.1% from 2025 to 2029. The following diagram sets forth the historical and forecasted market size of the medical institution management service industry in China from 2019 to 2029.

Medical Institution Management Service Market in China, 2019-2029E

Period	CAGR
2019-2024	27.1%
2025E-2029E	18.1%



Source: Frost & Sullivan analysis

Key Drivers

The development of the medical institution management service industry in China is driven by the following factors: (i) growing demands for medical institution management services; (ii) promulgation of favorable policies; (iii) uneven healthcare resource distribution intensifies the demands for medical institution management services; and (iv) promotion of new healthcare reform.

Future Trends

The medical institution management service industry in China is expected to be influenced by the following trends: (i) improving service quality; (ii) elevating operational efficiency; and (iii) strengthening multi-institutional cooperation and synergies within tiered service network.

HEALTHCARE PRODUCT DISTRIBUTION INDUSTRY IN CHINA

The healthcare product distribution industry in China encompasses the distribution of healthcare products to a diverse customer base, primarily including medical institutions, retail pharmacies, other distributors and manufacturers. These products span a wide range, including TCM patent medicines, western medicines, medical devices and other products. The market size of the healthcare product distribution industry in China increased at a CAGR of 4.4% from RMB2,366.7 billion in 2019 to RMB2,940.7 billion in 2024, and is expected to reach RMB3,932.2 billion in 2029, at a CAGR of 6.9% from 2025 to 2029. The industry average gross profit margin of healthcare product distribution industry in China was 11.7%, 10.2% and 8.0% in 2022, 2023 and 2024, respectively. The decrease in 2023 and 2024 was primarily due to the industry-wide pricing pressure arising from fierce competition, coupled with increasing raw material costs. The decrease of gross profit margin in 2023 was also caused by the decrease in sales volume of products with high gross profit margin, such as Ganoderma Lucidum Spore Powder (靈芝孢子粉), Donkey-hide Gelatin (阿膠) and Wild Ginseng (野山參).

COMPETITIVE LANDSCAPE AND RANKING

Competitive Landscape of Non-public TCM Hospital Healthcare Service Industry in China

Overview

TCM hospital groups refer to enterprises that operate one or multiple self-owned non-public TCM hospitals as all or part of their businesses. Benefiting from the chain operation, leading TCM hospital groups embrace systematic and standardized management structure, diverse and tiered medical institutions in different functional positioning and holistic healthcare services with advantageous specialties in dealing with complex or severe symptoms.

The market size of the non-public TCM hospital healthcare service industry in China in terms of total revenue generated by non-public TCM hospitals increased from RMB120.2 billion in 2019 to RMB391.8 billion in 2024, occupying a market share of 46.5% of the total TCM healthcare service industry in China in 2024. Such market is forecasted to continue thriving at a CAGR of 13.7% from 2025 to 2029, reaching RMB835.9 billion in 2029. The non-public TCM hospital healthcare service industry in China is highly competitive and fragmented. In terms of the total TCM healthcare service revenue in 2024, we took a market share of 0.2% in such industry.

Ranking

According to Frost & Sullivan, we ranked first among all TCM hospital groups in the non-public TCM hospital healthcare service industry in China, in terms of the total number of out-patient and in-patient visits in 2024. The chart below sets forth the top five TCM hospital groups in the non-public TCM hospital healthcare service industry in China in terms of the total number of out-patient and in-patient visits in 2024.

Ranking	TCM hospital group	Number of patient visits	Market share	Listing status
		(Thousand)	*(%)*	
1	**Our Group**	**1,304.9**	**1.7**	**Non-listed**
2	Company B	974.0	1.3	Non-listed
3	Company A	752.2	1.0	Non-listed
4	Company E	574.2	0.8	Non-listed
5	Company C	497.9	0.7	Listed on the Hong Kong Stock Exchange
	Subtotal	**4,103.2**	**5.4**	

According to Frost & Sullivan, we ranked second among all TCM hospital groups in the non-public TCM hospital healthcare service industry in China, in terms of the total TCM healthcare service revenue in 2024. The chart below sets forth the top five TCM hospital groups in the non-public TCM hospital healthcare service industry in China in terms of the total TCM healthcare service revenue in 2024.

Ranking	TCM hospital group	TCM healthcare service revenue	Market share	Listing status
		(RMB in millions)	*(%)*	
1	Company B	1,133.0	0.3	Non-listed
2	**Our Group**	**860.1**	**0.2**	**Non-listed**
3	Company E	602.0	0.1	Non-listed
4	Company A	518.0	0.1	Non-listed
5	Company C	483.7	0.1	Listed on the Hong Kong Stock Exchange
	Subtotal	**3,596.8**	**0.8**	

Note:

Company B is a group established in 2002 engaging in the provision of healthcare services, with a registered capital of RMB52.6 million. In 2024, in-patient healthcare services in hospitals contributed over 76% of its total revenue.

Company A is a group established in 2002 engaging in the provision of healthcare services and hospital management services, medical research and experimental development, and sale of health food, with a registered capital of RMB100.0 million. In 2024, out-patient healthcare services contributed approximately 78% of its total revenue.

Company E is a group established in 2016 engaging in the provision of healthcare services, with a registered capital of RMB30.0 million. In 2024, out-patient healthcare services contributed approximately 23% of its total revenue.

Company C is a group established in 2010 engaging in the provision of healthcare services and sale of healthcare products, with a registered capital of RMB36.6 million. In 2024, out-patient healthcare services contributed over 74% of its total revenue.

Competitive Landscape of Medical Institution Management Service Industry in China

The medical institution management service industry in China is competitive. The top five industry players in such industry in terms of the total revenue in 2024 took an aggregate market share of 20.5%, while the largest industry player held a market share of 4.9%. Except for the largest industry player, all the top five industry players are listed companies. With our well-established TCM healthcare service network with tiered deployment of medical institutions and proven management expertise, we are well positioned to grasp the industry opportunities in the thriving medical institution management service industry in China.

Competitive Landscape of Healthcare Product Distribution Industry in China

The healthcare product distribution industry in China is competitive and relatively concentrated. The top five industry players in the healthcare product distribution industry in China in terms of the total revenue in 2024 took an aggregate market share of 36.5%, while the largest industry player held a market share of 19.1%. We took a market share of less than 0.01% in terms of the total revenue in 2024 in such industry.

COST ANALYSIS OF THE TCM HEALTHCARE SERVICE INDUSTRY

Chinese medicinal herbs are among our major supplies. We use over 800 types of decocting pieces during our daily operations, implicating the diversification and fragmentation of types of decocting pieces used by us. Among which, astragali radix (黃芪), wolfiporia extensa (茯苓), atractylodes macrocephala (白朮), angelica sinensis (當歸), salvia miltiorrhiza bunge (丹參) and cynanchum otophyllum schneid (白芍) are our most commonly used Chinese medicinal herbs during daily operations. The price of which in 2024 are 28.7 RMB/kg, 30.6 RMB/kg, 72.1 RMB/kg, 122 RMB/kg, 20.7 RMB/kg, and 49.0 RMB/kg, respectively. The prices for these Chinese medicinal herbs are projected to keep stable slight increasing trend in the coming years.

REGULATIONS RELATING TO THE REFORM OF MEDICAL INSTITUTIONS

On November 26, 2010, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Forwarding the Opinions of the National Development and Reform Commission (the "NDRC"), the Ministry of Health (the "MOH") and Other Ministries on *Further Encouraging and Guiding the Establishment of Medical Institutions by Social Capital* (關於進一步鼓勵和引導社會資本舉辦醫療機構意見) (the "*Notice*"). The Notice sets out the following measures with respect to expanding the scope for social capital to set up medical institutions, including social capital is permitted and encouraged to set up various medical facilities, social capital may apply for establishing and operating either for-profit medical institutions (the "PMIs") or not-for-profit medical institutions (the "NMIs") according to its purposes; priority shall be given to social capital when adjusting or increasing medical and health resources; to reasonably determine the scope of practice for NMIs.

Opinions on Encouraging Social Forces to Provide Multi-layered and Diverse Healthcare Services (關於支持社會力量提供多層次多樣化醫療服務的意見), which was promulgated by the General Office of the State Council on May 16, 2017, stipulates the policies to actively support social forces to go deep into the niche service market, such as specialized medical services, expand the effective supply of services, and foster professionalized advantages. A number of competitive branded service agencies will be formed at a rapid pace.

REGULATIONS RELATING TO TCM AND TCM MEDICAL INSTITUTIONS

According to the *Law of the PRC on Traditional Chinese Medicine* (中華人民共和國中醫藥法), which was promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 25, 2016 and came into effect on 1 July 2017, the government supports the establishment of Traditional Chinese Medicine (the "TCM") medical institutions with private capital. TCM medical institutions established with private capital are entitled to identical rights as the TCM medical institutions sponsored by the government in respect of access, practice, basic medical insurance, scientific research and teaching, and medical personnel title assessment. TCM medical institutions shall be staffed by medical personnel who are mainly TCM professionals and mainly provide TCM services.

The Strategic Plan on the Development of Traditional Chinese Medicine (2016-2030) (中醫藥發展戰略規劃綱要(2016-2030年)) (the "*Strategic Plan*"), which was promulgated by the State Council on February 22, 2016, made *TCM* a national strategy, with systemic plans for TCM development in the subsequent era.

The *Basic Standards for Traditional Chinese Medicine Clinics (2023 Edition)* (中醫診所基本標準(2023年版)), which was promulgated by the NATCM on March 10, 2023, stipulates the specific requirements for TCM clinics in terms of personnel, equipment and place.

On October 20, 2019, *Opinions on Promoting the Inheritance and Innovation of the Traditional Chinese Medicine* (關於促進中醫藥傳承創新發展的意見) was jointly issued by the Central Committee and the State Council, which stipulates the following main opinions: (i) improving the TCM service system; (ii) strengthening the unique role of the TCM in maintaining and promoting people's health; (iii) promoting the quality improvement and the high-quality industry development of the TCM; (iv) strengthening the construction of the TCM qualified personnel; (v) promoting the inheritance and innovation of the TCM; and (vi) reforming and improving the management system and mechanism of the TCM.

On March 23, 2023, Opinions on Further Improving the Medical and Health Service System (關於進一步完善醫療衛生服務體系的意見) was jointly issued by the General Office of the CPC Central Committee and the General Office of the State Council, which stipulates the following main opinions: (i) carrying out training project for talent with characteristics of TCM; (ii) building national bases for prevention and treatment of TCM diseases based on high-level TCM hospitals; (iii) supporting qualified TCM hospitals in leading the development of medical consortiums to strengthen the development of TCM departments in grass-roots medical and health institutions; (iv) increase investment in TCM hospitals and grass-roots medical and health institutions.

REGULATIONS RELATING TO THE CLASSIFICATION OF MEDICAL INSTITUTIONS

The *Opinions on Implementing Classification Administration of Urban Medical Institutions* (關於城鎮醫療機構分類管理的實施意見), jointly promulgated by the MOH, NATCM, Ministry of Finance (the "MOF") and NDRC on July 18, 2000 and came into effect on September 1, 2000, provides that medical institutions in the PRC are mainly identified as PMIs and NMIs, and NMIs is further divided into public NMIs and private NMIs. NMIs and PMIs shall be classified based on their business objectives, service purposes and implementation of various financial, taxation, pricing and accounting policies.

REGULATIONS RELATING TO THE MANAGEMENT OF MEDICAL INSTITUTIONS

The *Administrative Measures on Medical Institutions* (醫療機構管理條例), which was promulgated on February 26, 1994 by the State Council, came into effect on September 1, 1994 and last amended on March 29, 2022, and it's Implementation Measures, which was promulgated by the MOH on August 29, 1994 and last amended on February 21, 2017, stipulate that the establishment of a medical institution by any entity or individual must be reviewed and approved by health administrative departments of people's governments at or above the county level and obtain the *Medical Institution Practising Certificate* (醫療機構執業許可證). The Medical Institution Practising Certificate is subject to periodic examinations and verifications by registration authorities.

According to *Administrative Measures on the Radiotherapy* (放射診療管理規定), which was promulgated by the MOH on January 24, 2006 and amended on January 19, 2016 by NHFPC, medical institutions engaged in the radio diagnosis and radiotherapy shall have conditions corresponding to the radiological diagnosis and treatment services. Prior to carrying out radio diagnosis and radiotherapy, medical institutions shall apply for the *License for Radiotherapy* (放射診療許可證) issued by the competent public health administrative authorities. Medical institutions shall be respectively equipped with the corresponding equipment in carrying out different kinds of radio diagnosis and radiotherapy.

According to *Regulations on the Safety and Protection of Radioisotopes and Radioactive Devices* (放射性同位素與射線裝置安全和防護條例), which was promulgated by the State Council on September 14, 2005 and last amended on March 2, 2019, and *Measures for Administration of the Safety Licensing of Radioactive Isotopes and Radioactive Equipment* (放射性同位素與射線裝置安全許可管理辦法), which was promulgated by the State Environment Protection Administration on January 18, 2006, last amended on January 4, 2021 by the Ministry of Environmental Protection and Ministry of Ecology and Environment respectively, any entity conducts activities of production, sale, and use of radioactive isotopes and radial equipment within the territory of PRC shall obtain the *Radiation Safety Licenses* (輻射安全許可證).

REGULATIONS RELATING TO MEDICAL ADVERTISEMENT

Pursuant to the *Advertising Law of the PRC* (中華人民共和國廣告法) (the "Advertising Law") promulgated by the SCNPC on October 27, 1994, last amended on April 29, 2021, advertisements shall not contain false statements that are deceitful or misleading to consumers. Advertisements are legally required to receive censorship, including those relating to medical treatment, pharmaceuticals and medical devices, shall be reviewed by the relevant authorities in accordance with relevant rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise. No such advertisement shall be published without being reviewed.

Pursuant to the *Administrative Measures on Medical Advertisement* (醫療廣告管理辦法), which was jointly promulgated by the MOH and the State Administration of Industry and Commerce (the "SAIC") on September 27, 1993 and last amended on November 10, 2006 and came into effect on January 1, 2007, any medical institution that intends to publish any medical advertisement shall apply for medical advertisement examination and obtain *Medical Advertisement Examination Certificate* (醫療廣告審查證明).

Pursuant to the *Administrative Measures for Internet Advertisement* (互聯網廣告管理辦法) promulgated by the State Administration for Market Regulation (the "SAMR") on February 25, 2023 and became effective on May 1, 2023, advertisements for medical treatment, medicines, medical apparatuses, pesticides, veterinary medicines, health food, foods for special medical purposes and other advertisements which are subject to examination as stipulated by laws and regulations shall be subject to examination by an advertising examination authority prior to the publication, and such advertisements shall not be published without passing such examination.

REGULATIONS RELATING TO INTERNET HOSPITAL

Pursuant to *The 13th Five-year Plan for Health and Wellness* (「十三五」衛生與健康規劃) (the "Plan"), which was promulgated by the State Council on December 27, 2016, it is proposed to strengthen the informatization of the population health and fully implement "Internet Plus" medical and healthcare people-benefiting service. The Plan also encourages the establishment of regional telemedicine platform and enhances the flow of high-quality healthcare resources to the Midwest and the primary level. On July 17, 2018, the NHC and the National Administration of Traditional Chinese Medicine jointly promulgated three documents, including the *Measures for the Administration of Internet Diagnosis and Treatment (Trial)* (互聯網診療管理辦法(試行)), the *Measures for the Administration of Internet Hospitals (Trial)* (互聯網醫院管理辦法(試行)) and the *Specifications for the Administration of Remote Medical Services (Trial)* (遠程醫療服務管理規範(試行)), and amended on September 28, 2018. Pursuant to the Measures for the Administration of Internet Hospitals (Trial), "internet hospitals" include: (a) internet hospitals as the second name of physical medical institutions, and (b) internet hospitals that are independently established on the support of physical medical institutions.

According to the Measures for the Administration of Internet Hospitals (Trial), the state implements access management for internet hospitals pursuant to the *Administrative Measures on Medical Institutions* (醫療機構管理條例) and the *Implementation Measures of the Administrative Measures on Medical Institutions* (醫療機構管理條例實施細則), promulgated on August 29, 1994 and amended on February 21, 2017. Establishing an internet hospital is governed by the administrative approval process as stipulated in the Measures for the Administration of Internet Hospitals (Trial).

According to the *Measures for the Administration of Internet Diagnosis and Treatment (Trial)* (互聯網診療管理辦法(試行)), Internet diagnosis and treatment activities shall be provided by the medical institutions that have obtained a "Practicing License for Medical Institution", and the Internet-based diagnosis services provided by a medical institution shall be consistent with its diagnosis subjects. Physicians and nurses carrying out Internet diagnosis and treatment activities shall be able to be found in the national electronic registration system of physicians and nurses. A medical institution shall conduct electronic real-name verification for the medical staff members carrying out Internet diagnosis and treatment activities.

On February 8, 2022, the NHC and the NATCM jointly promulgated the Rules on the Supervision of Internet Diagnosis and Treatment (Trial) (互聯網診療監管細則(試行)). Pursuant to such rules, physicians who practice at internet hospitals other than their main institutions of practice shall file Multi-site Practice Registration/Filing. A medical institution shall conduct real-name verification for the medical staff members carrying out internet diagnosis and treatment activities.

REGULATIONS RELATING TO PHARMACEUTICAL OPERATION

In September 1984, the SCNPC promulgated the *Drug Administration Law* (藥品管理法), which was last amended in 2019 respectively to regulate all entities or individuals engaging in research, manufacture, operation, use, supervision and management of drugs within the PRC. According to the Drug Administration Law, no pharmaceutical operation, including pharmaceutical wholesale and pharmaceutical retail business, is permitted without obtaining the Pharmaceutical Operation License. *The Implementation Rules for the Drug Administration Law* (藥品管理法實施條例), was promulgated by the State Council in August 2002 and last amended in 2024, which emphasized the detailed implementation rules of drugs administration.

According to the *Measures on Prescription Drugs and OTC Drugs Classification Management (Trial)* (處方藥與非處方藥分類管理辦法(試行)) and the *Interim Provisions on the Circulation of Prescription and OTC Drugs* (處方藥與非處方藥流通管理暫行規定), which were both promulgated by the State Drug Administration, which was restructured and integrated into the CFDA, in 1999 and became effective in January 2000, drugs are divided into prescription drugs and over-the-counter drugs, or OTC drugs. For prescription drugs, the dispensing, purchase and use can only be based on the prescription issued by the certified medical practitioner or certified medical assistant practitioner.

The *Administrative Standard of Pharmaceutical Operating Quality* (藥品經營質量管理規範), promulgated by the CFDA in April 2000 and last amended in 2016 respectively, the pharmaceutical operation enterprises shall take effective quality control measures over the process of procurement, storage, transportation and sale of drugs in order to ensure their quality.

REGULATIONS RELATING TO PROCUREMENT OF TCM DECOCTING PIECES

On November 29, 2024, the National TCM Decocting Pieces Procurement Alliance Office (全國中藥飲片聯盟採購辦公室) issued the *National TCM Decocting Pieces Alliance Centralized Procurement Document* (全國中藥飲片採購聯盟集中採購文件), outlining plans to advance volume-based centralized drug procurement, expand coverage of bulk drug purchasing, and further reduce medication costs for the public. Composed of representatives appointed by each province or autonomous region and under the guidance of the National Healthcare Security Administration, the National TCM Decocting Pieces Procurement Alliance Office represents medical institutions and pharmacies in implementing centralized volume-based procurement for TCM decocting pieces. The National TCM Decocting Pieces Procurement Alliance Office announced the National TCM Decocting Pieces Alliance Procurement Selected Results on February 17, 2025. On August 5, 2025, Beijing Municipal Medical Insurance Bureau issued the *Notice of the Beijing Municipal Medical Insurance Bureau on Implementing the Bidding Results of the centralized procurement of the National TCM Decocting Pieces Procurement Alliance* (北京市醫療保障局關於執行全國中藥飲片採購聯盟集中採購中選結果的通知), requiring all public medical institutions in Beijing (including military medical institutions) to participate in this volume-based centralized procurement and encouraging non-public medical institutions designated by medical insurance to actively participate. From August 16, 2025, medical institutions will fully implement the bidding results of this volume-based procurement of TCM Decocting Pieces.

REGULATIONS RELATING TO INTERNET PHARMACEUTICAL TRANSACTION SERVICES

The newly revised *Drug Administration Law* (藥品管理法) in 2019 abolishes the restriction on online sale of prescription drugs and adopts the principle of keeping online and offline sales consistent. According to *Interim Provisions on the Examination and Approval of Internet Drug Transaction Services* (互聯網藥品交易服務審批暫行規定), promulgated by CFDA on September 29, 2005 and effective since December 1, 2005, the enterprises engaging in the internet pharmaceutical transaction service shall be subject to examination and acceptance, and obtain the Qualification Certificate for Providing Internet Pharmaceutical Dealing Services. After obtaining the Qualification Certificate for Providing Internet Pharmaceutical Dealing Services issued by the competent food and drug supervision and administration authority, the applicant shall obtain the permit for operation of telecommunications services as required by the Internet Measures, or go through the formalities for record-filing. In August 3 2022, SAMR published the *Measures for the Supervision and Administration of Online Pharmaceuticals Sales (“the Online Pharmaceuticals Sales Measures”)* (藥品網絡銷售監督管理辦法), aiming to enhance the supervision of online pharmaceutical sales and related platform services.

REGULATIONS RELATING TO MEDICAL DEVICES OPERATION

The Measures on the Supervision and Administration of the Business Operations of Medical Devices (醫療器械經營監督管理辦法) (the “Measures on Business Operations of Medical Devices”), which was promulgated by CFDA on July 30, 2014 and amended on March 10, 2022, and took effect on May 1, 2022, applies to any business activities of medical devices as well as the supervision and administration thereof conducted within the territory of the PRC.

Pursuant to the Measures on Business Operations of Medical Devices, medical devices are divided into three classes depending on the degree of risks of medical devices. Entities engaged in distribution of Class III medical devices shall obtain a medical device operating license and entities engaged in distribution of Class II medical devices shall complete filings with the competent local Medical Products Administration, while entities engaged in distribution of medical devices of Class I are not required to conduct any filing or obtain any license.

Meanwhile, medical institutions that purchase and use large-scale medical equipment are required to obtain the License for Deployment of Large-scale Medical Equipment (大型醫用設備配置許可證) issued by the health departments at province level or above.

REGULATIONS RELATING TO THE PRICE OF HEALTHCARE SERVICE AND MEDICINE

According to the Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance (基本醫療保險用藥管理暫行辦法) or the NRDL Administrative Measures, which promulgated by the National Healthcare Security Administration, on July 30, 2020 and took effect on September 1, 2020, the scope of drugs covered by the basic medical insurance shall be administered through a reimbursement drug list. The National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (國家基本醫療保險、工傷保險和生育保險藥品目錄), or the National Reimbursement Drug List (the "NRDL"), which promulgated by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security and took effect on November 27, 2024 and revised on January 6, 2025, sets forth the payment standard for pharmaceutical products under the basic medical insurance, work-related injury insurance and maternity insurance funds. The local government shall strictly implement the NRDL and shall not adjust the contents contained in the NRDL at their own discretion. According to the NRDL Administrative Measures, a Provincial Reimbursement Drug List must be made by the provincial healthcare security authorities.

According to the *Notice of Issues Related to the Implementation of Market Price Adjustment by Non-Public Medical Institutions* (關於非公立醫療機構醫療服務實行市場調節價有關問題的通知) promulgated and implemented on March 25, 2014 by NDRC, the NHFPC and the Ministry of Human Resources and Social Security (the "MHRSS"), the price of healthcare services provided by non-public medical institutions to be set with reference to the market level. Non-public medical institutions which are for-profit in nature may set the price list for their healthcare services at their own discretion. Non-public medical institutions which are non-profit in nature shall set the price list for their healthcare services according to the *National Standard Price List of Healthcare Services* (全國醫療服務價格項目規範). For non-public medical institutions qualified to become designated medical institutions covered by medical insurance, they should be included as designated service providers covered by social insurance such as basic medical insurance for employees and urban residents, new-type rural cooperative medical insurance, work-related injury insurance and maternity insurance in accordance with relevant procedures and adopt the same payment policy as in public hospitals.

REGULATIONS RELATING TO MEDICAL INSURANCE AND MEDICAL LIABILITY INSURANCE FOR URBAN EMPLOYEES

According to the *Interim Measures for the Administration of Medical Insurance Designated Medical Institutions and the Provision of Basic Medical Insurance for Urban Employees* (城鎮職工基本醫療保險定點醫療機構管理暫行辦法), which was promulgated by the MOH, the Ministry of Labor and Social Security and the NATCM on May 11, 1999, and the *Decision of the State Council on Canceling the First Batch of 62 Items Subject to Administrative Examination and Approval of Local Governments Designated by the Central Government* (國務院關於第一批取消62項中央指定地方實施行政審批事項的決定), which was promulgated by the State Council on October 11,2015 and the *Guiding Opinions of the MHRSS on Improving the Management of Designated Medical Institutions and Pharmacies of Basic Medical Insurance through Agreements* (人力資源和社會保障部關於完善基本醫療保險定點醫藥機構協議管理的指導意見) promulgated by MHRSS on December 2, 2015, and became effective on the same day, the license for qualifying a medical institution as a designated medical institution to provide medical service to urban employees with basic medical insurance was cancelled. Agencies and the medical institutions should strictly comply with the stipulations in the service agreement and perform the agreement seriously. The defaulting party shall be held liable for the violations of the agreement.

According to *the Interim Measures for the Management of Medical Insurance in Designated Medical Institutions* (醫療機構醫療保障定點管理暫行辦法), which was promulgated by National Healthcare Security Administration on December 30, 2020 and came into effect on February 1, 2021, to be qualified as a Designated Medical Institution, the medical institutions shall have, besides obtaining the Medical Institution Practicing License, met the conditions stipulated in applicable laws and regulations on medical service. Furthermore, to maintain the qualification, the Designated Medical Institution should strictly comply with the stipulations in the medical insurance agreement and perform the duties set out in the agreement. As the term of the medical insurance agreement is one year generally, the Designated Medical Institution shall apply to medical insurance authority for contract extension three months prior to expiration of the medical insurance agreement. Any breach of the medical insurance agreement discovered by the medical insurance authority shall be duly dealt with in a timely manner as stipulated in such agreement, which may result in cancellation of the qualification of Designated Medical Institution.

REGULATIONS RELATING TO MEDICAL REIMBURSEMENT POLICIES FOR TRADITIONAL CHINESE MEDICINE FORMULA GRANULES

On February 8, 2025, Beijing Municipal Medical Insurance Bureau issued the *Notice of the Beijing Municipal Medical Insurance Bureau on Improving the Medical Reimbursement Policies for Traditional Chinese Medicine Formula Granules* (北京市醫療保障局關於完善中藥配方顆粒醫保報銷政策的通知) to clarify the reimbursement standard for over 200 TCM formula granules.

REGULATIONS RELATING TO MEDICAL PRACTITIONERS OF MEDICAL INSTITUTIONS

Pursuant to the *Law on Physicians of the People's Republic of China* (中華人民共和國醫師法) promulgated by the SCNPC on August 20, 2021, became effective on March 1, 2022, medical physicians in the PRC must obtain licenses of medical professional qualifications. Qualified physicians and assistant physicians must register with the relevant health administrative authorities at county level or above. After registration, physicians may practise in medical institutions of their registered location under the type of registered specialty to provide the relevant medical services.

Pursuant to the *Administrative Measures for the Registration of Practising Physicians* (醫師執業註冊管理辦法) promulgated by the NHFPC on February 28, 2017 and became effective on April 1, 2017, medical physicians must register and obtain the *Physician Practising Certificate* (醫師執業證書) before they commence practice and, those who are not registered or have not obtained the Physician Practising Certificate are not allowed to engage in medical, preventive and healthcare services. For practising physician who wants to practice in multiple institutions within the same place of practice, he/she shall determine a specific institution as the main practicing institution, apply for registration with the competent health authority which approved the aforesaid institution's operation; as to other institutions where the practitioner is to practice, the practising physician shall apply the record filing with the health authorities competent to approve the institutions' operation and indicate the name of the institutions.

The *Regulations on Nurses* (護士條例) which was promulgated by the State Council on January 31, 2008, came into effect on May 12, 2008 and amended on March 27, 2020, provides that for nursing practice, a nurse must obtain the Nurse Practising Certificate, which is valid for five years. Pursuant to the *Administrative Measures for the Registration of Practising Nurses* (護士執業註冊管理辦法) promulgated by the MOH on May 6, 2008 and became effective on May 12, 2008 and amended on January 8, 2021, nurses must register and obtain the Nurse Practising Certificate before they practice nursing at the registered practising place.

Pursuant to the *Drug Administration Law* promulgated by the SCNPC on August 26, 2019 and came into effect on December 1, 2019, Medical institutions shall be equipped with pharmacists or other pharmacy technicians qualified in accordance with the law, and shall be responsible for the management of the unit's medicines, the review and dispensing of prescriptions, and guidance on the rational use of medicines. Non-pharmacy technicians shall not be directly engaged in pharmacy technology. Qualified pharmacists or other pharmacy technicians in accordance with the law shall dispense prescriptions, shall be checked, the prescription of drugs listed shall not be changed without authorization or substitution.

Besides, the *Administrative Measures for the Registration of Licensed Pharmacists* (執業藥師註冊管理辦法) which was promulgated and came into effect on June 18, 2021, provides the procedure for the registration of practicing pharmacists, the conditions for registration, and the rights and obligations of practicing pharmacists.

REGULATIONS RELATING TO MEDICAL INCIDENTS

The Civil Code of the PRC (中華人民共和國民法典) (the "Civil Code") was adopted by the third session of the 13th National People's Congress on May 28, 2020 and became effective on January 1, 2021. The Civil Code provides that if a medical institution or its medical personnel is at fault for damage inflicted on a patient during the course of diagnosis and treatment, the medical institution will be liable for compensation.

The *Regulations on Handling Medical Incidents* (醫療事故處理條例), which was promulgated by the State Council on April 4, 2002 and came into effect on September 1, 2002, provides a legal framework and specific regulations regarding the prevention, identification, compensation and penalties of or relating to cases involving personal injury to patients caused by medical institutions or medical personnel due to malpractice.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

On September 25, 2000, the State Council promulgated the *Telecommunications Regulations of PRC* (中華人民共和國電信條例) (the "Telecommunications Regulations"), as amended on July 29, 2014 and February 6, 2016, to regulate telecommunications activities and related operations in China. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services, where value-added telecommunications services are defined as the telecommunications and information services provided through public networks. Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain an operating license from the MIIT, or its provincial level counterparts.

The *Administrative Measures on Internet Information Services* (互聯網信息服務管理辦法) promulgated by the State Council on September 25, 2000 and last amended on December 6, 2024 and effective on January 20, 2025, further regulated the internet information services as a subsector of the telecommunications industry. "Internet information services" are defined as services that provide information to online users through the Internet. Internet information service providers that provide commercial services are required to obtain an operating license with the business scope of internet information service (the "ICP License") and service providers that provide online data processing and transaction processing services (for-profit e-commerce) are required to obtain an operating license with the business scope of online data processing and transaction processing service (the "EDI License") from the MIIT or its provincial level counterparts.

For the purpose of strengthening the administration of telecommunications business licensing, the MIIT issued the *Administrative Measures for Telecommunications Business Operating Permit* (電信業務經營許可管理辦法) (the "Telecom Permit Measures"), which took effect on September 1, 2017. Telecommunications business may not be operated unless a business operating license has been obtained from the telecommunications administration. An applicant for operating the value-added telecommunications business shall satisfy several requirements provided by Telecom Permit Measures. And the telecommunications operator shall submit the required information to the license-issuing authority each year.

REGULATIONS RELATING TO INTERNET SECURITY

On November 7, 2016, the SCNPC promulgated the *Cyber Security Law of the PRC*, or the *Cyber Security Law* (網絡安全法), which became effective on June 1, 2017. On October 28, 2025, the SCNPC voted to adopt the decision on amending the Cybersecurity Law, which came into effect on January 1, 2026. *The Cyber Security Law* requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services.

On July 12, 2018, the NHC promulgated the *Administrative Measures on Standards, Security and Services of National Healthcare Big Data (for Trial Implementation)* (國家健康醫療大數據標準、安全和服務管理辦法(試行)) (the "*Measures on Healthcare Big Data*"), which became effective on the same day. *The Measures on Healthcare Big Data* set out the guidelines and principles for standards management, security management and services management of healthcare big data.

On September 24, 2024, the State Council promulgated the *Regulations on the Administration of Cyber Data Security* (《網絡數據安全管理條例》) (the "**Data Security Regulations**"), which is applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations Furthermore, the Data Security Regulations include, but are not limited to, the following provisions: (i) the Data Security Regulations provide specific guidelines to clarify the PIPL regarding notification, consent, and individuals' rights; (ii) the Data Security Regulations outline the requirements for establishing an important data catalog and stipulate the responsibilities of network data processors to identify and report important data; (iii) the Data Security Regulations optimize regulations for cross-border data security management, specifying conditions under which network data processors may provide personal information abroad in accordance with international treaties or agreements. The regulations clarify that data not identified or publicly disclosed as important data by relevant regions or departments need not undergo cross-border security assessments for important data; (iv) the Data Security Regulations set forth network data security protection requirements for network platform service providers, third-party product and service providers, and other relevant entities.

On December 28, 2021, CAC and other related authorities promulgated the *Cybersecurity Review Measures* (2021) (網絡安全審查辦法(2021年)), which became effective on February 15, 2022. The *Cybersecurity Review Measures* proposes the following key matters: (i) the network platform operators who are engaged in data processing are subject to the regulatory scope; (ii) the China Securities Regulatory Commission (the "CSRC") is included as one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review working mechanism; (iii) the network platform operators holding personal information of more than one million users and seeking a listing in foreign countries shall file for cybersecurity review with the Cybersecurity Review Office; and (iv) the purchase of network products and services by critical information infrastructure operator, which affects or may affect national security, shall be subject to cybersecurity review in accordance with the present Measures.

REGULATIONS RELATING TO PERSONAL INFORMATION OR DATA PROTECTION

On December 29, 2011, the MIIT issued *Several Provisions on Regulating the Market Order of Internet Information Services* (規範互聯網信息服務市場秩序若干規定), which became effective on March 15, 2012. *Several Provisions on Regulating the Market Order of Internet Information Services* provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent.

Pursuant to the *Decision on Strengthening the Protection of Online Information* (關於加強網絡信息保護的決定), issued by the SCNPC on December 28, 2012, and the *Order for the Protection of Telecommunication and Internet User Personal Information* (電信和互聯網用戶個人信息保護規定), issued by the MIIT on July 16, 2013, which became effective on

September 1, 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide to the applicable law, legitimacy and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws.

Pursuant to the *Regulations for Medical Institutions on Medical Records Management* (醫療機構病例管理規定) released on November 20, 2013, and effective from January 1, 2014, the medical institutions and medical practitioners shall strictly protect the privacy information of patients, and any leakage of patients' medical records for non-medical, non-teaching or non-research purposes is prohibited.

On August 20, 2021, the SCNPC promulgated the *PRC Personal Information Protection Law* (個人信息保護法), which took effect on November 1, 2021. The Personal Information Protection Law applies to the processing of personal information of natural persons within the territory of the PRC, as well as personal information processing activities outside the territory of PRC, for the purpose of providing products or services to natural persons located within China, or for analysing or evaluating the behaviors of natural persons located within China, or for other circumstances as prescribed by laws and administrative regulations. A personal information processor may process the personal information of this individual only by complying with the circumstances in the Personal Information Protection Law.

On June 10, 2021, the SCNPC passed the Data Security Law (數據安全法), which became effective as of September 1, 2021. The Data Security Law clarifies the scope of data to cover a wide range of information records by electronic or other means, and requires that data collection shall be conducted in a legitimate and proper manner, and the theft or illegal collection of data is not permitted. Data processors shall establish and improve whole-process data security management rules, organize and implement data security training and take appropriate technical measures and other necessary measures to protect data security.

On August 8, 2022, NHC, NATCM, and National Disease Control and Prevention Administration jointly promulgated the *Administrative Measures for the Cybersecurity of Medical and Healthcare Institution* (醫療衛生機構網絡安全管理辦法) with immediate effect. Administrative Measures for the Cybersecurity of Medical and Healthcare Institutions require full life-cycle management of cyber security and data.

On February 12, 2025, the CAC published the *Administrative Measures for the Compliance Audit of Personal Information Protection* (《個人信息保護合規審計管理辦法》), which took effect on May 1, 2025. According to the Administrative Measures for the Compliance Audit of Personal Information Protection, personal information processors that process the personal information of more than 10 million individuals shall carry out the compliance audit of personal information protection at least once every two years. Personal information processors may be required by Cyberspace Administration and other departments performing personal information protection duties (hereinafter collectively referred to as the "**Protection Departments**") to entrust a professional agency to conduct a compliance audit of their personal information processing activities.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

The Copyright Law of the PRC (中華人民共和國著作權法), which was promulgated by the SCNPC on September 7, 1990, came into effect on June 1, 1991 and was last amended on November 11, 2020 and came into effect on June 1, 2021, specifies that copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc. In addition, the *Regulations on the Protection of Rights to Information Network Communication* (信息網絡傳播權保護條例) promulgated by the State Council on May 18, 2006 as amended in 2013, provides specific rules on fair use, statutory license, and a safe harbor for use of copyrights and copyright management technology and specifies the liabilities of various entities for violations, including copyright holders, libraries and internet service providers.

The Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was promulgated by the National Copyright Administration on February 20, 2002, and came into effect on the same day, regulates the registration of software copyright, the exclusive licensing contract and assignment contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and designates the China Copyright Protection Center as the agency for software registration. The China Copyright Protection Center will grant certificates of registration to computer software copyright applicants.

According to the *Patent Law of the PRC* (中華人民共和國專利法), promulgated by the SCNPC on March 12, 1984 and further last amended on October 17, 2020 and came into effect on June 1, 2021 and the *Implementing Rules of the Patent Law of the PRC* (中華人民共和國專利法實施細則), promulgated by the China Patent Bureau Council on January 19, 1985, and further last amended on December 11, 2023 and came into effect on January 20, 2024, the term "invention-creations" refers to inventions, utility models and designs. The duration of a patent right for inventions shall be 20 years and the duration of a patent right for utility models and designs shall be 10 years, both commencing from the filing date. In the event that a dispute arises due to a patent being exploited without the prior authorization of the patentee, that is to say an infringement upon the patent right of the patentee.

Trademarks are protected by the *Trademark Law of the PRC* (中華人民共和國商標法) which was promulgated on August 23, 1982 and last amended on April 23, 2019 and took effect on November 1, 2019 as well as the *Implementation Regulation of the PRC Trademark Law* (中華人民共和國商標法實施條例) adopted by the State Council on August 3, 2002 and revised on April 29, 2014. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks. The Trademark Office of National Intellectual Property Administration handles trademark registrations and grants a term of 10 years to registered trademarks, renewable every 10 years where a registered trademark needs to be used after the expiration of its validity term.

The *Administrative Measures for Internet Domain Names* (互聯網域名管理辦法), which was promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, regulates the ".CN" and the ".zhongguo (in Chinese character)" shall be China's national top level domains. Any party that engages in internet information services shall use its domain name in compliance with laws and regulations and in line with relevant provisions of the telecommunications authority, but shall not use its domain name to commit any violation. On November 27, 2017, the MIIT promulgated the *Notice on Regulating the Use of Domain Names in Providing Internet-based Information Services* (工業和信息化部關於規範互聯網信息服務使用域名的通知), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an Internet-based information service provider in providing Internet-based information services must be registered and owned by such provider in accordance with the law.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION RELATED TO MEDICAL INSTITUTIONS

Pursuant to the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989 and became effective on the same day, last amended on October 24, 2023 and became effective on January 1, 2024, the waste discharge licensing system has been implemented in the PRC and entities that discharge medical sewage to water bodies directly or indirectly shall obtain a waste discharge license. Furthermore, installations for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project.

Pursuant to the *Environmental Impact Assessment Law of the People's Republic of China* (中華人民共和國環境影響評價法) promulgated by the SCNPC on October 28, 2002, became effective on September 1, 2003 and last amended on December 29, 2018, the State implements administration by classification on the environmental impact of construction projects according to the level of impact on the environment. The construction entity shall prepare an environmental impact report, or an environmental impact form or complete an environmental impact registration form (the "Environmental Impact Assessment Documents") for reporting and filing purpose. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction entity is prohibited from commencing construction works.

Pursuant to *Fire Protection Law of the PRC* (中華人民共和國消防法), which was promulgated by the SCNPC on April 29, 1998 and last revised on April 29, 2021, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction. The construction project fire safety design examination and acceptance system shall be implemented for a construction project that needs a fire protection design under the national fire protection technical standards for project construction. Upon completion of construction of a development project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority of the State Council, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. For development projects other than those stipulated in the preceding paragraph, the developer shall, after inspection and acceptance, report it to the housing and urban-rural development department for archival purposes, and the housing and urban-rural development department shall conduct a spot check. A construction project that is subject to a fire protection as-built acceptance according to law but fails to undergo or pass the fire protection as-built acceptance shall be forbidden to be put into use. Any other construction project that fails to pass a spot check shall cease to be used.

The *Administrative Measures on Licensing of Urban Drainage* (城鎮污水排入排水管網許可管理辦法), which was promulgated by the Ministry of Housing and Urban-rural Development on January 22, 2015 and amended on December 1, 2022 and came into effect on February 1, 2023, provides that enterprises, institutions and individual industrial and commercial households engaging in industry, construction, catering industry, medical industry and discharging sewage into the urban drainage network must apply for and obtain a License for Urban Drainage (排水許可證).

Administrative Measures for Pollutant Discharge Licensing (排污許可管理辦法), which was promulgated by the Ministry of Ecology and the Environment on April 1, 2024 and become effective on July 1, 2024, stipulate that the enterprises, public institutions and other production operators (hereinafter referred to as the "pollutant discharge entities") that implement pollution discharge permit management in accordance with legal provisions shall apply for and obtain a pollutant discharge permit in accordance with the law and discharge pollutants as set forth in the pollutant discharge permit; and no pollutants may be discharged without a pollutant discharge permit.

Pursuant to the *Classified Management Catalog of Pollutant Discharge Permits for Stationary Sources of Pollution (2019 Edition)* (固定污染源排污許可分類管理名錄(2019年版)), which was promulgated by the Ministry of Ecology and Environment on 20 December 2019 and became effective on the same day, a pollutant discharge entity subject to registration management is not required to apply for a pollutant discharge permit. It shall fill in the pollutant discharge registration form on the management information platform of state pollutant discharge permits, and register with its basic information, pollutant discharge route, pollutant discharge standards implemented, pollution prevention and control measures adopted, and other information.

According to the *Regulations on the Management of Medical Waste* (醫療廢物管理條例), which was promulgated by the State Council on June 16, 2003 and amended on January 8, 2011, and the *Implementation Measures of the Management of Medical Waste* (醫療衛生機構醫療廢物管理辦法), which was promulgated by the MOH on October 15, 2003 and came into effect on the same day, medical or health institution shall register medical wastes, manage medical wastes under classification and undertake management of duplicate forms for transfer of hazardous waste in accordance with the *Catalogue of Classified Medical Wastes* (醫療廢物分類目錄), and deliver medical wastes to an entity for centralized disposal of medical wastes and licensed by a relevant environment protection administrative department for dispose.

Pursuant to the *Law of the People's Republic of China on Prevention and Control of Radioactive Pollution* (放射性污染防治法) promulgated by the SCNPC on June 28, 2003 and became effective on October 1, 2003, an entity generating radioactive waste liquid must, in accordance with the requirements of the national standards on the prevention and control of radioactive pollution, dispose or store the radioactive waste liquid which shall not be discharged to the environment. An entity generating radioactive solid wastes shall, in accordance with the provisions of the competent administrative department of environmental protection under the State Council, deliver the radioactive solid wastes it generates to the entity disposing the radioactive solid wastes for disposition after having them treated, and shall assume the disposition expense.

LAWS AND REGULATIONS ON CORPORATION AND PUBLIC INSTITUTIONS

Regulation Relating to Corporation

The *PRC Company Law* (中華人民共和國公司法) was promulgated on December 29, 1993 by the SCNPC, last amended on December 29, 2023 and came into effect on July 1, 2024. All companies established in the PRC are subject to the PRC Company Law. The PRC Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

Regulations Relating to Public Institutions

According to the *Provisional Regulations on the Registration of Public Institutions* (事業單位登記管理暫行條例), which was promulgated by the State Council on October 25, 1998 and amended on June 27, 2004, public institutions refer to the social service organizations sponsored by state organs or other organizations, by using state-owned assets for the benefit of the public, to engage in education, science and technology, culture, health and other activities. Public institutions should meet the requirements of legal persons and register with the approval of the people's governments at or above the county level and their relevant competent departments. After registration, public institutions shall obtain the Certificate of Legal Person for Public Institutions (事業單位法人證書).

REGULATIONS RELATING TO FOREIGN INVESTMENT

General Policies

The *Company Law of the People's Republic of China* (中華人民共和國公司法), which was promulgated by the SCNPC on December 29, 1993 last amended on December 29, 2023 and came into effect on July 1, 2024, provides that companies established in China may take the form of limited liability company or joint stock company with limited liability. Each company has the status of a legal person and owns the assets itself. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

On March 15, 2019, the 2nd meeting of the 13th SCNPC approved the *Foreign Investment Law of the People's Republic of China* (中華人民共和國外商投資法) (the "FIL"), which became effective on January 1, 2020. According to the FIL, the "foreign investment" refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (the "Foreign Investors"). The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list. The negative list will be released by or upon approval by the State Council.

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Industries for Encouraging Foreign Investment (the "Encouraging Catalog"), and the Special Management Measures (Negative List) for the Access of Foreign Investment (the "Negative List"), which were promulgated and are amended from time to time by the Ministry of Commerce of the PRC (the "MOFCOM") and NDRC. The Encouraging Catalog and the

Negative List lay out the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited." Industries not listed in the Encouraging Catalog and the Negative List are generally deemed as falling into a fourth category "permitted." The NDRC and MOFCOM promulgated the *Catalog of Industries for Encouraging Foreign Investment (2022 Version)* (鼓勵外商投資產業目錄(2022年版)), on October 26, 2022 and became effect on January 1, 2023, and the *Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Version)* (外商投資准入特別管理措施(負面清單)(2024年版)) (the "2024 Negative List", on September 6, 2024 and came into effect on November 1, 2024, to replace the previous encouraging catalog and negative list thereunder. According to the 2024 Negative List, foreign equity share in a value-added telecommunication business shall not exceed 50% (excluding e-commerce, domestic multiparty communication, store-and-forward, and call center). Medical institutions are limited to joint venture and may not conduct prohibited scientific research and technical services.

Foreign Investment in Medical Institution

The *Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions* (中外合資、合作醫療機構管理暫行辦法), which was jointly promulgated by the MOH and the Ministry of Foreign Trade and Economic Cooperation on May 15, 2000 and came into effect on July 1, 2000, and its Supplementary Provisions allow foreign investors to partner with Chinese medical entities to establish a medical institution in China by means of equity joint venture or cooperative joint venture. Establishment of equity joint venture or cooperative joint venture shall meet certain requirements, including the total investment sum shall not be less than RMB20 million and the equity percentage of the Chinese partner in the joint venture shall not be less than 30%. Establishment of equity joint venture or cooperative medical institutions shall be subject to approval by relevant authorities.

Foreign Investment in Value-added Telecommunications Business

The Foreign-invested telecommunication enterprises must comply with the *Regulations for the Administration of Foreign-invested Telecommunications Enterprises (revised in 2022)* (外商投資電信企業管理規定(2022年修訂)) (the "Foreign Investment Telecommunications Rules") issued by the State Council on December 11, 2001 and last amended on March 29, 2022 and came into effect on May 1, 2022, which requires foreign-invested value-added telecommunication enterprises to be established as sino-foreign equity joint ventures in which the ultimate proportion of capital contribution from foreign investors shall not exceed 50%. Moreover, the establishment of foreign-invested telecommunications enterprises must obtain approvals from the MIIT or their authorized local counterparts.

REGULATIONS RELATING TO THE H SHARE FULL CIRCULATION

According to the *CSRC Pilot Program for the Deepening Reforms on Overseas Listing Systems and the "Full Circulation" of H Shares* (中國證監會深化境外上市制度改革開展H股「全流通」試點) issued by the CSRC on December 29, 2017 and the Reply to the Press by the *CSRC Spokesperson, Chang Depeng Regarding the Implementation of the "Full Circulation" Pilot Program of H Shares* (中國證監會新聞發言人常德鵬就開展H股「全流通」試點相關事宜答記者問) issued by the CSRC on December 29, 2017 and approved by the State Council, the CSRC carried out the "Full Circulation" Pilot Program of H-share Listed Companies.

According to the *Guidance for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies* (H股公司境內未上市股份申請「全流通」業務指引) issued by the CSRC on November 14, 2019 and amended on August 10, 2023, and the Reply to the Press by the CSRC Spokesperson regarding the Fully Implementation of the "Full Circulation" Reform of H Shares (中國證監會新聞發言人就全面推開H股「全流通」改革答記者問) issued by the CSRC on November 15, 2019, H Shares company can apply for "full circulation" alone or together with refinance abroad application. Unlisted corporation can apply for "full circulation" together with overseas IPO application. Once being approved by the CSRC, shareholders of domestic unlisted shares shall change share registration according to the relevant rules of CSDC, as well as relevant rules of share registration and share listing of HK market, and shall disclose information lawfully.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, for a domestic company seeking direct overseas listing, the shareholders holding the domestic unlisted shares of such domestic company who apply for the conversion of the domestic unlisted shares into overseas listed shares shall comply with the relevant provisions of the CSRC and entrust such domestic company to file with the CSRC.

REGULATIONS RELATING TO LABOR

The *Labor Law of PRC* (中華人民共和國勞動法), which was promulgated by the SCNPC on July 5, 1994, came into effect on January 1, 1995, and was last amended on December 29, 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. Labor safety and health facilities must comply with relevant national standards. Workers engaged in special operations shall have received specialized training and obtained the pertinent qualifications.

The *Labor Contract Law of PRC* (中華人民共和國勞動合同法), which was promulgated by the SCNPC on June 29, 2007, came into effect on January 1, 2008, and was amended on December 28, 2012, and came into effect on July 1, 2013, and the *Regulation on the Implementation of the Employment Contract Law of PRC* (中華人民共和國勞動合同法實施條例) which was promulgated and came into effect on September 18, 2008 by the State Council, regulates the relations of employer and the employee, and contains specific provisions involving the terms of the labor contract.

The *Social Insurance Law of PRC* (中華人民共和國社會保險法), which was promulgated by the SCNPC on October 28, 2010 and came into effect on July 1, 2011, and was amended on December 29, 2018, regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

According to the *Interim Regulation on the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例), the *Regulations on Work-Related Injury Insurance* (工傷保險條例), the *Regulations on Unemployment Insurance* (失業保險條例) and the *Trial Measures on Employee Maternity Insurance of Enterprises* (企業職工生育保險試行辦法), enterprises in China must provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and must pay or withhold relevant social insurance premiums for or on behalf of employees.

The *Regulations on the Administration of Housing Provident Fund* (住房公積金管理條例), which was promulgated on April 3, 1999 and came into effective on the same date, and was last amended on March 24, 2019, stipulates that housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his or her employer shall all belong to the individual employee.

On July 31, 2025, the Supreme People's Court issued Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), which took effect on September 1, 2025. It stipulates that where the employer and the laborer agree, or the laborer promises the employer, that there is no need to pay social insurance premiums, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to pay social insurance premiums in accordance with the law, and the laborer requests to terminate the labor contract and for the employer to pay economic compensation in accordance with item (3), Article 38 of the Labor Contract Law, the people's court shall support such claim in accordance with the law. Where the circumstances in the preceding paragraph exist, and the employer, after making up the social insurance premiums in accordance with the law, requests the laborer to return the social insurance compensation already paid, the people's court shall support such claim in accordance with the law. This provision aims to clarify the mandatory obligation to pay social insurance premiums and protect the legitimate rights and interests of employees as well as social public interests.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the *Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法) (the "EIT Law"), which was promulgated by the National People's Congress on March 16, 2007, came into effect on January 1, 2008 and last amended by the SCNPC on December 29, 2018, and the *Implementation Regulations on the EIT Law* (中華人民共和國企業所得稅法實施條例), which was promulgated by the State Council on December 6, 2007 and came into effect on January 1, 2008, and amended by the State Council on April 23, 2019 and came into effect on the same date, a uniform income tax rate of 25% will be applied to domestic enterprises, foreign-invested enterprises and foreign enterprises that have established production and operation facilities in China. These enterprises are classified as either resident enterprises or non-resident enterprises. Resident enterprises refer to enterprises that are established in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises refer to enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but who (whether or not through the establishment of institutions in the PRC) derive income from the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not established institutions or places in the PRC, or if they have established institutions or places in the PRC but there is no actual relationship between the relevant income derived in the PRC and the institutions or places set up by them, enterprise income tax is set at the rate of 10%.

According to the *Circular of the Ministry of Finance and the State Administration of Taxation on the Relevant Tax Policies in Respect of Medical and Hygiene Institutions* (財政部、國家稅務總局關於醫療衛生機構有關稅收政策的通知), which was promulgated by the MOF and the STA on July 10, 2000 and became effective on the same date and further revised by the MOF on May 18, 2009 and became effective on January 1, 2009, medical services income obtained by the NMIs at the price set by the state shall be exempted from any taxes. In respect of those medical services income which is not obtained at the price set by the state, this exemption policy shall not apply. Taxes on the income obtained by the Profit Medical Institutions shall be imposed according to the relevant provisions.

Value-added Tax

The *Provisional Regulations of the PRC on Value-added Tax* (增值稅暫行條例), which was promulgated by the State Council on December 13, 1993, came into effect on January 1, 1994, and last amended on November 19, 2017, and the *Detailed Implementing Rules of the Provisional Regulations on Value-added Tax* (增值稅暫行條例實施細則), which was promulgated by MOF on December 25, 1993 and came into effect on the same date, and was amended on December 15, 2008 and October 28, 2011, came into effect on November 1, 2011 set out that all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in China shall pay a value-added tax.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value added Tax Rates* (財政部、國家稅務總局關於調整增值稅稅率的通知) issued on April 4, 2018 and became effective on May 1, 2018, the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the *Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Relevant Policies for Deepening Value Added Tax Reform* (財政部、國家稅務總局、海關總署關於深化增值稅改革有關政策的公告) issued on March 20, 2019 and became effective on April 1, 2019, the value added tax rate was reduced to 13% and 9%, respectively.

According to the *Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax* (關於營業稅改徵增值稅試點若干政策的通知) issued on March 23, 2016 and effective on May 1, 2016 and the *Announcement on the Continued Implementation of VAT-Exemption and Other Policies Relating to Medical Services* (關於延續實施醫療服務免徵增值稅等政策的公告) issued and effective on September 25, 2023 which were both promulgated by the Ministry of Finance and the State Administration of Taxation, the medical services provided by medical institutions are exempted from value-added tax (VAT).

OUR HISTORY

Our origin can be traced back to March 17, 2015 when TRT established our Company in Beijing, the PRC. On June 21, 2024, our Company was converted into a joint stock limited liability company and was renamed as Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (北京同仁堂醫養投資股份有限公司).

OUR MILESTONES

The following sets forth the business milestones of our Group:

2019 • Beijing TRT TCM Hospital became our subsidiary and we started to hold the organizer's interests in certain not-for-profit medical institutions.

2020 • We established TRT Internet Hospital to integrate our online healthcare resources.

2022 • We acquired a controlling stake in San Xi Tang.

• We established Beijing Tongda to streamline the procurement of pharmaceuticals for our in-network medical institutions.

2023 • We established TRT Basic Healthcare Management.

2024 • Anshan TRT TCM Hospital, Beijing TRT Second TCM Hospital and Cuihe Pharmacy became our subsidiaries.

• We acquired a controlling stake in Shanghai CZT and Shanghai ZHT.

OUR MAJOR CORPORATE DEVELOPMENT

Early Development

Our Company was established under the name of Beijing Tong Ren Tang Investment Development Co., Ltd. (北京同仁堂投資發展有限責任公司) with an initial registered capital of RMB60.0 million. At the time of our establishment, we were wholly owned by TRT, our Ultimate Controlling Shareholder. In the early days since our establishment, we served as an investment platform of TRT to explore investment opportunities in the healthcare industry and beyond.

Assignment of Beijing TRT TCM Hospital

Beijing TRT TCM Hospital was established by TRT on October 27, 2008. Pursuant to the overall strategy of TRT Group, we were positioned to integrate the medical resources of TRT Group and explore new business opportunities in the healthcare industry. Subsequently, on August 20, 2019, we entered into an equity transfer agreement with TRT, pursuant to which TRT agreed to transfer the entire equity interests in Beijing TRT TCM Hospital to us at nil consideration. The assignment of Beijing TRT TCM Hospital to us marks our first step in building our TCM healthcare service network in northern China.

Capital Increase by TRT

On September 20, 2019, the registered capital of our Company was increased from RMB60.0 million to RMB300.0 million, all of which was subscribed by TRT and had been fully paid up in cash. The capital increase by TRT was aimed to strengthen our capital resources. Pursuant to a business restructuring of TRT Group, we were repositioned to integrate offline and online resources in a hierarchical network to offer comprehensive healthcare services with a strategic focus on TCM. Subsequently, we have gradually acquired controlling stakes in certain TCM hospitals from TRT Group since 2019. See "— Reorganization."

Acquisition of Taiyuan Healthcare Management

Taiyuan Healthcare Management was established by TRT Shanxi Pharmacy, a non-wholly owned subsidiary of TRT, on June 4, 2015. On December 23, 2021, we entered into an equity transfer agreement with TRT Shanxi Pharmacy, pursuant to which our Company agreed to acquire 51% equity interests in Taiyuan Healthcare Management at a consideration of RMB5,411,100. Such consideration was determined with reference to a valuation report issued by an independent professional valuer regarding the total asset value of Taiyuan Healthcare Management as of May 31, 2021 and was fully settled on December 28, 2021. The acquisition was completed on March 21, 2022 and was regarded as a business combination under common control. Taiyuan Healthcare Management was consolidated into the financial statements of our Group since January 1, 2022. Our acquisition of Taiyuan TRT TCM Hospital echoes with our long-term strategy to integrate the medical resources of TRT Group and expand the coverage of our TCM healthcare service network.

Pre-IPO Investments and Subsequent Shareholding Changes

On March 12, 2024, we entered into a capital increase agreement (the "**2024 Capital Increase Agreement**") with TRT and six Pre-IPO Investors (namely TRT Senior Care Fund, TRT Medical Fund, Tongkang Fund, Tongqing Fund, Mr. Zhu and Ms. Pan), pursuant to which the Pre-IPO Investors agreed to subscribe for an aggregate of our registered capital of RMB57,208,519.37 for a total consideration of approximately RMB365.7 million. The considerations were fully settled on March 28, 2024. See "— Pre-IPO Investments." Upon completion of the capital increase, our registered capital was RMB357,208,519.37 and our shareholding structure is set out as follows:

Shareholder	Registered capital interested in	Approximate % of shareholding
TRT	RMB300,000,000.00	83.98%
TRT Senior Care Fund	RMB17,605,572.63	4.93%
TRT Medical Fund	RMB9,490,270.13	2.66%
Tongqing Fund	RMB8,446,606.50	2.36%
Tongkang Fund	RMB7,824,556.60	2.19%
Mr. Zhu[1]	RMB7,612,832.43	2.13%
Ms. Pan[1]	RMB6,228,681.08	1.74%
Total	**RMB357,208,519.37**	**100.0%**

On March 27, 2024, TRT Medical Fund resolved to transfer its entire equity interests in our Company by way of distribution *in specie* to certain of its partners proportionate to their respective interests in TRT Medical Fund regarding the investment in our Company. See "— Pre-IPO Investments — Information about the Pre-IPO Investors."

Conversion into a Joint Stock Limited Liability Company

In preparation for the Listing, our Company was resolved to be converted into a joint stock limited liability company on June 12, 2024, with a registered capital of approximately RMB357.2 million divided into 357,208,549 Shares with a nominal value of RMB1.00 each.

As advised by our PRC Legal Advisors, all required regulatory approvals in relation to the capital increases, equity transfers and conversion into a joint stock company in the PRC as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations. Our PRC Legal Advisors further confirmed that all of the aforementioned capital changes in the PRC as described above have been properly and legally completed in compliance with PRC Laws and regulations.

Disposal of TRT Baoding

TRT Baoding was established as a limited liability company in Baoding, Hebei province on March 3, 2015. Since its establishment, TRT Baoding has been held by Beijing TRT TCM Hospital as to 51% and hence a non-wholly owned subsidiary of Beijing TRT TCM Hospital. The remaining equity interests in TRT Baoding was held by Mr. Zhang Wentong (張文童), a director of TRT Baoding. As Beijing TRT TCM Hospital was assigned to us by TRT in 2019, TRT Baoding consequently became an indirectly non-wholly owned subsidiary of our Company. TRT Baoding is a principal subsidiary of our Company due to its high assets contribution to our Group. As of December 31, 2024, the carrying amount of our property interests in the hospital premises of TRT Baoding exceeded 15% of our total assets as of the same date, which were constructed before the assignment of TRT Baoding to us. The text of the valuer's letter and the valuation certificate prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, in connection with its valuation are set out in "Appendix III — Property Valuation Report" to this prospectus.

Hebei province is geographically adjacent to Beijing, which is a significant pull factor for the healthcare market in Hebei province, attracting medical resources and patients to concentrate in Beijing from Hebei province by leveraging its abundant medical resources as the capital of the PRC, according to Frost & Sullivan. Therefore, we decided to focus on the healthcare market in (i) economically active geographical regions in China, such as Beijing, Tianjin, eastern China (especially the Yangtze River Delta Region) and Guangdong province, as well as (ii) other densely populated geographical regions in China, such as Central China, Sichuan province and Chongqing. As a result, TRT Baoding, which is located in Hebei province, is geographically beyond our strategic focus. In addition, TRT Baoding has not yet commenced operations and has not obtained a medical institution practicing license. Should TRT Baoding prepare for commencing operations in the future, it will need to make a substantial additional investment for recruiting medical staff, procuring essential supplies for opening (including basic pharmaceuticals, medical consumables and logistics-related materials) and upgrading some of its medical equipment. After considering our strategic business focus and the aforementioned financial burden, we do not intend to commence the operations of TRT Baoding to avoid incurring any unnecessary investments in geographical regions beyond our strategic focus. Furthermore, Mr. Zhang Wentong, the other shareholder of TRT Baoding, has indicated that he neither possesses the will nor the ability to continue investing in TRT Baoding for its operations in proportion to his shareholding. Accordingly, following reaching consensus with Mr. Zhang Wentong, we have already initiated a plan to sell our 51% equity interests in TRT Baoding to a third party. We do not expect the disposal of TRT Baoding to be completed prior to the Listing, and we will comply with the Listing Rules with respect to the disposal after the Listing.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, the following entities are the principal operating entities which made a material contribution to our results of operations during the Track Record Period:

Name of company	Shareholding held by our Group	Time of commencement of business	Principal business activities
Beijing TRT TCM Hospital	100%	October 2008	Provision of TCM healthcare services
Beijing TRT Second TCM Hospital	51%	August 1994	Provision of TCM healthcare services
SXT Hospital	75%	November 2018	Provision of TCM healthcare services
SXT Pharmacies	75%	November 2002	Sales of healthcare products
Shanghai CZT	70%	August 2007	Provision of TCM healthcare services
Shanghai ZHT	60%	September 2016	Provision of TCM healthcare services
TRT Internet Hospital	100%	January 2022	Provision of online TCM healthcare services

Name of company	Shareholding held by our Group	Time of commencement of business	Principal business activities
Beijing Tongda	100%	December 2023	Sale of pharmaceuticals
TRT Basic Healthcare Management	100%	January 2024	Provision of management services
Cuihe Pharmacy	100%	November 4, 2022	Retail sales of pharmaceuticals and healthcare products
Anshan TRT TCM Hospital	51%	November 2012	Provision of TCM healthcare services
Taiyuan Healthcare Management	51%	June 2016	Provision of TCM healthcare services
TRT Baoding	51%	N/A	N/A

OUR MAJOR ACQUISITIONS

Acquisitions of SXT Hospital and SXT Pharmacies

We, together with TRT Senior Care Fund and TRT Medical Fund, acquired an aggregate of 65% equity interests in each of SXT Hospital and SXT Pharmacies from Mr. Zhu and Ms. Pan for a total consideration of RMB284.4 million, pursuant to a series of equity transfer agreements and the amendments thereof entered into on April 19, 2022 and July 13, 2022. The considerations were determined after arm's length negotiation with reference to the valuation report issued by an independent professional valuer regarding the total equity value of San Xi Tang as of December 31, 2021, taking into account the business prospects, results of operation and financial condition of San Xi Tang. Details of the equity transfers were set out as follows:

Transferee	Percentage of equity interests acquired		Consideration	Date of settlement[1]
	in SXT Hospital	in SXT Pharmacies		
Our Company	43.74%[2]	43.75%[2]	RMB191.4 million	December 27, 2023
TRT Senior Care Fund[3][4]	14.40%	14.40%	RMB63.0 million	July 22, 2022
TRT Medical Fund[3][4]	6.86%	6.85%	RMB30.0 million	July 22, 2022

Notes:

(1) The date of settlement refers to the date of consideration being fully settled.

(2) We have pledged such equity interests in SXT Hospital and SXT Pharmacies to a commercial bank as security in order to obtain bank facilities for the acquisitions. See also "Financial Information — Contingent Liabilities."

(3) The general partner of TRT Senior Care Fund and TRT Medical Fund is TRT Heritage Fund Management and TRT Medical Fund Management, respectively. Our Company historically held 49% equity interests in each of TRT Heritage Fund Management and TRT Medical Fund Management, which were transferred to TRT Kangyang during the Reorganization. The remaining equity interests in TRT Heritage Fund Management and TRT Medical Fund Management are held by financial investors, all of which are Independent Third Parties.

(4) Pursuant to concert party agreements dated April 19, 2022 and July 13, 2022, respectively, TRT Senior Care Fund and TRT Medical Fund, both of which are our Controlling Shareholders, agreed to act in concert with our Company with respect to the voting rights attached to their equity interests in San Xi Tang, and we had subsequently consolidated the financial results of San Xi Tang into the financial statements of our Group since May 31, 2022. See Note 30 of Section II to Accountants' Report set out in Appendix IA to this prospectus.

Pursuant to the equity transfer agreements and the amendments thereof, San Xi Tang has undertaken that its net profit after deducting non-recurring gains and losses for each of the years ended December 31, 2022, 2023 and 2024 shall not be less than 5% higher than its net profit after deducting non-recurring gains and losses for the immediately preceding year. In the event that San Xi Tang fails to meet such performance commitment for any of the aforementioned years, it shall compensate the transferees for the shortfall amount.

SXT Hospital principally engages in the provision of TCM healthcare services in Jinhua, Zhejiang province, the PRC. Jinhua forms part of the Yangtze River Delta and is well regarded as a regional transportation hub. Leveraging the geographical advantages of Jinhua and the well-established brand "San Xi Tang (三溪堂)," we see the acquisition of SXT Hospital as a starting point for us to penetrate the TCM healthcare market in eastern China and is in line with our development strategies. In the meantime, the acquisition of SXT Pharmacies enabled us to better release its synergies with SXT Hospital and positioned us to observe and gain insight of the regional TCM industrial chain at full spectrum. We first became aware of San Xi Tang from the announcement published by a company once listed on the Shenzhen Stock Exchange in September 2018 announcing its intention to acquire San Xi Tang. The proposed transaction was subsequently terminated in November 2019 due to failure to reach consensus on key transaction terms. Based on the information in the relevant announcement, we regarded San Xi Tang as a potential acquisition target to extend our footprint in eastern China, so after our internal discussions, we then reached out to Mr. Zhu and Ms. Pan in 2021, the shareholders of San Xi Tang for further details and negotiation.

Our Company completed the filing procedures with the local counterpart of SAMR in respect of the aforesaid acquisitions of SXT Hospital and SXT Pharmacies on July 18, 2022, which falls within the Track Record Period. Based on the historical financial information of SXT Hospital and SXT Pharmacies, such acquisitions have triggered the disclosure thresholds under Rule 4.05A of the Listing Rules. Therefore, this prospectus also includes the pre-acquisition financial information of SXT Hospital and SXT Pharmacies from January 1, 2022 to May 31, 2022. See the Accountants' Report on Historical Financial Information as set out in Appendix IB and Appendix IC to this prospectus.

On March 22 and March 25, 2024, we acquired additional 31.26% and 31.25% equity interests in SXT Hospital and SXT Pharmacies from certain Pre-IPO Investors, namely, TRT Senior Care Fund, TRT Medical Fund, Tongkang Fund, Mr. Zhu and Ms. Pan, respectively. See "— Pre-IPO Investments."

Save as disclosed above and in the sections headed "Connected Transactions", "Business — Suppliers and Procurement" and "Business — Our Customers", as of the Latest Practicable Date, there were no other past or present relationships (including financing, family, employment, business, trust or otherwise) between Mr. Zhu, Ms. Pan or entities controlled by either of them, and our Company, our subsidiaries, their shareholders, directors or senior management, or any of their respective associates.

Expanding Our Service Network in Shanghai, the PRC

We acquired Shanghai CZT and Shanghai ZHT to expand our footprint into Shanghai, one of the metropolitan cities in China with the highest per capita consumer spending nationwide, and to strengthen our business presence in the Yangtze River Delta, which echoes with our expansion strategy. See "Business — Business Strategies."

Acquisition of Shanghai CZT

Shanghai CZT is a limited liability company established in Shanghai, the PRC on August 10, 2007 with an initial registered capital of RMB0.5 million, and is mainly engaged in the provision of TCM healthcare services through its out-patient healthcare center. According to the unaudited accounts of Shanghai CZT, its total assets amounted to approximately RMB50.8 million and RMB69.7 million as of December 31, 2022 and 2023, respectively, and it recorded revenue of approximately RMB53.9 million and RMB90.9 million in 2022 and 2023, respectively, and loss before tax of approximately RMB1.2 million and profit before tax of approximately RMB12.1 million during the same years, respectively.

On January 10, 2024, we entered into an equity transfer agreement with Shanghai CZT, Hangzhou CZT and CZT, all of which were Independent Third Parties at the time. Pursuant to the equity transfer agreement, Hangzhou CZT agreed to transfer its 70% equity interests in Shanghai CZT to us at a consideration of RMB91.0 million, which was determined after arm's length negotiation among the parties with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Shanghai CZT as of August 31, 2023, taking into account the business prospects, results of operation and financial condition of Shanghai CZT, and was fully settled on March 6, 2025. Our Company completed the acquisition of Shanghai CZT on January 29, 2024. Upon completion of the aforesaid equity transfer, Shanghai CZT became a non-wholly owned subsidiary of our Company, and was held by us and Hangzhou CZT as to 70% and 30%, respectively. As none of the applicable percentage ratios as stipulated under the Listing Rules in respect of the acquisition of Shanghai CZT exceeds 25%, the acquisition of Shanghai CZT does not constitute an acquisition of material subsidiary or business by us during the Track Record Period under Rule 4.05A of the Listing Rules. We have pledged the 70% equity interests we held in Shanghai CZT to a commercial bank as security in order to obtain finance facilities for this acquisition. See "Financial Information — Contingent Liabilities."

Acquisition of Shanghai ZHT

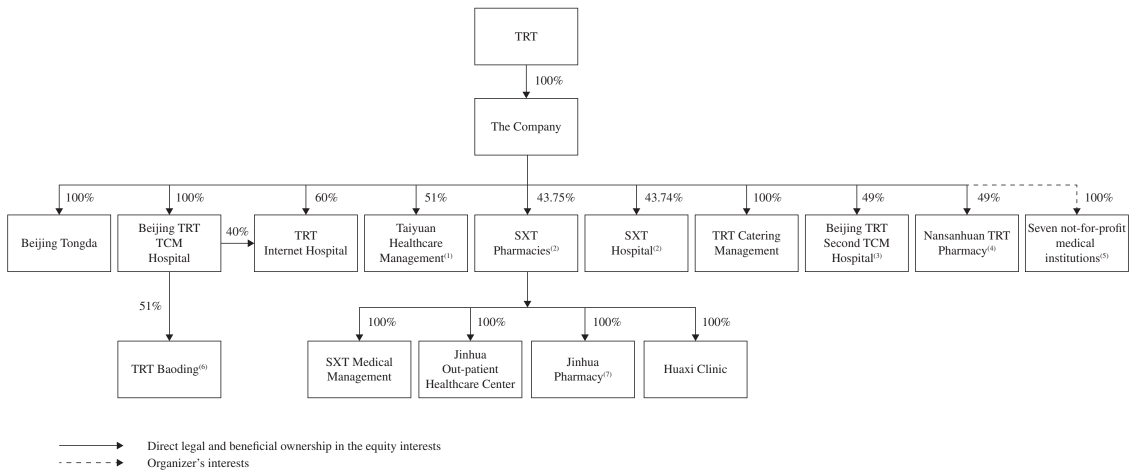
Shanghai ZHT is a limited liability company established in the PRC on December 13, 2005 with an initial registered capital of RMB100,000, and is mainly engaged in the provision of TCM healthcare services through its out-patient healthcare center. According to the unaudited accounts of Shanghai ZHT, its total assets amounted to approximately RMB36.0 million and RMB26.2 million as of December 31, 2022 and 2023, respectively, and it recorded revenue of approximately RMB22.1 million and RMB30.6 million in 2022 and 2023, respectively, and loss before tax of approximately RMB1.8 million and profit before tax of approximately RMB2.2 million during the same years, respectively.

On June 6, 2024, we entered into an equity transfer agreement ("**ZHT Equity Transfer Agreement**") with Shanghai ZHT, Mr. Yuan Chongqing (袁重慶), Ms. Yu Li (于莉), Ms. Bian Qi (卞淇) and Shanghai Zhongyou Health Technology Group Co., Ltd. (上海中優健康科技集團有限公司) ("**Shanghai Zhongyou**"), which is ultimately controlled by Ms. Yu Li and Ms. Bian Qi as to 90% and 10%, respectively, all of whom were Independent Third Parties at that time, pursuant to which our Company agreed to acquire 60% equity interests in Shanghai ZHT from Shanghai Zhongyou at a consideration of RMB20.76 million. Subsequently, parties to the ZHT Equity Transfer Agreement executed three separate amendments to refine and adjust specific terms and conditions. The consideration was determined with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Shanghai ZHT as of December 31, 2023, and is to be paid in cash in four installments upon satisfaction of respective conditions precedent utilizing our internal financial resources and/or bank facilities. Our Company completed the substantive closing process of the acquisition, including obtaining the corporate seal and documents of Shanghai ZHT on August 23, 2024 (the "**ZHT Closing Date**"), and completed the filing procedures with the local counterpart of SAMR in respect of the acquisition of Shanghai ZHT on September 29, 2024. As of the Latest Practicable Date, the first installment, comprising 40% of the consideration had been settled, and the remaining three installments, amounting to 40%, 10% and 10% of the consideration, respectively, are due upon satisfaction of all applicable conditions precedent, including completion of the closing audit of Shanghai ZHT following its acquisition, and due in six months and one year after the ZHT Closing Date provided that all relevant conditions precedent are satisfied, respectively. Upon completion of the aforesaid equity transfer, Shanghai ZHT became a non-wholly owned subsidiary of our Company, and was held by us, Shanghai Zhongyou and Mr. Yuan Chongqing as to 60%, 30% and 10%, respectively. As none of the applicable percentage ratios as stipulated under the Listing Rules in respect of the acquisition of Shanghai ZHT exceeds 25%, the acquisition of Shanghai ZHT does not constitute an acquisition of material subsidiary or business by us during the Track Record Period under Rule 4.05A of the Listing Rules. We have pledged the 60% equity interests we held in Shanghai ZHT to a commercial bank as security in order to obtain finance facilities for this acquisition. See "Financial Information — Contingent Liabilities."

Our PRC Legal Advisors confirmed that the equity interest transfers as described above in respect of our acquisitions of SXT Hospital, SXT Pharmacies, Shanghai CZT and Shanghai ZHT have been properly and legally completed and all necessary relevant approvals and procedures in accordance with applicable PRC laws and regulations have been obtained and completed.

REORGANIZATION

Our Directors consider Hong Kong to be a suitable place for listing as they believe that, with our businesses and operations being located, managed and conducted in the PRC, a listing in Hong Kong will not only provide us with access to international capital markets where we could attract investors with a deep understanding of the TCM healthcare industry, but also provide better synergy for us in terms of improving our brand awareness and raising our corporate profile. In preparation for the Global Offering and the Listing, we underwent a reorganization to streamline our business and corporate structure, details of which are set out as below. The following chart sets out the corporate structure of our Group immediately prior to the Reorganization.



Notes:

(1) The remaining 49% equity interests in Taiyuan Healthcare Management was held by TRT Shanxi Pharmacy, which was a non-wholly owned subsidiary of TRT.

(2) TRT Senior Care Fund and TRT Medical Fund held in aggregate 21.25% and 21.26% equity interests in SXT Pharmacies and SXT Hospital, respectively. Pursuant to concert party agreements dated April 19, 2022 and July 13, 2022, respectively, TRT Senior Care Fund and TRT Medical Fund, both of which are our Controlling Shareholders, agreed to act in concert with our Company with respect to the voting rights attached to their equity interests in San Xi Tang. See "— Our Major Acquisitions — Acquisitions of SXT Hospital and SXT Pharmacies." The remaining 35% equity interests in SXT Hospital and SXT Pharmacies were held by Mr. Zhu and Ms. Pan, as to 19.25% and 15.75%, respectively.

(3) We acquired 49% equity interests in Beijing TRT Second TCM Hospital from TRT Technologies in 2022 and further acquired another 2% in Beijing TRT Second TCM Hospital from TRT Technologies during our Reorganization. See "— Intragroup Restructuring."

(4) We acquired 49% equity interests in Nansanhuan TRT Pharmacy in December 2022 at a consideration of RMB19,376,266, which was determined with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Nansanhuan TRT Pharmacy as of June 30, 2021 and was fully settled on August 23, 2022.

(5) The seven not-for-profit medical institutions include Qixing Hospital, Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital, Huangsi Out-patient Healthcare Center, Jiuxianqiao Community Healthcare Center, Dahua Community Healthcare Station, Liujian Community Healthcare Station and Hujialou Second Community Healthcare Center. We acquired Hujialou Second Community Healthcare Center from several Independent Third Parties, for a consideration of approximately RMB58.0 million which was determined with reference to the valuation report issued by an independent professional valuer regarding the net assets of Hujialou Second Community Healthcare Center as of March 31, 2019. The other six not-for-profit medical institutions were assigned to us by other state-owned enterprises at nil consideration.

(6) The remaining 49% equity interests in TRT Baoding was held by Mr. Zhang Wentong, who serves as a director of TRT Baoding.

(7) Jinhua Pharmacy was established as a limited liability company on May 5, 2022, and became a subsidiary of our Company as a result of our acquisition of SXT Pharmacies. Jinhua Pharmacy engaged in the sale of pharmaceuticals and other products and only maintained very limited business operations and was de-registered on March 28, 2024.

Establishment of TRT Basic Healthcare Management

TRT Basic Healthcare Management was established as a limited liability company in Beijing, the PRC on May 19, 2023 with an initial registered capital of RMB2.0 million, and is a wholly-owned subsidiary of our Company. TRT Basic Healthcare Management serves as the platform for us to integrate our resources and centralize our corporate structure for the provision of management services. See "Business — Our Management Services" and "Connected Transactions — Fully-exempt Continuing Connected Transactions — 5. Managed Connected Medical Institutions Cooperation Agreements."

Streamlining Our Business Structure

We historically engaged in certain businesses that do not conform with our future strategy. To refine our business structure and focus on our primary business operations, we disposed our interest in certain subsidiaries to TRT Kangyang, a wholly-owned subsidiary of TRT:

(i) Equity Transfer of TRT Catering Management

TRT Catering Management engages in the catering business and mainly serves Chinese cuisine developed based on TCM theories. As we do not intend to further pursue business opportunities in the catering industry, we transferred the entire equity interests in TRT Catering Management to TRT Kangyang at nil consideration on July 17, 2023.

(ii) Transfers of Organizer's Interests in Not-for-profit Medical Institutions

We historically owned the organizer's interests in seven not-for-profit medical institutions. We acquired or obtained the organizer's interests in these seven medical institutions in response to a guidance letter issued by the relevant PRC government authorities. The guidance letter provides that central government encourages state-owned enterprises like us to take charge of not-for-profit medical institutions, whose organizer's interests were previously held by those state-owned enterprises that do not have the expertise to operate medical institutions. Other than Hujialou Second Community Healthcare Center which we acquired at a consideration of approximately RMB58.0 million, we obtained the organizer's interests in six medical institutions at nil consideration.

However, as advised by our PRC Legal Advisors, not-for-profit medical institutions are not allowed to offer economic interests to their organizers through dividends or other form of distribution. Therefore, in order to simplify our corporate structure and to ensure that all of our subsidiaries are permitted under applicable PRC laws and regulations to declare and distribute dividends to shareholders, on June 12, 2023, we entered into several equity transfer agreements with TRT Kangyang, pursuant to which we agreed to transfer the organizer's interests in these seven not-for-profit medical institutions to TRT Kangyang at nil consideration. The aforementioned transfers were all completed by the end of July 2023.

The seven not-for-profit medical institutions are in or adjacent to communities, enabling us to extend our TCM healthcare service at community level and deliver primary TCM healthcare services. Therefore, we included six of them in our hierarchical TCM healthcare service network by way of providing our management services to them in exchange for management fees. Based on the interviews with the health administrative authorities or the authorities for registration of public institutions of several Managed Medical Institutions, our PRC Legal Advisors are of the view that our transfers of organizer's interests to and management fees arrangement with TRT Kangyang are in compliance with the applicable PRC laws and regulations. See "Business — Our Management Services." We have not yet included Hujialou Second Community Healthcare Center into our TCM healthcare service network as it is currently under the management of Beijing Jufang. See "Relationship with Our Controlling Shareholders — Delineation of Business — Excluded Management Services — Management Service Offered by Beijing Jufang."

Intragroup Restructuring

We went through an intragroup restructuring and acquired from TRT certain equity interests in Anshan TRT TCM Hospital, Shijiazhuang TRT TCM Hospital and Beijing TRT Second TCM Hospital, details of which are set out as follows:

(i) Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital

Anshan TRT TCM Hospital was established as a limited liability company on November 23, 2012 in Anshan, the PRC with an initial registered capital of RMB3.0 million, and was held by TRT Commerce (a non-wholly owned subsidiary of TRT Limited) and Anshan Iron and Steel Group Corporation General Hospital (鞍鋼集團公司總醫院) ("**Anshan Iron**") as to 51% and 49%, respectively. Shijiazhuang TRT TCM Hospital was established as a limited liability company on April 19, 2017 in Shijiazhuang, the PRC with an initial registered capital of RMB13.0 million, and was held by TRT Commerce and Hebei Xiangchen Health Management Co. Ltd. (河北祥宸健康管理有限公司) ("**Hebei Xiangchen**") as to 51% and 49%, respectively.

On July 31, 2023, we entered into equity transfer agreements with TRT Commerce, a non-wholly owned subsidiary of TRT, pursuant to which our Company agreed to acquire 51% equity interests in Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital at a consideration of RMB6,002,853 and RMB469,200, respectively. Such considerations were determined with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital as of December 31, 2022, respectively, and was fully settled on August 24, 2023 and December 25, 2023, respectively.

Upon completion of the equity transfers, each of Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital became a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by Anshan Iron and Hebei Xiangchen, respectively, both of which are Independent Third Parties, other than their respective equity interests in the relevant subsidiaries. As Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital were ultimately controlled by TRT prior to and after the acquisitions, the acquisitions were regarded as business combinations under common control. Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital were consolidated into the financial statements of our Group since January 1, 2022.

After our acquisition of Shijiazhuang TRT TCM Hospital, Hebei Xiangchen did not reach consensus with us as to the future development with respect to Shijiazhuang TRT TCM Hospital. Additionally, Hebei province is geographically adjacent to Beijing, which is a significant pull factor for the healthcare market in Hebei province, attracting medical resources and patients to concentrate in Beijing from Hebei province by leveraging its abundant medical resources as the capital of the PRC, according to Frost & Sullivan. Therefore, we do not regard Hebei province as our strategic focus. Considering the above, we decided to dispose Shijiazhuang TRT TCM Hospital. On August 16, 2024, we entered into an equity transfer agreement with Hebei Xiangchen, pursuant to which our Company agreed to transfer the 51% equity interests we held in Shijiazhuang TRT TCM Hospital to Hebei Xiangchen at a consideration of RMB479,900. Such consideration was determined upon completion of the bidding process on the China Beijing Equity Exchange with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Shijiazhuang TRT TCM Hospital as of December 31, 2023, and was fully settled on September 5, 2024. Our Company completed the filing procedures with the local counterpart of SAMR in respect of the aforesaid disposal on August 27, 2024.

(ii) Beijing TRT Second TCM Hospital

Beijing TRT Second TCM Hospital was established as a not-for-profit medical institution in August 1994 under the name of Beijing Tong Ren Tang Fengtai Tong Ren Tang TCM Out-patient Healthcare Center (北京同仁堂豐台同仁堂中醫門診部), and was transformed to a for-profit hospital in January 2016. On December 21, 2022, we completed the acquisition of 49% equity interests in Beijing TRT Second TCM Hospital from TRT Technologies at a consideration of RMB42,011,228. Such consideration was determined with reference to a valuation report issued by an independent professional valuer regarding the total equity value of Beijing TRT Second TCM Hospital as of June 30, 2021 and was fully settled on November 24, 2022.

On January 10, 2024, we entered into an equity transfer agreement with TRT Technologies, pursuant to which our Company agreed to acquire another 2% equity interests in Beijing TRT Second TCM Hospital at a consideration of RMB2,260,000. Such consideration was determined with reference to a valuation report issued by an independent professional valuer regarding the total equity value of Beijing TRT Second TCM Hospital as of June 30, 2023 and was fully settled on January 25, 2024. Our shareholding increased to 51% upon completion of the equity transfer, and Beijing TRT Second TCM Hospital became a non-wholly owned subsidiary of our Company, with the remaining 49% equity interests held by TRT Technologies. As Beijing TRT Second TCM Hospital was ultimately controlled by TRT prior to and after the acquisition, the acquisition was regarded as a business combination under common control. Beijing TRT Second TCM Hospital was consolidated into the financial statements of our Group since January 1, 2022.

Obtaining the Equity Interests of San Xi Tang and Cuihe Pharmacy

We obtained (i) additional 31.26% and 31.25% equity interests in SXT Hospital and SXT Pharmacies, respectively; and (ii) the entire equity interests in Cuihe Pharmacy as consideration for our Pre-IPO Investments. For details, please see "— Pre-IPO Investments." The aforesaid equity transfers constitute milestones for both of our development and the business restructuring of TRT Group, and are purported to further delineate our business from that of TRT Group.

Compliance

As advised by our PRC Legal Advisors, all required regulatory approvals in relation to our Reorganization as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations, and our PRC Legal Advisors further confirmed that the equity transfers, disposals and capital contributions with respect to our Reorganization as described above have been properly and legally completed.

PRE-IPO INVESTMENTS

On March 12, 2024, the Pre-IPO Investors subscribed for the increased registered capital of our Company pursuant to the 2024 Capital Increase Agreement. Our Directors were of the view that our Company could benefit from the additional funds provided by certain Pre-IPO Investors and their knowledge and experience in the healthcare industry and the Pre-IPO Investments have broadened our shareholder base and demonstrated the Pre-IPO Investors' confidence in the business development of our Group. Our Pre-IPO Investors include professional institutional investors which can share their experience in market expansion and provide us with insight and advice on our development strategies, corporate governance, financial management and internal control. We also obtained the entire equity interests in Cuihe Pharmacy and additional equity interests in San Xi Tang as consideration for the Pre-IPO Investments.

Pursuant to the 2024 Capital Increase Agreement, the total consideration of the Pre-IPO Investments was RMB365,739,785, of which only a portion was settled by cash. The remaining consideration was settled by a combination of (i) equity interests held by certain Pre-IPO Investors, namely, TRT Senior Care Fund, TRT Medical Fund, Tongkang Fund, Mr. Zhu and Ms. Pan, in SXT Hospital and SXT Pharmacies, both being non-wholly owned subsidiaries of our Company, and (ii) equity interests held by certain Pre-IPO Investors, namely, TRT Senior Care Fund and Tongkang Fund, in Cuihe Pharmacy.

Upon completion of the Pre-IPO Investments, (i) each of SXT Hospital and SXT Pharmacies is held as to 75% by our Company, with the remaining 25% equity interests held by Mr. Zhu and Ms. Pan as to 13.75% and 11.25%, respectively, and (ii) Cuihe Pharmacy became a directly wholly-owned subsidiary of our Company. For details of San Xi Tang, please see "— Our Major Acquisitions — Acquisitions of SXT Hospital and SXT Pharmacies."

Cuihe Pharmacy was established as a limited liability company on August 27, 2021 in Beijing, the PRC with an initial registered capital of RMB1.0 million and historically engaged in the retail sales of pharmaceuticals and healthcare products. Prior to our acquisition, Cuihe Pharmacy was held by TRT Senior Care Fund and Tongkang Fund, both of which are our Controlling Shareholders, as to 67.82% and 32.18%, respectively. We acquired Cuihe Pharmacy to supplement the services provided by our Internet hospital and Cuihe Pharmacy currently serves the customers of our Internet hospital only. We consider Cuihe Pharmacy essential to the operation of our Internet hospital, as it allows us to ensure the timely dispensing and delivery of prescribed pharmaceuticals, maintain consistent service quality, and enhance customer trust in our online TCM healthcare services. Unlike a traditional retail pharmacy, Cuihe Pharmacy is not operated as a standalone business serving walk-in customers. Instead, it is positioned as an internal dispensing facility dedicated to fulfilling e-prescriptions generated by our Internet hospital. As of the Latest Practicable Date, Cuihe Pharmacy maintained two on-site pharmacists who are qualified to process e-prescriptions, prepare medications in compliance with relevant standards, and arrange for delivery to customers of our Internet hospital.

The following table sets forth key particulars of the Pre-IPO Investments:

	TRT Senior Care Fund	TRT Medical Fund	Tongqing Fund	Tongkang Fund	Mr. Zhu	Ms. Pan
Date on which the consideration was fully settled[(1)]	March 25, 2024	March 25, 2024	March 28, 2024	March 28, 2024	March 25, 2024	March 25, 2024
Consideration	RMB112,554,186.38	RMB60,672,245.99	RMB54.0 million	RMB50,023,172.82	RMB48,669,599.00	RMB39,820,581.00
Settlement of consideration[(2)]	11.06% equity interests in San Xi Tang with monetary value of RMB97,870,139.08 67.82% equity interests in Cuihe Pharmacy with monetary value of RMB14,684,047.30	6.86% equity interests in SXT Hospital with monetary value of RMB38,740,265.34 6.85% equity interests in SXT Pharmacies with monetary value of RMB21,931,980.65	Cash	3.34% equity interests in San Xi Tang with monetary value of RMB29,555,720.12 32.18% equity interests in Cuihe Pharmacy with monetary value of RMB6,967,452.70 Cash payments of RMB13.5 million	5.5% equity interests in San Xi Tang with monetary value of RMB48,669,599.00	4.5% equity interests in San Xi Tang with monetary value of RMB39,820,581.00
Cost per Share	RMB6.3931					
Discount to the Offer Price[(3)]	7.1%					
Basis of determination of the consideration	The consideration was determined through a bidding process on the China Beijing Equity Exchange with reference to a valuation report issued by an independent professional valuer regarding our total equity value as of July 31, 2023.					
Post-money valuation of our Company	Approximately RMB2,283.7 million					
Use of proceeds from the Pre-IPO Investments	We received proceeds from Tongkang Fund and Tongqing Fund of RMB67.5 million. We utilized the proceeds from Tongkang Fund and Tongqing Fund for business expansion and related capital expenditure and as working capital of our Group. As of the Latest Practicable Date, all of the proceeds from Pre-IPO investments had been utilized. As the other Pre-IPO Investors settled the consideration by transferring their equity interests in San Xi Tang and/or Cuihe Pharmacy, we did not receive any proceeds from them.					
Special rights	There was no special right granted to the Pre-IPO Investors.					
Percentage of shareholding in our Company upon completion of the Pre-IPO Investments	4.93%	2.66%	2.36%	2.19%	2.13%	1.74%
Percentage of shareholding in our Company upon completion of the Global Offering[(4)]	3.78%	2.04%	1.82%	1.68%	1.64%	1.34%

Notes:

(1) As the consideration for the Pre-IPO Investments was partially settled by share swap, the date on which the consideration was fully settled refer to the date of completion of the relevant equity transfer (if applicable).

(2) The monetary value of the equity interests held by the relevant investors in each of SXT Hospital, SXT Pharmacies and Cuihe Pharmacy was determined with reference to the valuation report issued by an independent professional valuer regarding the total equity value of each of SXT Hospital, SXT Pharmacies and Cuihe Pharmacy as of July 31, 2023, respectively.

(3) Assuming the Offer Price is fixed at HK$7.80, being the mid-point of the indicative Offer Price range.

(4) Assuming the Over-allotment Option is not exercised.

Lock-up Period

All current Shareholders (including the Pre-IPO Investors) are subject to a lock-up period of one year following the Listing Date, pursuant to the PRC Company Law.

Information about the Pre-IPO Investors

TRT Senior Care Fund

TRT Senior Care Fund is a limited partnership established in the PRC on February 27, 2017. TRT Senior Care Fund has approximately RMB178 million of assets under management, and primarily engages in the minority equity investment in elderly care business, such as elderly care home. The general partner of TRT Senior Care Fund is TRT Heritage Fund Management, which is ultimately controlled by TRT. Except for (i) Mr. Ding Yaxiong (丁亞雄), holding 31.91% interests in TRT Senior Care Fund, and (ii) Shanghai Zhuoyan Asset Management Center (Limited Partnership) (上海卓衍資產管理中心(有限合夥)), which is ultimately controlled by Mr. Luo Jianchao (羅劍超), an Independent Third Party, holding 31.91% interests in TRT Senior Care Fund, none of the other limited partners holds 30% or more interests in TRT Senior Care Fund. All limited partners of TRT Senior Care Fund are Independent Third Parties.

Tongkang Fund

Tongkang Fund is a limited partnership established in the PRC on December 13, 2023. Tongkang Fund has approximately RMB50 million of assets under management, and primarily engages in the equity investment in healthcare and other related industries. The general partner of Tongkang Fund is TRT Heritage Fund Management, which is ultimately controlled by TRT. The other limited partners of Tongkang Fund are (i) Beijing Shengyu Huakang Technology Co., Ltd. (北京盛羽華康科技有限公司), which is ultimately controlled by Mr. Wang Desheng (王德生) and Ms. Wang Aixiao (王愛曉), both of which are Independent Third Parties, holding 89.14% interests in Tongkang Fund, and (ii) Beijing Hongcheng Kangli Technology Co., Ltd. (北京宏成康利科技有限公司), which is ultimately controlled by Ms. Wang Yiman (王一曼), an Independent Third Party, holding 9.90% interests in Tongkang Fund. All limited partners of Tongkang Fund are Independent Third Parties.

Tongqing Fund

Tongqing Fund is a limited partnership established in the PRC on November 24, 2023. Tongqing Fund has approximately RMB56 million of assets under management, and primarily engages in the equity investment in pharmaceutical and healthcare industries. The general partner of Tongqing Fund is TRT Medical Fund Management, a Shareholder of our Company, which is ultimately controlled by TRT. In accordance with the Partnership Enterprise Law of the PRC and the partnership agreement of Tongqing Fund, TRT Medical Fund Management has the exclusive and sole authority to manage and execute all matters relating to Tongqing Fund. Except for (i) Bozhou Yipinde, holding 44.64% interests in Tongqing Fund, and (ii) Beijing Renhuichuan Enterprise Management Development Center (Limited Partnership) (北京仁匯川企業管理發展中心(有限合夥)), which is controlled by its general partner, Mr. Zhang Liang (張亮), an Independent Third Party, holding 35.71% interests in Tongqing Fund, none of the other limited partners holds 30% or more interests in Tongqing Fund. All limited partners of Tongqing Fund are Independent Third Parties.

TRT Medical Fund Management

TRT Medical Fund Management is a limited liability company established in the PRC on December 18, 2018. TRT Medical Fund Management has approximately RMB208 million of assets under management, and is a professional equity investment management company with a focus in the healthcare industry. TRT Medical Fund Management is directly held by TRT

Kangyang as to 49% and is consolidated into the financial statements of TRT Kangyang, which is in turn wholly owned by TRT, and none of the other shareholders holds 30% or more interests in TRT Medical Fund Management. TRT Medical Fund Management acquired its equity interests in our Company as a result of distribution *in specie* by TRT Medical Fund. For details, please see "— Our Major Corporate Development — Pre-IPO Investments and Subsequent Shareholding Changes."

As each of TRT Senior Care Fund, Tongkang Fund, Tongqing Fund and TRT Medical Fund Management is ultimately controlled by TRT, these Shareholders and TRT constituted a group of controlling shareholders for the purpose of the Listing Rules. For details, please see "Relationship with Our Controlling Shareholders."

Partners of TRT Medical Fund

On March 27, 2024, TRT Medical Fund resolved to transfer its entire equity interests in our Company by way of distribution *in specie* to certain of its partners proportionate to their respective interests in TRT Medical Fund regarding the investment in our Company, details of which are set out in "— Our Major Corporate Development — Pre-IPO Investments and Subsequent Shareholding Changes." The background information about the aforementioned partners of TRT Medical Fund, other than the background information of TRT Medical Fund Management as disclosed above, are set out as follows:

Jining Yinling

Jining Yinling is a limited liability company established in the PRC on March 13, 2014. Jining Yinling has approximately RMB60 million of assets under management, and primarily engages in equity investment in healthcare, pharmaceutical and financial industries. Jining Yinling is owned by Mr. Wen Yongming (溫永明) and Ms. Xiao Jing (肖靜), both of whom are Independent Third Parties, as to 70% and 30%, respectively.

Bingrong Investment

Bingrong Investment is a limited partnership established in the PRC on July 22, 2019. Bingrong Investment has approximately RMB34 million of assets under management, and primarily engages in equity investment in healthcare and pharmaceutical industries. The general partner of Bingrong Investment is Hangzhou Bingrong Investment Management Co., Ltd. (杭州秉榮投資管理有限公司), which is ultimately controlled by Mr. Luo Jianchao, an Independent Third Party. Other than Ms. Wang Xinxin (王芯芯), an Independent Third Party who holds approximately 33.3% interests, none of the limited partners holds 30% or more interests in Bingrong Investment.

Bozhou Yipinde

Bozhou Yipinde is a limited liability company established in the PRC on November 18, 2003. Bozhou Yipinde has approximately RMB50 million of assets under management, and primarily engages in the TCM pharmaceutical industry. Bozhou Yipinde is owned by Ms. Niu Pin (牛品) and Mr. Niu Bairen (牛柏荏), both of whom are Independent Third Parties, as to 99% and 1%, respectively.

Mr. Zhu Zhibiao (朱智彪)

Mr. Zhu has over 30 years of experience in the TCM healthcare and pharmaceutical industries. His family established the Zhu's TCM Clinic (朱氏草藥診所), the predecessor of the well-established brand of "San Xi Tang (三溪堂)" in the 1980s. Mr. Zhu is also an experienced individual investor with various investments in the healthcare and pharmaceutical industries. We became acquainted with Mr. Zhu as we started to explore business opportunities in the Yangtze River Delta and acquired controlling stakes of San Xi Tang from Mr. Zhu and Ms. Pan. Mr. Zhu currently serves as the director of SXT Hospital and SXT Pharmacies.

Ms. Pan Songqin (潘松琴)

Ms. Pan is the spouse of Mr. Zhu and primarily engages in management and investment in the healthcare, pharmaceutical, agriculture and food industries.

Public Float and Free Float

Public Float

Immediately upon completion of the Global Offering (assuming the application for "full circulation" of our Company is completed and the Over-allotment Option is not exercised), our Company will have 247,069,525 Unlisted Shares and 218,292,524 H Shares, among which:

(i) the 247,069,525 Unlisted Shares (representing approximately 53.1% of our total issued Shares upon Listing) will not be considered as part of the public float as such Unlisted Shares will not be converted into H Shares;

(ii) among the 218,292,524 H Shares,

- the 101,951,831 H Shares (representing approximately 21.9% of our total issued Shares upon Listing) converted from Unlisted Shares held by TRT, TRT Senior Care Fund, Tongqing Fund, Tongkang Fund, TRT Medical Fund Management, Mr. Zhu and Ms. Pan will not be considered as part of the public float as the aforesaid Shareholders are core connected persons of our Group;

- the 8,187,193 H Shares (representing approximately 1.8% of our total issued Shares upon Listing) converted from the Unlisted Shares held by Bozhou Yipinde, Jining Yinling and Bingrong Investment will be counted towards the public float as none of the aforesaid Shareholders (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by our Group, our subsidiaries or a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to take instructions from our Group, our subsidiaries or a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in its name or otherwise held by it; and

- the 108,153,500 H Shares (representing approximately 23.2% of our total issued Shares upon Listing) issued by our Company under the Global Offering to public Shareholders will be counted towards the public float.

In light of the above, upon completion of the Global Offering, an aggregate of 116,340,693 H Shares or approximately 25.0% of the total issued share capital of our Company (assuming the application for "full circulation" of our Company is completed and the Over-allotment Option is not exercised), which is at least 25% as required under Rule 19A.13A of the Listing Rules, will be counted towards the public float upon the Listing. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

Free Float

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (i) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (ii) have an expected market value at the time of listing of not less than HK$600,000,000. The Company is expected to satisfy the free float requirement under Rule 19A.13C(1)(a) of the Listing Rules.

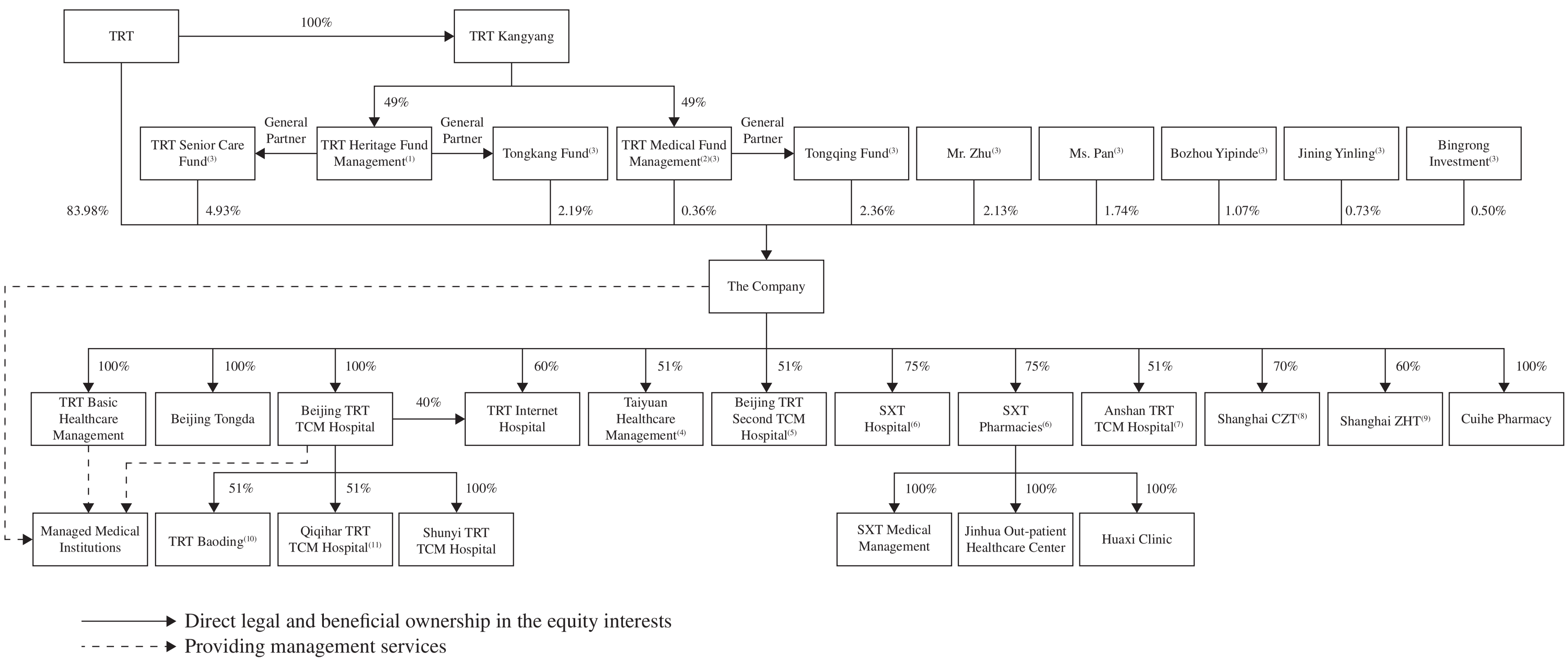
Compliance with the Pre-IPO Investment Guidance

The Sponsor confirms that the Pre-IPO Investments are in compliance with the guidance in Chapter 4.2 (Pre-IPO Investments) of the Guide for New Listing Applicants issued by the Stock Exchange with effect from January 1, 2024.

CORPORATE STRUCTURE

Corporate Structure after the Reorganization and before the Global Offering

The following chart sets forth the simplified corporate structure of our Group immediately after the Reorganization and before completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes:

(1) The remaining equity interests in TRT Heritage Fund Management is held by (i) Beijing Tongyu LP as to 5%, a management shareholding platform of TRT Heritage Fund Management, whose partners are Mr. Hu Renhua (胡仁華) and Mr. Chen Chongfu (陳崇福), both of whom are Independent Third Parties. Pursuant to the voting arrangement agreements between TRT Kangyang and Beijing Tongyu LP, Beijing Tongyu LP confirmed and agreed to entrust its voting rights to and follow the instructions of TRT Kangyang when exercising its voting rights at the shareholders' meeting of TRT Heritage Fund Management; and (ii) other financial investors including Mr. Ding Yaxiong, Shenzhen Bingrong Investment Co., Ltd. (深圳秉榮投資有限公司) ("**Shenzhen Bingrong**"), Beijing Tiancheng Chuangfu Capital Investment Management Co., Ltd. (北京天誠創富資本投資管理有限公司), Mr. Xu Bing (徐炳) and Shandong Sun Tissue Paper Co., Ltd. (山東太陽生活用紙有限公司), all of whom are Independent Third Parties, as to 15%, 15%, 9%, 4% and 3%, respectively. Therefore, TRT Kangyang ultimately controls TRT Heritage Fund Management through its direct shareholding and control of the voting rights attached to the equity interests held by Beijing Tongyu LP.

(2) The remaining equity interests in TRT Medical Fund Management is held by (i) Beijing Jufang LP as to 5%, a management shareholding platform of TRT Medical Fund Management, whose general partner is TRT Heritage Fund Management. The other limited partners of Beijing Jufang LP is Ms. Li Xiao (李曉) and Mr. Han Hongxing (韓紅星), both of which are Independent Third Parties. Pursuant to the voting arrangement agreements between TRT Kangyang and Beijing Jufang LP, Beijing Jufang LP confirmed and agreed to entrust its voting rights to and follow the instructions of TRT Kangyang when exercising its voting rights at the shareholders' meeting of TRT Medical Fund Management; and (ii) other financial investors including Shenzhen Bingrong, Beijing Zhongji Taikang Hospital Management Co., Ltd. (北京中冀泰康醫院管理有限公司) (an Independent Third Party), Bozhou Yipinde and Jining Yinling, as to 17.21%, 17.21%, 6.62% and 4.96%, respectively. Shenzhen Bingrong is ultimately controlled by Mr. Luo Jianchao, who also controls Bingrong Investment, a Pre-IPO Investor. Both Bozhou Yipinde and Jining Yinling are our Pre-IPO Investors. Therefore, TRT Kangyang ultimately controls TRT Medical Fund Management through its direct shareholding and control of the voting rights attached to the equity interests held by Beijing Jufang LP.

(3) TRT Senior Care Fund, Tongkang Fund, Tongqing Fund, TRT Medical Fund Management, Mr. Zhu, Ms. Pan, Bozhou Yipinde, Jining Yinling and Bingrong Investment are our Pre-IPO Investors. For details, please see "— Pre-IPO Investments — Information about the Pre-IPO Investors."

(4) The remaining 49% equity interests in Taiyuan Healthcare Management was held by TRT Shanxi Pharmacy, which was a non-wholly owned subsidiary of TRT.

(5) The remaining 49% equity interests in Beijing TRT Second TCM Hospital was held by TRT Technologies, which was a non-wholly owned subsidiary of TRT.

(6) The remaining equity interests in San Xi Tang was held by Mr. Zhu and Ms. Pan, as to 13.75% and 11.25%, respectively. Mr. Zhu and Ms. Pan are also Shareholders of our Company and Mr. Zhu is a director of San Xi Tang.

(7) The remaining 49% equity interests in Anshan TRT TCM Hospital was held by Anshan Iron, an Independent Third Party other than the equity interests it held in Anshan TRT TCM Hospital.

(8) The remaining 30% equity interests in Shanghai CZT was held by Hangzhou CZT, an Independent Third Party other than the equity interests it held in Shanghai CZT.

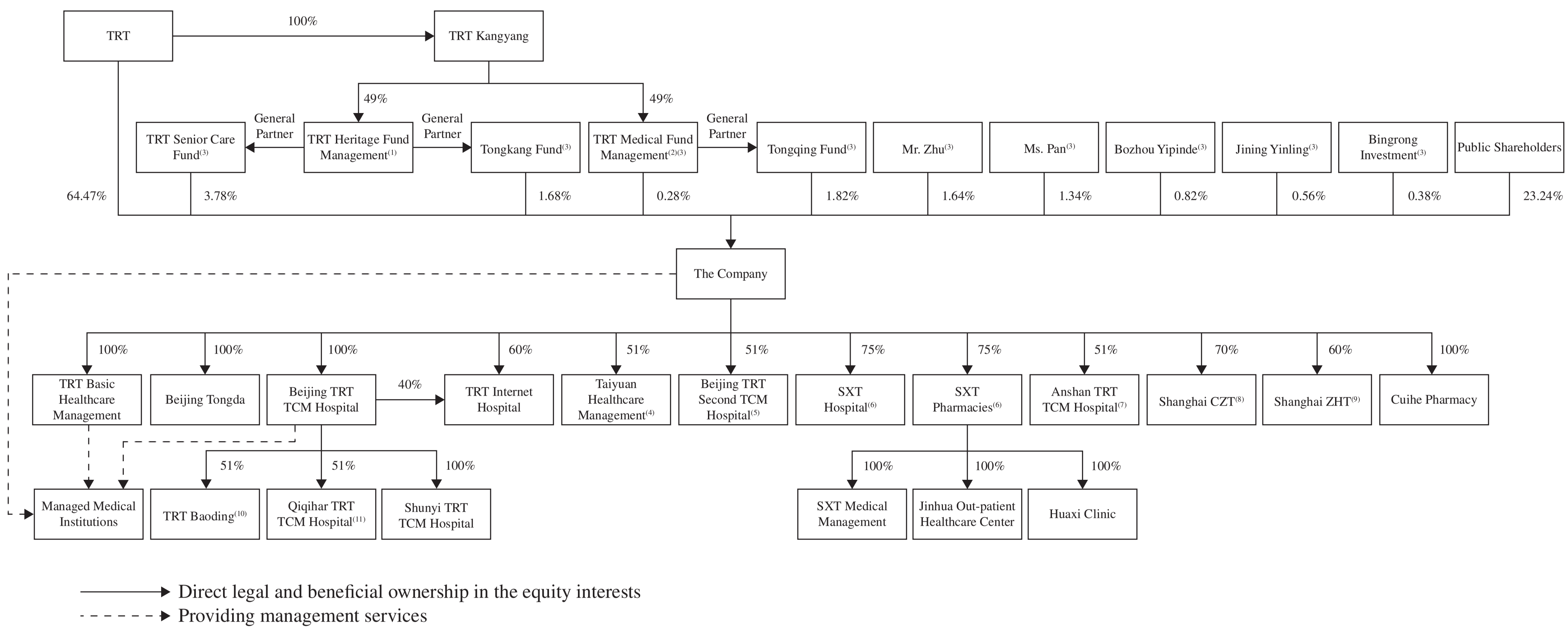
(9) The remaining 40% equity interests in Shanghai ZHT was held by Shanghai Zhongyou (which is ultimately controlled by Ms. Yu Li and Ms. Bian Qi as to 90% and 10%, respectively) and Mr. Yuan Chongqing, both of which are Independent Third Parties other than the equity interests they held in Shanghai ZHT.

(10) The remaining 49% equity interests in TRT Baoding was held by Mr. Zhang Wentong, who serves as a director and the vice chairman of the board of directors of TRT Baoding. Save for the above, Mr. Zhang Wentong is an Independent Third Party.

(11) Qiqihar TRT TCM Hospital was established as a limited liability company in Qiqihar City, Heilongjiang province on February 19, 2024 with an initial registered capital of RMB1.0 million. The remaining 49% equity interests in Qiqihar TRT TCM Hospital was held by Jianhua Hospital, which is an Independent Third Party other than the equity interests it held in Qiqihar TRT TCM Hospital, and is held by Innovation Medical Management Co., Ltd. (創新醫療管理股份有限公司) as to 97.14%, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002173). As of the Latest Practicable Date, Qiqihar TRT TCM Hospital had not commenced its business operations.

Corporate Structure immediately following the Global Offering

The following chart sets forth the simplified corporate structure of our Group immediately after the completion of the Global Offering:



Notes:

(1)-(11): Please refer to corresponding notes on the preceding page.

OVERVIEW

We are a subsidiary of TRT which strategically focuses on TCM healthcare services in China, delivering comprehensive TCM healthcare services to individual customers, standardized management services to business customers, and a wide selection of healthcare products and other products. Combining medical "treatment (醫)" and "care (養)," we deliver modernized and customized TCM healthcare services. Using both TCM medication and non-medication treatments, we provide customers with regimen suitable for their diversified needs, all backed by standardized management.

As of the Latest Practicable Date, we had established tiered TCM healthcare service network comprising 12 self-owned offline medical institutions and an Internet hospital, as well as 12 managed offline medical institutions. Benefit from the well-established brand "Tong Ren Tang (同仁堂)" and quality pharmaceuticals, we have accumulated and integrated abundant offline and online healthcare resources. We are the largest TCM hospital group in the non-public TCM hospital healthcare service industry in China in 2024 in terms of the total number of out-patient and in-patient visits, with a market share of 1.7%. In terms of the total TCM healthcare service revenue in 2024, we ranked second with a market share of 0.2% in the non-public TCM hospital healthcare service industry, the market size of which represented 46.5% of the total market size of the TCM healthcare service industry in China in the same year.

The following key features constantly strengthen our competitive advantages in the industry: (i) coherent medical "treatment" and "care" services tailored for customers with diversified healthcare demands through tiered service network; (ii) robust strengths in standardizing management system and exporting managerial and medical expertise: we standardize service steps and continuously improve them based on customer needs and regular evaluations. We have established a standardized quality control system to ensure consistency in service delivery, procurement and risk monitoring and evaluation, allowing us to share and allocate healthcare resources effectively across our network; (iii) preeminent brand influence and industry recognition with a trustworthy image: we are dedicated to further diversifying healthcare resources and improving our services. By focusing on customer-centered TCM healthcare services, we deepen customers' trust and strengthen our competitive advantages in the industry.

We operate in the TCM healthcare service industry in China, the market size of which is expected to grow at a CAGR of 9.9% from 2025 to reach RMB1,620.5 billion in 2029. See "Industry Overview" for details. We believe we are well positioned to capture the industry opportunities, fulfilling our business strategies with the tailwind of the TCM healthcare service industry in China.

OUR BUSINESS HIGHLIGHTS

Tiered TCM Healthcare Service Network with Standardized Chain Operations Delivering Customized Services

We were one of the first non-public TCM healthcare service providers in China to deploy medical institutions in tiers with offline-online integration.

The table below sets forth the number and location of medical institutions within our tiered TCM healthcare service network.

Tier	Owned	Managed
Hospitals	• Beijing: 3 • Zhejiang: 1 • Shanxi: 1 • Liaoning: 1 • Heilongjiang: 1	• Beijing: 1 • Guizhou: 3 • Xinjiang Uygur Autonomous Region: 2 • Shaanxi: 1 • Hubei: 1

Tier	Owned	Managed
Primary medical institutions.	• Zhejiang: 1 out-patient healthcare center and 2 clinics • Shanghai: 2 out-patient healthcare centers	• Beijing: 1 out-patient healthcare center and 3 community healthcare institutions
TCM Internet hospital. . .	• Nationwide service coverage	

See "— Our In-network Medical Institutions — Summary of Our In-Network Medical Institutions" for details.

- ***Hospital chain***. Our hospital chain comprised seven hospitals owned by us and eight hospitals managed by us as of the Latest Practicable Date. Utilizing abundant healthcare resources, including high-caliber medical professionals, multiple advantageous specialties and modern medical examination equipment and facilities, our hospital chain integrates modern techniques into TCM treatment methods, to provide nationwide customers with meticulous medical examinations, multidisciplinary joint consultation and systematic diagnosis and treatment, responding to personalized and diversified healthcare demands.

- ***Primary medical institution chain***. We strategically extended our TCM healthcare service network vertically into nine primary medical institutions as of the Latest Practicable Date. We were one of the first non-public TCM healthcare service providers in China to operate primary medical institutions of whole people ownership (全民所有制)[1] under a chain model in Beijing. Featured by high accessibility and convenience, our primary medical institution chain stays in proximity to residents in the nearby communities and delivers primary TCM healthcare services to mainly "care" for common diseases, mild symptoms and chronic diseases. We also offer preventative care and family physician services to cultivate long-term and close relationships with residents suffering from sub-health conditions or chronic diseases. Meanwhile, our well-established customer referral and joint consultation mechanisms strengthen the connection between primary medical institutions and other in-network medical institutions.

- ***Internet hospital***. We have established an Internet hospital to improve the digitalization and modernization of TCM healthcare services throughout customers' whole disease courses. Our Internet hospital supports real-time communication in multiple forms, facilitating a timely and quality supply of TCM healthcare services online, alleviating customers' time and expense burden caused by repetitive visits to offline medical institutions and long-distance travel. Through Internet hospital, we not only extend the coverage of our TCM healthcare service network and customer base, but also optimize the allocation and utilization of high-quality TCM healthcare resources. Attributable to our offline-online integration efforts, our supply chain empowers our online TCM healthcare services and enables customers to timely obtain high-quality pharmaceuticals. The growing Internet hospital opens up the new possibilities for our TCM healthcare services.

Coordination and interaction among medical institutions in such tiered TCM healthcare service network optimize resource allocation, streamline in-network multidirectional customer referrals, and contribute to standardized management, enabling customers to receive targeted and coherent TCM healthcare services, while medical institutions owned or managed by us benefiting significantly from in-network synergies at the same time.

Our Organic Growth and Strategic Acquisitions

As a TCM healthcare group, we have been utilizing our strengths in management capability and healthcare resources to develop our TCM healthcare service network through establishment, assignment and acquisition. Among medical institutions that had been consolidated into the financial statements of our Group during the Track Record Period, three

1. Representing a form of public ownership where the state, acting on behalf of the entire people, holds ownership rights over the institutions.

medical institutions were established by us, namely, TRT Internet Hospital, Qiqihar TRT TCM Hospital and Shunyi TRT TCM Hospital. In particular, TRT Internet Hospital contributed revenue of RMB2.5 million, RMB7.9 million, RMB1.8 million, RMB1.5 million and RMB0.9 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025. The decrease in revenue generated from TRT Internet Hospital from the year ended December 31, 2023 to the year ended December 31, 2024 was mainly as Cuihe Pharmacy became our subsidiary in March 2024 thus ceased to contribute management service fees to TRT Internet Hospital. Cuihe Pharmacy is an offline pharmacy that received our management services before our acquisition in 2024. We currently position it as part of our online TCM healthcare services which sells healthcare products and other products to customers of our Internet hospital. See "— Our Management Services — Management Services to Cuihe Pharmacy." The decrease in revenue generated from TRT Internet Hospital from the nine months ended September 30, 2024 to the nine months ended September 30, 2025 was mainly because we were in preparation of shutting down "Tong Ren Tang Selection (同仁堂優選)," and thus resulting in a gradual decrease in its revenue. "Tong Ren Tang Selection" is a platform established by us mainly as a trustworthy channel for employees of TRT Group (including us) to purchase products under the "Tong Ren Tang" brand. We permanently shut down "Tong Ren Tang Selection" in November 2025 to avoid potential competition with similar business of TRT Group. Qiqihar TRT TCM Hospital was newly established by us under the asset-light model jointly with an Independent Third Party for-profit hospital and was preparing for the commencement of operations as of the Latest Practicable Date. We were also preparing for the commencement of operations of Shunyi TRT TCM Hospital as of the same date. Our revenue generated from medical institutions assigned to us amounted to RMB466.2 million, RMB485.9 million, RMB395.2 million, RMB287.9 million and RMB293.0 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025. Our revenue generated from such medical institutions decreased from the year ended December 31, 2023 to the year ended December 31, 2024, mainly due to our transfer of the organizer's interests in not-for-profit medical institutions to TRT Kangyang in June 2023. Our revenue generated from medical institutions acquired by us amounted to RMB350.4 million, RMB508.7 million, RMB598.1 million, RMB417.7 million and RMB434.4 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025.

Certain of our self-owned medical institutions as of the Latest Practicable Date with long operating histories have only benefited from management standardization, digitalization and modernization as well as resource integration for a relatively limited period of time since being acquired by or assigned to us, and therefore underperformed during the Track Record Period. See "— Our In-network Medical Institutions — Key Operational and Financial Information of Our TCM Healthcare Service Network" for detailed reasons for historical net losses of such medical institutions and specific measures they adopted to improve profitability.

We acquired SXT Hospital and SXT Pharmacies in 2022, the financial results of which had been consolidated into the financial statements of our Group since May 31, 2022. Since acquisition, we spent dedicated efforts to integrate SXT Hospital and SXT Pharmacies through our modernized management and professional operations. Our revenue generated from SXT Hospital and SXT Pharmacies amounted to RMB199.2 million, RMB360.2 million, RMB373.5 million, RMB265.3 million and RMB256.7 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 21.9%, 31.2%, 31.8%, 31.9% and 29.9% of our total revenue for the same periods, respectively. Our revenue generated from SXT Hospital and SXT Pharmacies decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to the decrease in revenue from sale of healthcare products and other products of SXT Pharmacies, resulting from (i) the restricted wholesale business, as SXT Pharmacies have shifted to exclusively wholesale the Angong Niuhuang Pills series for the avoidance of potential competition with similar business of TRT Group; and (ii) the decline in retail business, which was attributable to more prudent consumer spending behavior consistent with the market conditions during the relevant period. Our gross profit generated from SXT Hospital and SXT Pharmacies amounted to RMB64.0 million, RMB96.9 million, RMB91.8 million, RMB53.9 million and RMB49.5 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively, representing 44.8%, 44.6%, 41.3%, 38.0% and 31.7% of our total gross profit for the same periods, respectively. Our gross profit generated from SXT Hospital and SXT Pharmacies decreased from the year ended December 31, 2023 to the year ended December 31, 2024, primarily due to the decrease in the average spending per out-patient visit, following the requirements of local medical insurance policies to control patient spending. Our gross profit generated from SXT Hospital and SXT Pharmacies decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, in line with the decreased revenue generated therefrom.

Our acquisition of SXT Hospital and effective integration efforts afterwards along with the transfer of organizer's interests in seven not-for-profit medical institutions contributed to the growth of gross profit margin of TCM healthcare services for the year ended December 31, 2023. In addition, attributable to our acquisition of SXT Pharmacies as well as the boosted sale of Angong Niuhuang Pills series following obtaining the exclusive selling rights in Zhejiang province, our sale of healthcare products and other products achieved continuous development throughout the Track Record Period.

Our Key Operational and Financial Performance

The total customer visits to our in-network medical institutions increased at a CAGR of 51.9% from 1.3 million in 2022 to 3.0 million in 2024, and also increased by 21.6% from 2.1 million for the nine months ended September 30, 2024 to 2.5 million for the nine months ended September 30, 2025. To facilitate our customer outreach in local communities, better serve customers and increase their loyalty, we also implement a universal membership program across our TCM healthcare service network, offering members a variety of instant convenience and benefits upon their registration. As a testament to our effective member acquisition and retention strategies, the cumulative number of our members grew at a CAGR of 30.2% from 436,371 as of December 31, 2022 to 740,045 as of December 31, 2024, and further increased to 766,647 as of September 30, 2025.

Our revenue increased from RMB911.0 million for the year ended December 31, 2022 to RMB1,175.1 million for the year ended December 31, 2024, representing a CAGR of 13.6%. Our revenue also increased by 3.0% from RMB832.6 million for the nine months ended September 30, 2024 to RMB857.9 million for the nine months ended September 30, 2025. Our gross profit increased substantially from RMB142.8 million for the year ended December 31, 2022 to RMB222.5 million for the year ended December 31, 2024, representing a CAGR of 24.8%. Our gross profit also increased by 9.9% from RMB142.0 million for the nine months ended September 30, 2024 to RMB156.0 million for the nine months ended September 30, 2025.

We recorded net loss of RMB9.2 million for the year ended December 31, 2022, primarily due to (i) an increase in our costs of sales including increasing expenditure of pharmaceuticals and medical consumables and expanded employee benefits expenses arising from our recruitment of additional physicians to support the growth of our TCM healthcare service network; (ii) the loss incurred by TRT Catering Management of RMB9.6 million, which was disposed by us in June 2023 as we do not intend to further pursue business opportunities in the catering industry; and (iii) the standardization efforts we spent to integrate the newly acquired San Xi Tang in 2022. Attributable to our endeavors in strengthening revenue streams and profitability, we turned around our loss-making position and achieved net profit during the Track Record Period. Our net profit increased by 8.4% from RMB42.6 million for the year ended December 31, 2023 to RMB46.2 million for the year ended December 31, 2024, primarily due to (i) the increase in net other income and gains caused by our gains on disposal of Shijiazhuang TRT TCM Hospital in August 2024; and (ii) our acquisitions of Shanghai CZT, Shanghai ZHT and Cuihe Pharmacy in 2024, which were partially offset by (i) the cost of sales and finance costs recognized as a result of the property lease under Beijing TRT Lease Framework Agreement dated January 29, 2024 and became effective on March 27, 2024; and (ii) the increase in listing expenses along with our preparation of the Listing. Our net profit decreased by 9.8% from RMB26.6 million for the nine months ended September 30, 2024 to RMB24.0 million for the nine months ended September 30, 2025, primarily due to the aforementioned one-off gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in the first nine months of 2024 while there was no such gain in the first nine months of 2025.

Our adjusted net profit (non-HKFRS financial measure), representing net profit or loss adjusted by adding the listing expense, increased from RMB47.9 million for the year ended December 31, 2023 to RMB61.7 million for the year ended December 31, 2024 in line with our optimized profitability during the same periods. Our adjusted net profit (non-HKFRS financial measure) decreased from RMB36.6 million for the nine months ended September 30, 2024 to RMB24.2 million for the nine months ended September 30, 2025, in line with the decrease in our net profit during the same periods.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success and sustainable growth in the TCM healthcare service industry in China.

A TCM healthcare group achieved outstanding accomplishments and well positioned to serve nationwide customers

Amassing high-caliber medical professionals with multidisciplinary expertise, high-quality pharmaceuticals and high-performance technologies, we offer superb TCM healthcare services, primarily covering TCM syndrome differentiation (中醫辨證), medical examination, diagnosis, TCM medication, non-medication treatments and in-patient services, customized for nationwide customers with differentiated healthcare demands arising from whole disease courses under various healthcare scenarios. We have achieved outstanding accomplishments in terms of the following metrics:

- ranked first among all TCM hospital groups in the non-public TCM hospital healthcare service industry in China, in terms of the total number of out-patient and in-patient visits in 2024;
- ranked second among all TCM hospital groups in the non-public TCM hospital healthcare service industry in China, in terms of the total TCM healthcare service revenue in 2024;
- one of the first non-public TCM healthcare service providers in China to deploy medical institutions in tiers with offline-online integration; and
- one of the few TCM healthcare service providers in China with a brand that have a history of over 350 years.

Leveraging the above outstanding accomplishments, we are well positioned to capture the industry opportunities, fulfill our business strategies and serve a broad scale of customers in China.

Well-established tiered TCM healthcare service network that achieves comprehensive resource coordination and robust synergies, providing customers with precise and coherent services

Our customer-centric TCM healthcare service network involves a hospital chain, a primary medical institution chain and an Internet hospital, which complement and reinforce each other.

TCM hospitals represent the mainstay of our TCM healthcare service network, treating complex or systemic diseases through sophisticated medical examinations and multidisciplinary diagnosis and treatment. TCM hospitals also accept customers referred by primary medical institution chain and address their complex healthcare demands with modern medical examination equipment and a well-rounded range of advantageous specialties. Experienced physicians from our in-network TCM hospitals also station in our Internet hospital to serve customers online.

Primary medical institution chain functions as the foundation of our tiered TCM healthcare service network and improves our customer coverage at the community level. It addresses basic healthcare demands from customers with common diseases, chronic diseases or sub-health conditions with immediate and intimate care. We have been digitalizing operational management, streamlining operating procedures, standardizing service steps and elevating the service quality of our in-network primary medical institutions, pursuing chain operations with improved management effectiveness. Under our customer referral mechanism, customers can choose to return to primary medical institutions for rehabilitation, daily health management and follow-up services after receiving treatment at our hospital chain, ensuring proper medical attention throughout their whole disease courses coherently.

Our Internet hospital breaks through the temporal and spatial constraints faced by customers, largely extends our service radius, modernizes TCM healthcare services, activates resource sharing and secures the overall service quality of, and customer stickiness to our TCM healthcare service network. Internet hospital has significantly complemented our offline hospital chain and primary medical institution chain, thereby creating a full-cycle and well-rounded diagnostic and therapeutic ecosystem, allowing customers across the country to receive coherent and sound TCM healthcare services.

The tiered deployment improves the accessibility and coherency of our TCM healthcare services, reduces customers' burden in seeking appropriate and customized medical attention, combines "treatment" with "care," and reserves experienced physicians and precise medical facilities for complex healthcare demands, while ensuring that routine healthcare demands for daily health management and preventative care are addressed cost-efficiently and conveniently.

Amassing high-caliber TCM experts to cultivate advantageous specialties and customize optimal regimens, constituting our competitive strength

Our High-caliber TCM Physician Team

Two	18	2,745	Eight
National Famous TCM Doctors[(1)]	TCM physicians with renowned titles in the field of TCM inheritance[(2)]	Physicians practicing at our healthcare service network, among which **820** were chief physicians or associate-chief physicians[(1)]	medical specialities TCM Academic Consultation Expert Committee of Tong Ren Tang[(1)]

Notes:

(1) As of the Latest Practicable Date.

(2) Including 13 National Senior TCM Expert Academic Experience Inheritance Instructors and five Intangible Cultural Heritage Representative Inheritors.

High-caliber Physician Team with Multidisciplinary Expertise

We take pride in our broad and well-organized physician team. As of the Latest Practicable Date, there were 2,745 physicians practicing at our TCM healthcare service network, among which 820 were chief physicians or associate-chief physicians leveraging which we maintain a well-rounded coverage of disciplines while strategically cultivating advantageous specialties to support in-network multidisciplinary consultation and optimal regimens.

The competitive strengths of our TCM healthcare service network are fortified by prestigious physicians with wide industry recognition. As of the Latest Practicable Date, 30 physicians practicing at our TCM healthcare service network had honorary titles at the national level, including two National Famous TCM Doctors with profound influence and extensive experience in the TCM healthcare service industry. These TCM experts take the initiative to nurture key academic disciplines and clinical specialties. Meanwhile, through the TCM Academic Consultation Expert Committee of Tong Ren Tang (同仁堂中醫學術諮詢專家委員會) covering eight medical specialties, including TCM nephrology, TCM gynecology, TCM prescription, TCM endocrinology, TCM psychosomatic, TCM appropriate techniques, TCM oncology and TCM neurology, we promote the TCM academic communication and clinical experience sharing among physicians. Benefiting from our remarkable brand influence and trustworthy image in the industry, we have established a Chief Expert Academic Committee (首席專家委員會) consisting of multiple outstanding experts in the fields of TCM healthcare, TCM pharmaceuticals and medical institution management. These external experts offer high-level guidance for our strategic development and solid support for our operational management.

Encouraging renowned physicians to apply for incubating physician studios (名醫工作室) is a pivotal mechanism to propel specialty cultivation, enhance diagnosis and treatment capacity and promote master-apprentice education (師承教育). As of the Latest Practicable Date, 13 physician studios at the national or provincial level had been built for physicians at our TCM healthcare service network. Benefiting from the development of our physician studios and master-apprentice education, we strengthened our advantageous specialties and made numerous academic achievements, which elevate our service capacity and enable us to benefit more customers with complex symptoms or diseases. Moreover, with continuous efforts in propelling the advantageous specialty cultivation, physicians practicing at the TCM cardiology and encephalopathy department of Beijing TRT TCM Hospital had participated in multiple research projects at the provincial level and published multiple academic essays in core journals.

Dedicated Efforts in Attracting and Retaining Physicians

We place great emphasis on the organization and cultivation of TCM physicians to attract prestigious experts, excavate physicians' career potential, inherit and develop TCM, enhance our competitiveness and promote the academic influence of our TCM healthcare service network.

Capitalizing on the strong brand influence, premium pharmaceutical quality and systematic tutoring and training opportunities, we are dedicated to amassing more high-caliber physicians. We have taken the initiative to introduce teams of TCM masters with expertise in various specialties. Our collaboration with prestigious TCM masters earns us credibility to continually invite both seasoned and junior physicians to join and work with us. Meanwhile, through the acquisition of medical institutions, we can further enrich our physicians efficiently. Furthermore, we have been attracting and amassing external physicians online through Tongrentang TCM (同仁堂中醫), a mobile application as the physician terminal of our Internet hospital.

Reliable supply of pharmaceuticals with distinguished quality, maintaining broad and stable customer base and physician base

Adhering to the precept "Strive in meticulous preparation, sparing no labor efforts; indulge in refined quality, tolerating no inferior materials (炮製雖繁必不敢省人工，品味雖貴必不敢減物力)," we strictly control the quality of pharmaceuticals, especially decocting pieces used in our daily operations, which is crucial to our service efficacy and trustworthy image.

Decocting Pieces with Distinguished and Promising Quality in the Industry

We establish and maintain stringent procedures in procuring, accepting and storing decocting pieces to entrench our competency. We pay close attention to the decocting pieces procured and used by us during the provision of TCM healthcare services through daily inventory management and inspections. We select our suppliers based on stringent criteria and regulatory requirements, and track any unqualified supplies.

Effective and Efficient Supply Chain Management Reinforcing Our TCM Healthcare Services

We established our wholly-owned subsidiary, Beijing Tongda, and our coordinated procurement management platform in pursuit of organized supply chain management. Through such deployment, we consolidate and coordinate the procurement demands of our in-network medical institutions at the headquarters level to manage the quality of supplies and foster economies of scale. Streamlined supply chain management reinforces our TCM healthcare services.

Integrating offline and online healthcare resources to open up new possibilities for TCM healthcare

In pursuit of accessibility and convenience of healthcare, we utilize our growing online service capacity and resource integration strengths to make quality TCM healthcare services available to a wider population.

Our online service deployment tackles temporal and spatial constraints and uneven distribution of healthcare resources faced by customers in traditional offline TCM healthcare services, enabling round-the-clock and cross-regional TCM healthcare services to address vast healthcare demands. In particular, those customers with difficulties in moving receive instant and interactive medical attention underpinned by our Internet hospital, which attracts and amasses nationwide TCM experts to provide reliable online TCM healthcare services. In addition to physicians practicing at our offline in-network medical institutions, numerous physicians from medical institutions outside of our TCM healthcare service network have registered on our Internet hospital, offering our customers immediate and easy access to a broad and high-caliber physician base. As of the Latest Practicable Date, physicians registered on our Internet hospital had provided an aggregate of over 849 thousand consultations online. In addition, our Internet hospital had established collaboration with over 500 external pharmacies as of the Latest Practicable Date, whereby physicians of our Internet hospital can send e-prescriptions to the collaborating pharmacy located close to the customer after online consultation and diagnosis.

Standardized chain operations with excellence in constantly exporting modernized managerial and multidisciplinary expertise as well as brand influence

Standardized Operating System Embracing Inclusiveness and Openness

Standardized operations allow us to continuously expand our TCM healthcare service network and proficiently replicate our success leveraging our brand influence, service capabilities and managerial capabilities. We have formed standardized operating procedures covering multiple aspects, such as medical professional management, business operation, financial management, procurement, staff performance assessment, investment, legal affairs, general and administrative affairs and labor union, and have established a recruitment and cultivation system open to the public. Combining standardization and flexibility during daily operations, we maintain inclusiveness and openness in attracting excellent medical professionals and other staff from society to join and work with us.

Multichannel Export of Managerial and Medical Expertise and Brand Influence

Our well-established standardized operating procedures, preeminent brand awareness and refined management contribute to our operational success. Drawing on our highly scalable business and standardized operating procedures, we are able to rapidly integrate newly established or acquired medical institutions into our centralized management system to streamline their business flows and synchronize their operational standards, thereby benefiting them with in-network synergies and economies of scale within a short time frame. In addition, we provide management services to medical institutions. Empowering medical institutions managed by us with superb managerial resources and healthcare resources, we expect to effectively enhance their overall service capabilities and efficiently reach an enormous customer base in a broader scale in China.

Modernized Management Pursuing Effectiveness and Economies of Scale

We adopt a centralized management structure at the headquarters level and utilize digitalized approaches to modernize our management of in-network medical institutions. Specifically, we endeavor to achieve refined management by gradually equipping our self-owned medical institutions with a series of digital systems, leveraging which we expect our headquarters to monitor diverse medical and operational matters of our self-owned medical institutions, standardize their daily operations, analyze their business performance and thereby improving their service quality, customer experience and information security. Moreover, our in-network medical institutions procure the decocting pieces primarily through our coordinated procurement management platform to enhance economies of scale, boost bargaining power and realize better quality control.

A management team that combines operational capabilities and medical academic backgrounds, with an in-depth and multi-perspective understanding of the industry

We believe that our success is in part attributable to our management team which combines operational capabilities and medical academic backgrounds. We are led by our visionary core management team with in-depth and complementary knowledge and expertise.

In particular, the chairman of our Board and our executive Director, Mr. Rao Zuhai (饒祖海), has insightful observations in operating and managing enterprises with over 20 years of experience in investment management and enterprise management. In addition, our executive Director, Mr. Lu Yan (魯邕), has deep professional knowledge in hospital management and a proven track record in the healthcare service industry with over 20 years of experience in TCM clinical work and hospital management. See "Directors and Senior Management — Board of Directors — Executive Directors" for their biographies. We believe that the experience and expertise of our management team will continue to drive our future growth.

BUSINESS STRATEGIES

With the unique advantage of TCM in disease treatment and preventative health care, we are dedicated to cultivating a distinctive "TCM+" service system centering on "treatment" and "care," to care for health (我們致力於發揮中醫藥在疾病治療和預防養生過程中的獨特優勢,圍繞"醫"和"養",構建"中醫+"特色服務體系,呵護生命健康). We intend to further entrench our competitive strengths and implement the following strategies in pursuit of our vision.

Rapidly expand the scale and enhance service capacity of our medical institution chain utilizing diversified approaches

We intend to expand the coverage of our medical institutions and strengthen our chain operation through acquisition of, establishment of, and provision of management services to offline medical institutions, whereby we expect to further enhance service capacity and achieve strengthened synergy effects.

Organic growth

We expect to upgrade our existing medical institutions to continuously elevate our service capacity, upscaling our TCM healthcare service network to serve more customers with reliable TCM healthcare services. See "— Our Future Expansion — Upgrade of Existing Medical Institutions" for details.

Acquisition of For-profit TCM Medical Institutions

In the next few years, we plan to continue to expand our business scale and geographical coverage rapidly through acquisitions. See "— Our Future Expansion — Strategic Acquisition — Our Future Acquisition Plan" for details.

Establishment of New Medical Institutions

We expect to establish new medical institutions, including hospitals, out-patient healthcare centers and clinics in the future, with a strategic geographical focus similar to our future acquisition as mentioned above. In particular, we will explore opportunities to establish new hospitals or new branches of hospitals to better respond to the vast healthcare demands of our growing customer base. We will also promote our collaborations with for-profit hospitals nationwide that are willing to pursue further development, with which we expect to establish new TCM hospitals jointly with the controlling interests remaining with us. We expect to empower such newly-established TCM hospitals with our managerial and medical expertise. In addition, we are promoting the development of specialties, expecting to cultivate top-ranking specialties under a more mature and replicable mode. We believe our continuous efforts in expanding our TCM healthcare service network enable us to serve more customers and strengthen our brand influence nationwide.

Provision of Management Services to Medical Institutions

Leveraging our robust brand influence, plentiful physicians and extensive managerial and operational capabilities, we expect to provide management services in multiple geographical regions in China. In particular, we seek to manage hospitals, empowering them with our strengths in TCM healthcare services and cultivating synergies among specialties.

Coordinating "treatment" and "care," extending our footprint along the industry value chain

We endeavor to offer customers comprehensive TCM healthcare services covering the entire disease course and multiple scenarios. Meanwhile, we have adopted a coordinated procurement management mechanism with standardized procurement procedures. We expect to standardize the healthcare products used and provided by our in-network medical institutions; optimize our management of the procurement, acceptance, storage, measurement, prescription review, decoction and quality control of decocting pieces; and strengthen our coordinated procurement management of medical devices and medical consumables in the future.

Promote the organic growth and talent introduction of high-caliber physicians, and further improve physician cultivation and training system

We benefit from remarkable brand influence and have accumulated sufficient physicians during years of operations in the TCM healthcare industry. We will continue to support bottom-up talent flow and top-down mentorship by refining training system and talent introduction, comprehensively empowering and effectively retaining high-caliber physicians.

Advantageous Specialty Cultivation and Medical Talent Introduction

Physicians practicing at our TCM healthcare service network generally accumulate years of experience in the field of TCM with widespread recognition. In the future, we plan to further develop advantageous specialties by utilizing our resources of renowned TCM physicians and improving our tutoring system to provide young physicians with well-rounded clinical training in multiple specialties. Additionally, we expect to further promote the non-medication treatment tailored to each customer's unique medical condition and initiate more training on the TCM appropriate techniques, such as massage and acupuncture. We will proactively attract and retain more medical professionals with profound academic backgrounds and strengths in TCM specialties. Meanwhile, through the acquisition of well-performed medical institutions, we expect to continuously attract physicians and further develop our medical professional team.

Awarding Talent and Experience Inheritance

We plan to award Tong Ren Tang Scientist, Master, Grand Craftsman and Expert (同仁堂科學家大師大工匠專家序列人才) to selected physicians practicing at our TCM healthcare service network who possess profound medical attainments and extensive clinical experiences. By learning from their expertise, we aim to boost the clinical capability and service quality of our in-network medical institutions. In addition, we will help more experienced physicians to incubate individual studios to facilitate the inheritance of precious TCM knowledge and clinical experience while strengthening the capabilities of young physicians in such studios.

Upscale our service network through offline-online integration of both internal and external resources and improvements in the digitalization and management capabilities

We are committed to expanding our TCM healthcare service network through a thorough offline and online integration with respect to internal and external physicians, medical institutions and pharmaceutical supply. We are also spending efforts in propelling the digitalization and modernized management of our TCM healthcare service network.

Offline-online Integrated Service Network

We expect to further reinforce our offline business deployment under the tiered structure, covering (i) community healthcare institutions, out-patient healthcare centers and clinics, where we further strengthen the chain operation model to address vast primary care demands; and (ii) more for-profit hospitals through establishment and acquisition, and more not-for-profit hospitals through provision of management services. We plan to further optimize our online service capabilities by actively attracting external physicians and integrating other healthcare resources online via our Internet hospital.

Modernized Management

We plan to comprehensively improve our management capabilities utilizing the ongoing digitalization and informatization of our TCM healthcare service network. Moreover, we seek to initiate collaborations between our Internet hospital and more offline pharmacies both within and outside of our TCM healthcare service network, and external medical institutions.

OUR BUSINESS MODEL

We are the largest TCM hospital group in the non-public TCM hospital healthcare service industry in China, distinguished by the total number of out-patient and in-patient visits in 2024, according to Frost & Sullivan. Coordinating "treatment" and "care," we are committed to delivering reliable, accessible and coherent TCM healthcare services. We have established a three-tier TCM healthcare service network consisting of (i) a hospital chain, including our self-owned or managed hospitals, primarily responding to complex or comprehensive TCM healthcare demands through refined medical examinations and multidisciplinary diagnosis and treatment; (ii) a primary medical institution chain, including our self-owned or managed out-patient healthcare centers, clinics and community healthcare institutions, primarily addressing basic healthcare demands arising from common diseases, mild symptoms and chronic diseases by offering immediate and intimate care; and (iii) our self-owned Internet hospital, which provides online TCM healthcare services.

As of the Latest Practicable Date, we had (i) 12 self-owned offline medical institutions, comprising seven hospitals, three out-patient healthcare centers and two clinics, and an Internet hospital; and (ii) 12 offline medical institutions under our management, including eight hospitals, one out-patient healthcare center and three community healthcare institutions. As of the Latest Practicable Date, we had three self-owned offline medical institutions and five offline medical institutions under our management in Beijing. Given Beijing's fragmented TCM healthcare market and the naturally limited service radius of individual TCM medical institution, we do not expect to have any material cannibalization among these institutions.

During the Track Record Period, we generated revenue primarily from (i) TCM healthcare services; (ii) management services; and (iii) sale of healthcare products and other products. Our offline hospitals, out-patient healthcare centers, clinics and Internet hospital provide TCM healthcare services to nationwide customers and in turn receive medical fees from such customers. Meanwhile, we utilize our abundant healthcare resources and operational expertise to provide a variety of management services. We also sell healthcare products and other products to customers under both retail and wholesale models through our channels standalone from medical institutions, including, among others, our self-owned standalone stores in Jinhua, Zhejiang province to complement our TCM healthcare services.

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by business line and geographical region* for the periods indicated.

	Year ended December 31,												Nine months ended September 30,							
	2022				2023				2024				2024				2025			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)* *(Unaudited)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
TCM healthcare services	**814,656**	**89.4**	**116,469**	**14.3**	**994,878**	**86.3**	**168,945**	**17.0**	**987,743**	**84.1**	**160,901**	**16.3**	**702,168**	**84.3**	**112,401**	**16.0**	**723,456**	**84.3**	**120,629**	**16.7**
– Beijing	637,354	70.0	76,430	12.0	700,187	60.7	110,898	15.8	581,902	49.6	80,215	13.8	420,292	50.5	57,814	13.8	420,053	49.0	64,723	15.4
– Zhejiang province	116,175	12.8	32,741	28.2	221,227	19.2	54,732	24.7	224,560	19.1	50,725	22.6	156,856	18.8	33,918	21.6	157,188	18.3	33,293	21.2
– Other regions	61,127	6.6	7,298	11.9	73,464	6.4	3,315	4.5	181,281	15.4	29,961	16.5	125,020	15.0	20,669	16.5	146,215	17.0	22,163	15.5
Management services	**1,883**	**0.2**	**1,048**	**55.7**	**9,588**	**0.8**	**6,308**	**65.8**	**15,534**	**1.3**	**11,840**	**76.2**	**8,090**	**1.0**	**5,750**	**71.1**	**11,344**	**1.3**	**8,298**	**73.1**
– Beijing	1,883	0.2	1,048	55.7	9,588	0.8	6,308	65.8	15,534	1.3	11,840	76.2	8,090	1.0	5,750	71.1	11,344	1.3	8,298	73.1
Sale of healthcare products and other products[1]	**87,697**	**9.6**	**32,567**	**37.1**	**137,659**	**11.9**	**38,362**	**27.9**	**166,573**	**14.2**	**45,191**	**27.1**	**119,087**	**14.3**	**22,036**	**18.5**	**116,249**	**13.6**	**23,088**	**19.9**
– Beijing	4,689	0.5	1,350	28.8	2,994	0.2	555	18.5	18,136	1.5	4,840	26.7	11,198	1.3	2,780	24.8	16,755	2.0	6,935	41.4
– Zhejiang province	83,008	9.1	31,217	37.6	134,665	11.7	37,807	28.1	147,950	12.6	39,864	26.9	107,358	12.9	18,725	17.4	99,494	11.6	16,153	16.2
– Other regions	–	–	–	–	–	–	–	–	487	<0.1	487	100.0	531	0.1	531	100.0	–	–	–	–
Others[2]	**6,739**	**0.8**	**(7,316)**	**(108.6)**	**11,001**	**1.0**	**3,866**	**35.1**	**5,268**	**0.4**	**4,565**	**86.7**	**3,264**	**0.4**	**1,829**	**56.0**	**6,877**	**0.8**	**4,021**	**58.5**
Total	**910,975**	**100.0**	**142,768**	**15.7**	**1,153,126**	**100.0**	**217,481**	**18.9**	**1,175,118**	**100.0**	**222,497**	**18.9**	**832,609**	**100.0**	**142,016**	**17.1**	**857,926**	**100.0**	**156,036**	**18.2**

Notes:

(1) During the Track Record Period, our revenue generated from sale of healthcare products and other products in geographical regions other than Zhejiang province was primarily in connection with our retail and wholesale business conducted through "Tong Ren Tang Selection (同仁堂優選)," Cuihe Pharmacy and Beijing Tongda. See "— Our Sale of Healthcare Products and Other Products" and "Relationship with Our Controlling Shareholders — Delineation of Business — Sale of Healthcare Products and Other Products." Since the end of June 2024, other than (i) sale of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); (ii) Beijing Tongda's sale of TCM patent medicines and western medicines to our in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center; (iii) sale of Donkey-hide Gelatin products to a pharmaceutical company in April 2025 to optimize inventory level and utilize our remaining wholesale inventory; and (iv) sale of Yangfei Pills and other healthcare products, as certain sales personnel misinterpreted our plans for SXT Pharmacies' wholesale business, we have not sold healthcare products under the wholesale model.

(2) Primarily including promotion fees generated from promotion activities, service fees generated from catering services and research fund received from collaboration partners for the research project on the clinical application of Chinese medicinal herbs (中藥材).

* The geographical region is based on the registration location of our subsidiaries.

Our revenue generated from TCM healthcare services in Beijing decreased from 2023 to 2024, primarily due to (i) our transfer of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023; (ii) a slight decrease of revenue generated from Beijing TRT Second TCM Hospital mainly as a result of reduced out-patient visits to such hospital from 2023 to 2024, primarily due to restrained demands following the adjustment on type of pharmaceuticals covered by public medical insurance programs; and (iii) the dampened revenue growth of Beijing TRT TCM Hospital primarily as the number of out-patient visits to such hospital remained relatively stable in 2023 and 2024, along with a slight increase in average spending per out-patient visit. Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital have been developing their advantageous specialties, recruiting seasoned TCM experts and upgrading medical equipment, to optimize service quality and experience to drive customer acquisition and sustainable growth. We started to generate revenue from TCM healthcare services in Zhejiang province in 2022 as we acquired SXT Hospital, the financial results of which had been consolidated into the financial statements of our Group since May 31, 2022. In 2023, our revenue generated from TCM healthcare services in Zhejiang province increased. Our revenue generated from TCM healthcare services in other regions increased throughout the Track Record Period, primarily attributable to the organic growth of our existing medical institutions in such regions and our acquisitions of Shanghai CZT and Shanghai ZHT in 2024.

Our revenue generated from management services increased throughout the Track Record Period, primarily attributable to (i) the development of our comprehensive management services to pharmaceutical production and/or trading companies along with their growing business scale; and (ii) the commencement of providing management services to six not-for-profit medical institutions in January 2024.

Our revenue generated from sale of healthcare products and other products in Beijing decreased from 2022 to 2023, primarily due to the decrease in sales volume of products for pandemic prevention caused by reduced demands after the COVID-19 pandemic. Such revenue increased from 2023 to 2024, primarily due to our acquisition of Cuihe Pharmacy in March 2024. Such revenue increased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to (i) our acquisition of Cuihe Pharmacy in March 2024; and (ii) the business development of Beijing Tongda. We started to generate revenue from sale of healthcare products and other products in Zhejiang province in 2022 as we acquired SXT Pharmacies, the financial results of which had been consolidated into the financial statements of our Group since May 31, 2022. Our revenue generated from sale of healthcare products and other products in Zhejiang province decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to the decrease in revenue from sale of healthcare products and other products of SXT Pharmacies, resulting from (i) the restricted wholesale business, as SXT Pharmacies have shifted to exclusively wholesale the Angong Niuhuang Pills series for the avoidance of potential competition with similar business of TRT Group; and (ii) the decline in retail business, which was attributable to more prudent consumer spending behavior consistent with the market conditions during the relevant period. The gross profit margin of sale of healthcare products and other products in Zhejiang province decreased from 2022 to 2023, primarily due to the decrease in SXT Pharmacies' sales volume of products with high gross profit margin, such as Ganoderma Lucidum Spore Powder and Bone Strengthening Medicated Wine, mainly as a result of decreased demands for such valuable medicinal. The gross profit margin of sale of healthcare products and other products in Zhejiang province decreased in 2024 and the nine months ended September 30, 2025, primarily due to the expanded wholesale business of SXT Pharmacies, the gross profit margin of which was generally lower than that of retail sales in line with industry practice.

Our revenue generated from other business increased from 2022 to 2023, which was primarily in relation to our promotion activities. Such revenue decreased from 2023 to 2024, primarily due to our disposal of TRT Catering Management to TRT Kangyang in June 2023 and the cessation of our catering services. Such revenue increased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, as we recognized revenue from our research projects on the clinical application of Chinese medicinal herbs. Our other business achieved gross profit since 2023, primarily due to our disposal of TRT Catering Management in June 2023 to streamline our business structure.

OUR TCM HEALTHCARE SERVICES

We are a TCM healthcare group with comprehensive capabilities in providing superb TCM healthcare services that combines "treatment" and "care." Integrating high-caliber medical professionals with multidisciplinary expertise, high-quality pharmaceuticals and high-performance technologies, we have cultivated multiple advantageous specialties and delivered precise and reliable TCM healthcare services catering to diversified healthcare demands of nationwide customers. Adhering to the artisan spirit of "Quality First (品質第一)" and the distinctive TCM culture of "Tong Ren Tang" brand, we have been committed to "respecting quality as paramount and achieving the best and the finest (以質為命，至優至精)" in our provision of TCM healthcare services.

Customized TCM Healthcare Services Combining Medication and Non-medication Treatment with Daily Care

We provide high-quality TCM healthcare services underpinned by high-caliber physicians from multiple advantageous specialties and high-quality pharmaceuticals. With a combination of multidisciplinary consultation, customized prescriptions and modernized non-medication treatments, we offer customers targeted and comprehensive regimens to improve their health condition.

TCM physicians typically conduct inspection, auscultation, interrogation and palpation (望、聞、問、切) to understand individuals' symptoms, conduct differentiated analyses with the assistance of medical examination equipment on overall health conditions and precisely make diagnoses. Emphasizing "treatment for each individual and each illness (因人因病)" and "personalized regimen for each individual under each condition (一人一策一方案)," we offer targeted regimens to address individual's unique health concerns and minimize side effects. Based on our thorough and multidisciplinary analysis of individual's differentiated disease conditions, we set comprehensive regimens, typically covering customized prescriptions and medication guidance, intimate non-medication treatments, proactive follow-ups and subsequent dynamic prescription adjustment. In addition to disease treatment, we also value the unique role of TCM under other healthcare scenarios, such as rehabilitation, daily health management and preventative care, coherently addressing customers' healthcare concerns and creating satisfactory service experience.

Quality TCM healthcare products ultimately contribute to the efficacy of our TCM healthcare services, enabling us to serve and satisfy customers in need. In particular, TCM physicians typically prescribe decocting pieces, TCM patent medicines or other healthcare products for customers. During the prescription process, TCM physicians carefully select and combine decocting pieces to suit each customer's specific condition, including but not limited to symptoms, disease courses, overall health condition, lifestyle and emotional state. TCM physicians also make timely adjustments on prescriptions during customers' follow-up visits, catering to their disease courses and development of their physical conditions.

Non-medication treatments complement and reinforce medication treatments, offering flexible options tailored to customers' personal medical conditions. Our diversified TCM non-medication treatment services primarily cover acupuncture (針刺), moxibustion (灸), massage (推拿), cupping (拔罐), and scraping (刮痧) services. These non-medication treatments play a unique role in TCM healthcare services by promoting individual customers' holistic well-being and alleviating symptoms without using pharmaceuticals. Leveraging modernized diagnosis and treatment technologies in the field of TCM, we elevate the precision, efficacy and customer experience of our TCM healthcare services. In particular, we offer a variety of modernized non-medication treatments to customers, such as (i) phonophoresis (超聲藥物透入療法), which combines the modern ultrasound technologies with TCM theory, utilizing ultrasound waves to enhance the penetration of topical medications into the skin and underlying tissues; (ii) acupoint infrared irradiation therapy (穴位紅外線照 射治療), which utilizes infrared radiators to irradiate acupoints on the body's meridians, generating a warming effect on the acupoints, alleviating pain and promoting tissue healing; (iii) sphenopalatine ganglion acupuncture (蝶齶神經節針刺), which combines acupuncture with modern neuromodulation techniques, alleviating various conditions such as chronic headaches, facial pain and certain autonomic disorders; and (iv) acupotomy (小針刀), which combines acupuncture with modern surgical techniques to release adhesions, relieve muscle tension and alleviate pain.

Optimal Regimens Delivered through Tiered Medical Institutions

We deliver coherent TCM healthcare services to customers through our multi-tiered medical institutions. Our tiered TCM healthcare service network promotes rational allocation of healthcare resources and offers primary TCM healthcare services to conveniently address routine healthcare demands, such as chronic disease management, daily health management and preventative care, while reserving experienced physicians and precise medical facilities for complex healthcare demands. We have established a multidirectional customer referral mechanism among our in-network medical institutions, building green channels to coordinate customer referral to or from other medical institutions. To be specific, under the close in-network coordination by medical professionals, customers referred from an in-network medical institution can receive appropriate TCM healthcare services without repetitive appointment and long waiting time. We generally recommend experienced physicians for the referred customers based on their medical condition. We also contact the relevant departments in the destination medical institution in advance to facilitate customers' visits to such medical institution.

We have introduced multiple modern medical examination equipment, such as magnetic resonance imaging, CT, color ultrasound, electrocardiogram, digital radiography and X-ray instrumentation. The comprehensive coverage of specialties, such as TCM cardiology, TCM encephalopathy, TCM endocrinology, TCM gynecology, TCM pediatrics, TCM oncology and non-medication treatments, enables our hospitals to precisely respond to diverse healthcare demands of our broad customer base. To further explore in-network synergies and realize chain operation, we have been standardizing the operations of our in-network medical institutions through streamlining service steps. The Operating Center at our headquarters has established *TCM Hospital Service Standard* (《中醫醫院服務標準》) and *Community Healthcare Center Service Standard* (《社區衛生服務中心服務標準》) to standardize the service delivery steps and elevate the service quality of our in-network medical institutions. Standardized practices enable customers to receive coherent services of unified quality and predictable service experience across our tiered medical institutions, therefore improving their trust in us. Adhering to standardized service steps and protocols, we can better conduct quality control and monitor the service progress and outcomes. By applying information technology systems, such as cloud-based HIS and BIS, we elevate the informationization and digitalization of our TCM healthcare services with activated resource sharing and improved service efficiency. The following are key standardized steps of our TCM healthcare services.

- *Pre-consultation.* Customers can receive convenient health consultation online for daily health management. Customers paying their initial visits and follow-up visits shall make appointments to select physicians and available time slots. Customers can opt for (i) on-site appointments; (ii) hotline appointments; or (iii) online appointments.

- *Consultation and Medical Examination.* Medical professionals provide customers with detailed instructions and precautions and obtain permission from customers before conducting any diagnostic or treatment procedures. After the primary consultation, customers may receive medical examinations to help physicians efficiently and accurately understand customers' conditions.

- *Diagnosis.* We conduct diagnosis with higher accuracy and efficiency coordinating TCM syndrome differentiation with modern medical examination equipment and technologies, as a result of which we are able to offer customers intimate treatment and care in the following service process.

- *Medication and/or Non-medication Treatment.* Our treatment procedure typically involves medication and non-medication treatments. In addition, depending on the physical condition and disease complexity, customers can receive in-patient healthcare services when necessary.

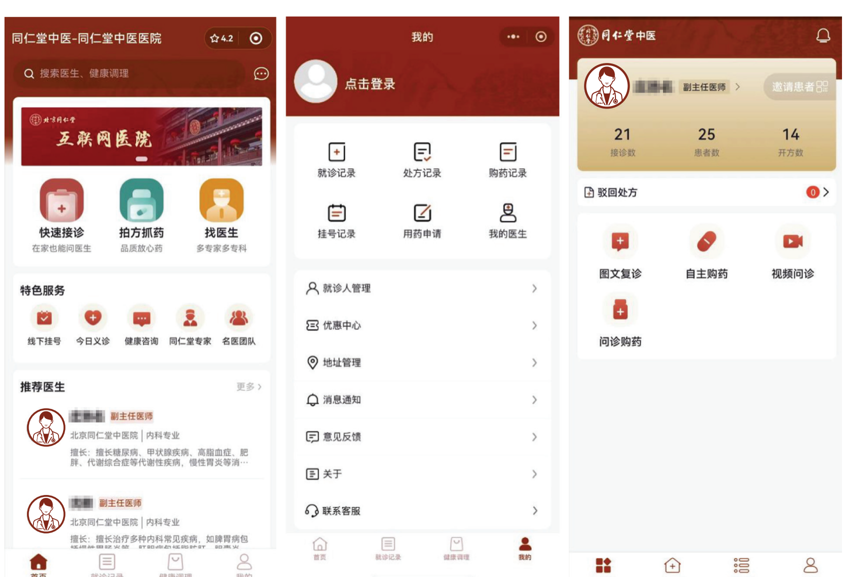
- *Follow-up and Post-Consultation Services.* Customers can pay follow-up visits offline or online. Medical professionals may give follow-up calls to customers who have received our TCM healthcare services to understand their recovery progress and give medication guidance when necessary.

Standardized operating procedures enable us to streamline our chain operation and reinforce our brand image. We integrate online service offerings into our existing TCM healthcare services. With the development of Internet hospital, we streamline its service steps, including online appointments, health consultation, e-prescription, follow-up consultation and diagnosis and healthcare assistant services, giving diversified options to customers throughout their whole disease courses.

Offline-online Collaborative TCM Healthcare Service Network

As our attempt to digitalize our business and tackle spatial and temporal constraints faced by a large scale of customers in China, we established our proprietary Internet hospital and expanded service offerings. Internet hospital enables our TCM healthcare service network to reach and serve customers across the country. Our Internet hospital digitalizes TCM healthcare services, supplements the service capacity of our offline in-network medical institutions, activates interactive online consultation and enables instant medical attention online. Our Internet hospital operates "Tongrentang TCM Services (同仁堂中醫)," a WeChat mini program as its customer terminal, which substantially digitalizes our services and eases customers' inconvenience caused by long distance travel, unbalanced healthcare resource allocation and repetitive offline visits.

We facilitate customers' health management through various online channels to meet customers' healthcare demands throughout their whole disease courses. Our well-rounded offline-online integration and well-established supply chain enable us to form a closed business loop allowing customers to obtain high-quality TCM healthcare services and decocting pieces in a timely manner. In addition to our Internet hospital, we also operate multiple additional online channels in the form of WeChat accounts, WeChat mini programs and registered accounts on popular social media platforms with specific functionality designed in accordance with their respective positioning. These online channels typically also serve as traffic entries of our Internet hospital by embedding links that redirect their users to our Internet hospital or otherwise promoting the awareness of our Internet hospital among their users. Through our online channels including our Internet hospital, we offer a diverse range of online TCM healthcare services. Based on electronic medical records, we maintain detailed medical history of community residents, so we can provide them with customized and caring service experience. Meanwhile, through Tongrentang TCM, a mobile application as the physician terminal of our Internet hospital, we attract numerous TCM physicians to station in our Internet hospital to provide online TCM healthcare services. Set out below are system demonstrations illustrating our selected online business channels.



Physicians registered on our Internet hospital are required to enter into a registration agreement, pursuant to which physicians provide TCM healthcare services to customers through our Internet hospital. Physicians are required to submit documents and credentials evidencing their identifications and qualifications, undertake that they possess intellectual property rights or legitimate authorizations over the contents published by them, and that they do not conduct any illegal acts through our Internet hospital. Physicians are also required to practice within the scope of their respective practicing licenses and abide by PRC laws and regulations on online TCM healthcare services as well as our internal management policies. Physicians shall be solely liable for any medical disputes, claims, penalties or losses resulting from their violation of regulatory or management requirements. We receive medical fees from customers on our Internet hospital and calculate compensation packages of the relevant physicians for subsequent settlement in accordance with our physician performance management policies, which are deemed to have been consented by physicians upon their entering into registration agreements. Intellectual property rights arising from the performance of registration agreements are jointly owned by both parties. Such registration agreements can be terminated (i) automatically one year after physicians' cessation to provide TCM healthcare services or upon physicians' written notice of their intention to terminate such agreements; or (ii) by our Internet hospital in the event of force majeure, or a material breach by physicians, or in the event that physicians are unable to use our Internet hospital platform for reasons other than our intentionally fault.

Endeavoring to form a "TCM +" model, we have collaborated with numerous out-patient healthcare centers and clinics specialized in TCM or a combination of TCM with western medicine and expect to further expand to pursue a nationwide coverage in the future. We typically enter into long-term collaboration agreements with such medical institutions, pursuant to which physicians from such medical institutions provide customers with follow-up consultation, diagnosis prescription renewal and review services. We require our collaborating medical institutions to ensure that their business operations, information published, and services and products offered are in strict compliance with applicable laws and regulations as well as our management policies. We receive medical fees from customers and settle service fees with such medical institutions within one month. Any medical complaints or disputes arising from the diagnosis, treatment and prescription processes shall be handled by us with the support of the relevant medical institutions, with the costs incurred to be borne by both parties proportionally according to the extent of liability. Such collaboration agreements can be terminated (i) by us with a 10-day prior written notice in the event of any changes in applicable laws or regulations, industry developments, or our business operations or strategies that could result in the impossibility of performance of such agreements by us; or (ii) by the non-defaulting party in the event of a material breach.

Our Internet hospital has established connections with pharmacies, enabling prompt and timely product delivery to local customers. In particular, after online consultation and diagnosis, physicians of our Internet hospital can send e-prescriptions to the collaborating pharmacy located close to the customer, which shortens the delivery time and secures pharmaceutical supply, fostering a favorable customer experience. We typically enter into annual collaboration agreements with such pharmacies, pursuant to which such pharmacies review and fill e-prescriptions sent through our Internet hospital, arrange delivery of the prescribed pharmaceuticals to customers, and deal with customer refunds, with any complaints, disputes, penalties or costs arising therefrom, or from inferior products, to be handled and borne by the relevant pharmacies. We collect pharmaceutical fees from customers on behalf of the relevant pharmacies and in turn settle with them within one month, while retaining technical service fees calculated as prescribed percentages of the pharmaceutical fees. Such collaboration agreements can be terminated (i) by us with a 10-day prior written notice in the event of any changes in applicable laws or regulations, industry developments, or our business operations or strategies that could result in the impossibility of performance of such agreements by us; or (ii) by the non-defaulting party in the event of a material breach.

OUR MANAGEMENT SERVICES

We have achieved standardized operations and unified quality control, accumulated extensive experiences in operations and management, and amassed managerial personnel with expertise in both TCM healthcare services and supply chain management. Capitalizing on such experience and expertise, we are able to provide a wide range of management services in exchange for management fees.

Management Services to Pharmaceutical Production and/or Trading Companies

Platform Comprehensive Services

We established a coordinated procurement management platform, which is equipped with multiple functions to streamline product sales activities, from order management, qualification management, settlement management, to sample testing process and quality review. Underpinned by such multi-functional online platform, we started to provide platform comprehensive services to pharmaceutical production and/or trading companies in February 2020 to facilitate their sale of decocting pieces, to standardize their product sale process and promote efficiency and convenience of product sales activities. Our comprehensive management services to pharmaceutical production and/or trading companies primarily cover (i) supply chain management and consulting services, covering order management, qualification management and settlement management; (ii) relevant technical consulting and information services; and (iii) sample testing and quality review. In particular, our coordinated procurement management platform facilitates pharmaceutical production and/or trading companies' qualification management mainly through archiving their license information online and sending timely reminders once the licenses are close to expiration. Moreover, during the sample testing and quality review process, we collect and record test results and experts' guidance following their review on the quality, especially the shape and characteristics, of decocting pieces supplied by the relevant pharmaceutical production and/or trading companies. In addition, we also provide technical consulting and information services, offering pharmaceutical production and/or trading companies timely assistance and technical support to facilitate their use of such platform and delivering data analysis and research report regarding market trend and customers' procurement, empowering the business operations of pharmaceutical production and/or trading companies. In turn, we generally collect service fees on quarterly basis for supply chain management and consulting services, relevant technical consulting and information services, which were mainly determined based on the transaction amount. We generally collect service fees on quarterly basis for sample testing and quality review services, which were mainly determined based on the specific type of test or review. We generally price these comprehensive management services with reference to industry pricing level and our cost analysis.

Supply Chain Comprehensive Services

In addition, starting from December 2021, we have been providing supply chain comprehensive services to a pharmaceutical trading company to improve its supply chain efficiency, mainly covering coordinating and managing the warehousing, procurement, delivery and acceptance of pharmaceuticals, improving quality management system, optimizing logistics management process, establishing procurement reference database. In turn, we generally collect base management fees and floating management fees on quarterly basis.

Management Services to Cuihe Pharmacy

In June 2022, we started to provide management services to Cuihe Pharmacy, which mainly engaged in offline retail sale of healthcare products and other products before acquisition by us. Our management services to Cuihe Pharmacy mainly covered (i) assisting Cuihe Pharmacy in establishing and improving its internal operational and control system; (ii) providing strategic planning and guidance to enhance operational performance and promotion capabilities; and (iii) assisting Cuihe Pharmacy in customer acquisition by introducing customers received online TCM healthcare services in our Internet hospital to Cuihe Pharmacy, facilitating cross-selling between Cuihe Pharmacy and our Internet hospital. Having witnessed the growing synergies, we acquired the entire equity interest of Cuihe Pharmacy in March 2024 and positioned it as part of our online TCM healthcare services which sells healthcare products and other products to customers of our Internet hospital. Specifically, our Internet hospital offers online consultation and diagnosis services, where TCM physicians evaluate customers' conditions and issue corresponding e-prescriptions. These e-prescriptions are then transmitted to either external pharmacies in collaboration with us or Cuihe Pharmacy, depending on the location and product storage. Upon receipt, Cuihe Pharmacy promptly prepares and delivers the prescribed pharmaceuticals to customers, ensuring local customers' timely and reliable access to medication treatment.

Management Services to Medical Institutions

We have been providing management services to medical institutions, where we assign key managerial personnel and medical professionals to take charge of daily operations of the relevant medical institutions, including TCM healthcare service offerings, specialty cultivation, supply chain, information technology, marketing and promotion, and regulatory compliance, thereby helping them increase operational efficiency, improve service quality and capacity, and enhance customer experience.

Our history of providing management services to medical institutions can be traced back to August 2020, when we started to manage Cuihe Clinic, which was a for-profit medical institution in Beijing. Our management services to such medical institution terminated in June 2022 by mutual agreement after the disposal of such medical institution by its then shareholder, Beijing Cuihe Kangyang Service Co., Ltd. (北京粹和康養服務有限公司) to third parties. In January 2024, we started to provide management services to six not-for-profit medical institutions in Beijing. We do not hold the organizer's interests in these medical institutions we managed. As of the Latest Practicable Date, our 12 Managed Medical Institutions included (i) one hospital, one out-patient healthcare center and three community healthcare institutions in Beijing; (ii) three hospitals in Guizhou province; (iii) two hospitals in Xinjiang Uygur Autonomous Region; (iv) one hospital in Shaanxi province; and (v) one hospital in Hubei province.

Our management services empower Managed Medical Institutions taking full account of their respective business operations and needs. For instance, we have been exploring the unique role of TCM in rehabilitation and post-partum health management when collaborating with our Managed Medical Institutions in Guizhou province, as they maintain a strategic focus on maternity and childcare. Additionally, we also empower Managed Medical Institutions with our medical resources and remarkable brand influence. For instance, we export our medical resources and brand influence to Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital and Huangsi Out-patient Healthcare Center.

Scope of Management Services to Managed Medical Institutions

We generally enter into a tripartite collaboration agreement with a Managed Medical Institution and its organizer with a term ranging from three to five years, subject to negotiation for renewal prior to the expiration. Pursuant to such collaboration agreements (the "**Collaboration Agreements**"), our professional management services to Managed Medical Institutions typically cover the following perspectives: (i) operational management, such as enhancing quality control and infection management, recommending managerial personnel and providing management advice; (ii) marketing and promotion, such as advising on marketing and promotion strategies; (iii) specialty cultivation and healthcare resource sharing, such as sharing clinical experiences and standards, and promoting the communication among medical professionals; (iv) technical support, such as application and integration of information technology systems to underpin resource sharing, online joint consultation and informatization; (v) academic research, such as introducing the relevant resources and promoting the application of the relevant achievements; (vi) talent cultivation, such as offering clinical training and guidance to their physicians and other medical professionals; (vii) supply chain, such as advising on procurement of medical supplies and introducing high-quality TCM pharmaceuticals; and (viii) compliance and internal control, such as establishing comprehensive internal control and compliance systems, particularly for data privacy and protection.

In particular, pursuant to our Collaboration Agreements involving the Managed Connected Medical Institutions, we endeavor to unleash development vitality and promote sustainable development of such medical institutions by optimizing their operating mechanisms, improving their management capabilities, and realizing professional and market-oriented operation for them. We shall also, to the extent permitted by applicable laws and regulations as well as the financial condition of such medical institutions, continuously improve their employee benefits. We shall not engage in any acts that jeopardize the interests or reputation of such medical institutions. As a management service provider, we shall procure that such medical institutions conduct their medical activities in a compliant manner, rectify any non-compliance in a timely manner, refrain from material safety or medical incidents, and report the required information to government authorities when requested. We will not be responsible for any material violations of laws, regulations, policies or regulatory requirements, or resultant material penalties imposed by government authorities arising from any non-compliance incident occurred prior to our signing of the relevant Collaboration Agreements or are not owing to us. To better provide management services, perform management functions and achieve management targets, we (i) formulate standard operating procedures for such medical institutions to follow; (ii) hold monthly meetings to analyze the operational performance and medical quality of such medical institutions and propose measures for improvement accordingly; (iii) conduct quarterly inspections on medical quality and safety status of such medical institutions and urge them to rectify any issues identified; and (iv) enhance promotional efforts to establish brand images for such medical institutions.

We believe our management services to Managed Medical Institutions facilitate their standardized and modernized operations and avail them in-network synergies. In pursuit of the green, safe and sustainable development of our TCM healthcare service network, we share our experience in operating an eco-friendly business to our Managed Medical Institutions, encouraging them to adopt ESG-related measures and monitor energy consumption as well as disposal of medical waste.

All operational costs of our Managed Medical Institutions are borne solely by the relevant medical institutions, except that under a limited number of Collaboration Agreements, we are required to pay base salary of medical professionals and managerial personnel employed by us and assigned to the relevant medical institutions. A Collaboration Agreement may be generally terminated (i) by any party with a 30-day prior written notice in the event of material changes in applicable laws and regulations; (ii) by the Managed Medical Institution and its organizer in the event that any material violation of laws, regulations, policies or regulatory requirements owing to us occurs after the signing of the Collaboration Agreement; or (iii) by us in the event of a material breach by the Managed Medical Institution or its organizer that caused substantial damages to us without timely remedies. In addition, certain Managed Medical Institution or its organizer is entitled to terminate its Collaboration Agreement in the event that its financial performance under our management fails to meet the prescribed requirements.

Management Fees and Payment Arrangements

Management fees and payment arrangements under the Collaboration Agreements are determined on a case-by-case basis based on arm's length negotiations among the relevant Managed Medical Institutions, their respective organizers and us after taking into consideration our service scope, with reference to the common market practice in the TCM healthcare service industry in China. According to Frost & Sullivan, management fee rates charged in the healthcare service industry in China generally range from 3% to 15%.

Under the vast majority of our Collaboration Agreements, we are entitled to receive management fees calculated as a fixed percentage, ranging from 3% to 4% and approximately 3.2% on average, of the annual revenue of the relevant Managed Medical Institutions. If the relevant Managed Medical Institutions recorded net loss in the relevant year, we would not charge them management fees. If charging the management fees would result in a loss-making position of the relevant Managed Medical Institutions, we would waive the corresponding amount of management fees. Upon the termination or expiration of such Collaboration Agreements, if the net assets of the relevant Managed Medical Institutions, after deducting the management fees, fall below their net assets as of December 31, 2023, we are required to cover the shortfall up to the total management fees received by us in the relevant year, which is determined based on arm's length negotiations and in line with industry norms, according to Frost & Sullivan. Such payment arrangements are designed to enable medical institutions managed by us to retain necessary operating funds to support their daily operations, and thus are beneficial to their sustainable development and long-term collaborations with us. Through our dedicated management efforts, we aim to enhance the operational and financial performance of the medical institutions managed by us and in turn receive management fees, creating a mutually beneficial cycle. Managed Medical Institutions are required to pay us on a quarterly basis according to their quarterly accounting records, which is subject to annual review and settlement between the relevant Managed Medical Institutions and us in the following year according to their audited annual revenue.

With respect to the remaining Collaboration Agreements, management fees and payment arrangements vary. We do not charge management fees from certain Managed Medical Institutions owned by Independent Third Parties as our efforts in shouldering social responsibilities and exporting managerial and medical expertise to regions with insufficient TCM medical resources and broad unmet healthcare demands. Our Directors are of the view that such arrangements are fair, reasonable and in the interests of our Company and our Shareholders as a whole, on the basis that (i) strategically surrendering certain economic interests, we expect to explore long-term benefits, such as strengthening our brand influence in local regions, exploring the synergies between TCM and local advantageous specialties, such as ethnomedicine, and conducting research and applying for the rewarding TCM research projects in collaboration with the Managed Medical Institutions, exploiting our relationships with them established through provision of management services (for instance, our Internet hospital has reached collaborations with certain of the relevant Managed Medical Institutions, pursuant to which physicians practicing at such Managed Medical Institutions register on the physician terminal of our Internet hospital to provide online TCM healthcare services leveraging our well-established online channel and technical support); and (ii) such arrangements are in line with industry practice, as confirmed by Frost & Sullivan. We also adopt a mixed fee model with certain Managed Medical Institution, which comprises a fixed portion and a floating performance-based portion, with the former generally being settled semiannually while the latter being determined and settled annually.

Among our 12 Managed Medical Institutions, we are entitled to charge management fees under our Collaboration Agreements with seven Managed Medical Institutions, five of which were organized by TRT Kangyang, while the remainings were organized by the Independent Third Parties. Of the five Managed Medical Institutions organized by TRT Kangyang, as of the Latest Practicable Date, we charged management fees from four of them, which are subject to the annual settlement, and did not charge management fees from the remaining one medical institution considering charging such fees would result in such medical institution's loss-making position in the relevant year. As of the same date, we also charged management fees from one medical institution organized by an Independent Third Party. Other than the aforesaid seven Managed Medical Institutions, we do not charge management fees under our Collaboration Agreements with five Managed Medical Institutions, all of which were owned by Independent Third Parties and located in regions with insufficient TCM medical resources and broad unmet healthcare demands.

Based on the interviews with the health administrative authorities or the authorities for registration of public institutions of several Managed Medical Institutions, our PRC Legal Advisors are of the view that our collaboration agreements with our Managed Medical Institutions are valid, legally binding and enforceable under the PRC laws and regulations.

Moreover, leveraging our refined supply chain management capability as well as robust industrial foundation, Beijing Tongda, our wholly-owned subsidiary as a pharmaceutical trading company that coordinates the supply chain of our TCM healthcare service network, is taking the initiatives to gather our Managed Medical Institutions' procurement demands, conducts procurement from selected suppliers, and subsequently sells TCM patent medicines and western medicines to our Managed Medical Institutions, expecting to address their operation needs while elevating economies of scale and bargaining power of our TCM healthcare service network. See "Connected Transactions — Partially-exempt Continuing Connected Transactions — 8. Pharmaceutical Sales Framework Agreement."

The following table sets forth the breakdown of revenue, gross profit and gross profit margin of our management services by type of customers for the periods indicated.

	Year ended December 31,												Nine months ended September 30,							
	2022				2023				2024				2024				2025			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
														(Unaudited)						
Management services to:																				
Pharmaceutical production and/or trading companies[(1)]	–	–	–	–	5,492	57.3	3,953	72.0	11,459	73.8	9,091	79.3	6,551	81.0	4,874	74.4	9,683	85.4	7,368	76.1
Cuihe Pharmacy[(2)]	701	37.2	390	55.7	4,096	42.7	2,355	57.5	–	–	–	–	–	–	–	–	–	–	–	–
Medical institutions[(3)]	1,182	62.8	658	55.7	–	–	–	–	4,075	26.2	2,749	67.5	1,539	19.0	876	56.9	1,661	14.6	930	56.0
Total	**1,883**	**100.0**	**1,048**	**55.7**	**9,588**	**100.0**	**6,308**	**65.8**	**15,534**	**100.0**	**11,840**	**76.2**	**8,090**	**100.0**	**5,750**	**71.1**	**11,344**	**100.0**	**8,298**	**73.1**

Notes:

(1) Although the history of providing management services to pharmaceutical production and/or trading companies can be traced back to February 2020, fees we generated from such services were eliminated on consolidation until July 2023 when we started to provide management services to pharmaceutical production and/or trading companies for the procurement process of our Managed Medical Institutions.

(2) We started to provide management services to Cuihe Pharmacy in June 2022. Our revenue generated from such services increased from RMB0.7 million in 2022 to RMB4.1 million in 2023, in line with our improved management services to Cuihe Pharmacy. In March 2024, Cuihe Pharmacy became our subsidiary thus ceased to contribute management service fees.

(3) We generated revenue from provision of management services to Cuihe Clinic under the relevant management service agreement in 2022 as such medical institution recorded net profit in the same year. Our management services to such medical institution terminated in June 2022 by mutual agreement after Beijing Cuihe Kangyang Service Co., Ltd.'s disposal of such medical institution to third parties. In January 2024, we started to generate revenue from management services to Managed Medical Institutions.

OUR SALE OF HEALTHCARE PRODUCTS AND OTHER PRODUCTS

To complement our TCM healthcare services and increase customers' access to high-quality healthcare products, we sell healthcare products and other products to customers under both retail and wholesale models. Through our channels standalone from medical institutions, we sell (i) healthcare products, primarily including (a) pharmaceuticals, such as TCM patent medicines, Chinese medicinal herbs, western medicines, (b) health supplements and nourishment; and (ii) other products, such as packaged food products. All healthcare products and other products sold by us were procured from qualified suppliers in China.

Retail of Healthcare Products and Other Products

We engage in the online retail of healthcare products and other products through our WeChat mini program "Tong Ren Tang Selection (同仁堂優選)," a platform established by us mainly as a trustworthy channel for employees of TRT Group (including us) to purchase products under the "Tong Ren Tang" brand. We permanently shut down "Tong Ren Tang Selection" in November 2025 to avoid potential competition with similar business of TRT Group. See "Relationship with Our Controlling Shareholders — Delineation of Business — Sale of Healthcare Products and Other Products — Our Retail Business — (ii) Our online retail business" for details. In addition, our acquisition of San Xi Tang in 2022 has facilitated our offline retail business. As of the Latest Practicable Date, we operated offline stores under the brand name of "San Xi Tang" in Jinhua, Zhejiang province, including four retail pharmacies and two health food retail stores. We sell a wide range of healthcare products and other products (including those under the "Tong Ren Tang" brand) to individual customers through such offline stores. Moreover, despite that our revenue generated by Cuihe Pharmacy was recognized under our business segment of product sales considering the business scope specified in its business license, Cuihe Pharmacy has been positioned as part of our online TCM healthcare services which sells healthcare products and other products to customers of our Internet hospital.

Wholesale of Healthcare Products and Other Products

During the Track Record Period, we used to sell pharmaceutical products to business customers, including pharmaceutical production and/or trading companies, third-party pharmacies and primary medical institutions, through SXT Pharmacies. We started to sell Tong Ren Tang branded Angong Niuhuang Pills series to retailers in December 2022. Angong Niuhuang Pills series is a kind of prescription TCM patent medicines well-recognized in the field of cerebrovascular diseases and well-known for its scarcity and therapeutic performance. According to Frost & Sullivan, with time-proven prescription, precious ingredients and preparation technology accredited as the National Intangible Cultural Heritage Representative Project (國家級非物質文化遺產代表性項目), Angong Niuhuang Pills series play a preeminent role in dealing with cerebrovascular emergencies. With widespread industry reputation, inherent culture fit with TRT Group, and solid marketing capabilities in Zhejiang province, we met the criteria valued by TRT Commerce to select distributors, and therefore obtained the rights from it in January 2024 to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province), before which TRT Commerce relied on an Independent Third Party distributor for the relevant product sales. We enter into purchase agreements with TRT Commerce on a quarterly basis, which specify the product type, specification and price of their supplies to us. Such agreements stipulate minimum purchase requirements for us, along with incentives or penalties that may be granted or imposed by TRT Commerce based on our fulfillment of such requirements as well as TRT Commerce's comprehensive evaluation on our performance.

Since the end of June 2024, other than (i) sale of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); (ii) Beijing Tongda's sale of TCM patent medicines and western medicines to our in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center; (iii) sale of Donkey-hide Gelatin products to a pharmaceutical company in April 2025 to optimize inventory level and utilize our remaining wholesale inventory; and (iv) sale of Yangfei Pills and other healthcare products, as certain sales personnel misinterpreted our plans for SXT Pharmacies' wholesale business, we have not sold healthcare products under the wholesale model. Going forward, other than (i) sale of Tong

Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); and (ii) Beijing Tongda's sale of TCM patent medicines and western medicines to our in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center, based on our current business operations and business planning, we will not sell other healthcare products under the wholesale model. To ensure compliance with this wholesale business plan, we have taken the following internal control measures: (i) establishing customer filtering criteria in the wholesale business management system to ensure SXT Pharmacies' wholesale business is restricted to wholesale of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); (ii) arranging internal training in respect of the scope of wholesale business, product categories and standardized contract approval process for sales contracts; (iii) designating the wholesale contract of Tong Ren Tang branded Angong Niuhuang Pills series as the standard contract template for wholesale business, and prohibiting the use of other wholesale contract templates; (iv) designating the legal department of SXT Pharmacies, which has a sound understanding of the wholesale business plan of SXT Pharmacies and the authorization scope granted by TRT Commerce to SXT Pharmacies, to review each sales agreement or order of SXT Pharmacies to prevent unauthorized wholesale of healthcare products; (v) designating the finance department of SXT Pharmacies to inspect the details of wholesale products as set out in warehouse outbound notes and sales invoices; and (vi) arranging regular meetings to review the financial statements and major business activities of SXT Pharmacies to monitor the implementation of the aforesaid internal control measures. Our Internal Control Consultant did not have any further recommendation after reviewing the above enhanced internal control measures. Since the implementation of such measures, we have not sold healthcare products under the wholesale model, other than (i) sale of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province); and (ii) Beijing Tongda's sale of TCM patent medicines and western medicines to our in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center.

As part of our product sales business is subject to limitation for the avoidance of potential competition with similar business of TRT Group, we have shifted our focus towards wholesale of Angong Niuhuang Pills series to strengthen the revenue stream of our sale of healthcare products and other products. Our revenue generated from sale of healthcare products and other products increased by 21.0% from RMB137.7 million for the year ended December 31, 2023 to RMB166.6 million for the year ended December 31, 2024. It remained relatively stable at RMB119.1 million for the nine months ended September 30, 2024 and RMB116.2 million for the nine months ended September 30, 2025. The number of business customers of our product wholesale business increased significantly in 2024 and the nine months ended September 30, 2025. In the meantime, our gross profit margin of wholesale of Angong Niuhuang Pills series was relatively low, which exerted a downward impact on our gross profit margin of sale of healthcare products and other products for the year ended December 31, 2024 and the nine months ended September 30, 2025. By virtue of Angong Niuhuang Pills series' well-established recognition in the field of cerebrovascular diseases and robust brand influence, we enhanced the market penetration of our product wholesale business in Zhejiang province without substantial spending on marketing and promotion. For the year ended December 31, 2024, our revenue generated from product wholesale of Angong Niuhuang Pills series by SXT Pharmacies was RMB51.6 million, accounting for 59.9% of our revenue generated from wholesale business, 31.0% of our revenue generated from sale of healthcare products and other products, or 4.4% of our total revenue for the same year. For the nine months ended September 30, 2025, our revenue generated from product wholesale of Angong Niuhuang Pills series by SXT Pharmacies was RMB42.4 million, accounting for 63.0% of our revenue generated from wholesale business, 36.5% of our revenue generated from sale of healthcare products and other products, or 4.9% of our total revenue for the same period. As our product wholesale business is expected to be largely dependent on sale of Angong Niuhuang Pills series, any negative publicity against Angong Niuhuang Pills series or failure to maintain our exclusive selling rights, or the sales volumes, pricing levels and profit margins of Angong Niuhuang Pills series, our revenue and profitability could be adversely affected.

As of the Latest Practicable Date, we had sold healthcare products and other products to over 4,000 business customers.

We have a seller and buyer relationship with business customers, rather than acting as a principal and agent. These business customers procure Angong Niuhuang Pills series from us in accordance with their demand. We do not set any mandatory sales target or minimum purchase commitment for such business customers. Therefore, revenue from our sale of healthcare products and other products is recognized on a gross basis and upon product delivery, at which point the risks and titles of the products are transferred to business customers. We generally enter into annual purchase agreements with business customers, under which they place purchase orders for each batch of purchases. The annual purchase agreements include the following key terms:

- *Term*. The annual purchase agreements generally have a term of one year, subject to renewal upon mutual consent.

- *Pricing*. Our product pricing is based on the prevailing market price.

- *Selling restriction*. We specify in the annual purchase agreements that our business customers conduct marketing activities only within Zhejiang province and our business customers are prohibited from reselling Angong Niuhuang Pills series outside such designated geographical region. We have the rights to terminate our supply of Angong Niuhuang Pills series to the business customers that breached the geographical selling restriction and are entitled to claim liquidated damages and compensation for any loss caused by such breach from the relevant business customers.

- *Delivery*. We deliver the products to the location designated by the business customers and bear the risks during transportation.

- *Transfer of product risk*. The risk associated with the products is transferred to business customers upon acceptance.

- *Payment and credit terms*. We generally require business customers to make full payment before product delivery. We may grant our customers a credit term of up to 360 days. We grant our business customers credit terms longer than the industry average with the aim to attract business customers and develop our wholesale of Angong Niuhuang Pills series in Zhejiang province.

- *Product return or exchange*. In line with our standard product return policy, business customers are generally not allowed to return or exchange healthcare products and other products unless there is a quality issue.

Specific terms for each batch of purchases such as product specification, purchase volume and price are separately agreed upon in each purchase orders.

We do not adopt a distributorship business model and our business customers are not our distributors, franchisees or consignees because (i) we do not have any distributorship arrangement or exclusive relationships with business customers; (ii) we do not rely on business customers to distribute our products or expect them to resell the products on our behalf; (iii) business customers engage in trading and sales independently and at their own expense, without our involvement; (iv) we do not impose any requirements for subsequent sales, such as sales amount, targets, or ultimate individual customers, except for limited restrictions on the resale of Angong Niuhuang Pills series by retailers which is in line with our exclusive selling rights; (v) we do not accept product returns except for defective items; and (vi) we do not offer repurchase options to business customers, nor do we control their inventory management. According to Frost & Sullivan, our arrangements with business customers are in line with the sales model commonly used by other players in the healthcare distribution market in China. Accordingly, our Directors consider that (i) our Group does not adopt a distributorship business model as stipulated in Chapter 4.5 of the Guide for New Listing Applicants issued by the Stock Exchange, and (ii) our business customers are unlikely to be considered as distributors according to the same.

Furthermore, given that (i) we do not impose mandatory sales targets or minimum sales requirements in our annual purchase agreements, (ii) our products generally cannot be returned or exchanged except for defective items, and we had not experienced any material product return or exchange from our business customers during the Track Record Period and up to the Latest Practicable Date; and (iii) most of our sales proceeds are settled before product delivery and a significant amount of our outstanding trade receivables from our business customers during the Track Record Period were within three months, and we did not experience significant fluctuation in the turnover days of trade receivables, both of which indicate a stable settlement pattern from our business customers; our Directors are of the view that the risk of channel stuffing arising from our sale of healthcare products and other products is remote in light of our current business arrangements with business customers.

In addition, through our wholly-owned subsidiary, Beijing Tongda, we have been selling TCM patent medicines and western medicines to Managed Connected Medical Institutions and Hujialou Second Community Healthcare Center since February 2024. See "Connected Transactions — Partially-exempt Continuing Connected Transactions — 8. Pharmaceutical Sales Framework Agreement" for details.

Key Healthcare Products and Other Products Sold

During the Track Record Period, we sold over 7,500 types of healthcare products and other products, the unit prices and dosage forms of which vary significantly. The top 10 healthcare products and other products sold by us in terms of revenue contribution in each year/period during the Track Record Period contributed approximately 66.5% of our total revenue from sale of healthcare products and other products for the relevant period. The average selling prices of such healthcare products and other products fluctuated during the Track Record Period, primarily due to the variations in the sales volumes of such products in different packages, dosage forms and unit prices. The following table sets forth the sales income of these top 10 healthcare products and other products sold by us in terms of revenue contribution for the periods indicated.

Nine Months Ended September 30, 2025		Year Ended December 31, 2024	
Products	**Sales income**	**Products**	**Sales income**
	(RMB'000)		*(RMB'000)*
Angong Niuhuang Pills (Natural) (安宮牛黃丸(天然))	54,777	Angong Niuhuang Pills (Natural)	73,149
Yangfei Pills (養肺丸)	10,579	Donkey-hide Gelatin	18,837
Donkey-hide Gelatin (阿膠)	9,808	Ganoderma Lucidum Spore Powder	9,671
Angong Niuhuang Pills (Cultured) (安宮牛黃丸(體培))	5,735	Cordyceps Sinensis	8,301
Ganoderma Lucidum Spore Powder (靈芝孢子粉)	5,572	Angong Niuhuang Pills (Cultured)	6,381
Cordyceps Sinensis (冬蟲夏草)	3,693	Wild Ginseng (野山參)	5,810
Dendrobii Officinalis Caulis (鐵皮楓鬥)	2,888	Dendrobii Officinalis Caulis	5,424
Huangjing Cake (黃精餅)	1,644	Tongren Royal Wine (同仁御酒)	4,505
Bird's Nest (燕窩)	1,601	Bird's Nest	2,948
Niuhuang Qingxin Pills (牛黃清心丸)	1,431	Huoluo Pills (活絡丸)	2,132

Year Ended December 31, 2023		Year Ended December 31, 2022	
Products	**Sales income**	**Products**	**Sales income**
	(RMB'000)		*(RMB'000)*
Donkey-hide Gelatin	39,718	Donkey-hide Gelatin	46,553
Ganoderma Lucidum Spore Powder	12,489	Ganoderma Lucidum Spore Powder	18,945
Bone Strengthening Medicated Wine (壯骨藥酒)	8,307	Cordyceps Sinensis	3,618
Cordyceps Sinensis	7,827	Huangjing Cake	2,898
Ganoderma Lucidum Spore Oil Softgel (靈芝孢子油軟膠囊)	6,463	Sanxitang Wild Ginseng Slices (三溪堂野山參片)	2,630
Angong Niuhuang Pills (Natural)	5,774	Wild Ginseng	1,968
Bird's Nest	3,268	Bird's Nest	1,835
Tongren Royal Wine	3,283	Dendrobii Officinalis Caulis	1,528
Dendrobii Officinalis Caulis	3,219	Angong Niuhuang Pills (Natural)	1,278
Wild Ginseng	1,137	Tongren Royal Wine	472

The following table sets forth the breakdown of revenue, gross profit and gross profit margin of our sale of healthcare products and other products for the periods indicated.

	Year ended December 31,												Nine months ended September 30,							
	2022				2023				2024				2024				2025			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%) (Unaudited)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Sale of healthcare products and other products	**87,697**	**100.0**	**32,567**	**37.1**	**137,659**	**100.0**	**38,362**	**27.9**	**166,573**	**100.0**	**45,191**	**27.1**	**119,087**	**100.0**	**22,036**	**18.5**	**116,249**	**100.0**	**23,088**	**19.9**
By type of sale																				
– Wholesale	29,255	33.4	11,572	39.6	64,458	46.8	12,997	20.2	86,202[(1)]	51.8	15,389	17.9	64,566	54.2	6,302	9.8	67,311	57.9	2,789	4.1
– Retail	58,442	66.6	20,995	35.9	73,201	53.2	25,365	34.7	80,371	48.2	29,802	37.1	54,521	45.8	15,734	28.9	48,938	42.1	20,299	41.5
By product type																				
– Healthcare products	46,473	53.0	17,532	37.7	89,981	65.4	25,143	27.9	131,358	78.9	28,935	22.0	91,445	76.8	10,951	12.0	100,238	86.2	16,469	16.4
– Other products	41,224	47.0	15,035	36.5	47,678	34.6	13,219	27.7	35,215	21.1	16,256	46.2	27,642	23.2	11,085	40.1	16,011	13.8	6,619	41.3

Note:

(1) Including, among others, revenue from sale of healthcare products to customers in bulk through our retail pharmacies, the revenue contribution of which amounted to RMB14.5 million.

Sale of Healthcare Products and Other Products by Type of Sale

We started to generate revenue from wholesale of healthcare products and other products following our acquisition of SXT Pharmacies. Our revenue generated from wholesale of healthcare products and other products increased from RMB64.5 million in 2023 to RMB86.2 million in 2024 as we obtained the exclusive selling rights of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province) in January 2024. Our revenue generated from wholesale of healthcare products and other products increased from RMB64.6 million for the nine months ended September 30, 2024 to RMB67.3 million for the nine months ended September 30, 2025, primarily driven by (i) the increased sale of Angong Niuhuang Pills series; and (ii) the business development of Beijing Tongda. The gross profit margin of wholesale of healthcare products and other products decreased from 39.6% in 2022 to 20.2% in 2023, primarily due to the decrease in SXT Pharmacies' wholesale volume of products with high gross profit margin, such as Ganoderma Lucidum Spore Powder, mainly as a result of decreased demands for such valuable medicinal. The gross profit margin of wholesale of healthcare products and other products decreased from 20.2% in 2023 to 17.9% in 2024, primarily as the gross profit of wholesale of Angong Niuhuang Pills series was relatively low. Due to the same reason, the gross profit margin of wholesale of healthcare products and other products decreased from 9.8% for the nine months ended September 30, 2024 to 4.1% for the nine months ended September 30, 2025.

Our revenue generated from retail of healthcare products and other products decreased from RMB54.5 million for the nine months ended September 30, 2024 to RMB48.9 million for the nine months ended September 30, 2025, primarily due to more prudent consumer spending behavior consistent with the market conditions during the relevant period. However, the gross profit margin of retail of healthcare products and other products increased from 28.9% for the nine months ended September 30, 2024 to 41.5% for the nine months ended September 30, 2025, as SXT Pharmacies adjusted its pricing mechanism and implemented more stringent management of product discounts.

Sale of Healthcare Products and Other Products by Product Type

We started to generate revenue from sale of healthcare products following our acquisition of SXT Pharmacies. Our revenue generated from sale of healthcare products increased from RMB90.0 million in 2023 to RMB131.4 million in 2024, primarily as we obtained the exclusive selling rights of Tong Ren Tang branded Angong Niuhuang Pills series to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province) in January 2024. Due to the same reason, our revenue generated from sale of healthcare products increased from RMB91.4 million for the nine months ended September 30, 2024 to RMB100.2 million for the nine months ended September 30, 2025. The gross profit margin of sale of healthcare products and other products decreased in 2023, primarily due to the decrease in SXT Pharmacies' sales volume of healthcare products and other products with high gross profit margin, such as Ganoderma Lucidum Spore Powder and Bone Strengthening Medicated Wine, which was in line with the general trend of healthcare product distribution industry in China during the same year. The gross profit margin of sale of healthcare products and other products increased for the nine months ended September 30, 2025, as SXT Pharmacies adjusted its pricing mechanism and implemented more stringent management of product discounts.

The table below sets forth the breakdown of our revenue generated from sale of healthcare products and other products for the periods indicated.

	Year ended December 31,						**Nine months ended September 30,**			
	2022		**2023**		**2024**		**2024**		**2025**	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* *(unaudited)*	*% of total*	*RMB'000*	*% of total*
Wholesale of Angong Niuhuang Pills series	**–**	**–**	**2,857**	**2.1**	**52,054**	**31.2**	**44,387**	**37.3**	**42,553**	**36.6**
– Beijing Tongda	–	–	–	–	444	0.2	440	0.4	183	0.2

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* *(unaudited)*	*% of total*	*RMB'000*	*% of total*
– SXT Pharmacies(1)	–	–	2,857	2.1	51,610	31.0	43,947	36.9	42,370(2)	36.4
Other sale through SXT Pharmacies(1)	**83,008**	**94.7**	**131,808**	**95.7**	**96,340**	**57.9**	**63,411**	**53.3**	**57,123**	**49.1**
– Retail	53,753	61.3	70,207	51.0	69,126	41.5	46,435	39.0	40,564	34.9
– Other product sales	29,255	33.4	61,601	44.7	27,214(4)	16.4	16,976	14.3	16,559(5)	14.2
Other sale through Beijing Tongda(6)	–	–	–	–	6,934	4.2	3,203	2.7	8,199(3)	7.1
Cuihe Pharmacy	–	–	–	–	9,536	5.7	6,534	5.5	8,184	7.0
Others(7)	4,689	5.3	2,994	2.2	1,709	1.0	1,552	1.2	190	0.2
Total	**87,697**	**100.0**	**137,659**	**100.0**	**166,573**	**100.0**	**119,087**	**100.0**	**116,249**	**100.0**

Notes:

(1) Representing revenue from SXT Pharmacies since our acquisition.

(2) SXT Pharmacies sold Tong Ren Tang branded Angong Niuhuang Pills series under the rights granted by TRT Commerce to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province).

(3) Beijing Tongda sold TCM patent medicines and western medicines to medical institutions managed by us in Beijing and Hujialou Second Community Healthcare Center.

(4) Representing (i) wholesale of healthcare products (other than Tong Ren Tang branded Angong Niuhuang Pills series); and (ii) sale of healthcare products to customers in bulk through our retail pharmacies, the revenue contribution of which amounted to RMB14.5 million, for the year ended December 31, 2024.

(5) SXT Pharmacies engaged in sale of products primarily including Yangfei Pills and other healthcare products, with a total tax-exclusive consideration amounted to RMB11.8 million, as certain sales personnel misinterpreted our plans for SXT Pharmacies' wholesale business. In addition, SXT Pharmacies sold Donkey-hide Gelatin products to a pharmaceutical company to optimize inventory level and utilize the remaining wholesale inventory, with a total tax-exclusive consideration amounted to RMB4.8 million.

* Since the end of June 2024, other than the transactions mentioned in (2) to (5) above, we have not sold other healthcare products under the wholesale model.

(6) Mainly representing Beijing Tongda's sale of TCM patent medicines and western medicines to medical institutions managed by us in Beijing and Hujialou Second Community Healthcare Center.

(7) Mainly representing sales through the TRT Internet Hospital and "Tong Ren Tang Selection (同仁堂優選)."

OUR IN-NETWORK MEDICAL INSTITUTIONS

Summary of Our In-Network Medical Institutions

The following table sets forth a summary of our in-network medical institutions as of the Latest Practicable Date.

No.	Name of medical institution	Location	Owned/ managed[(1)]	Category[(2)]	Nature	Level[(3)]	Time of becoming our in-network medical institutions[(4)]	GFA	Equity interest held by us	Acquired/ Self-established/ Assigned	Premises	Lease Term	Our relationship with the owner/ organizer
								(sq.m.)					
Hospital chain													
1. .	Beijing TRT TCM Hospital	Beijing	Owned	TCM general hospital	For-profit; non-public	Class II	November 2019	21,455.5	100%	Assigned	Leased	March 27, 2024 to December 31, 2027	N/A
2. .	SXT Hospital	Jinhua, Zhejiang province	Owned	TCM specialty hospital	For-profit; non-public	/	June 2022	15,375	75%[(5)]	Acquired	Leased	April 1, 2022 to March 31, 2037	N/A
3. .	Beijing TRT Second TCM Hospital	Beijing	Owned	TCM general hospital	For-profit; other	Class I	February 2024 Business combination under common control. First came under common control with our Group in January 2016	2,065.03	51%[(5)]	Acquired	Leased	January 1, 2025 to December 31, 2025	N/A
4. .	Anshan TRT TCM Hospital	Anshan, Liaoning province	Owned	TCM general hospital	For-profit; non-public	Class I	January 2024 Business combination under common control. First came under common control with our Group in November 2012	1,796	51%[(5)]	Acquired	Leased	December 1, 2022 to November 30, 2027	N/A
5. .	Taiyuan TRT TCM Hospital	Taiyuan, Shanxi province	Owned	TCM general hospital	For-profit; joint-stock	Class II	March 2022 Business combination under common control. First came under common control with our Group in June 2015	5,328	51%[(5)]	Acquired	Leased	January 1, 2024 to December 31, 2026	N/A

No.	Name of medical institution	Location	Owned/ managed[(1)]	Category[(2)]	Nature	Level[(3)]	Time of becoming our in-network medical institutions[(4)]	GFA	Equity interest held by us	Acquired/ Self-established/ Assigned	Premises	Lease Term	Our relationship with the owner/ organizer
								(sq.m.)					
6.	Qiqihar TRT TCM Hospital[(6)]	Qiqihar, Heilongjiang province	Owned	TCM general hospital	For-profit; non-public	/	Established in February 2024 and preparing for the commencement of operations	4,943.79	51%	Jointly established	Leased	No less than ten years (pursuant to the agreement entered into on December 20, 2023)	N/A
7.	Shunyi TRT TCM Hospital[(7)]	Shunyi District, Beijing	Owned	–	–	–	Established in March 2025 and applying for the Medical Institution Practicing License	2,880	100%	Self-established	Leased	January 1, 2025 to December 31, 2034	N/A
8.	Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital (北京同仁堂第一中西醫結合醫院)	Beijing	Managed	Integrated traditional Chinese and western medicine hospital	Not-for-profit; whole people ownership	Class I	Owned: June 2022 to June 2023; Managed: Since January 2024	5,901.4	N/A	N/A	N/A	N/A	Connected person
9.	Qianxinan Hospital	Xingyi, Guizhou province	Managed	Maternal and child health hospital	Not-for-profit; whole people ownership	Class III	March 2024	142,000; healthcare premise: 73,000	N/A	N/A	N/A	N/A	Independent Third Party
10.	Bijie Qixingguan District Maternal and Child Health Hospital (畢節市七星關區婦幼保健院)	Bijie, Guizhou province	Managed	Maternal and child health hospital	Not-for-profit; whole people ownership	Class II	September 2023	58,393	N/A	N/A	N/A	N/A	Independent Third Party
11.	Bijie Qixingguan District TCM Hospital (畢節市七星關區中醫醫院) (together with Bijie Qixingguan District Maternal and Child Health Hospital, "**Bijie Hospitals**")	Bijie, Guizhou province	Managed	TCM general hospital	Not-for-profit; whole people ownership	/	September 2023		N/A	N/A	N/A	N/A	Independent Third Party

No.	Name of medical institution	Location	Owned/ managed[1]	Category[2]	Nature	Level[3]	Time of becoming our in-network medical institutions[4]	GFA	Equity interest held by us	Acquired/ Self-established/ Assigned	Premises	Lease Term	Our relationship with the owner/ organizer
								(sq.m.)					
12.	Hotan Uyghur Hospital	Hotan, Xinjiang Uygur Autonomous Region	Managed	Specialty hospital	Not-for-profit; whole people ownership	Class III	August 2024	69,773	N/A	N/A	N/A	N/A	Independent Third Party
13.	Hotan County Hospital	Hotan, Xinjiang Uygur Autonomous Region	Managed	General hospital	Not-for-profit; whole people ownership	Class II	August 2024	59,330.68	N/A	N/A	N/A	N/A	Independent Third Party
14. .	Ningshan County Hospital	Ankang, Shaanxi province	Managed	General hospital	Not-for-profit; whole people ownership	Class II	September 2025	16,000	N/A	N/A	N/A	N/A	Independent Third Party
15. .	Yuan'an County Hospital	Yichang, Hubei province	Managed	General hospital	Not-for-profit; whole people ownership	Class II	September 2025	11,900	N/A	N/A	N/A	N/A	Independent Third Party
Primary medical institution chain													
16.	Niansanli Clinic	Jinhua, Zhejiang province	Owned	TCM general clinic	For-profit; non-public	/	June 2022	217	75%	Acquired	Leased	November 17, 2024 to November 16, 2027	N/A
17.	Jinhua Out-patient Healthcare Center	Jinhua, Zhejiang province	Owned	TCM out-patient healthcare center	For-profit; non-public	/	June 2022	667	75%	Acquired	Leased	February 7, 2023 to February 6, 2026	N/A
18.	Huaxi Clinic	Jinhua, Zhejiang province	Owned	TCM general clinic	For-profit; non-public	/	June 2022	280	75%	Acquired	Leased	September 1, 2013 to August 31, 2028	N/A
19.	Shanghai CZT	Shanghai	Owned	TCM out-patient healthcare center	For-profit; non-public	Class I	January 2024	1,577.14	70%	Acquired	Leased	January 1, 2024 to September 30, 2031	N/A

No.	Name of medical institution	Location	Owned/ managed(1)	Category(2)	Nature	Level(3)	Time of becoming our in-network medical institutions(4)	GFA	Equity interest held by us	Acquired/ Self-established/ Assigned	Premises	Lease Term	Our relationship with the owner/ organizer
								(sq.m.)					
20.	Shanghai ZHT(4)	Shanghai	Owned	TCM out-patient healthcare center	For-profit; other	/	August 2024	3,100	60%	Acquired	Leased	August 1, 2015 to July 31, 2030	N/A
21.	Huangsi Out-patient Healthcare Center	Beijing	Managed	General out-patient healthcare center	Not-for-profit; whole people ownership	/	Owned: October 2021 to June 2023; Managed: Since January 2024	916.63	N/A	N/A	N/A	N/A	Connected person
22.	Jiuxianqiao Community Healthcare Center(8)	Beijing	Managed	Community healthcare center	Not-for-profit; whole people ownership	/	Owned: November 2019 to June 2023; Managed: Since January 2024	3,744.23	N/A	N/A	N/A	N/A	Connected person
23.	Dahua Community Healthcare Station	Beijing	Managed	Community healthcare station	Not-for-profit; whole people ownership	/	Owned: May 2020 to June 2023; Managed: Since January 2024	338	N/A	N/A	N/A	N/A	Connected person
24.	Liujian Community Healthcare Station	Beijing	Managed	Community healthcare station	Not-for-profit; whole people ownership	/	Owned: September 2020 to June 2023; Managed: Since January 2024	938.55	N/A	N/A	N/A	N/A	Connected person
Internet hospital													
25.	TRT Internet Hospital(9)	N/A	Owned	TCM general hospital	For-profit; whole people ownership	/	July 2020	135.05	100%	Self-established	Leased	December 1, 2024 to April 30, 2026	N/A

Notes:

(1) See "History, Reorganization and Corporate Structure — Our Principal Subsidiaries" for further details of medical institutions owned by us as of the Latest Practicable Date.

(2) Representing the category of relevant medical institutions in their Medical Institution Practicing License.

(3) Level of each medical institution is accredited by the government authorities based on its functional positioning and facilities. "/" represents that the relevant medical institution had not been classified as of the Latest Practicable Date. According to the *Interim Measures for the Assessment of Hospitals* (《醫院評審暫行辦法》) and the *Measures for the Assessment of Medical Institutions* (《醫療機構評審辦法》) promulgated by the MOH, medical institutions in the PRC can be graded into Class I, II and III based on the assessment of competent authorities. Such grading and assessment are not compulsory for medical institutions to carry out business. Medical institutions can voluntarily conduct self-assessment and apply for the grading.

(4) For the for-profit medical institutions owned by us, the time of becoming our in-network medical institutions refers to the time when the relevant medical institutions conducted or changed business registration (工商登記) demonstrating our ownership (directly or indirectly holding over 50% equity interest in the relevant medical institutions or having actual control through other means).

For the not-for-profit medical institutions once owned by us during the Track Record Period and managed by us as of the Latest Practicable Date, we set out (i) the time period when the relevant medical institutions were consolidated into our financial statements; and (ii) the time when the relevant medical institutions became managed by us as their relevant Collaboration Agreements coming into effect.

For other not-for-profit medical institutions managed by us, namely, Bijie Hospitals, Qianxinan Hospital, Hotan Uyghur Hospital and Hotan County Hospital, the time of becoming our in-network medical institutions refers to the time when their respective Collaboration Agreements became effective.

(5) We hold majority interest in these self-owned medical institutions and are primarily responsible for their daily operation and management, while (i) Mr. Zhu, being one of the minority shareholders of San Xi Tang, as well as a director of San Xi Tang; (ii) TRT, our Ultimate Controlling Shareholder which promulgates high-level strategies and policies for all businesses within TRT Group to follow, also holds equity interest in the minority shareholders of Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital; and (iii) the respective minority shareholders of these medical institutions are entitled to enjoy the rights and assume the obligations that generally enjoyed and assumed by shareholders in accordance with applicable PRC laws and regulations as well as articles of associations.

(6) Qiqihar TRT TCM Hospital was established by us in February 2024 and was preparing for the commencement of operations as of the Latest Practicable Date. We have obtained the Medical Institution Practicing License for such hospital on March 3, 2025. Pursuant to our collaboration agreement with the minority shareholder of Qiqihar TRT TCM Hospital, we are responsible for assigning physicians to such medical institution, providing training sessions, and helping such medical institution in in-licensing "Tong Ren Tang" trademark. TRT Group is given the priority to supply pharmaceuticals to such medical institution under the same conditions. In the meantime, the minority shareholder is responsible for leasing renovated premises and necessary equipment to such medical institution, helping such medical institution obtain the Medical Institution Practicing License and the qualification of Medical Insurance Designated Medical Institution, and financing such medical institution when it encounters financial constraints. As long as such medical institution exists, we and the minority shareholder shall not establish TCM hospitals with any third party within Qiqihar, Heilongjiang province. In addition, such medical institution and the minority shareholder shall not conduct business which would result in competition with each other, except as provided for in the collaboration agreement.

(7) Shunyi TRT TCM Hospital was established by us in March 2025 and had not commenced operations as of the Latest Practicable Date. We were preparing for the application for the Medical Institution Practicing License for such hospital as of the same date and expect it to commence operations in the first half of 2026.

(8) On December 31, 2024, TRT Kangyang deregistered Qixing Hospital for better business operations and resource allocation. The properties and facilities previously utilized by Qixing Hospital became a new site of Jiuxianqiao Community Healthcare Center.

(9) Our TRT Internet Hospital was established in July 2020. As our initial attempt to explore the online healthcare operations, we spent time on organizing medical resources and preparing for the commencement of TRT Internet Hospital. Our TRT Internet Hospital obtained its Medical Institution Practicing License in January 2022. In July 2022, we started to generate revenue from TRT Internet Hospital's provision of online health consultation services to customers of Beijing TRT TCM Hospital. In March 2023, we started to generate revenue from providing Internet hospital platform services to the pharmacies of TRT Group and/or the individual customers of such pharmacies. See "Connected Transactions — Fully-exempt Continuing Connected Transactions — 4. Internet Hospital Cooperation Framework Agreement" for details of Internet hospital platform services.

The following table sets forth the movement in the number of our self-owned medical institutions and Managed Medical Institutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Self-owned medical institutions				
Number of medical institutions at the beginning of the period	6	14	7	12
Number of medical institutions newly becoming our in-network medical institutions during the period	8	0	6	1
Number of medical institutions disposed by us during the period	0	(7)[(1)]	(1)[(2)]	–
Number of medical institutions at the end of the period	**14**	**7**	**12**	**13**
Managed Medical Institutions				
Number of medical institutions at the beginning of the period	0	0	2	10
Number of medical institutions newly becoming our in-network medical institutions during the period	0	2	9	2
Number of medical institutions disposed by us during the period	0	0	(1)[(3)]	–
Number of Managed Medical Institutions at the end of the period	**0**	**2**	**10**	**12**

Notes:

(1) Representing the seven not-for-profit medical institutions whose organizer's interests were transferred by us to TRT Kangyang in June 2023. See "History, Reorganization and Corporate Structure — Reorganization — Streamlining Our Business Structure — (ii) Transfers of Organizer's Interests in Not-for-profit Medical Institutions" for details.

(2) On August 27, 2024, we completed the filing procedures with the local counterpart of SAMR in respect of the disposal of Shijiazhuang TRT TCM Hospital.

(3) On December 31, 2024, TRT Kangyang deregistered Qixing Hospital for better business operations and resource allocation. The properties and facilities previously utilized by Qixing Hospital became a new site of Jiuxianqiao Community Healthcare Center.

We once held the organizer's interests in seven not-for-profit medical institutions. Pursuant to the then-effective articles of associations of these medical institutions (including Hujialou Second Community Healthcare Center before it being managed by Beijing Jufang), we, as the organizer, shall supervise their daily operation and management (particularly in respect of their state-owned assets), and were generally entitled to: (i) propose the purpose and scope of their business; (ii) decide on their business strategies, investment plans and financing plans; (iii) recommend, appoint and/or remove their management personnel, directly or through an executive committee with all members designated and replaced by us; (iv) determine remuneration of their management personnel, and review and approve their work reports; (v) designate their legal representatives; (vi) decide to increase or decrease their organizing funds; (vii) review and approve their articles of associations, annual budgets and final accounts; (viii) receive their audited annual financial reports; and (ix) where applicable, decide on their dissolution and form liquidation groups accordingly.

Pursuant to the then-effective articles of associations of Hujialou Second Community Healthcare Center while being managed by Beijing Jufang and before being transferred by us to TRT Kangyang, we, as the organizer, were only entitled to recommend and replace one out of three executive committee members, who were responsible for overall management of daily operations, including appointing and removing management personnel, electing legal representative, and deciding on disposal of major assets, with the remaining rights and obligations being basically the same as those disclosed above.

As advised by our PRC Legal Advisors, the organizer primarily performs supervisory and supportive functions in the daily operation and internal governance of a not-for-profit medical institution, with the aim of procuring such medical institution to manage state-owned assets prudently and pursue public welfare goals. According to applicable PRC laws and regulations, the organizer is neither allowed to receive economic interests from a not-for-profit medical institution through dividends or other forms of distribution, nor allowed to receive any residual assets upon the liquidation of a not-for-profit medical institution. In contrast, the rights enjoyed by shareholders of for-profit medical institutions arise from their respective investments and primarily focus on economic returns, such as receiving dividends.

Our management evaluated whether we had control over these not-for-profit medical institutions in accordance with the IFRS 10 Consolidated Financial Statements. Specifically, our management assessed control based on our ability to direct the relevant activities of these medical institutions unilaterally and our exposure to, or rights to, variable returns from our involvement with these medical institutions. In making this determination, our management considered the composition of these medical institutions' internal governance structures and the relevant committees responsible for overseeing their operations. The assessment focused on our practical ability to exercise power over the relevant activities of these medical institutions, such as decision-making authority under the organizer's rights and the ability to affect these medical institutions' returns. Based on the evaluation, our management concluded that we had control over these medical institutions before transferring our organizer's interests in them to TRT Kangyang and thus consolidated their financials accordingly. In particular, after we entered into a cooperation agreement with Beijing Jufang, we have entrusted Beijing Jufang with the professional management of Hujialou Second Community Healthcare Center, in which the core asset of Hujialou Second Community Healthcare Center is the medical institutions of Hujialou Second Community Healthcare Center. The cooperation agreement is for a term of 5.5 years, the extension of which shall be subject to further negotiation between the parties upon the expiration of such term of 5.5 years. During the term of the cooperation agreement, we were entitled to recommend and replace only one out of three members of Hujialou Second Community Healthcare Center's executive committee, being its highest authority. Since the term of the cooperation agreement is only 5.5 years, while the life cycle of Hujialou Second Community Healthcare Center is far more than 5.5 years and we are entitled to take back the right to manage and operate Hujialou Second Community Healthcare Center upon expiration of the cooperation agreement, the potential gains from the appreciation of its core assets and the potential risks of depreciation remain primarily owned by us. Therefore, the core assets and liabilities of Hujialou Second Community Healthcare Center are still be included in our consolidated financial statements to fully reflect the resources controlled by us. The economic substance of the cooperation agreement can be viewed as that, under the premise of retaining the control over the core assets of Hujialou Second Community Healthcare Center, we transferred the management rights of Hujialou Second Community Healthcare Center to Beijing Jufang for a term of 5.5 years, and recorded the relevant consideration as concession income.

Based on the above, our consolidated balance sheet as of December 31, 2022 included the assets and liabilities of Hujialou Second Community Healthcare Center. After we transferred the management rights to Beijing Jufang in March 2021, only the combined financial impact of concession income and net profit of Hujialou Second Community Healthcare Center was included in our consolidated statement of profit or loss rather than presenting the revenue and expenses line by line. The above accounting treatment differs from our consolidation of the other not-for-profit medical institutions except Hujialou Second Community Healthcare Center.

Our Reporting Accountants are of the view that it is in compliance with applicable accounting standards to consolidate the financials of these not-for-profit medical institutions in our consolidated financial statements prior to our transfer of the relevant organizer's interests.

For the years ended December 31, 2022 and 2023, our revenue generated from these medical institutions accounted for 16.9% and 8.5% of our total revenue for the same years, respectively, while our gross profit generated from these medical institutions accounted for 9.9% and 4.8% of our total gross profit for the same years, respectively. As of December 31, 2022, the total assets of these medical institutions accounted for 13.4% of our total assets as of the same date.

As disclosed above, we, as the organizer, were not allowed to receive economic interests from these not-for-profit medical institutions through dividends or other forms of distribution, nor were we allowed to receive any residual assets upon their liquidation. However, PRC laws and regulations do not prohibit us from providing other services to these not-for-profit medical institutions or other relevant third parties and charging fees in return during ordinary course of business (for instance, providing supply chain comprehensive services to certain suppliers of these not-for-profit medical institutions and charging service fees accordingly). In the meantime, we obtained the organizer's interests in six of these not-for-profit medical institutions at nil consideration. With respect to Hujialou Second Community Healthcare Center which we acquired at a consideration, Beijing Jufang agreed to pay us concession fees in exchange for the rights to manage Hujialou Second Community Healthcare Center.

We transferred the organizer's interests in these seven not-for-profit medical institutions to TRT Kangyang in June 2023, mainly as a result of which, revenue generated from TCM healthcare services slightly decreased by 0.7% from 2023 to 2024. However, taking advantage of the streamlined corporate structure and expanding customer reach of our self-owned medical institutions with a combination of organic growth and acquisitions, we believe our TCM healthcare services will continue to thrive. We started to provide management services to six of these medical institutions in January 2024. Based on the interviews with the health administrative authorities or the authorities for registration of public institutions of several Managed Medical Institutions, our PRC Legal Advisors are of the view that our transfers of organizer's interests to and management fees arrangement with TRT Kangyang are in compliance with the applicable PRC laws and regulations.

Key Operational and Financial Information of Our TCM Healthcare Service Network

The following table sets forth customer visits to our TCM healthcare service network, including medical institutions owned or managed by us, for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(thousands)		
Offline medical institutions[1]	1,304.3	1,651.8	2,653.3	1,848.8	2,301.6
Internet hospital	16.8	123.6	323.7	238.9	234.2
Total	**1,321.1**	**1,775.4**	**2,977.0**	**2,087.7**	**2,535.9**

Note:

(1) Including customer visits to both our offline self-owned medical institutions and Managed Medical Institutions.

The following table sets forth key operational information of our self-owned medical institutions for the periods indicated.

	Year ended/As of December 31,			Nine months ended/As of September 30,	
	2022	2023	2024	2024	2025
Hospital chain[1]					
1. Beijing TRT TCM Hospital					
Number of physicians as of the end of the period	219	250	263	253	254

	Year ended/As of December 31,			Nine months ended/As of September 30,	
	2022	2023	2024	2024	2025
Number of other medical professionals as of the end of the period	102	103	124	129	152
Number of customers	171,586	214,498	223,168	169,142	168,452
Customer return rate[(2)] *(%)*	58.2	56.7	55.1	53.5	53.0
Out-patient visits [(5)]	410,120	495,628	496,981	363,564	358,086
Average spending per out-patient visit *(RMB)*	754	735	772	771	785
Number of registered beds	100	100	100	100	100
In-patient visits[(5)]	72	162	389	251	373
Average spending per in-patient visit *(RMB)*	9,028	10,117	9,957	9,200	17,046
Average length of stay per in-patient visit[(3)] *(days)*	14.2	13.5	6.9	7.1	14.0
Utilization rate of registered beds[(4)] *(%)*	2.8	6.0	10.1	9.3	18.8
2. SXT Hospital*					
Number of physicians as of the end of the period	96	109	94	99	93
Number of other medical professionals as of the end of the period	38	38	39	37	42
Number of customers	64,091	114,668	114,478	92,229	90,651
Customer return rate[(2)] *(%)*	83.0	83.0	85.1	84.6	86.0
Out-patient visits	183,776	363,434	382,280	278,706	279,239
Average spending per out-patient visit *(RMB)*	477	496	481	472	484
3. Beijing TRT Second TCM Hospital*					
Number of physicians as of the end of the period	72	72	67	57	80
Number of other medical professionals as of the end of the period	44	47	52	51	54
Number of customers[(6)]	55,285	65,110	58,501	47,558	46,271
Customer return rate[(2)] *(%)*	67.0	66.4	53.3	61.8	61.6
Out-patient visits[(6)]	271,462	292,949	269,223	191,000	178,395
Average spending per out-patient visit *(RMB)*	618	703	723	724	733
4. Anshan TRT TCM Hospital**					
Number of physicians as of the end of the period	23	23	22	22	30
Number of other medical professionals as of the end of the period	22	23	24	24	24
Number of customers	5,968	5,961	8,795	3,351	4,612
Customer return rate[(2)] (%)	89.0	93.0	91.2	95.3	95.5
Out-patient visits	48,772	77,189	91,091	67,922	70,887
Average spending per out-patient visit *(RMB)*	396	404	412	419	405
Number of registered beds	20	–	–	–	–
In-patient visits	20	–	–	–	–
Average spending per in-patient visit *(RMB)*	3,320	–	–	–	–
Average length of stay per in-patient visit[(3)] (*days*)	7.0	–	–	–	–
Utilization rate of registered beds[(4)] *(%)*	1.9	–	–	–	–
5. Taiyuan TRT TCM Hospital					
Number of physicians as of the end of the period	44	60	67	70	71
Number of other medical professionals as of the end of the period	48	45	49	47	39
Number of customers	5,309	11,647	15,950	10,467	10,494
Customer return rate[(2)] *(%)*	60.4	58.5	72.9	75.9	71.5
Out-patient visits	19,107	35,657	42,322	31,652	32,285

	Year ended/As of December 31,			Nine months ended/As of September 30,	
	2022	2023	2024	2024	2025
Average spending per out-patient visit *(RMB)*[7]	556	421	419	410	456
Number of registered beds	80	80	80	80	80
In-patient visits	770	1,105	1,285	955	1,087
Average spending per in-patient visit *(RMB)*	7,417	7,836	7,959	7,862	7,704
Average length of stay per in-patient visit[3] *(days)*	14.0	14.4	14.0	14.0	13.2
Utilization rate of registered beds[4] *(%)*	34.7	53.7	62.0	60.3	66.0
6. Shijiazhuang TRT TCM Hospital[8]					
Number of physicians as of the end of the period	25	25	–	–	–
Number of other medical professionals as of the end of the period	8	15	–	–	–
Number of customers	14,642	21,792	16,656	16,656	–
Customer return rate[2] *(%)*	72.0	66.0	77.6	77.6	–
Out-patient visits	29,403	38,994	20,292	20,292	–
Average spending per out-patient visit *(RMB)*	446	264	260	260	–
Number of registered beds	69	69	69	69	–
In-patient visits	1,504	1,278	1,051	1,051	–
Average spending per in-patient visit *(RMB)*	6,740	5,942	6,583	6,583	–
Average length of stay per in-patient visit[3] *(days)*	12.9	12.4	9.81	9.81	–
Utilization rate of registered beds[4] *(%)*	78.0	64.0	90.4	90.4	–
7. Qixing Hospital[9]*					
Number of physicians as of the end of the period	12	–	–	–	–
Number of other medical professionals as of the end of the period	12	–	–	–	–
Number of customers	2,881	3,798	–	–	–
Customer return rate[2] *(%)*	90.0	84.0	–	–	–
Out-patient visits	28,808	23,540	–	–	–
Average spending per out-patient visit *(RMB)*	559	488	–	–	–
8. Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital[9]					
Number of physicians as of the end of the period	42	–	–	–	–
Number of other medical professionals as of the end of the period	33	–	–	–	–
Number of customers	7,024	9,612	–	–	–
Customer return rate[2] *(%)*	91.0	85.0	–	–	–
Out-patient visits	78,192	63,871	–	–	–
Average spending per out-patient visit *(RMB)*	512	533	–	–	–
Number of registered beds	38	38	–	–	–
In-patient visits	128	123	–	–	–
Average spending per in-patient visit *(RMB)*	24,541	24,276	–	–	–
Average length of stay per in-patient visit[3] *(days)*	20.0	18.0	–	–	–
Utilization rate of registered beds[4] *(%)*	18.0	16.0	–	–	–
Primary medical institution chain[1]					
9. Niansanli Clinic*					
Number of physicians as of the end of the period	9	7	7	6	6

	Year ended/As of December 31,			Nine months ended/As of September 30,	
	2022	2023	2024	2024	2025
Number of other medical professionals as of the end of the period	1	3	2	3	2
Number of customers	4,071	5,801	5,572	4,424	4,024
Customer return rate[2] *(%)*	62.0	65.0	68.4	69.0	74.6
Out-patient visits	7,397	14,134	13,206	10,001	8,441
Average spending per out-patient visit *(RMB)*	298	286	301	302	298
10. Jinhua Out-patient Healthcare Center*					
Number of physicians as of the end of the period	20	27	28	27	27
Number of other medical professionals as of the end of the period	6	6	6	6	7
Number of customers	12,338	20,707	20,291	16,721	15,189
Customer return rate[2] *(%)*	71.0	73.0	77.1	77.0	78.0
Out-patient visits	25,033	52,632	52,691	40,590	34,878
Average spending per out-patient visit *(RMB)*	294	297	305	300	289
11. Huaxi Clinic*					
Number of physicians as of the end of the period	7	6	5	5	7
Number of other medical professionals as of the end of the period	2	2	2	2	2
Number of customers	4,511	8,269	8,597	6,972	6,592
Customer return rate[2] *(%)*	64.0	68.0	73.2	76.0	74.0
Out-patient visits	8,901	18,822	20,549	15,546	14,466
Average spending per out-patient visit *(RMB)*[10]	376	340	307	304	307
12. Shanghai CZT*					
Number of physicians as of the end of the period	–	–	56	54	56
Number of other medical professionals as of the end of the period	–	–	10	9	10
Number of customers	–	–	19,053	15,134	15,323
Customer return rate[2] *(%)*	–	–	54.1	55.4	57.1
Out-patient visits	–	–	82,930	60,523	61,121
Average spending per out-patient visit *(RMB)*	–	–	1,159	1,140	1,164
13. Shanghai ZHT*					
Number of physicians as of the end of the period	–	–	45	44	42
Number of other medical professionals as of the end of the period	–	–	7	7	7
Number of customers	–	–	16,189	6,677	24,787
Customer return rate[2] *(%)*	–	–	61.9	61.5	74.9
Out-patient visits	–	–	22,686	8,996	35,074
Average spending per out-patient visit *(RMB)*	–	–	673	659	665
14. Huangsi Out-patient Healthcare Center[9]*					
Number of physicians as of the end of the period	28	–	–	–	–
Number of other medical professionals as of the end of the period	12	–	–	–	–
Number of customers	4,777	4,023	–	–	–
Customer return rate[2] *(%)*	94.0	89.0	–	–	–
Out-patient visits	42,569	20,902	–	–	–
Average spending per out-patient visit *(RMB)*	512	482	–	–	–

	Year ended/As of December 31,			Nine months ended/As of September 30,	
	2022	2023	2024	2024	2025
15. Jiuxianqiao Community Healthcare Center[(9)]*					
Number of physicians as of the end of the period	12	–	–	–	–
Number of other medical professionals as of the end of the period	30	–	–	–	–
Number of customers	8,220	6,446	–	–	–
Customer return rate[(2)] *(%)*	90.0	83.0	–	–	–
Out-patient visits	86,419	37,422	–	–	–
Average spending per out-patient visit *(RMB)*	367	448	–	–	–
16. Dahua Community Healthcare Station[(9)]*					
Number of physicians as of the end of the period	19	–	–	–	–
Number of other medical professionals as of the end of the period	16	–	–	–	–
Number of customers	5,780	4,556	–	–	–
Customer return rate[(2)] *(%)*	87.0	80.0	–	–	–
Out-patient visits	45,722	23,124	–	–	–
Average spending per out-patient visit *(RMB)*	450	491	–	–	–
17. Liujian Community Healthcare Station[(9)]*					
Number of physicians as of the end of the period	15	–	–	–	–
Number of other medical professionals as of the end of the period	9	–	–	–	–
Number of customers	3,227	2,901	–	–	–
Customer return rate[(2)] *(%)*	80.0	79.0	–	–	–
Out-patient visits	16,107	14,144	–	–	–
Average spending per out-patient visit *(RMB)*	570	415	–	–	–
Internet hospital[(1)]					
18. TRT Internet Hospital*					
Number of physicians as of the end of the period[(11)]	386	1,087	1,290	1,260	1,375
Number of other medical professionals as of the end of the period	–	–	–	–	–
Number of customers	5,982	68,515	179,015	122,715	111,303
Customer return rate[(2)(12)] *(%)*	54.8	27.3	36.4	35.3	26.9
Customer visits	16,836	123,591	323,670	238,889	234,222
Average spending per customer visit *(RMB)*	38.1	150.6	303.4	308.2	457.2

Notes:

(1) As of the Latest Practicable Date, there were 13 self-owned medical institutions in total in our TCM healthcare service network, including 12 offline medical institutions and an Internet hospital. Qiqihar TRT TCM Hospital and Shunyi TRT TCM Hospital were preparing for the commencement of operations as of the Latest Practicable Date.

(2) Representing a fraction of customers expressed as a percentage, equal to the number of returning customers in respect of the relevant period divided by the total number of customers who had visited the relevant medical institution to purchase any TCM healthcare services at any time during such period. A returning customer in any relevant period refers to a customer who had visited the relevant medical institution at least twice since the inception of such medical institution.

(3) Calculated by dividing the aggregate hospitalization days of all in-patients at the relevant medical institutions divided by the total number of in-patients during the relevant period.

(4) Calculated by dividing the total number of in-patient days of the relevant medical institution in the relevant period by the total number of registered beds in such medical institution on each day aggregated over the course of such period, multiplied by 100%.

(5) The out-patient visits to Beijing TRT TCM Hospital decreased in the nine months ended September 30, 2025 as compared with the same period of 2024, primarily due to the temporary assignment of several renowned physicians to support the development of our Managed Medical Institutions. The in-patient visits to Beijing TRT TCM Hospital increased throughout the Track Record Period, mainly attributable to our initiatives to develop its in-patient services.

(6) The number of customers and out-patient visits of Beijing TRT Second TCM Hospital decreased in 2024, and also decreased in the nine months ended September 30, 2025 as compared with the same period of 2024, primarily due to restrained demands as a result of the adjustment on type of pharmaceuticals covered by public medical insurance programs.

(7) The average spending per out-patient visit of Taiyuan TRT TCM Hospital decreased from 2022 to 2023, primarily due to its adjustment on prices to make the TCM healthcare services more affordable to local residents.

(8) Shijiazhuang TRT TCM Hospital was acquired by us in January 2024, and we completed the filing procedures with the local counterpart of SAMR in respect of the disposal of such hospital on August 27, 2024.

(9) Representing the operational information in 2022 and the first half of 2023, as the organizer's interests in these medical institutions were transferred from us to TRT Kangyang in June 2023.

(10) The average spending per out-patient visit of Huaxi Clinic was relatively high in 2022, which was in line with the high healthcare demands during the COVID-19 pandemic. The average spending per out-patient visit of Huaxi Clinic decreased from RMB340 in 2023 to RMB307 in 2024, primarily due to its adjustment on prices to make the TCM healthcare services more affordable to local residents.

(11) Including physicians that provide TCM healthcare services through both our Internet hospital and offline medical institutions, as well as physicians that only provide TCM healthcare services through our Internet hospital.

(12) Our Internet hospital experienced significant growth during the Track Record Period, while its customer return rate decreased in 2023, primarily due to our efforts to promote online health consultation services since the second half of 2023, during which most of customers attracted by us had low demands for follow-up visits due to the nature of diseases. The number of customers of TRT Internet Hospital decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to our reduced efforts in offline-to-online customer acquisition activities.

* Such medical institutions do not have in-patient healthcare services.

** Such medical institution ceased to provide in-patient healthcare services since 2023 to concentrate its medical resources on serving customers through out-patient healthcare services.

In 2022, the number of customers, out-patient visits, in-patient visits and average spending per patient visit of our self-owned medical institutions were also affected by the COVID-19 pandemic. See "— Outbreak and Spread of COVID-19" for details.

The following table* sets forth key financial information of our self-owned medical institutions for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Hospital chain[(1)]					
1. Beijing TRT TCM Hospital					
Revenue *(RMB'000)*	312,639	387,999	395,776	288,395	293,052
Gross profit *(RMB'000)*	16,035	33,211	25,652	17,510	21,976
Gross profit margin (%)	5.1	8.6	6.5	6.1	7.5
Net profit/(loss) *(RMB'000)*	(11,556)[(2)]	8,907	(1,640)[(2)]	(2,333)[(2)]	2,633
Net profit/(loss) margin (%)	(3.7)	2.3	(0.4)	(0.8)	0.9
2. SXT Hospital					
Revenue *(RMB'000)*	102,457	194,936	198,249	136,992	140,177
Gross profit *(RMB'000)*[(3)]	29,354	47,432	44,669	29,625	29,344
Gross profit margin (%)[(3)]	28.7	24.3	22.5	21.6	20.9
Net profit *(RMB'000)*	14,752	30,312	26,432	17,407	17,835
Net profit margin (%)[(3)]	14.4	15.5	13.3	12.7	12.7
3. Beijing TRT Second TCM Hospital					
Revenue *(RMB'000)*	173,382	214,037	191,686	135,194	130,952
Gross profit *(RMB'000)*	15,933	25,729	14,168	9,407	12,095
Gross profit margin (%)	9.2	12.0	7.4	7.0	9.2
Net profit *(RMB'000)*	7,378	13,068	5,286	3,570	6,143
Net profit margin (%)	4.3	6.1	2.8	2.6	4.7

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
4. Anshan TRT TCM Hospital					
Revenue *(RMB'000)*	21,758	33,768	41,049	29,752	29,823
Gross profit *(RMB'000)*	662	1,293	1,605	1,716	580(7)
Gross profit margin (%)	3.0	3.8	3.9	5.8	1.9(7)
Net profit *(RMB'000)*	11	406	1,081	1,356	232(7)
Net profit margin (%)	0.1	1.2	2.6	4.6	0.8(7)
5. Taiyuan TRT TCM Hospital					
Revenue *(RMB'000)*	16,222	23,435	27,882	20,494	23,356
Gross profit *(RMB'000)*	3,263	5,083	5,700	4,123	5,574
Gross profit margin (%)	20.1	21.7	20.4	20.1	23.9
Net profit/(loss) *(RMB'000)*	(2,400)(4)	132	1,192	973	1,891
Net profit/(loss) margin (%)	(14.8)	0.6	4.3	4.7	8.1
6. Shijiazhuang TRT TCM Hospital					
Revenue *(RMB'000)*	23,208	16,395	11,757	11,757	–
Gross profit/(loss) *(RMB'000)*	3,396	(2,928)	(372)	(372)	–
Gross profit/(loss) margin (%)	14.6	(17.9)	(3.2)	(3.2)	–
Net profit/(loss) *(RMB'000)*(5)	(1,781)	(7,676)	(2,966)	(2,966)	–
Net profit/(loss) margin (%)	(7.7)	(46.8)	(25.2)	(25.2)	–
7. Qixing Hospital(6)					
Revenue *(RMB'000)*	16,314	11,778	–	–	–
Gross profit *(RMB'000)*	637	957	–	–	–
Gross profit margin (%)	3.9	8.1	–	–	–
Net profit/(loss) *(RMB'000)*	(823)	(325)	–	–	–
Net profit/(loss) margin (%)	(5.0)	(2.8)	–	–	–
8. Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital(6)					
Revenue *(RMB'000)*	43,784	37,341	–	–	–
Gross profit *(RMB'000)*	2,480	2,273	–	–	–
Gross profit margin (%)	5.7	6.1	–	–	–
Net profit/(loss) *(RMB'000)*	(203)	711	–	–	–
Net profit/(loss) margin (%)	(0.5)	1.9	–	–	–
Primary medical institution chain(1)					
9. Niansanli Clinic					
Revenue *(RMB'000)*	2,327	4,045	3,981	3,025	2,514
Gross profit *(RMB'000)*	748	1,438	1,068	791	523
Gross profit margin (%)	32.1	35.6	26.8	26.1	20.8
Net profit *(RMB'000)*	389	917	783	454	64
Net profit margin (%)	16.7	22.7	19.7	15.0	2.5
10. Jinhua Out-patient Healthcare Center					
Revenue *(RMB'000)*	7,443	15,658	16,082	12,168	10,074
Gross profit *(RMB'000)*	1,577	3,634	2,991	2,004	2,244
Gross profit margin (%)	21.2	23.2	18.6	16.5	22.3
Net profit *(RMB'000)*	863	2,872	2,167	1,543	1,536
Net profit margin (%)	11.6	18.3	13.5	12.7	15.2
11. Huaxi Clinic					
Revenue *(RMB'000)*	3,568	6,465	6,316	4,726	4,438
Gross profit *(RMB'000)*	979	2,199	2,064	1,554	1,228
Gross profit margin (%)	27.4	34.0	32.7	32.9	27.7
Net profit *(RMB'000)*	432	1,226	1,107	890	449
Net profit margin (%)	12.1	19.0	17.5	18.8	10.1
12. Shanghai CZT					
Revenue *(RMB'000)*	–	–	88,346	60,123	70,785
Gross profit *(RMB'000)*	–	–	17,608	14,094	11,084(8)
Gross profit margin (%)	–	–	19.9	23.4	15.7(8)
Net profit *(RMB'000)*	–	–	9,654	8,297	5,534(8)
Net profit margin (%)	–	–	10.9	13.8	7.8(8)

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
13. Shanghai ZHT					
Revenue *(RMB'000)*	–	–	12,764	3,425	22,251
Gross profit *(RMB'000)*	–	–	5,122	1,180	3,974
Gross profit margin (%)	–	–	40.1	34.5	17.9
Net profit/(loss) *(RMB'000)*	–	–	2,628	442	(2,218)[9]
Net profit/(loss) margin (%)	–	–	20.6	12.9	(10.0)[9]
14. Huangsi Out-patient Healthcare Center[6]					
Revenue *(RMB'000)*	21,835	10,077	–	–	–
Gross profit *(RMB'000)*	1,259	526	–	–	–
Gross profit margin (%)	5.8	5.2	–	–	–
Net profit/(loss) *(RMB'000)*	(1,835)	(803)	–	–	–
Net profit/(loss) margin (%)	(8.4)	(8.0)	–	–	–
15. Jiuxianqiao Community Healthcare Center[6]					
Revenue *(RMB'000)*	38,144	20,575	–	–	–
Gross profit *(RMB'000)*	4,465	1,960	–	–	–
Gross profit margin (%)	11.7	9.5	–	–	–
Net profit/(loss) *(RMB'000)*	(712)	(715)	–	–	–
Net profit/(loss) margin (%)	(1.9)	(3.5)	–	–	–
16. Dahua Community Healthcare Station[6]					
Revenue *(RMB'000)*	23,655	11,927	–	–	–
Gross profit *(RMB'000)*	827	407	–	–	–
Gross profit margin (%)	3.5	3.4	–	–	–
Net profit/(loss) *(RMB'000)*	(589)	(321)	–	–	–
Net profit/(loss) margin (%)	(2.5)	(2.7)	–	–	–
17. Liujian Community Healthcare Station[6]					
Revenue *(RMB'000)*	9,786	6,157	–	–	–
Gross profit *(RMB'000)*	(15)	211	–	–	–
Gross profit margin (%)	(0.2)	3.4	–	–	–
Net profit/(loss) *(RMB'000)*	(2,404)	(707)	–	–	–
Net profit/(loss) margin (%)	(24.6)	(11.5)	–	–	–
Internet hospital					
18. TRT Internet Hospital[1]					
Revenue *(RMB'000)*	2,458	8,089	2,213	1,716	3,987
Gross profit/(loss) *(RMB'000)*	800	4,767	(25)	(26)	820
Gross profit/(loss) margin (%)	32.5	58.9	(1.1)	(1.5)	20.6
Net profit/(loss) *(RMB'000)*	(2,976)	(3,098)	(7,566)	(6,353)	(2,491)
Net profit/(loss) margin (%)	(121.1)	(38.3)	(341.9)	(370.2)	(62.5)

Notes:

* The aggregate amount of revenue, gross profit or loss and net profit or loss in the above table is unequal to our consolidated revenue, gross profit or loss and net profit or loss generated from TCM healthcare services, respectively, because (i) the above financial information represent revenue, gross profit or loss and net profit or loss generated by each entity from provision of TCM healthcare services, provision of management services and sale of products; and (ii) the above financial information was presented before elimination of intragroup transactions, such as TRT Internet Hospital's provision of Internet hospital platform services to Beijing TRT TCM Hospital and Cuihe Pharmacy.

(1) The gross profit of Beijing TRT TCM Hospital decreased from RMB33.2 million for the year ended December 31, 2023 to RMB25.7 million for the year ended December 31, 2024, primarily due to Beijing TRT TCM Hospital's lease under Beijing TRT Lease Framework Agreement, which became effective on March 27, 2024. Due to the same reason, the gross profit margin of Beijing TRT TCM Hospital decreased from 8.6% for the year ended December 31, 2023 to 6.5% for the year ended December 31, 2024.

The revenue of Beijing TRT Second TCM Hospital decreased from RMB214.0 million for the year ended December 31, 2023 to RMB191.7 million for the year ended December 31, 2024, primarily due to the decrease in the number of out-patient visits for the year ended December 31, 2024 mainly as a result of the restrained demands after the adjustment on type of pharmaceuticals covered by public medical insurance programs.

The revenue of TRT Internet Hospital decreased from RMB8.1 million for the year ended December 31, 2023 to RMB2.2 million for the year ended December 31, 2024, primarily as Cuihe Pharmacy became our subsidiary in March 2024 thus ceased to contribute management service fees to TRT Internet Hospital. Due to the same reason, the net loss of TRT Internet Hospital increased from RMB3.1 million for the year ended December 31, 2023 to RMB7.6 million for the year ended December 31, 2024.

(2) Beijing TRT TCM Hospital recorded net loss of RMB11.6 million for the year ended December 31, 2022, primarily due to the decreased number of out-patient visits during the COVID-19 pandemic. Beijing TRT TCM Hospital managed to turnaround its loss-making position for the year ended December 31, 2023 by enhancing talent introduction and specialty cultivation to increase the number of out-patient visits while reducing administrative expenses to improve cost-efficiency. It also recorded net loss of RMB1.6 million for the year ended December 31, 2024, primarily due to the cost of sales and finance costs recognized as a result of the property lease under Beijing TRT Lease Framework Agreement dated January 29, 2024 and became effective on March 27, 2024. Beijing TRT TCM Hospital has launched certain new services in the second half of 2024 to optimize its service offering, and intends to continue to enhance its service capabilities through talent introduction and specialty cultivation, and increase efficiency while reducing cost through price negotiation with suppliers and internal management improvement, expecting to improve its profitability. Therefore, it turned around the loss-making position and achieved net profit in the first nine months of 2025.

(3) During the Track Record Period, SXT Hospital primarily targeted customer groups with relatively high purchasing power and consumption willingness, and offered customers more self-pay healthcare services (such as medical check-up services, which were not covered by public medical insurance programs and thus were not subject to the pricing guidelines, price ceilings and/or cost-plus ceilings set by the relevant government authorities for services eligible to be paid through the public medical insurance programs), which resulted in its relatively high gross profit margin and net profit margin. The gross profit of SXT Hospital decreased from RMB47.4 million for the year ended December 31, 2023 to RMB44.7 million for the year ended December 31, 2024, primarily due to the decrease in the average spending per out-patient visit, following the requirements of local medical insurance policies to control patient spending.

(4) Taiyuan TRT TCM Hospital recorded net loss of RMB2.4 million for the year ended December 31, 2022, primarily because (i) service offerings of its physicians were negatively affected by traffic control and deployment of manpower for nucleic acid testing during the COVID-19 pandemic; and (ii) its sales of certain TCM granular products were negatively affected by supply shortage as national standards were newly implemented for such products and the relevant suppliers needed time to adjust their products accordingly. Taiyuan TRT TCM Hospital managed to turnaround its loss-making position for the year ended December 31, 2023 by optimizing supplier management to reduce costs, enhancing management of performance-based bonus and refined cost accounting at the department level to motivate employees while securing business performance and profitability, conducting effective marketing initiatives, and launching preventative care to increase customer visits.

(5) Shijiazhuang TRT TCM Hospital recorded net loss of RMB1.8 million, RMB7.7 million and RMB3.0 million, respectively, for the years ended December 31, 2022, 2023 and 2024. Shijiazhuang TRT TCM Hospital was not our in-network medical institution until acquired by us in January 2024, and we completed the filing procedures with the local counterpart of SAMR in respect of the disposal of Shijiazhuang TRT TCM Hospital on August 27, 2024.

(6) Representing medical institutions that were once owned by us during the Track Record Period until their organizer's interests being transferred to TRT Kangyang in June 2023, during which we generated TCM healthcare service revenue from such medical institutions. In January 2024, we started to provide management services to such medical institutions and have generated management service revenue therefrom.

(7) The decrease in gross profit and net profit of Anshan TRT TCM Hospital from the nine months ended September 30, 2024 to the nine months ended September 30, 2025 was primarily due to the downward adjustment of service pricing in compliance with the relevant medical insurance regulatory policies.

(8) The decrease in gross profit and net profit of Shanghai CZT from the nine months ended September 30, 2024 to the nine months ended September 30, 2025 was primarily because the medical insurance bad debt provisions accrued in 2023 were reversed in the first nine months of 2024 based on the actual results of medical insurance settlements, while no such reversal occurred in the first nine months of 2025.

(9) Shanghai ZHT recorded net loss for the nine months ended September 30, 2025, primarily due to its payment of administrative penalties resulting from its failure to fully comply with certain regulatory requirements on Medical Insurance Designated Medical Institutions prior to the equity transfer closing date.

During the Track Record Period, among our in-network medical institutions, Beijing TRT TCM Hospital, Beijing TRT Second TCM Hospital and SXT Hospital collectively contributed the majority of our revenue. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from these hospitals was RMB588.5 million, RMB797.0 million, RMB785.2 million, RMB560.1 million and RMB564.1 million, respectively, representing 64.6%, 69.1%, 66.8%, 67.3% and 65.8%, respectively, of our total revenue for the same periods.

The following table sets forth the breakdown of revenue, gross profit and gross profit margin of our TCM healthcare services by tier of TCM healthcare service network for the periods indicated.

	Year ended December 31,												Nine months ended September 30,							
	2022				2023				2024				2024				2025			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
													(Unaudited)							
TCM healthcare services	**814,656**	**100.0**	**116,469**	**14.3**	**994,878**	**100.0**	**168,945**	**17.0**	**987,743**	**100.0**	**160,901**	**16.3**	**702,168**	**100.0**	**112,401**	**16.0**	**723,456**	**100.0**	**120,629**	**16.7**
By tier of TCM healthcare service network																				
– Hospitals	647,418	79.5	99,425	15.4	870,089	87.4	151,441	17.4	860,128	87.0	133,067	15.5	618,795	88.1	92,838	15.0	612,673	84.7	101,405	16.6
– Primary medical institutions	167,234	20.5	17,633	10.5	124,046	12.5	17,643	14.2	126,988	12.9	28,353	22.3	82,935	11.8	19,090	23.0	110,047	15.2	18,969	17.2
– Internet hospital	4	<0.1	(589)	(14,725.0)	743	0.1	(139)	(18.7)	627	0.1	(519)	(82.8)	438	0.1	473	108.0	736	0.1	255	34.6

The following table sets forth the breakdown of revenue of our TCM healthcare services by type of TCM healthcare services, category of TCM healthcare services, TCM specialty and medication or non-medication treatments for the periods indicated, in accordance with our internal record.

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(Unaudited)*	*(%)*	*(RMB'000)*	*(%)*
TCM healthcare services[1]	**814,656**	**100.0**	**994,878**	**100.0**	**987,743**	**100.0**	**702,168**	**100.0**	**723,456**	**100.0**
By type of services										
– Out-patient services	794,952	97.6	974,000	97.9	966,758	97.9	685,619	97.6	708,757	98.0
– In-patient services[8]	19,704	2.4	20,878	2.1	20,985	2.1	16,549	2.4	14,699	2.0
By category of services										
– Diagnoses and treatments services	695,669	85.4	852,486	85.7	836,981	84.7	601,269	85.6	619,275	85.6
– Medical examination and laboratory test services	36,013	4.4	43,337	4.4	37,816	3.8	28,607	4.1	27,642	3.8
– Other services	82,974	10.2	99,055	9.9	112,836	11.5	72,292	10.3	76,539	10.6
By specialty										
I. Healthcare service revenue generated from for-profit medical institutions owned by us										
– Internal medicine[2]	132,447	16.3	161,867	16.3	211,046	21.4	158,124	22.5	156,603	21.6
– TCM rehabilitation and physiotherapy[3]	35,038	4.3	50,353	5.1	97,511	9.9	64,063	9.1	85,900	11.9
– Gynecology	63,665	7.8	57,891	5.8	62,450	6.3	46,078	6.6	43,247	6.0
– Pediatrics	5,512	0.7	17,077	1.7	40,647	4.1	32,717	4.7	29,062	4.0
– Cardiology and encephalopathy	31,053	3.8	33,964	3.4	33,678	3.4	23,068	3.3	25,103	3.5
– Oncology	13,126	1.6	11,210	1.1	21,005	2.1	15,873	2.3	12,092	1.7
– Expert consultation	114,747	14.1	147,012	14.8	185,849	18.8	133,755	19.0	135,550	18.7
– Integrated TCM services[4]	200,366	24.6	311,296	31.3	193,502	19.6	143,148	20.4	141,428	19.5
– Other TCM specialty services[5]	67,506	8.3	100,847	10.1	131,648	13.3	77,591	11.0	77,458	10.7
– TCM general practice services[6]	5,895	0.7	10,510	1.1	10,297	1.1	7,751	1.1	17,013	2.4
II. Healthcare service revenue generated from not-for-profit medical institutions organized by us										
– Integrated services	46,379	5.7	28,954	2.9	–	–	–	–	–	–
– Chinese medicine	26,543	3.3	17,934	1.8	–	–	–	–	–	–
– Western internal medicine	41,032	5.0	25,111	2.5	–	–	–	–	–	–
– TCM rehabilitation and physiotherapy[3]	10,051	1.2	6,568	0.7	–	–	–	–	–	–
– Other TCM services[7]	21,296	2.6	14,284	1.4	–	–	–	–	–	–
By medication or non-medication treatments										
– Medication	619,691	76.1	759,943	76.4	745,283	75.5	536,844	76.5	535,522	74.0
– Non-medication and others	194,965	23.9	234,935	23.6	242,350	24.5	165,324	23.5	187,934	26.0

Notes:

(1) The revenue generated from TCM healthcare services slightly decreased from RMB994.9 million for the year ended December 31, 2023 to RMB987.7 million for the year ended December 31, 2024, mainly caused by our transfer of the organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023.

(2) Representing the aggregate amount of revenue generated from internal medicine specialty and endocrinology specialty.

(3) Representing the aggregate amount of revenue generated from massage, acupuncture, moxibustion, orthopedics, spine and other specialties related to TCM rehabilitation and physiotherapy.

(4) Representing the aggregate amount of revenue generated from TCM specialties under the unified operation and management throughout the appointment, consultation, diagnosis and payment process. The decrease of revenue generated from integrated TCM services for the year ended December 31, 2024 was mainly as SXT Hospital started to separately operate and manage its TCM specialties since early 2024.

(5) Mainly representing the aggregate amount of revenue generated from rheumatology, dermatology, otolaryngology, dentistry, ophthalmology, surgery, among others.

(6) Representing the aggregate amount of revenue generated from Huaxi Clinic and Niansanli Clinic, which only have TCM general practice department (中醫科) that provides TCM general practice services. Under the *General Standards for TCM Clinics* (《中醫診所基本標準》) issued by the NATCM, TCM clinics are restricted to only setting up TCM general practice department (中醫科) and/or ethnomedicine department (民族醫學科).

(7) Mainly representing the aggregate amount of revenue generated from gynecology, pediatrics, dentistry, surgery, preventative care, among others.

(8) The revenue generated from in-patient services decreased for the nine months ended September 30, 2025 as compared with the same period of 2024, primarily due to our disposal of Shijiazhuang TRT TCM Hospital in August 2024.

MODERNIZED AND STANDARDIZED OPERATIONS UNDER CHAIN MODEL

Our Modernized Management Structure

We adopt a tiered management structure within our TCM healthcare service network. Through modernized and standardized management at both headquarters and institutional level, we have established chain operation model and cultivated synergies within the tiered TCM healthcare service network. Under the unified leadership of the Board, we have set a comprehensive range of departments at the headquarters level. These departments formulate our overall business plans, make key management decisions, and oversee the implementation of our strategies and plans. Under their respective board of directors, the management and operations of our self-owned medical institutions are typically led by a chief administrator, as well as a vice executive administrator and a vice medical administrator in charge of administrative affairs and medical affairs, respectively. Our Managed Medical Institutions typically have an executive committee (理事會) or a management committee (管委會), which takes multiple responsibilities, including, among others, exercising the decision-making powers over the strategies and development plans, operation plans and investment protocols, establishing annual budgets, appointment and removal of the management team of the medical institutions, as well as formulation of internal policies and procedures. Under the leadership of such committee, the management team of our Managed Medical Institutions is typically responsible for, among others, implementing operation plans and investment protocols and preparing the drafts of annual budgets and internal policies and procedures.

Informative Business Intelligence System

We have been setting up our operating data center to deepen our understanding and monitoring of the operational performance of in-network medical institutions. Such centralized center receives and integrates the operational targets, quality control and customer satisfaction information of our in-network medical institutions.

To precisely understand business performance information and timely make data-based decisions, we are deploying a BIS for our self-owned medical institutions. Our BIS has the following major functions: (i) "operational cockpit (經營駕駛艙)," a control center allows us to visualize and analyze key performance indicators, such as customer visits, revenue, composition of revenue and profit, as well as the progress of completing operational targets by our in-network medical institutions; (ii) data review (數據查看), offering informative dashboards for our management to understand our operational and financial performance in details, such as revenue and costs by month and by medical institution, indicators of public medical insurance program settlement and customer satisfaction rate; and (iii) data report and review (數據填報及審核), enabling those in-network medical institutions that have not established connections with our HIS to input their operating data, helping our management have a clear and comprehensive overview of in-network operations. BIS collects and analyzes operational and financial information derived from our daily operations to provide valuable insights and support decision-making processes. Informative dashboards and reports generated by BIS help the management team better observe the operations and financial performance of our in-network medical institutions based on visualized key performance indicators, facilitating strategic planning and data-based decision-making during daily operations. Multidimensional data analysis and illustration contributes to the management team's efficient and optimized decision-making.

We equip other information technology systems to connect our business operations in various aspects. See "— Information Technology Systems" for details of our standardized online operating systems.

MEDICAL PROFESSIONALS

Medical professionals generally comprise physicians and other medical professionals. Our TCM healthcare service network integrates abundant high-caliber medical professional resources with multidisciplinary expertise, which lays a solid foundation for our service capacity and quality.

There were 2,745 physicians in total practicing at our TCM healthcare service network as of the Latest Practicable Date, including physicians practicing at our self-owned medical institutions and physicians practicing at our Managed Medical Institutions. Physicians practicing at our self-owned medical institutions can be categorized into (i) physicians employed by us, representing the physicians who entered into labor contracts (勞動合同) with us and work full-time in our self-owned medical institutions; and (ii) physicians in collaboration with us, representing the physicians who entered into service contracts (勞務合同) with us, typically including multi-site practice physicians who work part-time in our self-owned medical institutions and rehired physicians after their retirement who work full-time or part-time in our self-owned medical institutions. According to Frost & Sullivan, rehiring experienced physicians after their retirement is in line with the industry practice. Multi-site practice physicians enter into service contracts with our in-network medical institutions. Such physicians are entitled to provide consultation and diagnosis services in our TCM healthcare service network after completing the multi-site practice registration. Such physicians are employed by other medical institutions and have entered into labor contracts with such medical institutions. In addition, certain experienced physicians also enter into service contracts with and practice at multiple medical institutions, which is in compliance with the regulatory requirements on multi-site practice in China. The service time and frequency of multi-site practice physicians are generally determined based on the negotiation between such physicians and the relevant departments they practice in. Among physicians practicing at our self-owned medical institutions as of the Latest Practicable Date, 10.4% physicians entered into labor contracts with us while 89.6% physicians entered into service contracts with us. As advised by our PRC Legal Advisors, such arrangement is in compliance with the applicable PRC laws and regulations. Among physicians practicing at our self-owned medical institutions as of the Latest Practicable Date, (i) approximately 10.1% physicians provide TCM healthcare services offline and also voluntarily register on Tongrentang TCM, the physician terminal of our Internet hospital to provide online consultation services and online follow-ups to customers during their spare time; (ii) approximately 50.1% physicians only provide TCM healthcare services offline; and (iii) approximately 39.8% physicians only provide TCM healthcare services online.

Our self-owned medical institutions enter into labor contracts with physicians employed by them, pursuant to which medical institutions are entitled to determine positions, locations, responsibilities and compensation packages of physicians, which are subject to adjustments from time to time according to operational needs and specific status of physicians, while medical institutions are responsible for offering physicians necessary practicing conditions, adopting labor protection and occupational safety measures, and paying physicians compensation packages and social benefits. In the meantime, physicians shall practice conscientiously and diligently as required by medical institutions. Such labor contracts can be terminated (i) upon mutual consent by both parties; (ii) by the non-defaulting party in the event of a material breach; (iii) by medical institutions with a prior written notice in the event that physicians are unable to perform work arrangements; or (iv) by medical institutions if there is a major change of objective circumstances which renders performance of labor contracts impossible and no consensus can be reached in this regard after negotiation. Such labor contracts will be automatically terminated upon expiration, physicians' retirement or death, or medical institutions' bankruptcy or license revocation. Service contracts of physicians in collaboration with our self-owned medical institutions are generally long-term, with the respective rights and obligations of medical institutions and physicians thereunder being basically the same as those under the aforementioned labor contracts, except that (i) our self-owned medical institutions are not required to make social benefit contributions for such physicians; and (ii) where human resource management service companies are engaged, compensation packages of such physicians are paid by such companies. As advised by our PRC Legal Advisors, under the applicable PRC laws and regulations, we are not required to make social insurance and housing provident fund contributions for and on behalf of personnel entered into service contracts with us.

As of the Latest Practicable Date, there were 1,737 physicians practicing at our self-owned medical institutions, including 181 physicians entered into labor contracts with such medical institutions (namely, employed by such medical institutions) and 1,556 physicians entered into service contracts with such medical institutions (namely, in collaboration with such medical institutions). As of the same date, there were 1,008 physicians practicing at our Managed Medical Institutions, including 915 physicians employed by such medical institutions and 93 physicians in collaboration with such medical institutions. Some experienced physicians practice at multiple medical institutions within our TCM healthcare service network after completing multi-site practice registration, which is in compliance with the applicable PRC laws and regulations. The following table sets forth the movement in the number of physicians practicing at our TCM healthcare service network for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Offline medical institutions				
– Beginning of the period	404	643	945[1]	1,587
– Net increase	239	138	652	112
– End of the period	643	781	1,597	1,699
Internet hospital[2]				
– Beginning of the period	–	386	1,087	1,260
– Net increase	386	701	203	115
– End of the period	386	1,087	1,290	1,375

Notes:

(1) Representing the aggregate number of physicians practicing at our offline medical institutions as of December 31, 2023 and physicians practicing at six not-for-profit medical institutions in Beijing, to which we started to provide management services on January 1, 2024.

(2) Including physicians that provide TCM healthcare services through both our Internet hospital and offline medical institutions, as well as physicians only provide TCM healthcare services through our Internet hospital.

The increase in the number of physicians practicing at our TCM healthcare service network throughout the Track Record Period was in line with the development of our TCM healthcare service network.

Qualification of Medical Professionals

In China, licensed physicians are subject to periodic assessments of their professional skills, achievements and professional ethics by institutions or organizations authorized by the public health authorities. As of the Latest Practicable Date, among all physicians practicing at our TCM healthcare service network, there were 328 chief physicians, 492 associate-chief physicians, 955 attending physicians and 970 resident physicians. Physicians with senior qualification and mid-end qualification accounted for approximately 30% and 35% of the total number of physicians practicing at our TCM healthcare service network, respectively. We conduct at least two to three times of regular reviews on the qualifications and profiles of these physicians to arrange appropriate practice training and remind eligible physicians to apply for their next professional ranks.

Other medical professionals in our TCM healthcare service network typically include nurses, medical technicians and pharmacists. As of the Latest Practicable Date, our TCM healthcare service network had 1,831 other medical professionals in total. We also have physician assistants practicing at our TCM healthcare service network primarily comprise graduates from medical universities or colleges who work at our TCM healthcare service network as assistants to the physicians for at least one year and they can take up the role of resident physicians after successfully obtaining the physician qualification certificates (醫師資格證書).

During the Track Record Period and up to the Latest Practicable Date, (i) each of the physicians practicing at our TCM healthcare service network had obtained the physician qualification certificate; and (ii) except for physician assistants, each of the other medical professionals practicing at our TCM healthcare service network had obtained the necessary qualification certificate for his or her respective practice in China. We monitor the qualification registration and licensing records of medical professionals to ensure that all physicians practicing at our TCM healthcare service network comply with all applicable PRC laws and regulations, in particular, each physician's practice is within the scope of his or her qualification and license. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, (i) we were in compliance with the applicable PRC laws and regulations related to the necessary qualification of our medical professionals practicing at our TCM healthcare service network in all material respects; and (ii) we were not aware of any material complaints or penalties in relation to physicians of our in-network medical institutions practicing beyond the scope of their respective qualifications and licenses.

Recruitment and Retention of Medical Professionals

We leverage our remarkable brand influence, refined physician management, well-established training and tutoring systems, as well as broad customer coverage to remain attractive to excellent medical professionals. Through developing physician studios, we promote the inheritance of valuable academic knowledge and practicing experience of TCM experts, encouraging the academic research and clinical experience sharing. Physicians employed by us get compensated pursuant to their respective labor contracts with us and typically receive base salaries and performance-based bonuses on a monthly basis, while those physicians in collaboration with us get compensated pursuant to their respective service contracts with us and typically receive service fees on a monthly basis.

Certification and Cultivation of Medical Professionals

To dynamically manage and allocate physicians of our in-network medical institutions, we have established a physician information database by their specialty, expertise, location and other particulars.

Four-Tiered Physician Certification

Throughout our TCM healthcare service network, we adopted a four-tiered physician certification system consisting of "Tong Ren Tang Masters of TCM (同仁堂中醫大師)," "Tong Ren Tang Expert Physicians (同仁堂專家醫師)," "Tong Ren Tang Backbone Physicians (同仁堂骨幹醫師)" and "Tong Ren Tang Practicing Physicians (同仁堂醫師)." We dynamically manage our plentiful physicians under comprehensive evaluation and grant such physicians the corresponding certification, creating a clear path of career development for physicians and incentivizing them to achieve better performance. Certifications of physicians are reviewed periodically to determine whether to elevate, maintain or cancel the levels granted previously.

Advantageous Specialty Cultivation and Academic Committees

We maintain and manage the TCM Academic Consultation Expert Committee of Tong Ren Tang to strengthen our academic capacity in TCM nephrology, TCM gynecology, TCM prescription, TCM endocrinology, TCM psychosomatic, TCM appropriate techniques, TCM oncology and TCM neurology.

We have established a Chief Expert Academic Committee comprising multiple outstanding experts in the fields of TCM healthcare, TCM pharmaceuticals and medical institution management, with remarkable contributions and highly recognized reputation in the industry. The Chief Expert Academic Committee is led by Professor Tang Xudong (唐旭東), a national medical master, a chief physician, doctoral supervisor, postdoctoral co-supervisor, academician of the International Eurasian Academy of Sciences (國際歐亞科學院), the chief researcher (首席研究員) and faculty member (學部委員) of the China Academy of Chinese Medical Sciences (中國中醫科學院), Qihuang Scholar and National Senior TCM Expert Academic Experience Inheritance Instructor. The Chief Expert Academic Committee is expected to elevate our academic research capability, enhance our service quality and broaden our academic influence in the industry through offering strategic suggestions.

The following tables set forth our top five physicians in terms of revenue contribution for the periods indicated.

Nine Months Ended September 30, 2025

Physician code	In-network medical institutions	Revenue contribution	As a percentage of our total revenue
		(RMB'000)	*(%)*
Physician D	Beijing TRT Second TCM Hospital	19,535	2.3
Physician B	Shanghai CZT	15,833	1.8
Physician C	Beijing TRT Second TCM Hospital	15,524	1.8
Physician A	Beijing TRT TCM Hospital	14,844	1.7
Physician E	Beijing TRT TCM Hospital	12,893	1.5
Total		**78,629**	**9.1**

Year Ended December 31, 2024

Physician code	In-network medical institutions	Revenue contribution	As a percentage of our total revenue
		(RMB'000)	*(%)*
Physician C	Beijing TRT Second TCM Hospital	25,177	2.2
Physician D	Beijing TRT Second TCM Hospital	23,485	2.0
Physician B	Shanghai CZT	21,324	1.8
Physician A	Beijing TRT TCM Hospital	20,742	1.8
Physician E	Beijing TRT TCM Hospital	16,935	1.4
Total		**107,663**	**9.2**

Year Ended December 31, 2023

Physician code	In-network medical institutions	Revenue contribution	As a percentage of our total revenue
		(RMB'000)	*(%)*
Physician C	Beijing TRT Second TCM Hospital	21,711	1.9
Physician F	Beijing TRT TCM Hospital	20,744	1.8
Physician A	Beijing TRT TCM Hospital	19,922	1.7
Physician D	Beijing TRT Second TCM Hospital	19,236	1.7
Physician G	Beijing TRT TCM Hospital	16,949	1.4
Total		**98,562**	**8.5**

Year Ended December 31, 2022

Physician code	In-network medical institutions	Revenue contribution	As a percentage of our total revenue
		(RMB'000)	*(%)*
Physician G	Beijing TRT TCM Hospital	23,616	2.6
Physician A	Beijing TRT TCM Hospital	22,576	2.5
Physician F	Beijing TRT TCM Hospital	20,798	2.3
Physician C	Beijing TRT Second TCM Hospital	19,164	2.1
Physician D	Beijing TRT Second TCM Hospital	17,405	1.9
Total		**103,559**	**11.4**

Beijing TRT TCM Hospital

As the largest TCM hospital within our TCM healthcare service network during the Track Record Period, Beijing TRT TCM Hospital is a for-profit Class II TCM general hospital owned and operated by us in Beijing. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue derived from Beijing TRT TCM Hospital represented 34.3%, 33.6%, 33.6%, 34.6% and 34.2%, respectively, of our total revenue for the same periods.

Leveraging its abundant clinical experience and outstanding influence in the TCM healthcare service industry in China, Beijing TRT TCM Hospital has developed TCM courses and established collaboration relationships with academic institutions. As of the Latest Practicable Date, Beijing TRT TCM Hospital was the teaching hospital of multiple leading medical colleges in China. Beijing TRT TCM Hospital typically enters into long-term collaboration agreements with such medical colleges, pursuant to which Beijing TRT TCM Hospital is generally responsible for providing appropriate teaching facilities in accordance with the requirements of medical colleges, formulating teaching plans, conducting teaching management, maintaining a relatively stable teaching physician team, so as to complete teaching tasks assigned by medical colleges, while medical colleges are generally responsible for providing teaching funds, teaching guidance, and teaching quality supervision. As medical colleges are generally required to enhance their comprehensive collaborations with Beijing TRT TCM Hospital in terms of medical education and research, Beijing TRT TCM Hospital is generally entitled to join in scientific innovation and discipline cultivation systems of medical colleges to improve its multi-disciplinary competence. Any teaching or research accomplishments arising from such collaborations are to be jointly owned by both parties. Such collaboration agreements can be terminated (i) upon both parties' consent in the event of force majeure which renders the performance of such agreements impossible; or (ii) by the non-defaulting party in the event of a material breach which renders the performance of such agreements impossible.

SXT Hospital

SXT Hospital is a for-profit TCM specialty hospital in Jinhua, Zhejiang province. In 2022, we strategically explored our business opportunities in Southeast China and acquired SXT Hospital. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue derived from SXT Hospital represented 11.2%, 16.9%, 16.9%, 16.5% and 16.3%, respectively, of our total revenue for the same periods. Since our acquisition, we have spent efforts in standardizing the management and enhancing the operational efficiency of SXT Hospital. We refined the management measures and internal control system with regard to human resources, operational processes and performance scrutinization. We elevate both service quality and service experience of SXT Hospital through conducting follow-ups with customers and learning from customer feedback. We also encourage physicians practicing at SXT Hospital to station in our Internet hospital and provide online TCM healthcare services to customers, offering customers convenient access to TCM experts and offline-online integrated services. Meanwhile, we promote the interaction between SXT Hospital with other in-network medical institutions, such as exploring collaboration opportunities with Beijing TRT TCM Hospital in terms of TCM treatment of oncology. As a result of our integration efforts and dedicated operation since acquisition, SXT Hospital witnessed prominent growth in both its revenue and out-patient visits. The revenue of SXT Hospital increased at a CAGR of approximately 10% from 2022 to 2024. The number of out-patient visits to SXT Hospital increased at a CAGR of approximately 12% from 2022 to 2024.

OUR FUTURE EXPANSION

Upgrade of Existing Medical Institutions

We expect to upscale our TCM healthcare service network to serve more customers with reliable TCM healthcare services. We will also propel the development of the wise information technology of med ("**WITMED**"), offering customers multi-dimensional TCM healthcare services covering the entire course of disease through multiple channels. In particular, we plan to selectively upgrade certain of our self-owned medical institutions, including Beijing TRT TCM Hospital, Beijing TRT Second TCM Hospital, SXT Hospital, Shanghai CZT, Shanghai ZHT, Taiyuan TRT TCM Hospital and Anshan TRT TCM Hospital from 2026 to 2029. We intend to renovate such medical institutions progressively to enhance the service capacity while improving customers' experience during their offline visits to such medical institutions. We will procure advanced medical examination equipment for such medical institutions to better utilize the modern equipment and technologies. We plan to finance the above intended upgrades primarily by the proceeds from the Global Offering, and, if necessary or desirable, with our internal resources and/or bank borrowings.

Strategic Acquisition

Our Historical Acquisition

According to Frost & Sullivan, leading players in China's healthcare service industry typically expand through a combination of organic growth and acquisitions. We regard acquisition as a key strategy for scaling our business and extending our geographical reach. During the Track Record Period and up to the Latest Practicable Date, we strategically targeted acquisition opportunities in economically active regions with a market-oriented approach. Notably, we acquired San Xi Tang in Jinhua, Zhejiang province, which included four medical institutions, four retail pharmacies and two health food retail stores at the time of our acquisition. The acquisition aligns with our overall strategy and supports our logical growth trend. Prior to such acquisition, our operations were primarily concentrated in Northern China. The medical institutions operated by San Xi Tang provided us with a strategic entry point into the TCM healthcare market in eastern China. Similar to our Group, the medical institutions operated by San Xi Tang are hierarchical in nature, catering to the diverse needs of local customers. Additionally, the acquisition of SXT Pharmacies enabled us to better release the synergies with its healthcare business and allowed us to gain comprehensive insights into the regional TCM industrial chain. Since our acquisition of San Xi Tang, we gradually expanded our presence in eastern China, including the acquisitions of two medical institutions in Shanghai, namely, Shanghai CZT and Shanghai ZHT. We also broadened our TCM healthcare service network through an intragroup restructuring, where we acquired controlling stakes in certain TCM hospitals from TRT Group. As these hospitals were ultimately controlled by TRT prior to and after the acquisitions, the acquisitions were regarded as business combination under common control.

We have set stringent selection criteria on acquisition targets. Our management evaluated and discussed the business opportunities brought by such acquisitions and associated risks based on thorough review on the due diligence reports of the relevant medical institutions.

After the acquisition, we retained the core management teams of the acquired subsidiaries to ensure a coherent and smooth transition. In the meantime, we assigned additional management staff to these subsidiaries to facilitate the integration of the acquired medical institutions into our tiered TCM healthcare service network, promoting cross-regional coordination and synergies. As a result of our integration efforts and refined operation since acquisition, medical institutions acquired by us recorded improved operational and financial performance. For instance, SXT Hospital witnessed continuous growth in both its revenue and out-patient visits after our acquisition. The revenue of SXT Hospital increased at a CAGR of approximately 10% from 2022 to 2024. The number of out-patient visits to SXT Hospital increased at a CAGR of approximately 12% from 2022 to 2024.

Our Future Acquisition Plan

We will continuously pursue acquisition opportunities of offline medical institutions and mainly target for-profit hospitals, out-patient healthcare centers and clinics specializing in TCM or having TCM healthcare service capabilities. We typically evaluate a potential acquisition target based on, among others: (i) location of the target and the relevant local factors; (ii) the target's service capacity; (iii) qualification, experience and track record of medical professionals and other staff of the target; (iv) the target's historical medical performance and professional reputation, taking into consideration the quality and safety of the services and products provided by the target; (v) the target's historical financial performance. We generally consider for-profit medical institutions that have reached breakeven and become profit-making, or for-profit medical institutions demonstrating sustainable growth potential; and (vi) the target's regulatory compliance, fire safety conditions, as well as performance in environmental protection.

We will primarily target for-profit hospitals, out-patient healthcare centers and clinics that specialized in TCM or have TCM healthcare service capabilities. With respect to for-profit hospitals, we will broadly seek and observe the potential acquisition targets with a market-oriented vision and a strategic geographical focus on (i) economically active geographical regions in China, such as Beijing, Tianjin, eastern China (especially the Yangtze River Delta Region) and Guangdong province, and (ii) densely populated geographical regions in China, such as Central China, Sichuan province and Chongqing. With respect to for-profit out-patient healthcare centers, we will focus on Jinhua, Zhejiang province and Shanghai, to further explore our business potential in Yangtze River Delta Region. The actual number of acquisition targets will depend on the then market condition, negotiation results and scale and consideration of the actual acquisition.

The estimated investment amount for acquiring a medical institution in our target markets is approximately RMB50.0 million to RMB100.0 million, depending on the size of the target. The payback period for our acquisition represents the time period for the accumulated operating cash flow attributable to our Company from the relevant medical institution to cover the investment amount for the acquisition. The investment payback period for an acquired medical institution is expected to be approximately six to eight years from the date of completion of acquisition, which is in line with the industry norms, according to Frost & Sullivan. However, the investment payback periods may be further affected by the specific characteristics of a medical institution, such as its size, initial investment, the coverage of its services and products, and the competitive landscape.

We plan to finance the above intended acquisitions primarily by the proceeds from the Global Offering, and, if necessary or desirable, with our internal resources and/or bank borrowings. As of the Latest Practicable Date, we had not entered into any letter of intent or agreement with respect to future acquisitions and had not identified any definite acquisition targets.

Establishment of New Medical Institutions

We will seek for-profit hospitals that are willing to pursue further development as our collaboration partners for joint establishment of TCM hospitals with the controlling interests remaining with us. We believe our asset-light expansion approach relieves us from substantial up-front capital investment in constructions and equipment procurement as well as lengthy breakeven period and investment payback period associated with the establishment of new medical institutions. The establishment of a new medical institution generally involves strategic planning, market research, selection of collaboration partner (if any), site selection, feasibility study, entering into necessary agreement, regulatory approval process, construction and decoration of premises, recruitment of necessary personnel, acquisition of equipment and supplies, and commencement of operations.

The monthly breakeven of a new medical institution is reached when it begins to record monthly net profit. The payback period for a new medical institution represents the time that it takes for the accumulated operating cash flow attributable to our Company from the relevant medical institution to cover the initial investment. The monthly breakeven period for a new medical institution is expected to be around three years, and the investment payback period for a new medical institution is expected to range from around four and a half years to six years from the commencement of operations, which is in line with the industry norms, according to Frost & Sullivan. The investment payback period for a newly established medical institution is generally shorter than that for an acquired medical institution, primarily due to our strategic establishment of small-to-medium-sized medical institutions with lower initial capital investment. However, the monthly breakeven periods and the investment payback periods may be further affected by the specific characteristics of a medical institution.

We plan to finance the above intended investment in establishment primarily by the proceeds from the Global Offering, and, if necessary or desirable, with our internal resources and/or bank borrowings. As of the Latest Practicable Date, we had not entered into any letter of intent or agreement with respect to future joint establishment and had not identified any definite collaboration targets, except for our establishment of a new Hospital in Zhengzhou, Henan province under the asset-light model jointly with an Independent Third Party.

Expansion of Management Services

We plan to further capitalize on our extensive managerial and operational experiences to provide management services to more medical institutions nationwide, primarily not-for-profit hospitals and community healthcare institutions. We discreetly select and evaluate medical institutions as our potential targets to provide management services. Typical factors considered by us during the evaluation process generally cover: (i) location of the target; (ii) local population density and customers' receptiveness and preferences for TCM healthcare services;

(iii) the target's existing service capacity, such as number of medical professionals, existing facilities and equipment, scope of service and product offerings; (iv) the target's historical operational, financial and compliance performance; and (v) the target's synergies with our existing TCM healthcare service network and the compatibility with our corporate culture. As of the Latest Practicable Date, we had not entered into any letter of intent with respect to future management services to medical institutions and had not identified any definite targets.

The execution of expansion plans is inevitably subject to our operations and the market conditions from time to time and we may make adjustments accordingly for our best interests.

SUPPLIERS AND PROCUREMENT

We require various products for our business operations, mainly covering (i) pharmaceuticals, such as decocting pieces, TCM patent medicines and western medicines, and other products, such as packaged food products; (ii) medical devices; and (iii) medical consumables. Our suppliers primarily comprise (i) suppliers of the above products; (ii) human resource management service companies for the streamlined management of physicians who collaborated with us and practice at some of our self-owned medical institutions; (iii) public cloud service providers of cloud-based infrastructure; and (iv) software service providers or software distributors of our online systems.

Our Coordinated Procurement Management Mechanism

To coordinate our in-network medical institutions' procurement of pharmaceuticals, we maintain a dynamically adjusted procurement catalog primarily covering decocting pieces, TCM patent medicines and western medicines.

Decocting Pieces

We have established the *Centralized Procurement Measures for Decocting Pieces* (《中藥飲片集中採購管理辦法》) and deployed a coordinated procurement management platform to facilitate the procurement of decocting pieces. For decocting pieces listed on the procurement catalog, our in-network medical institutions are required to place purchase orders to suppliers in the supplier list at agreed prices on the coordinated procurement management platform. Upon receiving and inspecting the procured products, relevant medical institutions proceed with the acceptance of products. For other decocting pieces, the relevant medical institutions report their procurement requirements to Beijing Tongda, who then update the procurement catalog after reporting to and receiving approval from our centralized procurement committee (集採委員會). We believe coordinated procurement allows us to achieve economies of scale and better control the quality of decocting pieces used in our TCM healthcare service network.

TCM Patent Medicines and Western Medicines

Our in-network medical institutions typically procure TCM patent medicines and western medicines through the governmental Pharmaceutical Centralized Procurement Service Center (醫藥集中採購服務中心). We established our wholly-owned subsidiary, Beijing Tongda, in pursuit of organized supply chain management. Such deployment enables us to manage the quality of supplies and foster economies of scale. Positioned as our proprietary platform for procurement and sale of pharmaceuticals, Beijing Tongda aggregates and consolidates the procurement demands for pharmaceuticals, mainly covering TCM patent medicines and western medicines, and prepares our procurement catalog of TCM patent medicines and western medicines. For our self-owned medical institutions in Beijing, Beijing Tongda places purchase orders at the prescribed prices on the system of the Beijing Pharmaceutical Centralized Procurement Service Center according to the pharmaceutical catalogs and supplier lists of the relevant medical institutions. Upon receiving and accepting the pharmaceuticals, Beijing Tongda supplies such pharmaceuticals to the relevant medical institutions. As of the Latest Practicable Date, we were in the process of coordinating procurement of TCM patent medicines and western medicines to cover our Managed Medical Institutions in Beijing. Our in-network medical institutions in other cities generally place purchase orders for pharmaceuticals themselves after considering factors such as the quality, prices, suppliers' credit and historical collaborations and following the applicable laws and regulations. In such cases, supplies are directly delivered to the relevant medical institutions. Medical devices and medical consumables used in our in-network medical institutions are generally procured by medical institutions themselves based on their own needs. We expect to centralize the procurement of such products within our TCM healthcare service network in Beijing in the future. As our ongoing endeavors to coordinate the procurement of medical devices by our TCM healthcare service network, we have identified selected suppliers for certain medical device, expecting our in-network medical institutions to establish collaboration with and conduct procurement from them.

Supplier Selection and Management

When selecting suppliers, we consider, among other things, the quality of their product offerings, pricing, service experience, reputation and market share. Our suppliers are required to possess all licenses and permits necessary to conduct their operations, such as Pharmaceutical Operation Permit (藥品經營許可證). We routinely review and assess our suppliers' performance and check their qualifications to maintain the quality and stability of our supplies. We dynamically update the supplier list based on our annual evaluation of the suppliers. Those suppliers who fail to meet our requirements or standards are removed from our supplier list. In addition to our internal inspections, we also invite third-party testing institutes to randomly test the quality of decocting pieces used by us during the provision of TCM healthcare services.

Supplies

Pharmaceuticals, medical devices, medical consumables and other products used in our TCM healthcare service network are primarily sourced within China. Depending on the types of supplies and our relationships with the suppliers, the terms of the supply agreements vary from supplier to supplier. We typically enter into framework agreements with suppliers, under which we from time to time place orders based on the actual procurement needs arising from daily operations. We generally do not have long-term agreements with our suppliers. We are typically given credit terms of 90 days by our suppliers. We normally pay our suppliers via wire transfer. Our suppliers are generally responsible for arranging the delivery to our designated location at their own costs. Our framework agreements with suppliers may be terminated, among others, (i) by either party in the event of a force majeure; (ii) by the non-defaulting party in the event of a material breach; or (iii) by us in the event of delayed or inferior supply, or unfair pricing.

We are typically entitled to return or exchange certain supplies that do not meet our standards upon inspection after delivery and during usage after acceptance. During the Track Record Period and up to the Latest Practicable Date, our in-network medical institutions had not experienced any significant return or exchange of supplies that did not meet our standards or suffered any significant loss or damage caused by quality problems with the supplies. We typically source each type of supply from certain selected suppliers with several alternative options for backup, in order to ensure the stability of supplies while maintaining supply consistency. During the Track Record Period and up to the Latest Practicable Date, our in-network medical institutions had not experienced any significant shortage of or delay in the delivery of supplies.

The price of certain supplies, especially decocting pieces, may be affected by weather and harvest conditions, market supplies and demands, and government policies. However, with our broad brand influence and strong bargaining power, our in-network medical institutions had not experienced any significant fluctuation in the prices of our supplies which had a material impact on our results of operations or gross profit margins during the Track Record Period and up to the Latest Practicable Date.

Our Five Largest Suppliers

The following tables set forth certain information about our five largest suppliers during each year/period of the Track Record Period.

Nine Months Ended September 30, 2025

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
TRT Group[(1)]	Pharmaceuticals, medical consumables and other products	180 days; wire transfer	141,254	20.1	Since 2020
Supplier C[(2)]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	59,836	8.5	Since 2023
Supplier G[(3)]	Pharmaceuticals, medical consumables and other products	30 to 90 days; wire transfer	36,478	5.2	Since 2003
Supplier H[(4)]	Pharmaceuticals, medical consumables and other products	60 days; wire transfer	34,376	4.9	Since 2016
Supplier I[(5)]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	28,010	4.0	Since 2011
			299,954	**42.7**	

Year Ended December 31, 2024

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
TRT Group[(1)]	Pharmaceuticals, medical consumables and other products	180 days; wire transfer	165,321	17.4	Since 2020
Supplier C[(2)]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	66,630	7.0	Since 2023
Supplier G[(3)]	Pharmaceuticals, medical consumables and other products	30 to 90 days; wire transfer	58,473	6.1	Since 2003
Supplier B[(6)]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	55,802	5.9	Since 2011
Supplier A[(7)]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	55,117	5.7	Since 2020
			401,343	**42.2**	

Year Ended December 31, 2023

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Zhejiang Sanxitang TCM[(8)]	Pharmaceuticals	90 days; wire transfer	86,875	9.3	Since 2022

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier G[3]	Pharmaceuticals, medical consumables and other products	30 to 120 days; wire transfer	79,479	8.5	Since 2003
Supplier A[7]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	71,483	7.6	Since 2020
Supplier B[6]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	71,065	7.6	Since 2011
Supplier C[2]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	59,148	6.3	Since 2023
			368,050	**39.3**	

Year Ended December 31, 2022

Supplier	Major products or services purchased by us	Credit terms and payment method	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
			(RMB'000)	*(%)*	
Supplier G[3]	Pharmaceuticals, medical consumables and other products	30 to 120 days; wire transfer	78,997	10.3	Since 2003
Supplier B[6]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	69,529	9.1	Since 2011
Supplier A[7]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	56,597	7.4	Since 2020
Zhejiang Sanxitang TCM[8]	Pharmaceuticals	90 days; wire transfer	51,669	6.7	Since 2022
Supplier D[9]	Pharmaceuticals, medical consumables and other products	90 days; wire transfer	33,444	4.4	Since 2013
			290,236	**37.9**	

Notes:

(1) China Beijing Tong Ren Tang Group Co., Ltd. and its subsidiaries, excluding our Group.

(2) A pharmaceutical production and trading company established in 2003 with a registered share capital of RMB135.0 million, located in Daxing district, Beijing.

(3) A pharmaceutical trading company established in 1999 with a registered share capital of RMB5,042.5 million, located in Wuhan, Hubei province.

(4) A pharmaceutical production and trading company established in 2013 with a registered share capital of RMB92.5 million, located in Jiading district, Shanghai.

(5) A pharmaceutical production and trading company established in 2004 with a registered share capital of RMB69.99 million, located in Daxing district, Beijing.

(6) A pharmaceutical trading company established in 1999 with a registered share capital of RMB333.1 million, located in Fengtai district, Beijing.

(7) A pharmaceutical production and trading company established in 2009 with a registered share capital of RMB758.1 million, located in Chengdu, Sichuan province.

(8) A pharmaceutical production and trading company established in 2013 with a registered share capital of RMB40.0 million, located in Jinhua, Zhejiang province.

(9) A pharmaceutical trading company established in 2003 with a registered share capital of RMB3,500.0 million, located in Shenzhen, Guangdong province.

Among our five largest suppliers during each year/period of the Track Record Period, (i) Zhejiang Sanxitang TCM, being an associate of Mr. Zhu; and (ii) TRT Group controlled by our Ultimate Controlling Shareholder are connected persons of our Group. TRT Group became our largest suppliers in 2024 and the first nine months of 2025, primarily due to our procurement of Tong Ren Tang branded Angong Niuhuang Pills series from TRT Group as we obtained the rights from TRT Commerce in January 2024 to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province). Except for Zhejiang Sanxitang TCM and TRT Group, all of our five largest suppliers during each year/period of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, except for TRT Group, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during each year/period of the Track Record Period.

In 2022, 2023 and 2024 and the nine months ended September 30, 2025, our purchases from Zhejiang Sanxitang TCM amounted to RMB51.7 million, RMB86.9 million, RMB39.6 million and RMB26.6 million, respectively, accounting for 6.7%, 9.3%, 4.2% and 3.8%, respectively, of our total purchases for the same periods, primarily because (i) Zhejiang Sanxitang TCM had extensive product offerings of high quality, enjoying wide brand awareness and recognition in local markets[1]; (ii) Zhejiang Sanxitang TCM had long been supplying decocting pieces, TCM patent medicines and western medicines to San Xi Tang before our acquisition of San Xi Tang in 2022. In recognition of its product quality, we continued our procurement from Zhejiang Sanxitang TCM under the effective procurement agreements immediately after our acquisition to secure the quality of our supplies, while progressively elevating the proportion of procurement from other suppliers to further optimize our supply chain; and (iii) Zhejiang Sanxitang TCM has advanced Internet+ TCM decoction service center[2], which facilitates the business customers that procured its decocting pieces by offering free decoction and delivery services to individual customers of such business customers.

During the Track Record Period, all pharmaceuticals procured by us from Zhejiang Sanxitang TCM were used during provision of TCM healthcare services by SXT Hospital and sale of healthcare products by SXT Pharmacies to both individual customers and retailers in daily operations. Zhejiang Sanxitang TCM was not the only supplier to SXT Hospital and SXT Pharmacies for the supply of such products. During the Track Record Period, we also procured products similar to supplies of Zhejiang Sanxitang TCM from independent suppliers. Pricing of the supplies of Zhejiang Sanxitang TCM is determined on an arm's length basis and is comparable to that of similar products that we procured from independent suppliers during the Track Record Period. See "Connected Transactions — Partially-exempt Continuing Connected Transactions — 9. San Xi Tang Procurement Framework Agreement" for details.

QUALITY CONTROL

The quality control performance of our self-owned medical institutions is collected, analyzed and reported by our Operating Center quarterly. Additionally, we require our self-owned medical institutions to establish a quality control department or working team mainly responsible for (i) forming and optimizing the implementation plans relating to quality control on TCM healthcare services; (ii) establishing and monitoring the training system relating to healthcare quality; and (iii) conducting periodic evaluation on the performance of healthcare quality control.

All of our self-owned medical institutions shall designate personnel in charge of monitoring the quality of decocting pieces used in such medical institutions, while our self-owned medical institutions at Class II or above are also required to establish Pharmaceutical Administration and Therapeutics Committee (藥事管理與藥物治療學委員會)

1 As a member unit of Zhejiang Chinese Medicine Slices Industrial Association (浙江省中藥飲片產業協會會員單位), Zhejiang Sanxitang TCM has been awarded the Third Batch of Science and Technology Small and Medium-sized Enterprises in Zhejiang Province (第三批浙江省科技型中小企業).

2 Its Internet+ Standardization Project for TCM Decoction Services (互聯網+中藥代煎服務標準化項目) was awarded TCM Digitalized Healthcare Scenarios (中醫藥數字健康場景) by Zhejiang Administration of TCM (浙江省中醫藥管理局).

responsible for guiding the quality control on decocting pieces. We from time to time invite external experts to conduct on-site reviews and provide guidance on our quality control of decocting pieces. We follow stringent procedures in procuring, accepting and storing decocting pieces.

INVENTORY MANAGEMENT

Our inventories primarily consist of pharmaceuticals, medical devices and medical consumables. We engage a third-party warehousing service provider for storage in Beijing. Meanwhile, our in-network medical institutions and stores are typically equipped with storerooms for temporary storage. We have implemented a strict inventory management system and adopted *Inventory Management Measures* (《存貨管理辦法》). See "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Inventories" for details of our inventory turnover days. Upon inspection after delivery, supplies are stored in storage areas with proper ventilation, controlled temperature and humidity, moisture-proofing, insect-proofing and rodent-proofing conditions. We typically conduct monthly reviews on inventories. We track, determine and record reasons for any identified difference to keep accurate inventory records. Meanwhile, we closely monitor inventory expiry dates under a "first-in, first-out" principle. Once the supplies are expired, we safely dispose of them in accordance with applicable laws and regulations, and write off them accordingly.

In November 2024, one of our subsidiaries was fined RMB60,000 by the government authorities for a medical device storage violation. This occurred when our employees accidentally stored a kit of expired test reagent and another kit of test reagent at incorrect temperatures due to operational oversight. Both kits of test reagents have not been used. As of the Latest Practicable Date, we had fully paid such penalty. To enhance our test reagent management, we have implemented a series of measures, including (i) improving procurement management to avoid overstock, (ii) establishing internal protocols to manage procurement, storage and utilization of test reagents properly, (iii) enhancing the quality control through regular quality random inspections, (iv) upgrading storage facilities and promoting the "first-in-first-out" inventory practices, and (v) providing regular internal training with incentive and discipline mechanism to enhance employees' awareness of the abovementioned policies and measures. Considering the one-time incident was caused by employee's inadvertent operations, the Directors are of the view, which is concurred by the Sponsor, that enhanced internal control measures are adequate and effect to prevent similar incidents in the future.

PRODUCT RETURNS, EXCHANGES AND RECALLS

According to the special nature of healthcare products and the applicable PRC laws and regulations, customers are generally not allowed to return or exchange healthcare products sold by us, unless (i) solely for products that are not pharmaceuticals, wrong deliveries occur, defective products are identified, or customers request a return or exchange of intact products for any reason within seven days from the date of acceptance; or (ii) customers have other justifications for, or we are otherwise liable for, such return or exchange according to applicable PRC laws or regulations. Defective healthcare products returned from our customers are stored in the designated place with clear warnings and disposed of in accordance with applicable PRC laws or regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product return or exchange.

Pursuant to quality assurance agreements between our suppliers and us, suppliers are required to compensate us for any damages or losses arising from any liability caused by product defects that are attributable to them. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall, nor had we experienced any material product liability claim.

OUR CUSTOMERS

We have accumulated a vast customer base during years of operation in the TCM healthcare service industry. Our customers primarily consist of (i) individual customers that receive TCM healthcare services at offline medical institutions or Internet hospital owned and operated by us; (ii) individual customers that purchase healthcare products or other products at our offline standalone stores; (iii) retailers that procure Angong Niuhuang Pills series from us; and (iv) medical institutions and business customers that receive our management services. Given the dispersed base of our customers, we do not have substantial reliance on any single customer.

Our Five Largest Customers

Nine Months Ended September 30, 2025

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
TRT Group[(1)]	Healthcare products, management services and others	180 days; wire transfer	15,133	1.8	Since 2020
Customer T[(2)]	Healthcare products	Prepayments; wire transfer	9,361	1.1	Since 2025
Beijing TRT Hongde Medicine Co., Ltd. (北京同仁堂宏德醫藥有限公司)[(3)] . . .	Management services	90 days; wire transfer	6,371	0.7	Since 2022
Customer M[(4)]	Healthcare products	60 days; wire transfer	5,429	0.6	Since 2024
Zhejiang Zhengshankang Pharmaceutical Co., Ltd. (浙江正善康醫藥股份有限公司)[(5)]	Healthcare products	90 days; wire transfer	4,125	0.5	Since 2022
			40,419	**4.7**	

Year Ended December 31, 2024

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
TRT Group[(1)]	Healthcare products and management services	180 days; wire transfer	14,553	1.2	Since 2020
Customer L[(6)]	Healthcare products	60 days; wire transfer	7,069	0.6	Since 2023
Beijing TRT Hongde Medicine Co., Ltd.[(3)]	Management services	90 days; wire transfer	5,699	0.5	Since 2022
Customer M[(4)]	Healthcare products	60 days; wire transfer	4,928	0.4	Since 2024
Zhejiang Zhengshankang Pharmaceutical Co., Ltd.[(7)]	Healthcare products	90 days; wire transfer	3,137	0.3	Since 2022
			35,386	**3.0**	

Year Ended December 31, 2023

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
Customer A[8]	Healthcare products	60 days; wire transfer	8,210	0.7	Since 2023
Customer B[9]	Healthcare products	60 days; wire transfer	5,747	0.5	Since 2021
Customer C[10]	Healthcare products	360 days; wire transfer	5,664	0.5	Since 2022
Customer D[11]	Healthcare products	360 days; wire transfer	5,500	0.5	Since 2022
Sanxitang Food[12]	Promotion services	360 days; wire transfer	4,340	0.4	Since 2022
			29,461	**2.6**	

Year Ended December 31, 2022

Customer	Major products or services provided by us	Credit terms and payment method	Revenue	As a percentage of our total revenue	Length of business relationship with us
			(RMB'000)	*(%)*	
Mr. Zhu[13]	Healthcare products	N/A; wire transfer	7,546	0.8	Since 2022
Customer E[14]	Healthcare products	90 days; wire transfer	6,485	0.7	Since 2022
Customer F[15]	Healthcare products	180 days; wire transfer	3,606	0.4	Since 2022
Customer H[16]	Healthcare products	60 days; wire transfer	2,100	0.2	Since 2022
Customer P[17]	Healthcare products	60 days; wire transfer	2,094	0.2	Since 2022
			21,831	**2.3**	

Notes:

* We sold Donkey-hide Gelatin products to a pharmaceutical company to optimize the inventory level and utilize the remaining wholesale inventory in the first nine months of 2025, with a tax-exclusive consideration of RMB4.8 million. This transaction was not included in the above table.

(1) China Beijing Tong Ren Tang Group Co., Ltd. and its subsidiaries, excluding our Group.

(2) A pharmaceutical trading company established in 2003 with a registered share capital of RMB11.8 million, located in Shantou, Guangdong province.

(3) A pharmaceutical trading company established in 1994 with a registered share capital of RMB150.0 million, located in Miyun district, Beijing.

(4) A pharmaceutical trading company established in 2001 with a registered share capital of RMB27.7 million, located in Shaoxing, Zhejiang province.

(5) A pharmaceutical trading company established in 2018 with a registered share capital of RMB50.0 million, located in Jiaxing, Zhejiang province.

(6) An Internet technology company established in 2021 with a registered share capital of RMB10.0 million, located in Hangzhou, Zhejiang province.

(7) A pharmaceutical trading company established in 2018 with a registered share capital of RMB50.0 million, located in Jiaxing, Zhejiang province.

(8) A pharmaceutical trading company established in 2008 with a registered share capital of RMB30.0 million, located in Yichun, Jiangxi province.

(9) A pharmaceutical trading company established in 2019 with a registered share capital of RMB10.0 million, located in Ningbo, Zhejiang province.

(10) An electromechanical equipment trading company established in 1999 with a registered share capital of RMB10.0 million, located in Pujiang, Zhejiang province.

(11) A lighting fixture seller established in 2013 with a registered share capital of RMB15.8 million, located in Jinhua, Zhejiang province.

(12) A food trading company established in 2016 with a registered share capital of RMB1.0 million, located in Yiwu, Zhejiang province.

(13) A shareholder of our Company, a substantial shareholder and director of San Xi Tang.

(14) A pharmaceutical trading company established in 2018 with a registered share capital of RMB20.0 million, located in Huzhou, Zhejiang province.

(15) A pharmaceutical trading company established in 2014 with a registered share capital of RMB14.0 million, located in Hangzhou, Zhejiang province.

(16) A pharmaceutical trading company established in 1994 with a registered share capital of RMB22.0 million, located in Jinhua, Zhejiang province.

(17) A pharmaceutical trading company established in 2018 with a registered share capital of RMB10.0 million, located in Hangzhou, Zhejiang province.

Among our five largest customers during each year/period of the Track Record Period, (i) Sanxitang Food controlled by Ms. Pan; (ii) Mr. Zhu, being a Shareholder of our Company, a substantial shareholder and director of San Xi Tang; and (iii) TRT Group controlled by our Ultimate Controlling Shareholder, are connected persons of our Group. Mr. Zhu, our largest customer in 2022, mainly procured valuable Chinese medicinal herbs, such as ginseng (人參) and deer antler velvet (鹿茸), as well as health supplements and nourishment from us for two main purposes: (i) for his (and his family members) own use; and (ii) give the majority of these products to his friends, colleagues and business partners as gifts to express good will and appreciation. Except for Sanxitang Food, Mr. Zhu and TRT Group, all of our five largest customers during each year/period of the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, except for TRT Group, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during each year/period of the Track Record Period.

Salient Terms with Major Customers

Sale of Healthcare Products

See "— Our Sale of Healthcare Products and Other Products" for salient terms of our agreements with business customers for sale of healthcare products.

Provision of Promotion Services

On April 12, 2023, we entered into a strategic collaboration agreement with Sanxitang Food, pursuant to which we provide promotion services covering training on TCM knowledge, guidance on conference marketing, and planning, designing and implementation of promotion activities, and charge service fees in return. Service fees are calculated based on the number and location of promotion activities. We grant such customer a credit term of up to 360 days. Such customer pays us via wire transfer. Such agreement may be terminated by either party in the event of a *force majeure* with a long-lasting impact.

Provision of Management Services

We generally enter into annual management agreements with pharmaceutical production and/or trading companies, and charge service fees in return. See "— Our Management Services" for our service scope and fee arrangements. We may grant such customers a credit term of up to 180 days. Such customers pay us via wire transfer. Such agreements may be terminated (i) by either party in the event of a *force majeure* with a long-lasting impact; or (ii) by us in the event of a material breach by such customers.

Provision of Research Services

On November 22, 2021, we entered into a scientific research collaboration agreement with Customer I, pursuant to which we were responsible for managing and implementing the research project and analyzing clinical data, while Customer I was responsible for providing funding support to the research project. We were entitled to receive the research expenditures by installments upon our achieving major milestones in the research project. Any intellectual property rights arising from the research project are jointly owned by both parties. Such agreement might be terminated by either party (i) in the event of a *force majeure* with a long-lasting impact; or (ii) with one-month prior written notice before the implementation of the research project. Such research project has been completed in 2022.

Payment Methods

Our customers can choose to rely on public medical insurance programs to pay for TCM healthcare services and products provided by Medical Insurance Designated Medical Institutions (醫保定點醫療機構). Besides, customers can choose to pay to our offline in-network medical institutions in cash, online payments via third-party platforms, such as WeChat or Alipay and bank cards. Our four pharmacies operated under the "San Xi Tang" brand have obtained the qualifications of Medical Insurance Designated Retail Pharmacy (醫保定點零售藥店), where customers can choose to rely on public medical insurance programs to pay for products eligible for such programs. The inclusion of medicines in the NRDL allows for reimbursement through the public medical insurance programs. For medicines included in the NRDL and covered by the volume-based centralized procurement, medical institutions can procure such products at prescribed prices. In particular, for TCM patent medicines and western medicines, they are generally sold to patients at zero markup, typically resulting in the pricing trend of selling prices aligned with procurement prices. For decocting pieces, pricing generally remains within a defined markup range, with the pricing trend of selling prices also aligned with procurement prices. Apart from Angong Niuhuang Pills series (varied by materials), substantially all of decocting pieces, TCM patent medicines and western medicines procured by us are listed on the NRDL. NRDL has minimal impact on our operational and financial performance, considering (i) the abovementioned correlated movement on procurement prices and selling prices; (ii) the prices of medicines have remained relatively stable in recent years under the volume-based centralized procurement and implementation of the zero-mark-up policy; and (iii) restricted scope of decocting pieces covered by such policies and the proactive measures taken by us to mitigate the price pressure brought by centralized procurement, especially enhancing TCM healthcare services to offset revenue impact.

Public Medical Insurance

Under the PRC laws and regulations, medical institutions shall have met multiple requirements to be qualified as a Medical Insurance Designated Medical Institution and pass annual reviews regarding their compliance with such requirements to maintain the qualification of Medical Insurance Designated Medical Institution. See "Industry Overview — The TCM Healthcare Service Industry in China — Overview" and "Regulatory Overview — Regulations Relating to Medical Insurance and Medical Liability Insurance for Urban Employees" for details. As of the Latest Practicable Date, all of our self-owned offline medical institutions that have commenced operations were Medical Insurance Designated Medical Institutions. As of the Latest Practicable Date, the majority of our self-owned pharmacies were Medical Insurance Designated Pharmacies. Therefore, some of TCM healthcare services and products provided by our self-owned Medical Insurance Designated Medical Institutions are eligible to be paid by public medical insurance programs. The specific percentage covered by different public medical insurance programs may vary based on criteria including type of the insurance program, age of the patient and particular type of treatment involved and healthcare products sold.

Depending on the relevant practice with respect to public medical insurance programs, our self-owned medical institutions which are Medical Insurance Designated Medical Institutions may be subject to an annual quota determined by the government for the medical fees that they are approved to recover from the relevant medical insurance bureaus.

For medical fees covered by the public medical insurance programs and payable by the local medical insurance bureaus, during the Track Record Period, our self-owned Medical Insurance Designated Medical Institutions generally received reimbursement of the portion deemed as eligible by the local medical insurance bureaus in the following one to three months from the month when the relevant out-patient healthcare services were rendered or the relevant in-patients were discharged, except for the medical fees of Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital covered by the Urban Employee Basic Medical Insurance Scheme, which were prepaid by local medical insurance bureau under applicable payment mechanisms. Such received reimbursements were subject to the subsequent annual settlement, through which the relevant medical insurance bureaus determined and conducted the ultimate reimbursements with the relevant medical institutions.

As of the Latest Practicable Date, the ambulatory patient groups (the "**APG**") payment mechanism had been implemented at our self-owned hospital in Jinhua, Zhejiang province for the public medical insurance reimbursements to its out-patient healthcare services. APG payment mechanism primarily standardizes payment for out-patient healthcare services delivered by Medical Insurance Designated Medical Institutions, ensuring patients' access to standardized clinical diagnostics and procedures at more affordable costs. APG involves considering multiple factors, such as the similarity of clinical processes, resource consumption, consultation fees and local conditions, grouping out-patient cases across the city, using big data analysis to derive average historical costs for each case group, and determining corresponding group points.

During the Track Record Period, we had not experienced any material delay in payment or delinquent settlement under the public medical insurance programs. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue generated from direct settlement through public medical insurance programs accounted for 52.5%, 55.7%, 56.6%, 53.7% and 56.6% of our total revenue for the same periods, respectively.

Commercial Medical Insurance

We have been developing our collaboration with commercial insurance companies since January 2024. As of the Latest Practicable Date, we had entered into collaboration agreements with 15 commercial insurance companies on direct billing settlement. Pursuant to the relevant commercial medical insurance policies, if TCM healthcare services and products provided by us are eligible to be paid by commercial insurance companies, customers may make partial payment or even zero payment to us, with the remaining or total amounts directly settled between us and the commercial insurance companies. We typically grant a credit term of approximately one to two months to commercial insurance companies. During the Track Record Period, we had not encountered any material bad debts from the commercial insurance companies, and we believe that we have relatively low counterparty risk.

Customer Services and Feedback

We established a universal membership program across our TCM healthcare service network, offering instant member benefits upon membership registration. Through the straightforward registration process on our Tongrentang e+, customers become our general members and enjoy a diversified range of member benefits, such as price discounts, birthday gifts, as well as free services, covering basic medical examinations, medication consultation and health consultation. In particular, we establish green channels for members' appointment, through which they can enjoy priority during appointing for consultation by TCM experts.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, the cumulative number of our members amounted to 436,371, 530,691, 740,045 and 766,647, respectively. Universal membership program empowers both our Internet hospital and offline in-network medical institutions in terms of extended customer outreach, activated consumption willingness, and synergies between offline and online service channels. Prioritized appointments and free services contribute to the high customer satisfaction and word-of-mouth publicity among residents, elevating customer loyalty while increasing our exposure to potential customers at the same time.

We collect customer feedback from both out-patient customers and in-patient customers in various ways, including paper surveys in offline medical institutions and call-back interviews with customers. Healthcare service providers sometimes face complaints from customers during daily operations. We sporadically receive customer complaints during the Track Record Period, which are usually in relation to the following matters: (i) service experience; (ii) service quality below customers' expectation; (iii) dissatisfaction on the prices; and (iv) general dissatisfaction on the efficacy of TCM healthcare services or products provided by us, or perceived side effects or complications occur in connection with TCM healthcare services or products provided by us. We organized well-rounded complaint handling procedures, strictly following the steps of receiving complaints, dealing with complaints and call-back interviews with customers. To prevent recurring complaints of a similar nature, we proactively review all complaints received for amelioration. We may also be required to pay monetary compensation to settle customer complaints. A medical-related customer complaint becomes a medical dispute when initial negotiation to reach a consensus fails and the customer requests to resolve the complaint through mediation, arbitration or litigation. We faced several medical disputes during the Track Record Period and up to the Latest Practicable Date. See "— Compliance and Legal Proceedings — Medical Disputes" for details.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in each year/period of the Track Record Period also acted as our suppliers, or vice versa, including: (i) certain major customers, to which we sold healthcare products, also sold us pharmaceuticals, medical consumables and other products, with SKUs varying between our sales to and procurements from such counterparties as determined according to their specific needs and ours; (ii) certain major customers, to which we provided management services, sold pharmaceuticals, medical consumables and other products to our self-owned medical institutions; and (iii) Sanxitang Food, to which we provided promotion services, also sold us healthcare products. Our Directors confirm that all of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

The following table sets forth the breakdown of our revenue generated from and purchase amount paid to our overlapping customers and suppliers, which was among either our five largest customers or suppliers during each year/period of the Track Record Period, for the periods indicated:

	Transaction nature		Year ended December 31,												Nine months ended September 30,			
			2022				2023				2024				2025			
Entity	As customer	As supplier	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases
										(RMB'000)								
Zhejiang Sanxitang TCM.	Procurement of healthcare products	Provision of pharmaceuticals	516	0.1	51,669	6.7	(2)[1]	–	86,875	9.3	433	–	39,609	4.2	99	–	26,581	3.8
Supplier D . . .	Procurement of healthcare products	Provision of pharmaceuticals, medical consumables and other products	–	–	33,444	4.4	35	–	33,577	3.6	494	0.1	18,916	2.0	–	–	7,377	1.1
Customer H. . .	Procurement of healthcare products	Provision of pharmaceuticals, medical consumables and other products	2,100	0.2	18,492	2.4	244	–	21,630	2.3	–	–	–	–	–	–	18,429	2.6
Customer A. . .	Procurement of healthcare products	Provision of pharmaceuticals, medical consumables and other products	–	–	303	0.1	8,210	0.7	260	0.1	2,644	0.2	466	–	–	–	–	–
Customer B. . .	Procurement of healthcare products	Provision of pharmaceuticals, medical consumables and other products	794	0.1	73	–	5,747	0.5	–	–	–	–	–	–	1,086	0.1	–	–
Customer P. . .	Procurement of healthcare products	Provision of pharmaceuticals, medical consumables and other products	2,094	0.2	291	–	3,501	0.3	138	–	26	–	325	–	–	–	13	–

	Transaction nature		Year ended December 31,												Nine months ended September 30,			
			2022				2023				2024				2025			
Entity	As customer	As supplier	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases	Revenue	As a percentage of our total revenue	Purchases	As a percentage of our total purchases
										(RMB'000)								
Beijing TRT Hongde Medicine Co., Ltd.	Procurement of management services	Provision of pharmaceuticals, medical consumables and other products	–	–	18,521	2.4	3,744	0.3	20,645	2.2	5,699	0.5	–	–	6,371	0.7	–	–
Supplier C/ Customer J	Procurement of management services	Provision of pharmaceuticals, medical consumables and other products	–	–	32,582	4.2	856	0.1	59,148	6.3	2,459	0.2	66,630	7.0	1,841	0.2	59,835	8.5
TRT Group	Procurement of management services	Provision of pharmaceuticals, medical consumables and other products	150	–	25,216	3.3	9	–	38,769	4.1	14,553	1.2	165,321	17.4	15,133	1.8	141,254	20.1
Sanxitang Food	Procurement of promotion services	Provision of healthcare products	–	–	1,640	0.2	4,340	0.4	776	0.1	–	–	–	–	13	–	1,204	0.2
Zhejiang Zhengshankang Pharmaceutical Co., Ltd.	Procurement of healthcare products	Provision of healthcare products	514	0.1	–	–	59	–	344	0.1	3,137	0.3	–	–	4,125	0.5	–	–
Supplier I	Procurement of management services	Provision of pharmaceuticals, medical consumables and other products	–	–	6,086	0.8	40	–	9,818	1.0	–	–	14,649	1.5	–	–	28,010	4.0
Total			**6,168**	**0.7**	**188,317**	**24.5**	**26,783**	**2.3**	**271,980**	**29.1**	**29,445**	**2.5**	**305,916**	**32.1**	**28,668**	**3.3**	**282,703**	**40.3**

Note:

(1) We sold Donkey-hide Gelatin products to a pharmaceutical company to optimize the inventory level and utilize the remaining wholesale inventory in the first nine months of 2025, with a tax-exclusive consideration of RMB4.8 million. This transaction was not included in the above table.

BUSINESS RELATIONSHIPS WITH TRT GROUP

During the Track Record Period, part of our business performance was directly or indirectly attributable to our business relationships with TRT Group, primarily including:

- as our direct customer, TRT Group (i) procured TCM healthcare service packages from us for employees' benefits, such as medical consultations and check-ups; (ii) procured management services from us to facilitate the sale of its decocting pieces, as well as the operation of its medical institutions; (iii) procured healthcare products and other products, such as pharmaceuticals and medical devices, from us; and (iv) procured miscellaneous services, representing training services provided to TRT Group in respect of its medical professionals and conference services for TRT Group in respect of the TCM congresses it held;

- as our direct supplier, TRT Group (i) sold us healthcare products and other products, such as pharmaceuticals and consumables; (ii) leased us certain properties as medical institution premises; and (iii) licensed us certain registered trademarks of TRT and the trade name of "Tong Ren Tang (同仁堂)"; and

- certain of the healthcare products and other products that we sold were Tong Ren Tang branded products.

Quantitative Information in Relation to Our Business Relationships with TRT Group

See "Summary — Overview — Our Relationship with TRT Group — Selected Quantitative Information in Relation to Our Business Relationships with TRT Group" for selected operating and financial data in relation to our aforementioned business relationships with TRT Group.

Sustainability of Our Business Relationships with TRT Group

Our Directors are of the view that our business relationships with TRT Group are mutually beneficial and sustainable, and are unlikely to experience a material adverse change or terminate in the foreseeable future, on the basis of the following:

TCM healthcare services. We have collaborated with TRT Group in jointly owning medical institutions to provide TCM healthcare services. See "— Our In-network Medical Institutions — Summary of Our In-Network Medical Institutions" for our and TRT Group's respective roles in daily operation and management of Taiyuan Healthcare Management and Beijing TRT Second TCM Hospital.

Management services. Our solid medical institution management capabilities and experiences can empower medical institutions to enhance their service capabilities and operational performance. In January 2024, TRT Group engaged us to provide management services to six of its seven not-for-profit medical institutions in Beijing. We believe that we are deemed as a valuable management service provider by TRT Group as (i) our experience and our positioning following the business restructuring of TRT Group, namely, integrating medical resources in our tiered network to offer comprehensive healthcare services with a strategic focus on TCM; (ii) our solid supply chain management capabilities (iii) our professional management team, comprehensive management service scope; (iv) our familiarity with the six not-for-profit medical institutions as they were once owned and operated by us; and (v) the fact that we already had self-owned hospitals in Beijing, with which the six not-for-profit medical institutions under our management were expected to form a tiered TCM healthcare service network and achieve sharing of quality medical resources within such network.

These six not-for-profit medical institutions were transferred to TRT Group in June 2023 and contributed revenue of RMB120.0 million, RMB241.9 million, RMB162.6 million and RMB171.4 million, respectively, to TRT Group for the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, respectively. We started to provide management services to these six not-for-profit medical institutions in January 2024. On December 31, 2024, TRT Group deregistered Qixing Hospital, one of these not-for-profit medical institutions, for better business operations and resource allocation. The properties and facilities previously utilized by Qixing Hospital became a new site of Jiuxianqiao Community

Healthcare Center. As of the Latest Practicable Date, TRT Group outsourced the management of six of its not-for-profit medical institutions, among which five were managed by us, while the remaining one, namely, Hujialou Second Community Healthcare Center, was managed by Beijing Jufang. For the year ended December 31, 2024 and the nine months ended September 30, 2025, TRT Group paid us management fees of approximately RMB2.9 million and RMB0.6 million, respectively, for our medical institution management services to its not-for-profit medical institutions, accounting for 19.1% and 5.5%, respectively, of its total management service costs for the same periods.

Sale of healthcare products and other products. SXT Pharmacies have solid marketing capabilities in Zhejiang province, in recognition of which, TRT Group granted us the rights to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province), with the aim of promoting the sale of Angong Niuhuang Pills series and enhancing the influence of "Tong Ren Tang" brand in local markets. We believe that we are deemed as a valuable wholesaler by TRT Group in Zhejiang province as (i) our proven track record of collaborating with domestic pharmaceutical production and/or trading companies; (ii) our offline medical institutions and stores under the brand name of "San Xi Tang" in Zhejiang province; (iii) our collaboration relationships with leading pharmaceutical trading companies and retailers in local markets; and (iv) Pharmaceutical Operation Permit for wholesale possessed by our SXT Pharmacies in good standing.

Risk mitigation measures. In addition to the aforementioned benefits brought by us to TRT Group, we have taken initiatives to maintain stable and sustainable business relationships with TRT Group, primarily including (i) for each of the Collaboration Agreements involving a not-for-profit medical institution under TRT Group, we entered into a supplemental agreement with the original signing parties, pursuant to which we were granted the right of first refusal to provide management services to the relevant medical institutions under equal conditions upon expiration of the existing Collaboration Agreements; and (ii) TRT Group cannot terminate the Collaboration Agreements without our consent unless our failure to comply with PRC laws and regulations leads to significant safety incidents, malpractice issues, or other circumstances that materially impact the operations of the relevant not-for-profit medical institutions or if a change in the law renders the Collaboration Agreements unenforceable.

PRICING

For-profit offline in-network medical institutions and stores are generally entitled to set the prices of their TCM healthcare services and products at their own discretion. As a for-profit online medical institution, our Internet hospital is also entitled to set prices of TCM healthcare services at its own discretion. We price TCM healthcare services and products mainly based on complexity of the treatment, operating costs, local market conditions and competitors' pricing. Not-for-profit medical institutions managed by us are subject to price ceilings prescribed by the national and relevant local government authorities.

Our Managed Medical Institutions are subject to the pharmaceutical zero mark-up policy (藥品零加成政策) As non-public medical institutions, our self-owned medical institutions are not subject to such requirements. Decocting pieces sold in our in-network medical institutions of whole people ownership are subject to mark-up ceilings. Our in-network Medical Insurance Designated Medical Institutions are required to charge medical fees in accordance with the pricing guidelines, price ceilings and/or cost-plus ceilings set by the relevant government authorities for services and products eligible to be paid through the public medical insurance programs. As of the Latest Practicable Date, all of our self-owned offline medical institutions that have commenced operations were Medical Insurance Designated Medical Institutions. As of the same date, all of our Managed Medical Institutions were Medical Insurance Designated Medical Institutions, except for a branch of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital which commenced operation in November 2025 and was in the process of applying for such qualification. See "— Our Management Services — Management Services to Medical Institutions — Management Fees and Payment Arrangements."

MARKETING AND PROMOTION

We have multichannel customer outreach. We actively engage in pro-bono activities, reinforcing our brand awareness and recognition among potential customers. Leveraging social media platforms and our online terminals, we promote our brand, medical professionals, as well as TCM healthcare services and products to the general public. We also promote the awareness of individual physicians practicing at our TCM healthcare service network based on the specialty and intention of individual physicians. To efficiently approach customers in bulk, our Membership Center offers customized TCM healthcare service packages to enterprise customers for their employees' benefits, such as healthcare lectures, medical check-ups and TCM cultural characteristic activities.

INFORMATION TECHNOLOGY SYSTEMS

Information Centers or information technology personnel of our in-network medical institutions are typically responsible for the daily maintenance of information technology systems deployed in such medical institutions. We are in the process of digitalizing our business operations and visualizing our operational performance. We established our operating data center as private cloud, according to the standards of Level III Information System Security Level (第三級信息系統安全等級保護) in 2020. We have adopted a matrix of information technology systems supported by our information technology infrastructure, including, among others: (i) HIS, our critical operating system covering the whole process of our out-patient and in-patient healthcare services; and (ii) BIS.

CYBERSECURITY AND DATA PRIVACY AND PROTECTION

During provision of TCM healthcare services and sale of healthcare products and other products, with the prior consent of customers, our in-network medical institutions collect and store personal and medical information of customers to the extent necessary and in accordance with applicable PRC laws and regulations. The information and data we receive during our operations in China is and preserved within China. There has been regulatory development in relation to cybersecurity and data privacy and protection in recent years. See "Regulatory Overview — Regulations Relating to Internet Security." We have designed and implemented comprehensive internal policies on protecting data privacy and security to ensure data and information security, and ensure compliance with all applicable PRC laws and regulations. Our in-network medical institutions have taken measures to monitor the collection, storage, access, retrieval and use of customers' personal and medical information, and for protecting personal information thereby ensuring regulatory compliance. Specifically, we utilize encryption technologies, specialized network protocols and proxy technologies, specialized network protocols and proxy technologies, to identify high-risk sites and reduce the risks associated with phishing and account leakage. In addition, we also set up firewalls to prevent information loss or leakage caused by cyber-attacks. We had not experienced any material service interruption caused by system malfunctions, or any material data leakage or data loss during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we has not been subject to any material regulatory penalties, litigations or other legal proceedings in relation to laws and regulations of personal information protection, data security and cybersecurity. Based on the foregoing, our PRC Legal Advisors relating to Data Compliance were of the view that we were in compliance with all applicable PRC laws and regulations governing data protection and privacy in all material aspects as of the Latest Practicable Date. However, as the laws and regulations in the data security, cybersecurity and privacy protection are still developing, we cannot assure you that we can always timely adapt to all the aspects of such laws and regulations. See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to evolving laws, regulations and governmental policies regarding privacy, cybersecurity, data protection and cross-border data flow. Actual or alleged failure to comply with such laws, regulations and governmental policies could adversely affect our business and reputation."

We have been paying close attention to the latest regulatory developments in data privacy and protection. On April 17, 2024, our PRC Legal Advisors relating to Data Compliance conducted a consultation through telephone on behalf of us on a namely basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the "**CCRC**"), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that our current application for the Listing is not subject to cybersecurity review for "foreign listing (國外上市)" as Hong Kong is the special administrative region of the PRC. Based on the forgoing, our PRC Legal Advisors relating to Data Compliance are of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Measures for Cybersecurity Review for our proposed Listing.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had (i) seven registered domain names; (ii) one registered copyright; (iii) two registered patents; and (iv) 28 registered trademarks and 14 trademarks licensed to us, which were material to our business. See "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group." We use the "Tong Ren Tang" trademark for our business operations pursuant to the Tong Ren Tang Trademark Licensing Framework Agreements entered into with TRT on April 25, 2024 with a term expiring on April 24, 2026 and is renewable for a term of three years upon mutual consent and subject to the requirements under the Listing Rules and other applicable laws and regulations. See "Connected Transactions — Fully-exempt Continuing Connected Transactions — 1. Tong Ren Tang Trademark Licensing Framework Agreements" for details of such licensing. To protect the intellectual properties owned or licensed to us, we rely on a combination of intellectual property right protection laws in the PRC, confidentiality procedures, contractual provisions and internal control procedures. During the Track Record Period and up to the Latest Practicable Date, (i) we had not been sued on the basis of, and had not undergone arbitration in respect of, nor had we received any notification from third parties claiming, infringement of any intellectual property or sale of counterfeit healthcare products or other products that have had a material adverse effect on our business; and (ii) we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of infringement of any intellectual property of third parties or sale of counterfeit healthcare products or other products that had a material adverse effect on our business.

EMPLOYEES

As of the Latest Practicable Date, we had 925 employees in total, among which 51 were employees at our headquarters and 874 were employees of our medical institutions and stores. All of our employees were based in China as of the same date. The following table sets forth a breakdown of our employees by their function as of the same date.

Function	Number of employees	% of total employees
Headquarters	**51**	**5.4%**
Management	7	0.7%
Finance	5	0.5%
Legal	2	0.2%
Operational, administrative and others	37	4.0%
Our institutions and stores	**874**	**94.5%**
Physicians and other medical professionals	449	48.5%
Operational, administrative and others	425	46.0%
Total	**925**	**100.0%**

We use various methods for our recruitment, such as campus recruitment, social recruitment for personnel with work experience and recruitment through hunting firms or agents, to satisfy our demands for different types of employees. Our employees typically enter into standard labor contracts with us. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in recruiting staff for our operations. We provide compensation packages mainly comprising base salary and performance-based bonuses. PRC laws and regulations require us to participate in various employee benefit plans including social insurance and housing provident fund contributions in amounts equal to certain percentages of salaries of employees up to the maximum amounts specified by the local government.

Except for Shijiazhuang TRT TCM Hospital that was disposed by us in August 2024, during the Track Record Period, we did not make social insurance and housing provident fund contributions for certain of our employees, or failed to make full social insurance and housing provident fund contributions for certain of our employees as required by relevant laws and regulations, with a shortfall amounting to RMB2.4 million, RMB4.2 million, RMB3.2 million and RMB2.3 million, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. Such incident was primarily due to unwillingness of employees to make contributions of social insurance and housing provident fund mainly caused by their financial burden.

We took prompt remedial and/or rectification measures. For instance, our management from hold meetings to monitor the associated risks and discuss measures on preventing the reoccurrence of such incident. We also spent efforts to formulate systematic internal measures. As of the Latest Practicable Date, (i) we had made contributions of social insurance and housing provident fund for all employees, except for two employees that had expressed their refusal due to personal reasons, and (ii) we had made social insurance and housing provident fund contributions in full for employees (with the sole exception of one employee that had expressed refusal due to the personal reasons) in one of our subsidiaries in accordance with all applicable PRC laws and regulations. As of the Latest Practicable Date, we were still making efforts to communicate with the remaining employees and get their cooperations to make social insurance and housing provident fund contributions in full, as making such contributions in full would also require them to pay their respective contributions in full at the same time. We expect to make social insurance and housing provident fund contributions in full for all employees in accordance with all applicable PRC laws and regulations within one year upon Listing.

As advised by our PRC Legal Advisors, according to the relevant PRC laws and regulations: (i) with respect to social insurance, the relevant government authorities may order us to pay the outstanding amounts within the prescribed time period with a late charge at the daily rate of 0.05% on the outstanding amounts, and if and only if we fail to do so, they may impose a fine or penalty ranging from one to three times the outstanding amounts; and (ii) with respect to housing provident funds, the relevant government authorities may order us to pay the outstanding amounts within the prescribed time period, and they may apply to a competent court for enforcement of the outstanding amounts if we fail to do so. Accordingly, except for Shijiazhuang TRT TCM Hospital that was disposed by us in August 2024, we estimate that the maximum penalty we may be subject to for our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund would be approximately RMB34.2 million, which we believe is immaterial to our Group as a whole.

During the Track Record Period and up to the Latest Practicable Date, we were not imposed any administrative penalties as a result of our non-compliance with PRC laws and regulations in relation to social insurance and housing provident fund. Our PRC Legal Advisors are of the view that the likelihood of us being subject to centralized collection of the outstanding historical social insurance and housing provident fund contributions and any material penalties due to the failure to provide such contributions in full amount for our employees is relatively low, according to the applicable regulatory policies, provided no claims or complaints are filed against us by our employees and no significant changes in existing laws, regulations, policies, or implementation or supervision requirements of the relevant government authorities. If we receive notice from competent government authorities requiring us to pay the outstanding contributions, we will take immediate measures as required and such payment would not have a material adverse impact on our business, financial condition or results of operations.

We cannot assure you that the relevant government authorities will not impose new requirements on us in the future. See "Regulatory Overview — Regulations Relating to Labor" for details of the recent regulatory development regarding employers' obligation to pay social insurance premiums.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strike or any labor dispute with our employees which have had or are likely to have a material impact on our business.

During the Track Record Period, we engaged third-party employment agents to designate dispatched workers. As of the Latest Practicable Date, we had 39 dispatched workers, most of whom held non-key positions with us, such as logistical personnels. These dispatched workers are not our employees. We enter into labor dispatch agreements with third-party employment agents whereby the agents dispatch suitable workers to fulfill our job requirements pursuant to mutually agreed terms. The agents are responsible for arranging the payment of the wages, social insurance premium and housing provident funds of the dispatched workers. As advised by our PRC Legal Advisors, such arrangement is in compliance with the applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

SEASONALITY

In line with the TCM healthcare service industry in China, our in-network medical institutions typically witness fewer customer visits in the first quarter of a calendar year, mainly due to the general public's postponed demands in TCM healthcare services before and during the Chinese New Year holiday. As a result of the foregoing, our revenue was slightly lower in the first quarter of each financial year during the Track Record Period. We expect our business operations and financial performance to continue to fluctuate based on seasonal factors.

COMPETITION

We operate in a highly competitive and fragmented industry. In the same geographical regions as our in-network medical institutions, there are multiple hospitals, out-patient healthcare centers, clinics and community healthcare institutions with TCM service offerings as well as TCM departments in general hospitals. The following key factors generally affect our competitiveness in the industry: quality of TCM healthcare services and healthcare products, service experience, healthcare resources, especially seasoned medical professionals, brand influence, customers' accessibility, as well as pricing. We capitalize on the tailwind of industry growth, leveraging our extensive healthcare resources, tiered network deployment, well-established brand awareness and continuous efforts. See "Industry Overview" for a more detailed discussion regarding the industries and markets where we operate.

LICENSES, PERMITS AND CERTIFICATES

We operate in a strictly regulated industry in the PRC. We and our in-network medical institutions and stores are required to obtain various licenses, permits and certificates for our and their respective operations. See "Regulatory Overview — Regulations Relating to the Management of Medical Institutions" for details of the relevant requirements. The following table sets forth the major licenses, permits and certificates for us and our self-owned medical institutions and stores, which we believe to be material to us, during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Advisors, we and our in-network medical institutions had obtained all material licenses, permits, approvals and certificates required for the current operations and such licenses, permits, approvals and certificates were valid and remained in effect during the Track Record Period and up to the Latest Practicable Date.

We monitor the validity status of, and make timely applications for the renewal of, relevant licenses, permits, approvals and certificates prior to their respective expiration date. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty in obtaining or renewing the required licenses, permits, approvals and certificates for our business operations. However, we cannot assure you that we will be able to timely renew such licenses, permits, approvals or certificates in the future. See "Risk Factors — Risks Relating to Our Business and Industry — We conduct our business in the strictly regulated healthcare industry and are subject to ongoing compliance costs."

Holder	License/Permit/Certificate	Issuing authority	Issuance date	Expiration date
Beijing TRT TCM Hospital	Medical Institution Practicing License (醫療機構執業許可證)	Health Commission of Dongcheng District of Beijing (北京市東城區衛生健康委員會)	November 13, 2023	December 31, 2034
SXT Hospital	Medical Institution Practicing License	Health Bureau of Yiwu (義烏市衛生健康局)	November 17, 2023	November 16, 2028
Beijing TRT Second TCM Hospital	Medical Institution Practicing License	Health Commission of Fengtai District of Beijing (北京市豐台區衛生健康委員會)	July 29, 2024	March 31, 2029
Anshan TRT TCM Hospital	Medical Institution Practicing License	Health Bureau of Tiedong District of Anshan (鞍山市鐵東區衛生健康局)	July 2, 2025	September 30, 2030
Taiyuan TRT TCM Hospital	Medical Institution Practicing License	Administrative Examination and Approval Service Bureau of Xiaodian District of Taiyuan (太原市小店區行政審批服務管理局)	October 19, 2023	October 18, 2028
Qiqihar TRT TCM Hospital	Medical Institution Practicing License	Health Bureau of Jianhua District of Qiqihar (齊齊哈爾市建華區衛生健康局)	March 3, 2025	March 2, 2030
Niansanli Clinic	Clinic Filing Notice (診所備案憑證)	Health Bureau of Yiwu (義烏市衛生健康局)	June 19, 2023	N/A[(1)]
Jinhua Out-patient Healthcare Center	Medical Institution Practicing License	Health Commission of Jinhua (金華市衛生健康委員會)	June 25, 2025	June 24, 2030
Huaxi Clinic	Clinic Filing Notice	Health Bureau of Yiwu	March 6, 2024	N/A[(1)]
Shanghai CZT	Medical Institution Practicing License	Health Commission of Xuhui District of Shanghai (上海市徐匯區衛生健康委員會)	July 18, 2024	May 1, 2027
Shanghai ZHT	Medical Institution Practicing License	Health Commission of Yangpu District of Shanghai (上海市楊浦區衛生健康委員會)	September 8, 2021	September 13, 2026[(3)]
TRT Internet Hospital[(2)]	Medical Institution Practicing License	Health Commission of Dongcheng District of Beijing	January 25, 2022	January 24, 2027
	Value-added Telecommunications Business Operating License (增值電信業務經營許可證) (online data processing and transaction processing service, and internet information service)	Beijing Communications Administration (北京市通信管理局)	November 17, 2022	November 17, 2027
	Internet Pharmaceutical Information Service Certificate (互聯網藥品信息服務資格證書)	Beijing Medical Products Administration (北京市藥品監督管理局)	September 29, 2022	September 28, 2027
SXT Pharmacies	Pharmaceutical Operation Permit (藥品經營許可證) (retail)	Administration for Market Regulation of Jinhua (金華市市場監督管理局)	October 21, 2025	August 22, 2026[(3)]
	Pharmaceutical Operation Permit (wholesale)	Zhejiang Medical Products Administration (浙江省藥品監督管理局)	October 9, 2025	October 8, 2030
Beijing Tongda	Pharmaceutical Operation Permit (藥品經營許可證)	Beijing Medical Products Administration	December 7, 2023	December 6, 2028

Notes:

(1) "N/A" represents the relevant filing notice is effective in the long-term.

(2) Our TRT Internet Hospital is subject to the regulatory requirements relating to foreign investment in value-added telecommunications business. According to the Foreign Investment Telecommunications Rules, the ultimate proportion of capital contribution from foreign investors in foreign-invested value-added telecommunication enterprises shall not exceed 50%. The Global Offering is not expected to be affected by such rules, as the percentage of Unlisted Shares after the Global Offering will remain above 50%. See "Share Capital" and "Regulatory Overview — Regulations Relating to Foreign Investment — Foreign Investment in Value-Added Telecommunications Business."

(3) For licenses and permits that will expire in the near term, we will closely monitor their schedules and promptly file applications with the relevant authorities for renewal prior to their expiration. We are not aware of any material impediments to such renewal.

In addition, our in-network medical institutions that operate the medical devices containing radioactive materials or emit radiation during operation have obtained Radiation Safety Permit (輻射安全許可證) and Radiodiagnosis and Radiotherapy Permit (放射診療許可證). Moreover, as we have value-added telecommunications services, we have obtained Value-added Telecommunications Business Operating Licenses, including ICP License and EDI License. See "Regulatory Overview — Regulations Relating to Value-Added Telecommunications Services" for details.

INSURANCE

As of the Latest Practicable Date, we maintained medical liability insurance and property insurance. As advised by our PRC Legal Advisors, we are not required to, and generally do not, maintain employer liability insurance, product liability insurance, business interruption insurance or key person insurance. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance coverage is adequate and is in line with industry practice. However, the risks related to our business and operations may not be fully covered by insurance. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to cover all significant risk exposures."

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

Owned Properties

As of January 31, 2026, the carrying amount of our property interests in the premise of TRT Baoding, one of our subsidiaries that had not commenced operations and was in the process of our disposal as of the Latest Practicable Date, exceeded 15% of our total assets as of the same date. Therefore, we are required to include a valuation report of our property interests in such property in this prospectus pursuant to Rules 5.01 of the Listing Rules. We appointed Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, to assess the market value of such property as of January 31, 2026. The text of the valuer's letter and the valuation certificate prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in connection with its valuation are set out in "Appendix III — Property Valuation Report" to this prospectus. According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), our other property interests are exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to such property interests.

As of the Latest Practicable Date, we owned and occupied eight properties in the PRC with a total GFA of 48,598.67 sq.m.. As of the Latest Practicable Date, we had not obtained the real estate ownership certificates for two properties occupied and used by TRT Baoding in Hebei province. The aggregate GFA of these two properties is approximately 4,496.56 sq.m., representing approximately 9.3% of the aggregate GFA of our total owned properties. As advised by our PRC Legal Advisors, the relevant PRC government authorities have the rights to order TRT Baoding to cease to use or dismantle such properties, and impose penalties of up to approximately RMB0.9 million on it. However, our Directors are of the view that such property defects would not have a material and adverse effect on our business, financial condition, results of operations, or the Listing, considering that (i) TRT Baoding had not and was not expected to commence operations, and the above two properties had not been used for operations; and (ii) as confirmed by the Bureau of Housing and Urban-rural Development of Baoding (保定市住房和城鄉建設局) on March 4, 2025, the construction and use of properties by TRT Baoding was in compliance with the applicable PRC laws and regulations, and no administrative penalties or other legal proceedings had been imposed on TRT Baoding pursuant to the applicable PRC laws and regulations in relation to construction project planning, construction and housing management during the Track Record Period and up to the same date.

Leased Properties

As of the Latest Practicable Date, we leased 26 properties in the PRC with a total GFA of 64,137.9 sq.m.. Such leased properties are primarily utilized as premises for our operating hospitals, out-patient healthcare centers and clinics and our offices. As of the Latest Practicable Date, 15 of our lease agreements with an aggregate GFA of 20,326.97 sq.m. had not been registered with the relevant PRC authorities, primarily because certain landlords failed to cooperate to complete the lease registration. Properties under these unregistered leases are primarily utilized as premises for our operating medical institutions, stores, dormitories, offices and warehousing facilities. Given there are sufficient alternative premises in the market if we need to relocate, our Directors are of the view that such defects did not have any factual impact and would not have any potential impact on our ability to use such properties. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its legality, validity or enforceability. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB150,000, which we believe is immaterial. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial condition or results of operations. We will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible. As advised by our PRC Legal Advisors, property defects as disclosed above do not have any actual or potential impacts on material licenses, permits and certificates for us and our self-owned medical institutions and stores.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We attach great importance to environmental, social and corporate governance (the "**ESG**") to realize long-term growth. We are subject to various PRC laws, regulations and rules with respect to environmental protection and social responsibility. See "Regulatory Overview — Regulations Relating to Environmental Protection Related to Medical Institutions."

Overall ESG Governance

Our Board is committed to maintaining lawful, ethical and environmentally friendly operations. We have established Security and Environmental Protection Committee (安全環保委員會) at our headquarters level. Such committee is led by the chairman of the Board, Mr. Rao Zuhai and our executive Director and general manager, Dr. Lu Yan. The primary duties of such committee cover establishing and refining our management system on security and environmental protection, assessing and determining the ESG-related risks, promoting the optimization and refinement of ESG measures based on the latest ESG-related laws and regulations, monitoring the effectiveness of our ESG measures and evaluating the implementation of ESG measures of our in-network medical institutions.

Our Directors have the collective and overall responsibility regarding the identification, assessment and management of ESG-related risks. Our management team is generally responsible for setting ESG strategies and targets, carrying out the ESG measures to respond to ESG-related risks, and scrutinizing implementation.

Going forward, we will identify, evaluate, address and monitor our ESG-related risks and review our key performance in respect of ESG matters in accordance with the applicable regulatory requirements on a continuing basis. Upon the Listing, we also expect to engage Independent Third Parties to evaluate ESG-related risks faced by our Company and our TCM healthcare service network, provide suggestions and recommendations on our ESG strategies and measures, and update ESG targets based on our existing performance. With our increasing attention on ESG matters, we have formulated the following measures and working mechanisms to optimize our ESG performance: (i) arranging internal training sessions on ESG-related risks, latest development in laws, regulations and policies relevant to ESG matters, and medical institutions' ESG-related responsibilities to raise the awareness of ESG among our management, medical professionals and other staff work within our in-network medical institutions; (ii) frequently communicating with other healthcare service providers in China, especially those in the regions where we operate, on the identification and management of ESG-related risks, sharing knowledge with respect to the latest ESG trend in the industry; (iii) summarizing and discussing experiences on improving the monitoring mechanism relating to ESG matters during internal meetings of our Group and our in-network medical institutions; and (iv) taking ESG matters into consideration during assessing potential acquisition targets, such as environmental impact assessment and fire safety design.

Environmental Protection

We strive to operate and manage our in-network medical institutions in an environmentally friendly way. Our ESG policies for environmental protection aim to ensure the proper disposal of waste, promote the usage of renewable resources and enhance the energy consumption efficiency.

Only qualified medical professionals with Radiation Worker Certificate (放射工作人員證) can manipulate the radioactive equipment during operations. Such professionals are required to participate in regular radiation protection training and examinations. We also from time to time conduct occupational hazards and environmental impact assessments for radiation sites. See "Regulatory Overview — Regulations Relating to the Management of Medical Institutions" for details of relevant regulatory requirements.

During the daily operations, our offline in-network medical institutions generate solid waste, primarily including hazardous medical waste and non-hazardous waste. We require our offline in-network medical institutions to strictly obey the applicable laws and regulations. See "Regulatory Overview — Regulations Relating to Environmental Protection Related to Medical Institutions." We have implemented the *Nosocomial Infection Control Manual* (《醫院感染管理制度手冊》) within our self-owned medical institutions to (i) clearly categorize the medical waste generated during operations; (ii) standardize the storage, collection, handover, transportation and disposal of medical waste; and (iii) set emergency plans for medical waste accidents. We promptly transfer medical waste to qualified third-party entities specialized in the centralized disposal of medical waste. The below table sets forth the consumption analysis of disposed medical waste of our self-owned offline medical institutions for the periods indicated.

	Year ended December 31,			**Nine months ended September 30,**
	2022	**2023**	**2024**	**2025**
Weight of disposed medical waste (ton)	28	38	49	38
Weight of disposed medical waste (ton)/revenue (RMB'000)	0.0031%	0.0033%	0.0039%	0.0044%

The continuous increase in the weight of disposed medical waste of our self-owned offline medical institutions from 2022 to 2024 was mainly due to our acquisitions of San Xi Tang in 2022 and Shanghai CZT and Shanghai ZHT in 2024 and the continuous development of our TCM healthcare services from 2022 to 2024. The average weight of our disposed medical waste per unit revenue remained relatively stable at around 0.004% during the Track Record Period.

We primarily adopt the following measures to conserve energy and realize environmentally friendly operations: (i) deploying online operating systems and reduce paper during daily operations; (ii) encouraging the use of environmentally-friendly kraft paper for the packaging of decocting pieces; (iii) encouraging the reuse of paper and conserving resources; (iv) encouraging the recycling of packaging materials.

Greenhouse gases generally include carbon dioxide, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sulphur hexafluoride. The greenhouse gas emissions are categorized into (i) Scope 1, direct greenhouse gas emissions mainly generated from fuel consumption; (ii) Scope 2, electricity indirect greenhouse gas emissions mainly generated from energy indirect consumption; and (iii) Scope 3, other indirect greenhouse gas emissions mainly generated from water consumption, wastewater discharge, waste disposal and paper consumption during business travel, employee commuting, transportation of products by suppliers and other activities, according to the Greenhouse Gas Protocol.

Our use of vehicles generates air emissions, such as Nitrogen Oxides (NOx), Sulphur Oxides (SOx) and Particulate Matters (PM). No material NOx, SOx and PM air emissions are generated during our daily operations. Our greenhouse gas emissions are principally Scope 2 greenhouse gas emissions, which are caused by power consumption to support our daily operations, followed by Scope 1 and Scope 3 greenhouse gas emissions. Due to our business nature, we believe our greenhouse gas emissions are relatively small. Nonetheless, we will continue to pursue a greener management and actively seek low-carbon sustainable development during our business operations. We are committed to reducing or maintaining our total greenhouse gas emission intensity level in the next three years. The following table sets forth a breakdown of our greenhouse gas emissions during the Track Record Period.

		Year ended December 31,			**Nine months ended September 30,**
	Unit	**2022**	**2023**	**2024**	**2025**
Direct emissions (Scope 1)[(1)]	tCO_2e	142.3	208.0	79.8	46.8
Energy indirect emissions (Scope 2)[(2)]	tCO_2e	2,653.6	3,040.3	3,275.0	2,709.7
Other indirect emissions (Scope 3)[(3)]	tCO_2e	9.3	10.9	9.8	6.8
Total GHG emissions	**tCO_2e**	**2,805.2**	**3,259.2**	**3,364.6**	**2,763.3**

Notes:

(1) Our direct emissions (Scope 1) are primarily originated from natural gas utilization in our canteen facilities and fuel consumption of our vehicles.

(2) Our indirect emissions (Scope 2) are caused by our electricity consumption across operational facilities.

(3) Such other indirect emissions (Scope 3) specifically refer to emissions from sewage treatment, given the inherent complexity and extensive range of categories within such scope.

During the Track Record Period and up to the Latest Practicable Date, we complied with all PRC laws and regulations with respect to environmental matters in all material respects, and we had not received any complaint from any party in respect of any environmental protection concern or issue, nor had we experienced any material environmental incidents arising from our business operations.

In view of the importance of product quality, we prioritized quality control and implemented measures to ensure the quality of healthcare products sold by us during daily operations. We select our suppliers based on stringent criteria and the applicable PRC laws and regulations to ensure the legality of raw materials used and quality of our purchases. For any unqualified supplies identified, we track the relevant suppliers and check the raw materials used, ensuring the quality of healthcare products sold by us during daily operations, thereby entrenching our competency in product quality. During the Track Record Period and up to the Latest Practicable Date, we did not receive unqualified supplies that could have a material and adverse effect on our business, financial condition or results of operations.

Some healthcare products sold by us are made from special raw materials, such as calculus bovis (牛黃), musk (麝香), donkey-hide gelatin (阿膠) and pilos antler (鹿茸). Under the applicable PRC laws and regulations, although prohibited from cultivation for the purpose of providing food, certain species of animals are allowed for cultivation for medicinal purpose. We do not operate any production facilities and have limited impact on the environment and natural resources.

Key Metrics and Targets

To better respond to ESG-related risks that may impact our operational and financial performance, we set ESG targets and review our ESG performance through multiple metrics. Our energy consumption is mainly derived from water and electricity consumption during our healthcare operations, and daily operation and maintenance of our information technology systems. To increase energy consumption efficiency, we encourage the installment of energy-saving lighting systems in the offices of our Company. The below table sets forth the consumption analysis of electricity and water for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Electricity consumption of self-owned offline medical institutions (MWh)	4,653	5,331	5,743	4,691
Electricity consumption of self-owned offline medical institutions (MWh)/revenue (RMB'000)	0.5%	0.5%	0.5%	0.5%
Water consumption of self-owned offline medical institutions (ton)	56,800	66,961	60,553	48,846
Water consumption of self-owned offline medical institutions (ton)/revenue (RMB'000)	6.2%	5.8%	4.8%	5.7%

The continuous increase in the electricity consumption and water consumption of our self-owned offline medical institutions was mainly due to our acquisitions of San Xi Tang in 2022 and Shanghai CZT and Shanghai ZHT in 2024, and the continuous development of our TCM healthcare services. Our consumption efficiency of water was improved during 2022 to 2024, as evidenced by the reduced consumption per unit revenue, primarily attributable to the optimization of our automated water discharge system for medical examination facilities. The upgraded water discharge system only operates during the medical examination process, resulting in improved water utilization efficiency.

Considering our historical ESG-related performance and the measures we expect to implement in the future, we set the following key ESG targets: (i) promoting the informatization and digitalization procedure in the following five years; (ii) increasing the use of energy-saving lighting systems to cover the offices in the following three years; (iii) promoting the use of paper packaging instead of plastic packaging to the extent appropriate in the following three years; (iv) striving to reduce the electricity consumption per revenue generated by us by over 5% in the following three years; (v) striving to reduce the water consumption per revenue generated by us by over 5% in the following three years; and (vi) continue to promote effective waste management to achieve compliant emission in terms of wastewater. Optimize the processing process or upgrade the relevant equipment as needed if the local emission standards become stricter in the future.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our cost of compliance with environmental protection laws and regulations amounted to approximately RMB0.9 million, RMB0.9 million, RMB0.7 million, RMB0.3 million and RMB0.2 million, respectively, which is immaterial to us. We expect such compliance cost to remain immaterial considering the nature of our business.

Social and Governance

Our ESG policies for social responsibilities aim to ensure our compliance with applicable laws and regulations and promote our employees' occupational safety. Our ESG policies for corporate governance facilitate us to manage the risks relevant to social, health and occupational matters while improving operational efficiency. We do not operate any production facilities and we engage third-party logistics service providers to deliver products to our customers. Therefore, we are not subject to significant health or occupational safety risks. We mainly adopt the following measures and policies: (i) we have established a staff union with designated staff organizing team building activities. We also provide staff with holiday or season benefits; (ii) we conduct internal training for employees to deliver legal, safety protection and the latest industry knowledge and working skills; (iii) our Human Resource Department from time to time review existing human resources policies to make timely adjustments when necessary; and (iv) we maintain balanced employee structures. The number of our women employees represented approximately 69% of our total employees as of the Latest Practicable Date.

We highly value the privacy of our customers, which we believe is important not only to improve service experience, but also to mitigate social governance related risks. We also adopted comprehensive measures to protect our customers' data privacy. See "— Cybersecurity and Data Privacy and Protection."

We shoulder our corporate social responsibility through providing free medical assistance in local communities, enterprises or schools. For the nine months ended September 30, 2025, we provided 1,223 free medical assistance in total to 44,805 individuals. We also offer free healthcare knowledge popularization, academic lectures and TCM cultural programs to popularize basic healthcare knowledge. During the Track Record Period, we gave multiple donations to contribute to the public health and social welfare.

Integrity and Anti-corruption

We have adopted the following internal control measures designed to ensure that medical professionals, administrators and other staff at our in-network medical institutions comply with the anti-corruption and anti-bribery laws, regulations and rules in China. We have established the *Medical Ethics and Conduct Management Measures* (《醫德醫風管理辦法》) to standardize the conduct of medical professionals. The measures explicitly prohibit corrupt practices such as accepting "red envelopes," incorporate medical ethics development into our routine management. We have established the *Anti-Bribery Special Integrity Compliance Management Manual* (《反賄賂專項誠信合規管理手冊》), which provides detailed requirements and restrictions on matters including gifts and hospitality, procurement, commercial sponsorships, interactions with medical professionals and government officials, among others. We arrange training sessions for all employees to enhance their awareness of our integrity requirements and relevant risks across business scenarios. We maintain strict oversight of key personnel in positions with concentrated authority, fund management, or access to concentrated resources. We conduct integrity reviews for critical processes, such as management appointments, award evaluations and professional rank promotions. During the procurement process, we require suppliers to sign commitment agreements, which include a designated hotline, enabling them to report any misconduct. We organize employees to watch educational films on anti-corruption and anti-bribery and arrange visits to integrity education bases to reinforce ethical awareness.

To monitor our compliance performance in terms of anti-corruption and anti-bribery, our internal audit department checks departmental expenses, evaluates the regularity of procurement procedures, and assesses the fairness of procurement prices. Where necessary, the department engages suppliers in interviews to determine whether any employee accepted or offered bribes. Our discipline inspection committee investigates evidence of bribes and takes disciplinary actions based on the findings.

During the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any material incident of bribery or corruption with our suppliers, medical professionals and other employees and we complied with all PRC laws and regulations with respect to anti-corruption and anti-bribery matters in all material respects; (ii) we complied with all PRC laws and regulations with respect to health and occupational safety matters in all material respects; and (iii) we did not experience any material accidents during our operations, nor were we subject to any material claims for personal or property damages or compensation paid to employees.

Board Diversity

We strive to achieve and maintain board diversity to improve our Board's performance, bring inclusivity and unique perspectives to the boardroom. In particular, Ms. Gui Shan and Ms. Xing Qian have been appointed as our Executive Director and Non-executive Director, respectively. Ms. Gui has over 20 years of experience in legal and compliance management. Ms. Xing has deep industry knowledge and insightful observations in the TCM market in China with over 10 years of experience in business management in TRT Group. In recognition of their extensive industry knowledge, substantial experience, and professional expertise, we have appointed them as Directors, which also enhanced the gender diversity of our Board. See "Directors and Senior Management" for more details.

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any non-compliance incidents that are systemic or have a material adverse effect on our business, financial condition or results of operations.

Failure to Complete Fire Safety Procedures for Certain Medical Institution Premises

As of the Latest Practicable Date, two of our self-owned medical institutions, namely, Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital, had not yet completed Fire Safety Design Review (消防設計審核) and Fire Safety Acceptance (消防驗收) by local government authority in respect of a total of three construction projects for medical institution premises with an aggregate GFA of 7,393.03 sq.m. (the "**Non-compliant Projects**"). Failure by Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital in completing the relevant fire safety procedures occurred prior to our acquisition. During daily operations, we highly value the regulatory compliance of such medical institutions in respect of fire safety. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue derived from such medical institutions was RMB189.6 million, RMB237.5 million, RMB219.5 million, RMB155.7 million and RMB154.3 million, respectively, accounting for 20.8%, 20.6%, 18.7%, 18.7% and 18.0%, respectively, of our total revenue for the same periods.

Legal Consequences

According to applicable PRC laws and regulations, for each Non-compliant Project for which our relevant medical institution fails to complete Fire Safety Design Review before commencing construction, or fails to complete Fire Safety Acceptance before using constructed premise, our relevant medical institution may be ordered to cease construction or use (as the case may be) by local government authority, and may be subject to a fine of up to RMB300,000.

We have interviewed Beijing Fengtai Fire and Rescue Brigade (北京市豐台區消防救援支隊) and Shanxi Taiyuan Xiaodian Fire and Rescue Brigade (山西省太原市小店區消防救援大隊), which are the competent authorities for daily supervision of fire safety related matters of Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital, respectively, as advised by our PRC Legal Advisors. As confirmed by the relevant authorities, during the Track Record Period and up to the Latest Practicable Date, (i) neither Beijing TRT Second TCM Hospital nor Taiyuan TRT TCM Hospital had experienced any fire safety accidents, or been imposed any material administrative penalties in respect of fire safety; and (ii) premises of Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital complied with fire safety related laws and regulations applicable to the normal operation of medical institutions, and could be used continuously as is.

We have also engaged Fire Safety Consultants to conduct comprehensive fire safety inspections on Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital.

We engaged Beijing Fire Safety Consultant[1] to review and inspect fire safety status, firefighting facilities and fire safety management of Beijing TRT Second TCM Hospital in April 2024 through on-site inspection, survey and document review. Upon its review and inspection, Beijing Fire Safety Consultant has concluded that Beijing TRT Second TCM Hospital (i) had rectified fire safety issues identified during its review and inspection; (ii) had established and implemented fire safety management policies and fire accident emergency plans in compliance with *Regulations on Fire Safety Standardized Management for Medical Institutions* 《醫療機構消防安全標準化管理規定》; (iii) complied with fire safety related laws and regulations applicable to the normal operation of medical institutions, as well as fire safety standards applicable to buildings; (iv) had not experienced any fire safety accidents nor been imposed any material administrative penalties as a result of fire safety issues; and (v) had a remote risk of fire safety accidents.

We engaged Taiyuan Fire Safety Consultant[2] to review and inspect fire safety status, firefighting facilities and fire safety management of the Non-compliant Project of Taiyuan TRT TCM Hospital in April 2024 through on-site inspection, survey and document review. Upon its review and inspection, Taiyuan Fire Safety Consultant has concluded that the relevant premise of Taiyuan TRT TCM Hospital (i) had rectified fire safety issues identified during its review and inspection; (ii) had established and implemented a comprehensive set of fire safety related policies, procedures and measures in compliance with applicable laws, regulations and requirements; (iii) complied with fire safety related laws and regulations applicable to the normal operation of medical institutions, as well as fire safety standards applicable to buildings; (iv) had not experienced any fire safety accidents nor been imposed any material administrative penalties as a result of fire safety issues; and (v) had a remote risk of fire safety accidents.

As advised by our PRC Legal Advisors, it is required for a construction project to complete Fire Safety Design Review before commencing construction and Fire Safety Acceptance before putting into use according to applicable PRC laws and regulations. Nevertheless, the Non-compliant Projects have already been constructed and put into use thus the time for applying for Fire Safety Design Review and Fire Safety Acceptance has passed. Based on our communications with competent authorities for handling such fire safety procedures, our PRC Legal Advisors are of the view that, it is not feasible for Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital to rectify and complete such procedures afterwards due to the time and procedure sequences. Therefore, we engaged qualified fire safety consultants to review and inspect fire safety status, firefighting facilities and fire safety management of such medical institutions and interviewed competent authorities for daily supervision of fire safety related matters of such medical institutions.

Based on interviews with the relevant authorities and assessment reports issued by Fire Safety Consultants, our PRC Legal Advisors have advised us that the risk that Beijing TRT Second TCM Hospital and Taiyuan TRT TCM Hospital will be imposed any administrative penalties that will materially and adversely affect their business operations by the relevant government authorities for their failure to complete Fire Safety Design Review or Fire Safety Acceptance is very low.

Our Directors are of the view that such fire safety related non-compliance incidents have not had and will not have any material adverse effect on our business, financial condition or results of operations, after taking into account (i) the maximum potential penalty of RMB900,000, which is immaterial to us; and (ii) the legal opinion of our PRC Legal Advisors as disclosed above. As a result, we did not make any provision in connection with such non-compliance incidents.

1 Incorporated in 2021, our Beijing Fire Safety Consultant is certified to offer fire safety assessment services, and repair, maintenance and testing services in respect of firefighting facilities. The inspection team of our Beijing Fire Safety Consultant consists of engineers who hold Level 1 Certified Fire Engineer certificates, and has undertaken fire safety assessment work of various public infrastructure and residential buildings.

2 Incorporated in 2005, our Taiyuan Fire Safety Consultant is certified to offer fire safety assessment services, and repair, maintenance and testing services in respect of firefighting facilities. The inspection team of our Taiyuan Fire Safety Consultant consists of engineers who hold Level 1 Certified Fire Engineer certificates, and has undertaken fire safety assessment work of various public infrastructure and residential buildings.

Internal Control Measures

We have established a comprehensive set of internal control measures in respect of fire safety, covering fire usages, firefighting facilities, fire safety inspections, rectification of hidden fire hazards, fire safety education and training, fire extinguishment and emergency evacuation plans, fire drills, fire safety related expenditures and records, and the relevant reward and penalty policies.

Our newly established and acquired medical institutions are not permitted to commence operations until requisite fire safety procedures have been completed. In particular, we regard regulatory compliance in respect of fire safety as a key criterion when evaluating potential acquisition target. We will review the documentation of fire safety procedures during our due diligence before acquisition. If we intend to conduct renovation after acquisition, we will perform the relevant fire safety procedures in accordance with applicable PRC laws and regulations before resumption of operations. In addition, we have included a regulatory compliance provision in our acquisition agreements, pursuant to which the sellers are required to provide undertaking on the compliance status and are liable to indemnify us if there are any non-compliance issues (including their fire safety facilities). We will also from time to time conduct review on the performance of our existing medical institutions in terms of fire safety.

Our Directors are of the view, which is concurred by the Sponsor, that our non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 for acting as directors of a listed company and our suitability for Listing, and that our Directors possess the level of integrity and competence to manage our business in a law-abiding manner, on the basis of the following: (i) such incidents occurred prior to our acquisition of the relevant medical institutions and are therefore beyond our Directors' control; (ii) Fire Safety Consultants have been engaged to conduct comprehensive fire safety inspections on the relevant medical institutions to ensure that their fire safety conditions comply with applicable laws and regulations as well as daily operational requirements; and (iii) regulatory compliance in respect of fire safety has been set as a prerequisite for newly established and acquired medical institutions to commence operations, which our Directors believe can help prevent the recurrence of similar incidents.

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings that could have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings pending or, to our knowledge, threatened against us that could have a material and adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, our Directors were not involved in any actual or threatened material claims or litigation.

Historically, TRT Baoding was involved in a litigation concerning disputes with the construction contractor stemming from the construction project contract. TRT Baoding entered into a construction project contract with a construction project service provider with a construction period from April 2016 to November 2017, pursuant to which the construction project service provider contracted to construct hospital premises for TRT Baoding, with the contractual consideration to be paid in accordance with the construction progress. In particular, 5% of the audited contractual consideration was regarded as quality assurance deposit and was to be paid in a lump sum within seven days following two years after the project inspection and acceptance. As quality issues were identified during the warranty period but the construction project service provider failed to fully repair and rectify, TRT Baoding considered that it was under no obligation to pay quality assurance deposit. In February 2023, the construction project service provider filed a claim against TRT Baoding demanding for payment of quality assurance deposit. In November 2023, the Intermediate People's Court of Baoding, Hebei province (河北省保定市中級人民法院) issued a judgment requiring TRT Baoding to pay the construction project service provider a quality assurance deposit of approximately RMB6.8 million plus interest accrued, which had been recorded as other payables and accruals in our consolidated financial statements as of December 31, 2023. See "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Other

Payables and Accruals." As of the Latest Practicable Date, we had made full payment (RMB6.3 million) in compliance with the judgment, thereby effecting a complete settlement of the legal proceeding as advised by our PRC Legal Advisors.

Our Directors are of the view that such legal proceeding did not and would not have any material and adverse effect on our business, financial condition, results of operations, or the Listing, considering that (i) TRT Baoding had not and was not expected to commence operations. As of the Latest Practicable Date, we were in the process of disposing TRT Baoding considering Hebei province is geographically beyond our strategic business focus. See "History, Reorganization and Corporate Structure — Our Major Corporate Development — Disposal of TRT Baoding" for details of the reasons. We do not expect the disposal of TRT Baoding to be completed prior to the Listing, and we will comply with the Listing Rules with respect to the disposal after the Listing; and (ii) we made full payment, the amount of which was insignificant to our Group as a whole and such legal proceeding had been fully settled. Based on the above and the independent due diligence work conducted by the Sponsor, and considering that TRT Baoding made full payment to settle such legal proceeding, the Sponsor is of the view that such ongoing legal proceeding would not affect the suitability of our Directors under Rule 3.08 and 3.09 of the Listing Rules. We may continue to face potential legal proceedings and claims in our ordinary course of business. See "Risk Factors — Risks Relating to Our Business and Industry — If we become subject to litigation, legal or contractual disputes, governmental investigations, arbitration or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities."

Medical Disputes

We are subject to occasional medical disputes or claims that may arise during the ordinary course of business, which primarily include medical disputes brought by customers and/or their families against our self-owned medical institutions, primarily related to physical injuries that the customers claim to have suffered during or after receiving TCM healthcare services at our self-owned medical institutions. During the Track Record Period and up to the Latest Practicable Date, our self-owned medical institutions had several medical disputes. The total compensation amounts paid by our self-owned medical institutions to the relevant customers or their families to resolve such disputes were approximately RMB0.6 million. None of such medical disputes involve any determination of medical incident (醫療事故). During the Track Record Period and up to the Latest Practicable Date, (i) none of the physicians and other medical professionals practicing at our self-owned medical institutions had been involved in any disciplinary proceedings or otherwise determined to be liable for medical incidents; and (ii) our self-owned medical institutions did not experience any medical disputes that could cause a material adverse effect on our business, financial condition or results of operations. As of the Latest Practicable Date, our self-owned medical institutions did not have any material unresolved medical disputes. For risks and uncertainties caused by our acquisition targets' inferior services or products or perceived harm to customers that occurred prior to our acquisition, see "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to successfully complete any future acquisitions or enhance post-acquisition performance, which could adversely affect our business, financial condition and prospects."

INTERNAL CONTROL AND RISK MANAGEMENT

To ensure compliance with the applicable laws and regulations, minimize the risks relevant to our business and realize standardized operations, we have adopted various internal control and risk management measures. Our Board is responsible for establishing our internal control and risk management measures and reviewing their effectiveness. We have established an audit committee which comprises three Directors. See "Directors and Senior Management — Board Committees — Audit Committee." In accordance with the applicable laws and regulations in the PRC and Hong Kong, we have implemented measures with a view to establishing and maintaining our internal control system.

- our Directors have attended training conducted by our Hong Kong legal advisor on their ongoing obligations, duties and responsibilities of publicly listed companies under the Companies Ordinance, the SFO and the Listing Rules and the Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;

- we have adopted measures to encourage our employees to identify and report potential non-compliance exposures; and

- we have appointed a compliance advisor pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines.

In addition, we have implemented the following enhanced internal control measures in view of our historical non-compliance incidents and disputes to ensure our ongoing regulatory compliance:

- in addition to daily management requirements in respect of fire safety of our self-owned medical institutions and fire safety assessment requirements for our future acquisition of medical institutions, details of which have been set out in "— Compliance and Legal Proceedings — Compliance — Failure to Complete Fire Safety Procedures for Certain Medical Institution Premises — Internal Control Measures," we have amended the *Measures for Fire Safety Management* (《消防安全管理制度》), emphasizing that in any construction, renovation, remodeling and extension projects that involve the construction or renovation of fire safety facilities, requisite fire safety procedures shall be completed in a timely manner in strict accordance with applicable PRC laws and regulations;

- we have implemented a series of measures to enhance our test reagent management such as improving procurement management to avoid overstock, establishing internal protocols to manage procurement, storage and utilization of test reagents properly, and enhancing the quality control through regular quality random inspections, details of which have been included in "— Inventory Management";

- our management from time to time review our social insurance and housing provident fund contributions, details of which have been set out in "— Employees." We also arrange trainings for employees covering human resource management and social insurance and housing provident fund, and set periodic meetings at headquarters level to review and evaluate the historical and the latest compliance performance in relation to social insurance and housing provident fund contributions; and

- we have reiterated the *Measures for Contract Management* (《合同管理辦法》) and emphasized, in particular, the responsible department and time limit for handling contract disputes, the internal reporting mechanism when encountering contract disputes, the daily requirements of collecting and preserving contract related materials, and the approach for seeking internal and external legal advice when necessary, whereby we expect to resolve contract disputes effectively and efficiently before they escalate to legal proceedings. See "— Compliance and Legal Proceedings — Legal Proceedings" for details of our historical litigation concerning disputes with the construction contractor.

On the basis that (i) such measures are comprehensive and have been well established, with dedicated personnel being designated to supervise their implementation; (ii) the Internal Control Consultant does not have any further recommendation on our improved internal control system; and (iii) there has been no recurrence of similar incidents or disputes subsequent to our implementation of such measures, our Directors are of the view, which is concurred by the Sponsor, that such measures are sufficient and effective to prevent the recurrence of similar incidents or disputes in the future.

OUTBREAK AND SPREAD OF COVID-19

The spread of the COVID-19 pandemic resulted in temporary closures of our offices and in-network medical institutions and stores during the Track Record Period. Therefore, our in-network medical institutions witnessed dampened increase in customer visits during the Track Record Period, which in turn caused dampened increase in our revenue. However, we did not encounter severe shortages or delays in the supply of, or material fluctuation in the price of, decocting pieces and other pharmaceuticals during the outbreak and spread of COVID-19. Our Directors consider that the negative impacts caused by the COVID-19 pandemic were immaterial to the operational and financial performance of our Group during the Track Record Period. See "Risk Factors — Risks Relating to Our Business and Industry — Any future occurrence of *force majeure* events, such as natural disasters and outbreaks of contagious diseases in China could prevent our in-network medical institutions and stores from effectively serving their customers and thus materially and adversely affect our results of operations."

BOARD OF DIRECTORS

Our Board is responsible for, and has general powers over, the management and operation of our business. All Directors are elected by the general meeting of Shareholders for a term of three years which is renewable upon re-election and re-appointment. The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. Rao Zuhai (饒祖海)	51	– Chairman of the Board – Executive Director – Secretary of the party committee	March 2015	March 17, 2015	Responsible for the overall strategic planning, business development and audit management of our Group
Mr. Lu Yan (魯嵒)	47	– Executive Director – General manager – Quality controller	March 2020	June 24, 2021	Responsible for the daily operation and management of our Group
Ms. Gui Shan (桂嬗)	49	– Executive Director – Deputy general manager – General counsel	August 2019	December 20, 2024	Responsible for the legal, compliance, internal control and safety management of our Group
Mr. Zhu Feng (朱峰)	48	– Non-executive Director	May 2022	May 12, 2022	Providing strategic advice and making recommendations on management and business development to our Board
Mr. Sun Kai (孫愷)	43	– Non-executive Director	December 2022	December 2, 2022	Providing strategic advice and making recommendations on management and business development to our Board
Ms. Xing Qian (邢茜)	39	– Non-executive Director	February 2024	March 12, 2024	Providing strategic advice and making recommendations on management and business development to our Board
Mr. Yim, Chi Hung Henry (嚴志雄)	64	– Independent non-executive Director	June 2024	June 12, 2024	Providing independent opinion to our Board
Mr. Zhang Xiang (張翔)	49	– Independent non-executive Director	June 2024	June 12, 2024	Providing independent opinion to our Board
Mr. Gao Yanbin (高彥彬)	66	– Independent non-executive Director	June 2024	June 12, 2024	Providing independent opinion to our Board

Executive Directors

Mr. Rao Zuhai (饒祖海), aged 51, is the chairman of our Board and our executive Director. Mr. Rao joined our Group in March 2015 as our Director and general manager, and was appointed as the chairman of our Board and ceased to be the general manager in September 2019. Mr. Rao was re-designated as our executive Director in June 2024, and was appointed as the secretary of the party committee of our Company since June 2021. Mr. Rao joined TRT in February 2013 and has served as the deputy general manager of TRT since then. Currently, he is mainly in charge of the healthcare service sector of TRT Group and also attends to matters including investment and marketing. Mr. Rao also served as an executive director of TRT Technologies from December 2016 to June 2018.

Mr. Rao has over 20 years of experience in investment and corporate management. Prior to joining TRT, he worked at Beijing Academy of Science and Technology (北京市科學技術情報研究所) and was responsible for industry research from July 2003 to December 2006. From December 2006 to February 2013, he worked at South Industry Assets Management Co., Ltd. (南方工業資產管理有限責任公司) with his last position being the deputy manager of the asset management department, primarily responsible for asset management and financial investment. In the meantime he also served as the general manager of Beijing North Crystal Technology Investment Consulting Co., Ltd. (北京北方晶技投資諮詢有限公司) (currently known as Nanfang Tianchen (Beijing) Investment Management Co., Ltd. (南方天辰(北京)投資管理有限公司), a then wholly-owned subsidiary of South Industry Assets Management Co., Ltd.) from January 2008 to February 2013.

Mr. Rao obtained a bachelor's degree majoring in plastic forming technology and equipment (塑性成形工藝及設備專業) from Huazhong University of Science and Technology (華中理工大學) (currently known as Huazhong University of Science and Technology (華中科技大學)) in July 1997. He also obtained a master's degree majoring in technical economics and management from Tsinghua University (清華大學) in July 2003.

Mr. Lu Yan (魯邑), aged 47, is our executive Director. He joined our Group in March 2020, and was appointed as our Director in June 2021 and general manager in May 2022. He was appointed as the quality controller of our Group, and was re-designated as our executive Director in June 2024. Mr. Lu has also been the chairman of the board of directors of TRT Basic Healthcare Management since June 2023. Mr. Lu has also served as the deputy dean of Beijing Tong Ren Tang Research Institute (北京同仁堂研究院), a technology innovation platform of TRT Group, since April 2023, where his role is non-executive in nature and primarily includes providing strategic advice on the establishment of clinical research centers using his extensive clinical experience as a physician and a leader in hospital management.

Mr. Lu has over 20 years of experience in TCM clinical work and hospital management. From July 2002 to March 2020, he worked at China Academy of Chinese Medical Sciences Xiyuan Hospital (中國中醫科學院西苑醫院), a Class III Grade A comprehensive TCM hospital located in Beijing, where he successively served as the chief physician and postgraduate supervisor of encephalotomy department, deputy director of medical department and deputy director of hospital management department.

Mr. Lu is a secretary general of the fifth committee of the hospital management branch of the China Association of Chinese Medicine (中華中醫藥學會醫院管理分會) and a deputy secretary general and a standing member of the fourth committee of the encephalopathy branch of the China Association of Chinese Medicine (中華中醫藥學會腦病分會). He served as an appraisal specialist by Beijing Medical Association (北京醫學會) from January 2018 and December 2021. Mr. Lu graduated from Beijing University of Chinese Medicine (北京中醫藥大學) with a bachelor's degree in traditional Chinese medicine in July 2002 and obtained his part-time master's degree majoring in clinic medicine and part-time doctoral degree majoring in integrated traditional Chinese and western clinical medicine from China Academy of Chinese Medical Sciences (中國中醫科學院) in July 2009 and June 2012, respectively. He also worked as a postdoctoral fellow of China Academy of Chinese Medical Sciences from November 2013 to January 2017.

Ms. Gui Shan (桂嬗), aged 49, is our executive Director. Ms. Gui joined our Group in August 2019 as an assistant to the general manager. Ms. Gui was appointed as our general counsel in January 2020, our deputy general manager in June 2023 and our executive Director in December 2024.

Ms. Gui has over 20 years of experience in legal and compliance management. From July 2003 to August 2007, she was a lawyer at Beijing Guolian Law Firm (北京國聯律師事務所), where she was responsible for corporate legal services. From August 2007 to July 2009, she served as the legal director of the legal and compliance department of LG Electronics (China) Co., Ltd. (樂金電子(中國)有限公司). From August 2009 to May 2015, she worked at China Food Co., Ltd. (中國食品有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 0506), where she last served as the director of litigation and arbitration department. From May 2015 to July 2018, she served as the assistant director of legal and compliance department of CreditEase Puze Investment Consulting (Beijing) Co., Ltd. (宜信普澤投資顧問(北京)有限公司) (currently known as CreditEase Puze (Beijing) Fund Sales Co., Ltd. (宜信普澤(北京)基金銷售有限公司)). From July 2018 to August 2019, she was a partner of Beijing Guolian Law Firm.

Ms. Gui obtained a Legal Profession Qualification Certificate (法律職業資格證書) issued by the Ministry of Justice of the PRC in March 2004, a Corporate Legal Counsel Qualification Certificate (企業法律顧問資格證書) issued by Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in April 2014 and a Fund Practitioner Qualification Certificate (基金從業資格) accredited by Asset Management Association of China (中國證券投資基金業協會) in April 2016. Ms. Gui graduated from Nankai University (南開大學) with bachelor's degree in law in June 2000 and graduated from Renmin University of China (中國人民大學) with a master's degree in civil and commercial law in July 2003.

Non-executive Directors

Mr. Zhu Feng (朱峰), aged 48, is our non-executive Director. He joined our Group in May 2022 and has been our Director since then. Mr. Zhu was re-designated as our non-executive Director in June 2024. Mr. Zhu joined TRT in February 2022 and currently serves as the director of the investment management department of TRT. He also serves as the financial controller of Beijing Tong Ren Tang TCM Formula Granules Investment Co., Ltd. (北京同仁堂中藥配方顆粒投資有限公司).

Mr. Zhu has over 20 years of experience in financial management and business management. From June 2002 to November 2007, he worked at the subsidiaries of CETC Taili Communication Technology Co., Ltd. (中電科太力通信科技有限公司) (formerly known as Beijing Putian Taili Communication Technology Co., Ltd. (北京普天太力通信科技有限公司)), a communication company, where he last served as an audit manager. From November 2007 to August 2010, he successively served as deputy manager and manager of finance department of SINOMACH Automobile Co., Ltd. (國機汽車股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600335) and an automobile trade service and technical service provider. From August 2010 to July 2017, he served as the financial director of Tianjin Airport International Automobile Park Development Co., Ltd. (天津空港國際汽車園發展有限公司). From July 2017 to September 2019, he served as the director and financial director of Zhongke Ziyuan (Tianjin) Trading Co., Ltd. (中科資源(天津)貿易有限公司). From September 2019 to January 2022, he served as the chief accountant of Beijing Zhongke Resources Co., Ltd. (北京中科資源有限公司), a company engaged in trade.

Mr. Zhu is a non-practicing certified public accountant (非執業註冊會計師), a tax agent (稅務師), a public valuer (資產評估師) and a senior accountant (高級會計師). Mr. Zhu obtained a bachelor's degree majoring in accounting from Beijing Institute of Mechanical Engineering (北京機械工業學院) (currently known as Beijing Information Science & Technology University (北京信息科技大學)) in July 2000.

Mr. Sun Kai (孫愷), aged 43, is our non-executive Director. He joined our Group in December 2022 and has been our Director since then. He was re-designated as our non-executive Director in June 2024.

Mr. Sun is a mid-level engineer and has approximately 20 years of experience in IT project management and business management in the TCM industry. In August 2005, he joined TRT Technologies and successively held various positions, where he last served as the deputy director of information center. Since October 2010, Mr. Sun has worked at TRT and currently serves as a director and general manager of Beijing Tong Ren Tang Digital Technology Co., Ltd. (北京同仁堂數字科技有限公司).

Mr. Sun obtained a bachelor's degree majoring in information management and information system from Xi'an University of Posts and Telecommunications (西安郵電學院) (currently known as Xi'an University of Posts & Telecommunications (西安郵電大學)) in August 2005.

Ms. Xing Qian (邢茜), aged 39, is our non-executive Director. She joined our Group in February 2024 and has been our Director since March 2024. Ms. Xing was re-designated as our non-executive Director in June 2024.

Ms. Xing has deep industry knowledge and insightful observations in the TCM market in China with over 10 years of experience in business management in TRT Group. She joined TRT Group in February 2012 and successively served as an employee of Tong Ren Tang Dashilan Pharmacy (同仁堂大柵欄藥店), a business manager and the deputy director of the information technology management department of TRT. She currently serves as the deputy director of the marketing management department of TRT and the chairwoman of the board of directors of Beijing Tong Ren Tang Tongxin Pharmaceutical Co., Ltd. (北京同仁堂同心醫藥有限公司), a subsidiary of TRT. Ms. Xing obtained a bachelor's degree majoring in marketing from North China Institute of Aerospace Engineering (北華航天工業學院) in June 2011.

Independent Non-executive Directors

Mr. Yim, Chi Hung Henry (嚴志雄), aged 64, is our independent non-executive Director, primarily responsible for providing independent opinion to our Board.

Mr. Yim has over 30 years of experience in financial auditing. He initially joined Ernst & Young in February 1991 and subsequently held various audit positions at Ernst & Young and Ernst & Young Hua Ming LLP (or its predecessor, where appropriate) until he became audit partners of such entities in July 2004. Since then, he served as audit partners thereof up to December 2021 when he retired from all of such entities. Mr. Yim possesses experiences in the audit of entities in various industries, which included the healthcare service industry that are relevant to our Group's principal business.

Mr. Yim has been an independent non-executive director of Breton Technology Co., Ltd. (博雷頓科技股份公司), a company listed on the Hong Kong Stock Exchange (stock code: 1333), since April 2024, an independent non-executive director of Yixin Group Limited (易鑫集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2858), since February 2025, and an independent non-executive director of Neurodawn Pharmaceutical Co., Ltd. (南京寧丹新藥技術股份有限公司), since September 2025. Mr. Yim previously served as an independent non-executive director of Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司, currently known as Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司)), a company listed on Shanghai Stock Exchange (stock code: 601211) and Hong Kong Stock Exchange (stock code: 2611), from May 2023 to April 2025.

Mr. Yim received a bachelor's degree in social science from the University of Hong Kong (香港大學) in November 1984. He has been a member of the Hong Kong Institute of Certified Public Accountants since April 1988 and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom since June 1993.

Mr. Zhang Xiang (張翔), aged 49, is our independent non-executive Director, primarily responsible for providing independent opinion to our Board.

Mr. Zhang has over 20 years of experience in legal and academic research fields. Mr. Zhang worked at Renmin University of China Law School (中國人民大學法學院) from September 2004 to August 2020, where he successively served as a lecturer, associate professor, and professor. He has been a professor at Peking University Law School (北京大學法學院) since August 2020.

Mr. Zhang obtained a bachelor's degree in law and a master's degree in constitutional and administrative law from Renmin University of China Law School in June 1998 and June 2001, respectively. He obtained a doctoral degree in constitutional and administrative law from Peking University Law School in June 2004. He also obtained a Lawyer Qualification Certificate (律師資格證書) issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in May 1999.

Mr. Gao Yanbin (高彥彬), aged 66, is our independent non-executive Director, primarily responsible for providing independent opinion to our Board.

Mr. Gao has over 30 years of experience in TCM clinical work and academic research. From August 1988 to September 2000, he worked at Dongzhimen Hospital Affiliated to Beijing University of Chinese Medicine (北京中醫藥大學東直門醫院), a Class III TCM hospital located in Beijing, where he successively served as the chief physician and the director of nephrology and endocrinology department. From October 2000 to November 2019, he worked at Dongfang Hospital Affiliated to Beijing University of Chinese Medicine (北京中醫藥大學東方醫院), a Class III TCM hospital located in Beijing, where he successively served as a chief physician, the director of endocrinology department and the director of nephrology diabetes center. From December 2009 to September 2023, he successively served as a chief physician, professor, doctoral supervisor, the dean of School of TCM and the dean of TCM Research Institute of Capital Medical University (首都醫科大學).

Mr. Gao has been the council chairman of the Collaborative Innovation Platform for the Prevention and Treatment of Metabolic Diseases in China (中國代謝病防治協同創新平台) since June 2024. He won the first prize of the National Scientific and Technological Progress Award (國家科技技術進步獎) in December 2019 and was awarded as "Capital Famous Traditional Chinese Medicine Doctor (首都名中醫)" by Beijing Administration of Traditional Chinese Medicine (北京中醫管理局, currently known as 北京市中醫藥管理局) in April 2021. He was the deputy chairman of the board of directors of the Beijing Society of Traditional Chinese Medicine (北京中醫藥學會) from June 2019 to June 2023.

Mr. Gao graduated from Beijing College of Traditional Chinese Medicine (北京中醫學院) (currently known as Beijing University of Chinese Medicine (北京中醫藥大學)) with a bachelor's degree in traditional Chinese medicine and a master's degree in internal medicine of traditional Chinese medicine in July 1983 and July 1988, respectively. He also obtained a doctoral degree majoring in internal medicine of traditional Chinese medicine from Beijing College of Traditional Chinese Medicine in July 2000.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information regarding our senior management:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as the present senior management position(s)	Roles and responsibilities
Mr. Rao Zuhai (饒祖海)	51	– Chairman of the Board – Executive Director – Secretary of the party committee	March 2015	March 17, 2015	Responsible for the overall strategic planning, business development and audit management of our Group
Mr. Lu Yan (魯嵒)	47	– Executive Director – General manager – Quality controller	March 2020	March 31, 2020	Responsible for the daily operation and management of our Group
Ms. Gui Shan (桂嬗)	49	– Executive Director – Deputy general manager – General counsel	August 2019	January 9, 2020	Responsible for the legal, compliance, internal control and safety management of our Group
Ms. Zhang Yang (張楊)	49	– Deputy general manager	March 2018	December 27, 2021	Responsible for the investment, mergers and acquisitions and centralized procurement management of our Group
Ms. Li Yan (李艷)	48	– Deputy general manager – Financial controller	September 2021	June 30, 2023	Responsible for the financial, membership and marketing management of our Group

Name	Age	Position(s)	Time of joining our Group	Date of appointment as the present senior management position(s)	Roles and responsibilities
Ms. Qiao Yanan (喬雅楠)	36	– Assistant to the general manager – Secretary to the Board – Joint company secretary	June 2023	June 30, 2023	Responsible for the securities affairs and investor relations of our Group
Ms. Zhang Hui (張慧)	48	– Assistant to the general manager	February 2024	March 1, 2024	Responsible for the physician management of our Group
Ms. Duan Hansong (段寒松)	46	– Assistant to the general manager	November 2025	November 24, 2025	Responsible for assisting the membership and marketing management of our Group

For biographies of Mr. Rao Zuhai (饒祖海), Mr. Lu Yan (魯喦) and Ms. Gui Shan (桂嬗), see "— Board of Directors — Executive Directors."

Ms. Zhang Yang (張楊), aged 49, joined our Group in March 2018 and was appointed as an assistant to the general manager in July 2019. Ms. Zhang was appointed as our deputy general manager in December 2021.

Ms. Zhang has approximately 20 years of experience in strategic planning and investment management. From June 2005 to January 2008, she worked at Sino Market Research Ltd. (北京賽諾市場研究有限責任公司), where she served as a research director. From December 2008 to November 2016, she worked at China Putian Information Industry Co., Ltd. (中國普天信息產業股份有限公司), a state-owned telecommunications hardware manufacturing company, where she served as the senior operation director of corporate development department. From November 2016 to March 2018, she worked at Tibet Jiangshan International Finance Enterprise Management Co., Ltd. (西藏江山國金企業管理有限公司) (formerly known as Jiangshan Guojin Asset Management Co., Ltd. (江山國金資產管理有限公司)), where she served as senior operation manager and was responsible for investment project management.

Ms. Zhang obtained a bachelor's degree majoring in applied physics from Tianjin University (天津大學) in July 1999 and obtained a master's degree in business management from Nankai University (南開大學) in June 2005.

Ms. Li Yan (李艷), aged 48, joined our Group in September 2021 and was appointed as an assistant to the general manager in December 2021. Ms. Li was appointed as our deputy general manager in June 2023 and the financial controller of our Group in June 2024.

Ms. Li has over 20 years of experience in accounting and financial management. From April 2004 to December 2012, she was an accountant at China International Translation and Publishing Co., Ltd. (中國對外翻譯有限公司). From December 2012 to June 2013, she served as the financial controller of Global Tone Communication Technology Co., Ltd. (中譯語通科技股份有限公司). From June 2013 to September 2021, she worked for Capital Medical and Health Industry Group Co., Ltd. (首都醫療健康產業集團有限公司) ("**Capital Medical**"), where she served as the deputy manager of financial management department of Beijing Aiyuhua Women's and Children's Hospital (北京愛育華婦兒醫院), the senior manager of financial department of Capital Medical and the vice president and financial director of Yingzhi Rehabilitation and Health Management Group Co., Ltd. (英智康復健康管理集團有限公司).

Ms. Li is currently a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and has been a senior accountant accredited by Beijing Senior Professional and Technical Qualification Review Committee (北京市高級專業技術資格評審委員會) in May 2014. Ms. Li obtained a bachelor's degree majoring in thermal engineering (refrigeration and cryogenic technology) (熱能工程(製冷與低溫技術)) and a master's degree majoring in business management from University of Science and Technology Beijing (北京科技大學) in July 1999 and March 2004, respectively.

Ms. Qiao Yanan (喬雅楠), aged 36, was appointed as the secretary to the Board and a joint company secretary of our Company in June 2024. Ms. Qiao joined our Group in June 2023 and has been an assistant to the general manager since then.

Ms. Qiao has over 10 years of experience in capital market. Ms. Qiao worked at Edianyun Limited (易點雲有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2416), from October 2020 to June 2023, where she served as the investor relations director, the head of capital market department and the joint company secretary, primarily responsible for the listing and securities affairs and investment and financing. She was the capital management director and the person in charge of investment, merger and acquisition and listing of Zhilan Technology Group Co., Ltd. (芝蘭科技集團有限公司) from April 2018 to October 2020. She co-founded UIN Enterprise Ltd. and UIN Education Community Interest Company, primarily responsible for overseas investment and public education.

Ms. Qiao obtained a Legal Profession Qualification Certificate (法律職業資格證書) issued by the Ministry of Justice of the PRC in March 2020. Ms. Qiao obtained a master's degree in business administration from Peking University (北京大學) in July 2024.

Ms. Zhang Hui (張慧), aged 48, joined our Group in February 2024 and was appointed as an assistant to the general manager.

Ms. Zhang has over 20 years of TCM clinical, research and teaching experience and has been a physician since December 2001. From July 1998 to September 2002, she worked at Henan Puyang TCM Hospital (河南省濮陽市中醫院) as a physician. From August 2008 to July 2013, she served as the director of the project management department of the School of Continuing Medical Education of Peking University (北京大學醫學繼續教育學院). From July 2013 to September 2015, she was a postdoctoral fellow at China Academy of Chinese Medical Sciences Guang'anmen Hospital (中國中醫科學院廣安門醫院). From October 2015 to February 2024, she worked at China Medical University Aviation General Hospital (中國醫科大學航空總醫院) and served as the deputy director of the TCM department and the deputy director of the science and education department.

Ms. Zhang graduated from Henan University of Traditional Chinese Medicine (河南中醫藥大學) with a master's degree majoring in traditional Chinese medicine in July 2005, and graduated from Beijing University of Chinese Medicine (北京中醫藥大學) with a doctoral degree majoring in basic theory of TCM in July 2008.

Ms. Duan Hansong (段寒松), aged 46, joined our Group and was appointed as an assistant to the general manager in November 2025.

Ms. Duan has over 20 years of experience in the healthcare industry and has been a physician since 2003. From July 2002 to July 2010, she worked at Beijing Chongwen District Health Bureau (北京市崇文區衛生局) as a clerk, responsible for medical institution management. From July 2010 to July 2015, she worked at Beijing Dongcheng Health and Family Planning Commission (北京市東城衛生和計劃生育委員會) (formerly known as Beijing Dongcheng District Health Bureau (北京市東城區衛生局)) with her last position being the deputy director (副主任), responsible for the management of community health service institutions and TCM experimental zones. From July 2015 to November 2018, she worked at Beijing Healthcare Association of Traditional Chinese Medicine (北京中醫藥養生保健協會) as the director of training department, responsible for member training. From November 2018 to September 2019, she served as the manager of government affairs department of Beijing GoBroad Hospital Management Co., Ltd. (北京高博醫院管理有限公司), responsible for medical institution management and government affairs. From September 2019 to November 2025, she worked at TRT with her last position being a senior business executive, responsible for marketing management.

Ms. Duan graduated from Capital Medical University (首都醫科大學) with a bachelor's degree majoring in traditional Chinese medicine in July 2002.

Save as disclosed above, each of the Directors and members of the senior management of our Company (i) had no other relationship with any of the Directors and senior management of our Company as of the Latest Practicable Date; and (ii) did not hold any other directorship in listed companies in the three years prior to the Latest Practicable Date. For the Directors' interests in the Shares within the meaning of Part XV of the SFO, see "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders."

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Ms. Qiao Yanan (喬雅楠), aged 36, was appointed as a joint company secretary of our Company in June 2024. For details of her biography, see "— Senior Management."

Ms. Mak Po Man Cherie (麥寶文), was appointed as a joint company secretary in March 2026. She is the Vice President of SWCS Corporate Services Group (Hong Kong) Limited. She has worked for various professional firms and listed companies in Hong Kong, with over 20 years of experience in the fields of audit, accounting, corporate finance, compliance and corporate secretarial matters.

Ms. Mak obtained a Master of Corporate Governance degree from The Hong Kong Polytechnic University in 2017. She was admitted as an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in 2017, a member of the Hong Kong Institute of Certified Public Accountants in 2003, and a fellow member of the Association of Chartered Certified Accountants in 2006.

For better corporate governance, we have adopted the following measures to ensure better cooperation and communication between the joint company secretaries: (i) we have established effective communication channels to facilitate transparency in communications and the prompt reporting of issues. Specifically, we have appointed a primary contact person, Ms. Qiao Yanan ("**Ms. Qiao**"), whom Ms. Mak and her team may contact at any time. Ms. Mak has also provided us with a list of multiple contact persons to ensure that her team remains readily contactable. Furthermore, we have defined procedures for urgent communications, which include designated communication channels and escalation pathways, to ensure the swift and effective flow of information in urgent situations; (ii) we will schedule planning sessions with Ms. Mak and her team to anticipate critical deadlines or upcoming events. Further, we have appointed Ms. Qiao as a joint company secretary to provide internal support to supplement the external company secretarial services; (iii) we will maintain regular communication with Ms. Mak and her team, which will include regular meetings, for the purpose of keeping them updated on the business operations and performance of our Group. We will also, when necessary, provide Ms. Mak with timely access to relevant documents and internal reports; and (iv) we and Ms. Mak will conduct regular evaluations and reviews of the expected level of dedication, time commitment and availability of Ms. Mak and her team in respect of our affairs. Regular performance reviews and assessments of Ms. Mak will be conducted, and we may, if necessary, make requests for additional resources or support to ensure compliance with corporate governance standards. We believe the above measures will enhance the oversight, responsiveness, and the overall effectiveness of the external company secretary arrangement.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has established three Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Yim, Chi Hung Henry, Mr. Gao Yanbin and Mr. Zhu Feng. The chairperson of the Audit Committee is Mr. Yim, Chi Hung Henry, who is the independent non-executive Director with the appropriate accounting and related financial management expertise. The primary duties of the Audit Committee include, among others: (i) making recommendations to our Board on the appointment, reappointment and removal of external auditor, and monitoring the external auditor's independence and evaluating the effectiveness of the audit process and their performance; (ii) monitoring integrity of our financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained therein; (iii) assessing the effectiveness of internal control; (iv) guiding internal audit work; (v) coordinating the communication among management, internal audit department, related departments and external audit agency; and (vi) other responsibilities as authorized by our Board or required by the relevant laws and regulations.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Gao Yanbin, Mr. Rao Zuhai and Mr. Zhang Xiang. The chairperson of the Remuneration and Appraisal Committee is Mr. Gao Yanbin. The primary duties of the Remuneration and Appraisal Committee include, among others: (i) making recommendations to our Board on the policy and structure for the remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) making recommendations to our Board on the remuneration packages of individual executive Directors and senior management and the remuneration of non-executive Directors; (iii) reviewing and approving compensation payable to executive Directors and senior management of our Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (iv) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and (v) other responsibilities as authorized by our Board or required by the relevant laws and regulations.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three members, namely Mr. Gao Yanbin, Mr. Zhang Xiang and Ms. Gui Shan. The chairperson of the Nomination Committee is Mr. Gao Yanbin. The primary duties of the Nomination Committee include, among others: (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually, and making recommendations on any proposed changes to our Board to complement our Company's corporate strategy; (ii) identifying individuals who are suitably qualified to become Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; (iv) researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board; and (v) other responsibilities as authorized by our Board or required by the relevant laws and regulations.

CORPORATE GOVERNANCE

Our Company is committed to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the Listing.

BOARD DIVERSITY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure. We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.

Our Directors have a balanced mix of knowledge and skills, including investment management, TCM clinical work, hospital management, financial management, IT project management, business management and law. They obtained degrees in various majors, including in management, integrated traditional Chinese medicine, marketing, accounting, information management and law. Our three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board. Furthermore, our Board has a diverse age and gender representation, ranging from 39 years old to 66 years old and comprising two female Directors. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. We will continue to apply the principles of appointments based on merits with reference to our board diversity policy as a whole.

Our Nomination Committee is responsible for reviewing the structure and ensuring the diversity of our Board. After the Listing, our Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on annual basis.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, certain of our non-executive Directors held directorships in members of TRT Group. For details, please see "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Management Independence." We believe there is clear delineation and no material competition between the business of TRT Group and our Group as analyzed in "Relationship with our Controlling Shareholders."

Save as disclosed above, each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 12, 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his or her appointments.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management members receive their remuneration from our Company in the form of salaries, pension and other benefits in kind (if applicable). The aggregate amounts of remuneration (including salaries, pension and other benefits in kind) paid to our Directors for the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 were approximately RMB1.3 million, RMB1.4 million, RMB2.9 million and RMB1.3 million, respectively.

The five highest paid individuals for the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 included one, one, one and nil Director, respectively, whose remunerations are included in the aggregate amount of remuneration set out above. For the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate amount of remuneration (including salaries, pension and other benefits in kind) for the remaining four, four, four and five highest paid individuals who are not Directors of our Group were approximately RMB6.9 million, RMB6.5 million, RMB6.2 million and RMB4.0 million, respectively.

It is estimated that remuneration equivalent to approximately RMB4.6 million in aggregate will be paid to the Directors (inclusive of benefits in kind but exclusive of any discretionary bonuses) by our Company for the year ended December 31, 2025 based on the arrangements currently in force.

No remuneration was paid by our Company to the Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, and the compliance advisor will advise our Company: (i) before the publication of any regulatory announcement, circular or financial report; (ii) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and share repurchases; (iii) where our Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this prospectus; and (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules. The term of the appointment of the compliance advisor will commence on the Listing Date and is expected to end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the Listing Date.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, TRT, TRT Senior Care Fund, Tongqing Fund, Tongkang Fund and TRT Medical Fund Management directly held approximately 83.98%, 4.93%, 2.36%, 2.19% and 0.36% of our total issued share capital, respectively. The shareholding structure of these Shareholders are set out as follows:

- TRT is wholly owned by BSCOM, which is in turn wholly owned by Beijing SASAC. Each of BSCOM and Beijing SASAC is a PRC Governmental Body as defined under the Listing Rules;
- the general partner of TRT Senior Care Fund and Tongkang Fund is TRT Heritage Fund Management, which is controlled by TRT Kangyang, a wholly-owned subsidiary of TRT;
- the general partner of Tongqing Fund is TRT Medical Fund Management, a Shareholder of our Company and is controlled by TRT Kangyang.

As such, TRT, our Ultimate Controlling Shareholder, directly and indirectly through TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund, is entitled to exercise the voting rights attaching to approximately 93.83% of our total issued share capital. Therefore, TRT, together with TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund, will constitute a group of controlling shareholders of our Company for the purpose of the Listing Rules. The other limited partners of TRT Senior Care Fund, Tongkang Fund and Tongqing Fund, and the minority shareholders of TRT Heritage Fund Management and TRT Medical Fund Management are financial investors independent of and not associated with our Controlling Shareholders and hence, these limited partners and shareholders shall not be regarded as part of the group of controlling shareholders of our Company for the purpose of the Listing Rules.

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), TRT, our Ultimate Controlling Shareholder, directly and indirectly through TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund, will be entitled to exercise the voting rights attaching to approximately 72.03% of the enlarged total issued share capital of our Company. Therefore, our Ultimate Controlling Shareholder, TRT, together with TRT Kangyang, TRT Heritage Fund Management, TRT Medical Fund Management, TRT Senior Care Fund, Tongkang Fund and Tongqing Fund will continue to be our Controlling Shareholders for the purpose of the Listing Rules after the Listing. See "History, Reorganization and Corporate Structure" for details.

DELINEATION OF BUSINESS

Our Business

During the Track Record Period, we generated revenue from (i) TCM healthcare services; (ii) management services, and (iii) sale of healthcare products and other products.

Controlling Shareholders' Business

TRT

TRT, through its subsidiaries, is primarily engaged in the (i) pharmaceutical industry, (ii) commercial retail, (iii) health and wellness (健康養生) and (iv) healthcare (including the healthcare business of our Group and the similar businesses carried out by TRT Group) and elderly care (醫療養老) (representing the business of TRT Senior Care Fund, which primarily engages in the minority equity investment in elderly care business, such as elderly care home, and the relevant investee business is not consolidated into the financial statements of TRT Group). There are currently three listed subsidiaries in TRT Group: (i) TRT Limited (stock code: 600085), a company listed on the Shanghai Stock Exchange, (ii) TRT Technologies (stock code: 1666), a company listed on the Hong Kong Stock Exchange and a subsidiary of TRT Limited, and (iii) TRT Chinese Medicine (stock code: 3613), a company listed on the Hong Kong Stock Exchange and a subsidiary of TRT Technologies. Pursuant to the annual reports of the three listed members of TRT Group, for the years ended December 31, 2022, 2023 and 2024, (i) revenue generated from retail and wholesale by TRT Limited amounted to approximately RMB15,290.2 million, RMB17,750.7 million and RMB18,487.6 million, accounting for 99.5%, 99.4% and 99.4% of TRT Limited's total revenue, respectively; (ii) revenue generated from sales of Chinese medicine products by TRT Technologies amounted to approximately RMB5,929.4 million, RMB6,708.6 million and RMB7,195.2 million, accounting for 99.0%, 99.0% and 99.1% of TRT Technologies' total revenue, respectively; and (iii) revenue generated from sales of products by TRT Chinese Medicine amounted to approximately RMB1,681.8 million, RMB1,473.8 million and RMB1,560.8 million, accounting for 97.2%, 96.7% and 96.8% of TRT Chinese Medicine's total revenue, respectively. Further details of these three listed subsidiaries are set out below:

TRT Limited

Principal Business	Production and sale of TCM patent medicines and other healthcare products
Main Products	TCM patent medicine in the form of pills, powder, paste, pellets and herbal wine. Main products include Angong Niuhuang Pills, Tongren Wuji Baifeng Pills, Tongren Dahuoluo Pellets, Guogong Herbal Wine and Tongren Niuhuang Qingxin Pills.
Geographic focus	Mainland China
Similar businesses with our Group[1]	• A for-profit hospital in Beijing, a for-profit hospital in Chengde, Hebei province and a not for- profit hospital in Tangshan, Hebei province[2] • Resident TCM Physician Services[3] • Sale of "Angong Niuhuang Pills" to 15 pharmacies of TRT Group in Zhejiang province[4] • A retail pharmacy under the TRT Brand in Jinhua, Zhejiang province[5]

TRT Technologies

Principal Business	Production and sale of TCM patent medicines and other healthcare products
Main Products	TCM patent medicine in the form of instant granules, honeyed pills, tablets and soft capsules. Main products include Angong Niuhuang Pills, Liuwei Dihuang Pills, Jinkui Shenqi Pills, Niuhuang Jiedu Tablets, Ganmao Qingre Granules, Ejiao, and Xihuang Pills.
Geographic focus	Mainland China
Similar businesses with our Group[1]	• 49% equity interests in Beijing TRT Second TCM Hospital, a subsidiary of our Group

TRT Chinese Medicine

Principal Business	Distribution, retail sale and production of TCM patent medicines and other healthcare products
Main Products	TCM patent medicines and other healthcare products
Geographic focus	Hong Kong, Macau and other regions outside the mainland China
Similar businesses with our Group[1]	• Resident TCM Physician Services[6]

Notes:

(1) Other than the similar businesses carried out by the listed subsidiaries of the TRT Group, TRT Group also engages in certain businesses similar with those of our Group through its other subsidiaries. For details, please refer to "— Delineation of Business — Excluded Business."

(2) Based on the relevant unaudited management accounts and the annual reports of TRT Limited, for the years ended December 31, 2022, 2023 and 2024, revenue generated from these three hospitals accounted for less than 1% of TRT Limited's total revenue, also representing 6.1%, 7.2% and 11.2% of our Group's total revenue, respectively. Other than these three hospitals owned by TRT Limited, TRT also owns a for-profit hospital in Shandong province through TRT Medical Fund and holds the organizer's interests in six not-for-profit medical institutions in Beijing through TRT Kangyang. For details, please see "— Excluded TCM Healthcare Services — B. Excluded Medical Institutions."

(3) Based on the relevant unaudited management accounts and the annual reports of TRT Limited, for the years ended December 31, 2022, 2023 and 2024, healthcare service income generated by Resident TCM Institutions of TRT Limited in overlapping cities where we operate self-owned medical institutions accounted for less than

1% of TRT Limited's total revenue, also representing 2.7%, 4.7% and 4.4% of our Group's total revenue, respectively. Other than the Resident TCM Institutions of TRT Limited and TRT Chinese Medicine, TRT also operates Resident TCM Institutions through other unlisted subsidiary.

(4) Based on the relevant unaudited management accounts and the annual reports of TRT Limited, for the years ended December 31, 2022, 2023 and 2024, revenue generated from sale of "Angong Niuhuang Pills" to pharmacies of TRT Group in Zhejiang province by TRT Limited accounted for less than 0.1% of TRT Limited's total revenue, also representing 1.0%, 0.9% and 1.0% of our Group's total revenue, respectively.

(5) Based on the relevant unaudited management accounts and the annual reports of TRT Limited, for the years ended December 31, 2022, 2023 and 2024, revenue generated from such retail pharmacy accounted for less than 0.1% of TRT Limited's total revenue, also representing 0.8%, 0.6% and 0.6% of our Group's total revenue, respectively. Other than the retail pharmacy owned by TRT Limited in Jinhua, Zhejiang province, TRT also owns a retail pharmacy in Jinhua, Zhejiang province through Beijing TRT Health Pharmaceutical Co., Ltd. (北京同仁堂健康藥業股份有限公司). For details, please see "— Sale of Healthcare Products and Other Products — Our Retail Business — (i) Our offline retail business."

(6) Based on the annual reports of TRT Chinese Medicine, for the years ended December 31, 2022, 2023 and 2024, revenue generated from Resident TCM Physician Services accounted for approximately 2.8%, 3.3%, and 3.1% of TRT Chinese Medicine's total revenue, also representing 4.8%, 4.0% and 3.9% of our Group's total revenue, respectively.

TRT Kangyang

TRT Kangyang primarily engages in the production of decocting pieces, community medical care, senior care, TCM cuisine, fund investment and holds the organizer's interests in six not-for-profit offline medical institutions, five of which we provide management services to pursuant to the Managed Connected Medical Institutions Cooperation Agreement. For details, please see "Connected Transactions — Fully-exempt Continuing Connected Transactions — 5. Managed Connected Medical Institutions Cooperation Agreement."

Other Controlling Shareholders

Each of TRT Heritage Fund Management and TRT Medical Fund Management is a professional equity investment management company with a focus in the healthcare industry, and serves as the general partner of TRT Senior Care Fund, Tongkang Fund or Tongqing Fund, which engage in the equity investment in healthcare, pharmaceutical or other related industries.

Excluded Business

TRT Group currently has some businesses that are similar with those of our Group, details of which are set out below:

	Our Group	TRT Group
Location	**Business**	
Healthcare services		
Beijing	• Beijing TRT TCM Hospital • Beijing TRT Second TCM Hospital(1) • Shunyi TRT TCM Hospital	• A for-profit hospital, namely, Wangfujing Hospital(2) • Six not-for-profit medical institutions(3) • Resident TCM Physician Services(4)
Shanghai	• Shanghai ZHT • Shanghai CZT	• Resident TCM Physician Services(4)
Jinhua, Zhejiang province	• SXT Hospital • Jinhua Out-patient Healthcare Center • Niansanli Clinic • Huaxi Clinic	• Resident TCM Physician Services(4)
Anshan, Liaoning province	• Anshan TRT TCM Hospital	• Resident TCM Physician Services(4)
Taiyuan, Shanxi province	• Taiyuan TRT TCM Hospital	• Resident TCM Physician Services(4)
Qiqihar, Heilongjiang province	• Qiqihar TRT TCM Hospital	• Resident TCM Physician Services(4)

Location	Our Group	TRT Group
	Business	
Hebei province	N/A	• A for-profit hospital, namely, Chengde Hospital • A not-for-profit hospital, namely, Tangshan Hospital
Shandong province	N/A	• A for-profit hospital, namely, Jining Hospital
Management services		
Beijing	• Providing management services to six not-for-profit medical institutions	• Management services offered by Beijing Jufang(5) • Management services to be offered by TRT Kangyang(6)
Sale of healthcare products and other products		
Jinhua, Zhejiang province	• Four retail pharmacies and two health food retail stores	• Two retail pharmacies under the TRT brand(7)
Zhejiang province	• Sale of Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province, other than pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province	• Sale of "Angong Niuhuang Pills" to 15 pharmacies of TRT Group in Zhejiang province(8)
Beijing	• Sale of certain TCM patent medicines and western medicines by Beijing Tongda to our Group's in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center	N/A

Notes:

(1) Beijing TRT Second TCM Hospital is our non-wholly owned subsidiary, with the remaining 49% equity interests held by TRT Technologies.

(2) Wangfujing Hospital is a non-wholly owned subsidiary of TRT Limited, and is owned as to 50% and 50% by TRT Commerce (a non-wholly owned subsidiary of TRT Limited) and Beijing Zhongqi, an Independent Third Party, respectively. Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from Wangfujing Hospital accounted for approximately 0.2%, 0.2%, 0.4% and 0.5% of TRT Group's total revenue, also representing 3.9%, 4.7%, 8.7% and 10.7% of our Group's total revenue, respectively.

(3) Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from the six not-for-profit medical institutions accounted for less than 2% of TRT Group's total revenue, also representing 37.5%, 37.9%, 39.9% and 37.8% of our Group's total revenue, respectively.

(4) As of September 30, 2025, among the overlapping cities where we operated self-owned medical institutions, TRT Group offers Resident TCM Physician Services at 76 retail pharmacies and stores in Beijing, 4 retail pharmacies in Shanghai, 2 retail pharmacies in Jinhua, 59 retail pharmacies in Taiyuan, 2 retail pharmacies in Anshan and 2 retail pharmacies in Qiqihar. TRT Chinese Medicine, an indirect subsidiary of TRT Limited, only offers Resident TCM Physician Services in regions outside mainland China. Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, healthcare service income generated by Resident TCM Institutions in overlapping cities where we operate self-owned medical institutions accounted for approximately 0.1%, 0.3%, 0.4% and 0.3% of TRT Group's total revenue, also representing 3.4%, 5.9%, 8.7% and 5.9% of our Group's total revenue, respectively.

(5) Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from the Management services offered by Beijing Jufang accounted for approximately 0.1%, 0.1%, less than 0.1% and less than 0.1% of TRT Group's total revenue, also representing 2.2%, 2.8%, 1.1% and 0.2% of our Group's total revenue, respectively.

(6) As of the Latest Practicable Date, TRT Kangyang had yet to commence its management services to the medical institution and had not generated revenue therefrom.

(7) Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from the two retail pharmacies under the TRT brand accounted for less than 0.1% of TRT Group's total revenue, also representing 1.4%, 1.0%, 0.8% and 0.8% of our Group's total revenue, respectively.

(8) Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from sale of "Angong Niuhuang Pills" to pharmacies of TRT Group in Zhejiang province by TRT Group accounted for less than 0.1% of TRT Group's total revenue, also representing 1.0%, 0.9%, 1.0% and 1.1% of our Group's total revenue, respectively.

Save as disclosed above, each of our Controlling Shareholders and their respective close associates is engaged in a separate and distinct business area which does not overlap with our Group's business. The delineation of the similar business between our Group and TRT Group is set out as below:

Excluded TCM Healthcare Services

TRT Group offers TCM healthcare services mainly through resident TCM physicians at some of its retail pharmacies and stores. To a much lesser extent, it also provides TCM healthcare services through TCM hospitals and other medical institutions.

A. Resident TCM Physician Services (坐堂中醫服務)

TRT Group has a tradition of offering medical services provided by resident TCM physicians (the "**Resident TCM Physician Services**") at some of its major retail pharmacies and stores nationwide. Resident TCM Physician Services are offered mainly as complementary services to synergize with and assist the pharmaceutical retail business of TRT Group.

Different business positioning

Resident TCM Physician Services are primarily positioned as a convenient TCM healthcare service for customers seeking immediate diagnosis and prescription of medications tailored for their personal healthcare demands. The average daily office hours of resident TCM physicians are generally shorter than the out-patient service hours of TCM hospitals. Following the receipt of and payment for diagnosis and prescription services, customers then typically purchase the prescribed medications at the affiliated TRT Group's retail pharmacies. To a much lesser extent, certain resident TCM physicians may treat customers with TCM appropriate techniques such as acupuncture and massage. As of September 30, 2025, in the six overlapping cities where we operated self-owned medical institutions, TRT Group provided such Resident TCM Physician Services mainly through 137 clinics and, to a lesser extent, 8 out-patient healthcare centers (collectively, "**Resident TCM Institutions**") located within or adjacent to the retail pharmacies or stores. The Resident TCM Institutions are closely associated with the relevant retail pharmacies or stores, rather than functioning as standalone healthcare institutions. Strategically, the Resident TCM Physician Services are complementary to the retail pharmacy business of TRT Group, enhancing the overall customer experience.

We, on the other hand, are positioned to offer comprehensive TCM healthcare services through our self-owned standalone offline medical institutions, comprising six hospitals, three out-patient healthcare centers and two clinics, as well as our self-owned Internet hospital, catering to customers with differentiated medical needs, which is different from the positioning of Resident TCM Physician Services as complementary services to pharmaceutical retail business as discussed above. Our comprehensive TCM healthcare services cover TCM syndrome differentiation (中醫辨證), medical examination, diagnosis, treatment, rehabilitation, follow-up visits, daily health management and preventative care.

Reasons for the exclusion

For retail pharmacies and stores which strategically focus on the sale of TCM healthcare products, it aligns with the industry norms to maintain limited medical services for the convenience of their customers, according to Frost & Sullivan. Consequently, the Resident TCM Physician Services are closely integrated with TRT Group's retail business and cannot be separately injected into our business. In contrast, we provide comprehensive TCM healthcare services through our self-owned standalone offline medical institutions, so we do not intend to incorporate the Resident TCM Physician Services into our healthcare service network.

Different operational scale

Overall, Resident TCM Physician Services at the locations where our Group is present are maintained at a limited scale. As a comparison, we provide TCM healthcare services on a larger operational scale with details illustrated below:

Our Group	
Average GFA of our self-owned offline medical institutions	Approximately 5,220 sq.m.
Average number of physicians at each of our self-owned offline medical institutions in operation	Exceeds 60
Healthcare service income (based on unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025)	Healthcare service income generated by Resident TCM Institutions in overlapping cities where we operate self-owned medical institutions accounted for approximately 3.7%, 6.9%, 10.3% and 7.0% of the revenue recorded by our self-owned medical institutions from TCM healthcare services during the same periods and approximately 3.4%, 5.9%, 8.7% and 5.9% of our total revenue during the same periods, respectively.
TRT Group	
Average GFA of premises utilized by each Resident TCM Institutions for Resident TCM Physician Services (as of September 30, 2025)	Approximately 124 sq.m., among which approximately 70.3% utilized premises of no more than 100 sq.m.
Average number of resident TCM physicians at each Resident TCM Institutions (as of September 30, 2025)	Approximately 6, among which approximately 46.9% had no more than 5 resident TCM physicians, including part-time physicians who occasionally provide their services.
Healthcare service income (based on unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025)	Healthcare service income generated by Resident TCM Institutions in overlapping cities where we operate self-owned medical institutions accounted for approximately 0.1%, 0.3%, 0.4% and 0.3% of TRT Group's total revenue, respectively.

Different service scope

In accordance with the *General Standards for TCM Clinics* (中醫診所基本標準) issued by the NATCM, TCM clinics are restricted to only setting up TCM general practice department (中醫科) and/or ethnomedicine department (民族醫學科). As of September 30, 2025, all TCM clinics providing Resident TCM Physician Services in overlapping cities where we operated self-owned medical institutions only have TCM general practice department, providing TCM general practice services (中醫普通科服務). According to Frost & Sullivan, TCM general practice services focus on primary out-patient TCM consultation and treatment such as preventive health care, diagnosis and treatment of common and frequently occurring diseases and referral, patient rehabilitation and chronic disease management, and health management at primary level. Resident TCM physicians primarily provide primary diagnosis and treatment without assistance from advanced modern medical devices and rely mainly on their knowledge and expertise. As of September 30, 2025, more than 94% of Resident TCM Physician Services in overlapping cities where we operate self-owned medical institutions were provided through TCM clinics, the revenue of which was considered to be generated from TCM general practice services. On the other hand, pursuant to the *General Standards for Medical Institutions (Trial)* (醫療機構基本標準(試行)) issued by the MOH, TCM out-patient healthcare centers shall set up no less than three TCM clinical departments. For detailed differences between TCM clinics and TCM out-patient healthcare centers, please see "Industry Overview — The TCM Healthcare Service Industry in China — Overview — Main Participants." As of September 30, 2025, less than 6% of Resident TCM Physician Services in overlapping cities where we operate self-owned medical institutions were provided through TCM out-patient healthcare centers in terms of number of the Resident TCM Institutions, the revenue of which was considered to be generated from TCM specialty services.

Our self-owned medical institutions (except two clinics in Jinhua, Zhejiang province) employ a different approach from TCM general practice, focusing on providing a broad spectrum of TCM specialty services, such as TCM internal medicine, TCM gynecology, TCM cardiology and encephalopathy, TCM endocrinology, TCM oncology, TCM rehabilitation and physiotherapy. We embrace abundant physicians with multidisciplinary expertise, holistic TCM diagnosis and treatment techniques and well-equipped infrastructure, providing customers with both out-patient and in-patient care throughout their whole disease courses and address differentiated needs under diverse healthcare scenarios.

Based on the above, our Directors are of the view that there is no material competition between Resident TCM Physician Services and our TCM healthcare services. Based on public information, documents and information provided by the Company, the discussions with the Company and Frost & Sullivan, and the on-site visit of selected Resident TCM Institutions, nothing has come to the Sponsor's attention that would cause it to disagree with our Directors' view.

B. Excluded Medical Institutions

Other than Resident TCM Physician Services, TRT Group also offers TCM healthcare services through certain medical institutions (the "**Excluded Medical Institutions**"). Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, revenue generated from these Excluded Medical Institutions amounted to approximately RMB388.5 million, RMB528.9 million, RMB618.5 million and RMB451.5 million, respectively, among which RMB332.3 million, RMB437.2 million, RMB468.6 million and RMB327.9 million were generated from not-for-profit medical institutions, and RMB52.7 million, RMB85.7 million, RMB144.3 million and RMB123.5 million were generated from for-profit medical institutions, representing less than 3% of TRT Group's total revenue for the same periods, which is significantly lower than our revenue generated from the provision of TCM healthcare services during the same periods. Details of these Excluded Medical Institutions are set out below:

Excluded for-profit medical institution in Beijing

Wangfujing Hospital is a non-wholly owned subsidiary of TRT Limited, and is owned as to 50% and 50% by TRT Commerce (a non-wholly owned subsidiary of TRT Limited) and Beijing Zhongqi, an Independent Third Party, respectively. Currently, Wangfujing Hospital is mainly operated by Beijing Zhongqi.

(i) Reasons for the exclusion

Under the existing articles of association of Wangfujing Hospital, without the prior consent of Beijing Zhongqi, TRT Commerce shall not transfer any of its equity interest in Wangfujing Hospital to any third party. According to our discussion with Beijing Zhongqi, as it currently intends to maintain the current shareholding structure of Wangfujing Hospital, we are unable and have no intention to acquire any interest in Wangfujing Hospital as of the Latest Practicable Date.

(ii) Different operational scale

We provide TCM healthcare services in Beijing through Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital, which are larger than Wangfujing Hospital in terms of operational scale, as illustrated in the following table.

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Beijing TRT TCM Hospital				
Revenue *(RMB in millions)*	312.6	388.0	389.6	293.1
Number of daily out-patient visits	1,124	1,358	1,362	1,331
Beijing TRT Second TCM Hospital				
Revenue *(RMB in millions)*	173.4	214.0	191.7	131.0
Number of daily out-patient visits	747	803	738	665

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Wangfujing Hospital				
Revenue *(RMB in millions; unaudited)*	35.5	54.7	101.7	92.0
Revenue of Wangfujing Hospital as a percentage of our total revenue	3.9%	4.7%	8.7%	10.7%
Number of daily out-patient visits	121	199	271	293
Number of daily out-patient visits of Wangfujing Hospital as a percentage of the total daily out-patient visits of our in-network medical institutions	3.3%	4.1%	3.4%	3.2%

For detailed operational scale of Beijing TRT TCM Hospital and Beijing TRT Second TCM Hospital, please see "Business — Our In-network Medical Institutions — Key Operational and Financial Information of Our TCM Healthcare Service Network."

(iii) Fragmented market with no direct competition

In addition, according to Frost & Sullivan, the TCM healthcare industry in Beijing is enormous, with TCM out-patient hospital healthcare industry alone recording a market size of RMB27.0 billion in 2024. The market is highly fragmented and served by more than 280 TCM hospitals in Beijing. Although we stood as the industry leader in the TCM healthcare industry in Beijing in terms of TCM out-patient healthcare service revenue in 2024, the revenue we recorded only accounted for 3.1% of the total market size, with top five industry players in terms of TCM out-patient healthcare service revenue in 2024 took an aggregate market share of 6.3%, demonstrating an extremely low level of concentration.

(iv) Small number of overlapping customers

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the number of overlapping customers between our two self-owned hospitals in Beijing and Wangfujing Hospital was 1,122, 1,654, 1,532 and 610, respectively, only accounting for less than 1.0% of the total number of customers of our two self-owned hospitals in Beijing for the same periods. The revenue generated by us from these overlapping customers only amounted to RMB5.9 million, RMB8.5 million, RMB5.7 million and RMB2.2 million during the same periods, respectively.

Based on the above, our Directors are of the view that there is no material competition between Wangfujing Hospital and our two hospitals in Beijing. Based on public information, documents and information provided by the Company and TRT Group, the discussions with the Company and Frost & Sullivan, nothing has come to the Sponsor's attention that would cause it to disagree with our Directors' view.

Excluded not-for-profit medical institution in Beijing

As of the Latest Practicable Date, TRT Kangyang held the organizer's interests in six not-for-profit medical institutions in Beijing. These medical institutions are located in or adjacent to local communities and mainly offer primary TCM healthcare services.

(i) Reasons for the exclusion

We historically held the organizer's interests in seven not-for-profit medical institutions. As advised by our PRC Legal Advisors, not-for-profit medical institutions are not allowed to offer economic interests to their organizers through dividends or other form of distribution. Therefore, in order to simplify our corporate structure and to ensure that all of our subsidiaries are permitted under applicable PRC laws and regulations to declare and distribute dividends to shareholders, in June 2023, we transferred the organizer's interests in these seven not-for-profit medical institutions to TRT Kangyang. For the same reason, we do not intend to obtain the organizer's interests in these not-for-profit medical institutions but included them into our TCM healthcare service network by offering management services to them in exchange for management fees. For details, please see “History, Reorganization and Corporate Structure — Reorganization — Streamlining Our Business Structure — (ii) Transfers of Organizer’s Interests in not-for-profit medical institutions.”

(ii) Inclusion into our TCM healthcare service network

Although we transferred the organizer’s interests in these seven not-for-profit medical institutions to TRT Kangyang, we included six of them into our TCM healthcare service network by way of providing our management services to them and we receive management fee in return. On December 31, 2024, TRT Kangyang deregistered Qixing Hospital, one of these six Managed Connected Medical Institutions, for better business operations and resource allocation. The properties and facilities previously utilized by Qixing Hospital became a new site of Jiuxianqiao Community Healthcare Center.

Our services range from daily management, marketing, information technology, academic research, training to supply chain management, covering almost every aspect of day-to-day operations of a medical institution. Further, we are entitled to recommend key managerial personnel to these medical institutions. Our experience and expertise can improve the overall operational efficiency of these not-for-profit medical institutions, and the operational performance of these not-for-profit medical institutions in turn contributes to the management service fees we are entitled to. Therefore, we consider our arrangements with TRT Kangyang to be mutually beneficial and sustainable. For details, please see “Business — Business Relationships with TRT Group — Sustainability of Our Business Relationships with TRT Group.” Therefore, we believe that we can exert substantial influence over the operation of these five medical institutions so as to manage and control the potential competition between us and these medical institutions to a minimum. We have not yet included Hujialou Second Community Healthcare Center into our TCM healthcare service network as it is currently under the management of Beijing Jufang. For details, please see “— Excluded Management Services — Management Service Offered by Beijing Jufang.”

(iii) Fragmented market with no direct competition

As illustrated above in “— Excluded for-profit medical institution in Beijing,” the TCM healthcare market in Beijing is large and fragmented. Neither us nor TRT Kangyang contributes a significant proportion in such market according to Frost & Sullivan. In particular, Hujialou Second Community Healthcare Center, the only not-for-profit medical institution which hasn’t been included into our TCM healthcare service network, is located in Chaoyang District, Beijing, approximately eight kilometers away from Beijing TRT TCM Hospital and 12 kilometers away from Beijing TRT Second TCM Hospital. According to Frost & Sullivan, customers who seek primary healthcare services have strong preferences to medical institutions in their neighborhoods (normally within 5 kilometers from their residence), and are unlikely to commute across different administrative districts for their doctor’s visits, especially in metropolitans with heavy traffic like Beijing.

(iv) Small number of overlapping customers

According to Frost & Sullivan, as these six not-for-profit medical institutions are positioned to offer primary healthcare services to local communities, primarily serving nearby residents who seek convenient access to healthcare services in their neighborhoods. In contrast, both of our two self-owned hospitals are general TCM hospitals, attracting a more geographically diverse customer base. Customers who visit these two hospitals may come from outside the local area, drawn by specialized medical services, advanced facilities or a wider range of healthcare options. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the number of overlapping customers between our two self-owned hospitals in Beijing and such not-for-profit medical institutions was 530, 879, 1,173 and 1,249, respectively, only accounting for less than 0.5% of the total number of customers of our two self-owned hospitals in Beijing for the same periods. The revenue generated by us from these overlapping customers only amounted to RMB2.2 million, RMB3.3 million, RMB4.3 million and RMB4.0 million during the same periods, respectively.

(v) Different operational scale

Based on the unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, these not-for-profit medical institutions recorded revenue of RMB341.8 million, RMB437.2 million, RMB468.6 million and RMB324.5 million, respectively, representing approximately 37.5%, 37.9%, 39.9% and 37.8% of our total revenue for the same periods. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the number of daily out-patient visits at these medical institutions was 1,889, 2,350, 2,499 and 2,379, respectively, representing approximately 52.3%, 48.6%, 31.2% and 26.1% of the total daily out-patient visits of our in-network medical institutions for the same periods, respectively.

Other Excluded Medical Institutions

Other Excluded Medical Institutions include three TCM hospitals outside the locations where our Group is present, namely, (i) Chengde Hospital (indirectly held by TRT Limited through TRT Commerce as to 51%), a for-profit hospital located in Chengde, Hebei province, (ii) Jining Hospital (directly held by TRT Medical Fund as to 51%), a for-profit hospital located in Jining, Shandong province and (iii) Tangshan Hospital (indirectly held by TRT Limited through TRT Commerce as to 51%), a not-for-profit hospital located in Tangshan, Hebei province.

Our Group has not provided and will not provide any TCM healthcare services in the cities where the other Excluded Medical Institutions are located, thus there exists a clear geographical delineation between the business of our Group's hospitals and that of the other Excluded Medical Institutions. We do not intend to include these other Excluded Medical Institutions into our healthcare service network as they do not conform to our expansion strategy. We plan to expand our business scale and geographical coverage with a focus on (i) economically active geographical regions in China, such as Beijing, Tianjin, eastern China (especially the Yangtze River Delta Region), and Guangdong province, and (ii) densely populated geographical regions in China, such as central China, Sichuan province and Chongqing.

Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, these three Excluded Medical Institutions combined recorded revenue of RMB20.7 million, RMB37.0 million, RMB48.1 million and RMB35.0 million, respectively, representing approximately 2.3%, 3.2%, 4.1% and 4.1% of our total revenue for the same periods, respectively. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the number of daily out-patient visits at the other Excluded Medical Institutions combined was 114, 118, 171 and 231, respectively, representing approximately 3.2%, 2.4%, 2.1% and 2.5% of the total daily out-patient visits of our in-network medical institutions for the same periods, respectively.

Based on the above, our Directors are of the view that there is no material competition between these Excluded Medical Institutions and our self-owned medical institutions. Based on public information, documents and information provided by the Company and TRT Group, the discussions with the Company and the independent due diligence work conducted by the Sponsor, nothing has come to the Sponsor's attention that would cause it to disagree with our Directors' view.

Excluded Management Services

TRT Kangyang, a Controlling Shareholder of our Company, and Beijing Jufang, a close associate of TRT Kangyang, also engage in the provision of management services in Beijing, details of which are set out below:

Management Service Offered by Beijing Jufang

Beijing Jufang is held as to 99% by TRT Medical Fund, whose general partner is TRT Medical Fund Management[(1)], a non-wholly owned subsidiary of TRT Kangyang. Beijing Jufang currently provides management services to Hujialou Second Community Healthcare Center (including its five affiliated healthcare service outlets).

Historically, we held the organizer's interests in Hujialou Second Community Healthcare Center. In 2021, we entered into a cooperation agreement (the "**Hujialou Cooperation Agreement**") with Beijing Jufang, pursuant to which Beijing Jufang agreed to provide management services to Hujialou Second Community Healthcare Center and parties agreed to the management service fees for the initial 5.5 years. We entered into such arrangement for the purpose of exploring an efficient business model to manage not-for-profit institutions. Considering our significant capital investments when acquiring the organizer's interests in Hujialou Second Community Healthcare Center, Beijing Jufang agreed to pay a concession fee of approximately RMB76 million for obtaining the right to manage Hujialou Second Community Healthcare Center. According to Frost & Sullivan, paying concession fees in exchange for the management right of a medical institution aligns with the industry norms. Based on the interview with Health Commission of Chaoyang District of Beijing (北京市朝陽區衛生健康委員會), which is the competent authority for the management of Hujialou Second Community Healthcare Center as advised by our PRC Legal Advisors, our PRC Legal Advisors are of the view that Hujialou Cooperation Agreement is legally binding and does not violate the applicable PRC laws and regulations. In June 2023, as part of our Reorganization, we transferred the organizer's interests in Hujialou Second Community Healthcare Center together with the other six not-for-profit medical institutions to TRT Kangyang. Consequently, our rights and obligations under the Hujialou Cooperation Agreement were assigned to TRT Kangyang. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the management service revenue recognized by Beijing Jufang from Hujialou Second Community Healthcare Center was approximately RMB19.6 million, RMB31.9 million, RMB12.3 million and RMB1.4 million, respectively.

To honor the Hujialou Cooperation Agreement, which is still effective, and given the fact that we have received a substantial portion of concession fees from Beijing Jufang for the right to manage Hujialou Second Community Healthcare Center, parties agreed to continue the performance of Hujialou Cooperation Agreement. However, to avoid the long-term business similarities in respect of the management services, TRT Kangyang, Beijing Jufang and Hujialou Second Community Healthcare Center entered into an agreement on June 21, 2024, pursuant to which they agreed that the Cooperation Agreement shall be terminated on August 31, 2026. In the meantime, TRT Kangyang agreed that upon termination of the Hujialou Cooperation Agreement, we would take over the management services to Hujialou Second Community Healthcare Center.

Based on the above, considering (i) the number of medical institutions under our management in Beijing is significantly more than the medical institution managed by Beijing Jufang, and (ii) the Hujialou Cooperation Agreement will be terminated on August 31, 2026, our Directors are of the view that there is no material competition between the management services offered by Beijing Jufang and that offered by our Group in Beijing.

Management Service to be Offered by TRT Kangyang

In November 2023, TRT Kangyang entered into a cooperation agreement with the organizer of a not-for-profit primary medical institution, pursuant to which TRT Kangyang agreed to provide management services to such medical institution. As of the Latest Practicable Date, TRT Kangyang had yet to commence its management services since the details of such arrangements were still under negotiation. As the relevant parties are required to complete necessary internal procedures prior to the commencement of such management services, based on the information available to us, such management services are expected to commence by

Note:

(1) At the time of entering into the Hujialou Cooperation Agreement, TRT Medical Fund Management was held by us as to 49%. We transferred our entire equity interests in TRT Medical Fund Management to TRT Kangyang in August 2023. For details of the remaining 51% equity interests in TRT Medical Fund Management, please see Note 2 set out in "History, Reorganization and Corporate Structure — Corporate Structure — Corporate Structure after the Reorganization and before the Global Offering."

mid 2026. TRT Kangyang has already agreed to entrust its management rights in such medical institution to us upon completion of the aforesaid negotiations, subject to the requirements under Chapter 14A of the Listing Rules. The services we provide to this medical institution will be substantially the same as compared to the services we offer to other TRT Kangyang's medical institutions under our management. Therefore, our Directors consider there will not be any competition in this regard.

Sale of Healthcare Products and Other Products

Sale of healthcare products and other products is the principal business of TRT. During the Track Record Period, sale of healthcare products and other products was not a major revenue source for our Group and we engage in such business to complement our TCM healthcare services and increase customers' access to high-quality healthcare products.

Our Retail Business

(i) Our offline retail business

Following the acquisition of SXT Hospital and SXT Pharmacies as a whole in June 2022, our Group has owned and operated four retail pharmacies and two health food retail stores under the brand name of "San Xi Tang (三溪堂)" (the "**SXT Retail Stores**") in Jinhua, Zhejiang province. We operate the SXT Retail Stores primarily to leverage synergies with SXT Hospital and gain a comprehensive understanding of the regional TCM industry chain, rather than to actively pursue the growth potential of the local pharmaceutical retail market. As of the Latest Practicable Date, TRT Group operated two pharmacies in Jinhua, Zhejiang province (the "**TRT Pharmacies**").

The TRT Pharmacies mainly focus on the retail sale of pharmaceuticals under the "Tong Ren Tang" brand, while the SXT Retail Stores provide a diverse selection of healthcare products from various brands. However, certain products sold by the TRT Pharmacies and the SXT Retail Stores, such as common OTC pharmaceuticals and other healthcare products, are subject to a certain degree of overlap. Based on the relevant unaudited management accounts for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the TRT Pharmacies combined recorded revenue from retail sales of RMB12.4 million, RMB11.8 million, RMB11.2 million and RMB7.3 million, respectively, while SXT retail stores generated revenue from retail sales of RMB69.4 million, RMB70.2 million, RMB69.1 million and RMB40.6 million for the same periods, respectively.

TRT Group's online sales channels also cover Jinhua, Zhejiang province. For the reasons below, our Directors consider TRT Group's offline and online sales in Jinhua, Zhejiang province does not pose material competition with our overall business, in particular: (i) sale of healthcare products and other products was not the principal source of revenue for our Group during the Track Record Period and will not be so in the future. In particular, following the acquisition of San Xi Tang in June 2022, revenue generated from our Group's retail sale in Zhejiang province amounted to RMB53.8 million, RMB70.2 million, RMB69.1 million and RMB40.6 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, representing 5.9%, 6.1%, 5.9% and 4.7% of our total revenue during the same periods; (ii) the current operational scale of TRT Group's pharmacies in Jinhua, Zhejiang province is very small compared to our retail pharmacies in the region; (iii) TRT Group has undertaken not to establish any new retail pharmacies or expand the current retail pharmacies in Jinhua, Zhejiang province; and (iv) our Group will not expand its retail business outside of Jinhua, Zhejiang province by establishing new pharmacies.

(ii) Our online retail business

To a much lesser extent, we also engage in the online sale of healthcare products and other products through our WeChat mini program "*Tong Ren Tang Selection (同仁堂優選)*." We established such online platform mainly to provide a trustworthy channel for employees of TRT Group (including us) to purchase products under the "Tong Ren Tang (同仁堂)" brand. During the Track Record Period, the revenue generated from such online platform was RMB3.0 million, RMB3.2 million, RMB1.2 million and RMB0.2 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, respectively. Despite the limited operational scale of "*Tong Ren Tang Selection*," we have decided not to further pursue this business or engage in any other online sales of healthcare products and other products to avoid any potential competition with similar business of TRT Group. We permanently shut down "*Tong Ren Tang Selection*" in November 2025.

Our Wholesale Business

In January 2024, considering our proven track record in collaborating with local retailers and the Pharmaceutical Operation Permit for wholesale held by our SXT Pharmacies, we were granted the exclusive right by TRT Commerce to sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province, excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province. For details, please see "Business — Business Relationships with TRT Group — Sustainability of Our Business Relationships with TRT Group." Although TRT Group primarily engages in the pharmaceutical distribution business, our Directors are of the view that the exclusivity of the selling rights granted to us with respect to a specific series of pharmaceutical products ensures clear delineation between our business and that of TRT Group, and there is no material competition between TRT Group and us with respect to pharmaceutical distribution business in Zhejiang.

Non-competition Undertaking and Corporate Governance Measures

TRT has provided certain non-competition undertakings to our Group on November 12, 2025. See "— Non-competition Undertaking" for further details. Besides, we have taken adequate measures and adopted effective mechanism so as to manage the conflicts of interest arising from the potential competing business and safeguard the interests of the Shareholders, including measures set out in "— Corporate Governance Measures."

Conclusion

Based on the above and considering the Non-competition Undertaking and relevant corporate governance measures, our Directors are of the view that there is no material business competition between our Group and TRT Group. Based on the above and the independent due diligence work conducted by the Sponsor, nothing has come to the Sponsor's attention that would cause it to disagree with our Directors' view. Save as disclosed above, our Controlling Shareholders have no interest in a business apart from our Group's business, which competes, or is likely to compete, whether directly or indirectly, within our Group, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and its close associates after the Listing.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Company shall make and implement our business decisions independently. We have established our own organizational structure with independent departments, and each department is assigned to specific areas of responsibilities. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

Although we have entered into a number of connected transactions with TRT Group in respect of property leasing, trademark licensing, procurement, distribution, hospital management and internet hospital platform services which would continue after the Listing, these transactions have not and will not undermine the operational independence of our Group on the basis that (i) these continuing connected transactions were conducted on normal commercial terms or better to us; (ii) we have independent access to suppliers and customers and are not dependent on our Controlling Shareholders and their respective close associates with respect to suppliers for our business operations; and (iii) we hold or enjoy the benefits of all relevant permits and licenses necessary to carry out our business in all material respects. For details, please see "Connected Transactions."

Accordingly, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

Management Independence

Upon the Listing, our Board will comprise three executive Directors, three non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for details.

Save as described in the following table, none of our Directors or senior management has any other roles within TRT Group:

Name	Positions in our Company	Main positions in TRT Group
Mr. Rao Zuhai	– Chairman of the Board – Executive Director – Secretary of the party committee	– Deputy general manager of TRT
Mr. Lu Yan	– Executive Director – General manager	– Deputy dean of Beijing Tong Ren Tang Research Institute (北京同仁堂研究院)
Mr. Zhu Feng	Non-executive Director	– Director of the investment management department of TRT – Financial controller of Beijing Tong Ren Tang TCM Formula Granules Investment Co., Ltd. (北京同仁堂中藥配方顆粒投資有限公司)
Mr. Sun Kai	Non-executive Director	– Director and general manager of Beijing Tong Ren Tang Digital Technology Co., Ltd. (北京同仁堂數字科技有限公司)
Ms. Xing Qian	Non-executive Director	– Deputy director of the marketing department of TRT – Chairwoman of the board of directors of Beijing Tong Ren Tang Tongxin Pharmaceutical Co., Ltd. (北京同仁堂同心醫藥有限公司)

Mr. Rao Zuhai is the chairman of our Board, an executive Director and secretary of the party committee, and is in charge of the overall strategic planning, business development and audit management of our Group. He is also a deputy general manager of TRT and will remain such role after the Listing. At TRT, Mr. Rao is mainly responsible for the healthcare service sector of TRT Group, which basically refers to the business conducted by our Group, and also attends to matters including investment and marketing of TRT Group. Mr. Rao has been historically, and is expected to continue to, devote majority of his time to the operation and management of our Group upon the Listing.

Mr. Lu Yan is an executive Director and general manager of our Company, and is in charge of the daily operation and management of our Group. His role at Beijing Tong Ren Tang Research Institute, an academic institution of TRT Group, is a non-executive role in nature, primarily responsible for providing strategic advice on the establishment of clinical research centers using his extensive clinical experience as a physician and a leader in hospital management. Mr. Lu has been historically, and is expected to continue to, devote majority of his time to the operation and management of our Group upon the Listing.

Despite the positions held in TRT Group, Mr. Zhu Feng, Mr. Sun Kai and Ms. Xing Qian are non-executive Directors. None of them is involved in the daily operation and management of our Group.

Our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently of TRT Group on the following grounds:

(i) as disclosed above, our Group's executive Directors have a track record of devoting sufficient time and energy to discharging their duties as management of our Group. Moreover, one of our executive Directors, Ms. Gui Shan, has no roles within, and is therefore independent from TRT Group. In addition, our senior management team is principally responsible for the daily management of our business operation. Save for Mr. Rao Zuhai and Mr. Lu Yan, none of our senior management team hold any positions in TRT Group, and are capable to contribute sufficient time and efforts to manage our daily operations. Most of our senior management team have worked with us during the Track Record Period and up to the Latest Practicable Date;

(ii) our Board consists of three independent non-executive Directors, which represent more than one-third of the members of the Board. Accordingly, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and they will be able to protect the interests of our Company and the Shareholders as a whole;

(iii) each Director is aware of his or her fiduciary duties as a Director, which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum;

(v) none of our Directors and senior management members of our Company holds any equity interest in TRT Group; and

(vi) our Company has also established internal control mechanism to identify related party transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Financial Independence

Our Group has established an independent financial department with a team of independent financial staff, as well as a sound and independent financial system and makes financial decisions according to our Group's own business needs. Our Group has adequate capital to operate our business independently, and has sufficient internal resources to support our daily operations. In particular, we have obtained credit facilities from independent commercial banks without any assistance, guarantee or security from TRT Group. See "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position" and Note 26 of Section II to the Accountants' Report set out in Appendix IA to this prospectus for details.

During the Track Record Period, our Group had certain trade and non-trade related amounts due to/from our Controlling Shareholders and their respective close associates. As of September 30, 2025, our outstanding non-trade balances due to and due from our Controlling Shareholders and their close associates amounted to RMB21.0 thousand and RMB456.0 thousand, respectively. For details, please see Note 35 of Section II to the Accountants' Report set out in Appendix IA to this prospectus. All such non-trade balances will be settled prior to the Listing.

Save as disclosed herein, as of the Latest Practicable Date, there were no loans or advances due to and from our Controlling Shareholders or their respective close associates nor any pledges, guarantees or any other forms of collateral or security provided by our Controlling Shareholders or their respective close associate on our Group's borrowings which have not been fully released or discharged. Having considered that our future operations are not expected to be financed by our Controlling Shareholders or their respective close associates, we believe our Group is financially independent from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKING

To safeguard the interest of our Group, our Controlling Shareholders (each a "**Covenantor**", collectively the "**Covenantors**") have executed the Non-competition Undertaking in favor of our Company on November 12, 2025.

Pursuant to the Non-competition Undertaking, our Group is positioned to engage in the following businesses: (i) *online and offline TCM healthcare services through hospital and out-patient healthcare center.* We will have a broad nationwide coverage to expand our TCM healthcare services through hospitals and out-patient healthcare centers; (ii) *management services.* We provide management services to medical institutions in the PRC; (iii) *sale of healthcare products and other products.* This business includes (a) the retail sale of healthcare products and other products through our self-owned standalone stores in Jinhua, Zhejiang province, (b) the exclusive right to sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province), and (c) the sales of certain TCM patent medicines and western medicines by Beijing Tongda to our Group's in-network medical institutions in Beijing and Hujialou Second Community Healthcare Center (collectively, the "**Restricted Business**").

Each of the Covenantors has unconditionally undertakes, jointly and severally, to our Company (for itself and on behalf of each of the members of our Group from time to time) that, save as disclosed in "— Delineation of Business", it will not, and will use its best endeavors to procure that its respective close associates will not, directly or indirectly, at any time during the Relevant Period (as defined below) and within the scope the Restricted Business, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested (economically or in the form of associates, joint ventures, cooperations, partnerships, contracting, leasing, agency, equity interests, borrowings or others) in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business which is the same as, similar to or in competition or will compete or may compete with the business carried on or contemplated to be carried on by any member of our Group from time to time.

In particular, our Controlling Shareholders have undertaken that, they shall not, and shall procure their close associates (other than our Group) not, jointly or independently, (i) establish any new hospitals or out-patient healthcare centers in the areas where our Group operates, including any new locations where we may expand to in the future; (ii) upgrade any clinics offering the Resident TCM Physician Services to out-patient healthcare centers; (iii) substantially expand the operational scale of the Excluded Medical Institutions, which means they shall not purchase or lease new properties to significantly increase their facilities, nor take any other actions that would substantially enhance their capacity to deliver healthcare services; (iv) establish any new retail pharmacies or stores in Jinhua, Zhejiang province, or substantially expand its current business presence as long as we operate offline retail business in the same regions; and (v) sell any TCM patent medicines and western medicines that Beijing Tongda can supply to our Managed Connected Medical Institutions in Beijing and Hujialou Second Community Healthcare Center. Beijing Tongda shall have a priority in supplying its TCM patent medicines and western medicines to these institutions when multiple pharmaceutical options available for a particular illness.

For detailed measures undertaken by the Covenantors to ensure their compliance with the Non-competition Undertaking, please see "— Corporate Governance Measures."

Moreover, TRT has unconditionally undertakes, jointly and severally, to our Company (for itself and on behalf of each of the members of our Group from time to time) that, save for the Excluded TCM Healthcare Services as disclosed in this prospectus, TRT will not license the trademark and tradename of "Tong Ren Tang" to any TCM hospital in China which is not a subsidiary of our Company.

The above restrictions do not prohibit the Covenantors and their respective close associates (other than members of our Group) from holding securities of any company which conducts or is engaged in any Restricted Business, provided that the conditions set out in paragraphs (i), (ii) and (iii) below are satisfied: (i) the aggregate number of shares or equity interests held by the Covenantors and their respective close associates (other than members of our Group) is less than 10% of any class of the issued shares or the entire equity interests of such company; (ii) the Covenantors or their respective close associates (other than members of our Group) do not own, by any means, any right to control the composition of the board of directors or managers of such Restricted Business nor any right to engage in, invest in, operate or participate in, directly or indirectly, such Restricted Business; and (iii) none of the Covenantors and their respective close associates (other than members of our Group) is the controlling shareholder of such company.

In addition, where it is resolved by the Board or a Shareholders' meeting that it is appropriate for the Covenantors and/or their respective close associates (other than members of our Group) and our Group to jointly invest in, conduct, operate or participate in any business opportunity relating to the Restricted Business (the "**New Business Opportunity**"), and if our Group gives written invitation, the Covenantors and/or their respective close associates (other than members of our Group) may together with our Group, jointly invest in, conduct, operate or participate in such New Business Opportunity subject to the provisions of the Listing Rules and any requirement from the Stock Exchange (including but not limited to the obtaining of approval from the independent non-executive Directors and/or independent Shareholders). As of the Latest Practicable Date, our Group and the Covenantors and their respective close associates had no intention to jointly invest in, conduct, operate or participate in any New Business Opportunity.

Further Undertakings from the Covenantor

Under the Non-competition Undertaking, each of the Covenantors has further undertaken to us the following:

(i) it shall provide, and shall procure its close associates (other than members of our Group) to provide, during the Relevant Period, where necessary and at least on an annual basis, all information necessary for the review by the independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantor's and its close associates' (other than members of our Group) compliance with the Non-competition Undertaking, and to enable the independent non-executive Directors to enforce the Non-competition Undertaking, including but not limited to any decision described in paragraph (v) below or in relation to the pre-emptive right to restrict the transfer;

(ii) the Covenantor (and on behalf of its close associates (other than members of our Group) from time to time) shall provide us annually with an annual declaration for inclusion in our annual report, in respect of compliance with the terms of the Non-competition Undertaking;

(iii) the Covenantor has agreed and authorized our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-competition Undertaking, either through our annual report or by way of announcement;

(iv) during the Relevant Period (as defined below), in the event that the Covenantor or its close associates (other than members of our Group) are given any business opportunity relating to the New Business Opportunity (regardless of its value), the Covenantor shall, and shall procure that its close associates (other than members of our Group), inform us of such New Business Opportunity in writing with all available information as soon as practicable and shall use its best endeavor to assist us in obtaining such New Business Opportunity on the same or more favorable terms;

(v) when there is any New Business Opportunity, all independent non-executive Directors but excluding any independent non-executive Directors with conflicted interests will form a committee (the "**Independent Board Committee**") and the Independent Board

Committee shall consider and approve whether to pursue or decline the New Business Opportunity. If appropriate, the Independent Board Committee may appoint independent financial advisors to advise on the terms of the transaction in the subject of New Business Opportunity;

(vi) in the event that the Independent Board Committee decides that our Group should not take up such New Business Opportunity as referred to in paragraph (iv) above within a commercially reasonable period and undertake by written notice, the Covenantor and its close associates (other than members of our Group) may take up such New Business Opportunity and the involvement in the business derived from such New Business Opportunity shall not be regarded as a breach of the Non-competition Undertaking; and

(vii) since the effective date of the Non-competition Undertaking, the Covenantor agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of or in connection with any failure to comply with the terms of the Non-competition Undertaking by the Covenantor or its close associates (other than members of our Group).

Where the Covenantors and/or their respective close associates (other than members of our Group) acquire the Restricted Business pursuant to paragraph (vi) above, the Covenantors and/or their respective close associates (other than members of our Group) shall provide our Group with pre-emptive right (the "**Pre-emptive Right**") to acquire any such Restricted Business under the same circumstances. Where the Independent Board Committee decides to waive our Pre-emptive Right by way of written notice, the Covenantors and/or their respective close associates (other than members of our Group) may offer to sell such Restricted Business (as defined below) to other third parties on such terms which are no more favorable than those made available to our Group.

Where the Covenantors and/or their respective close associates (other than members of our Group) acquire the Restricted Business pursuant to paragraph (vi) above, the Covenantors and/or their respective close associates (other than members of our Group) has undertaken to grant us the option (the "**Options for Acquisition**") which is exercisable at any time during the term of the Relevant Period (as defined below), to purchase at one or more times any equity interest, assets or other interests which form part/or all of such Restricted Business as described above, or to operate the Restricted Business by way of, including but not limited to, management outsourcing, lease or subcontracting. However, if a third party has the pre-emptive rights in accordance with applicable laws and regulations and/or any legally binding document, the Options for Acquisition shall be subject to such third-party rights. In these circumstances, the Covenantors will use their best endeavors to procure the third party to waive such pre-emptive rights.

The Covenantors and/or their respective close associates (other than members of our Group) have further unconditionally undertaken that they and/or their respective close associates (other than members of our Group) will not take advantage of their connections with our Group and/or our Shareholders, or their position as a shareholder of any member of our Group, to participate or be engaged in any activities which may be detrimental to the interests of our Group and our other Shareholders.

The Covenantors have further unconditionally undertaken that except with the prior written consent of our Group, the Covenantors shall not, and shall procure their respective close associates (other than members of our Group) will not, among others, directly or indirectly: (i) any time induce or attempt to induce any director, manager or consultant of any member of our Group to terminate his or her employment or consultancy (as applicable) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable); or (ii) alone or jointly with any other person through or as director, manager, advisor, consultant, employee of or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, solicit or accept orders from or do the Restricted Business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

Our Company will disclose the decisions on matters reviewed by the independent non-executive Directors relating to the compliance with and enforcement of the Non-competition Undertaking either in the annual report of our Company or by way of announcement(s) to the public. For the purposes of the above, the "**Relevant Period**" means the period commencing from the date on which the Non-competition Undertaking becomes effective and shall expire on the earlier of (a) the date when each of the Covenantors and, as the case may be, any of their respective close associates collectively, cease to hold, or otherwise hold, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company and is not in a position to control the composition of a majority of the Board; or (b) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interests of our Shareholders. We will adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholders:

(i) where a Shareholders' meeting is held for considering proposed transaction in which any of the Controlling Shareholder has a material interest, the Controlling Shareholder shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(ii) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(iii) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For more details of the biographies of our independent non-executive Directors, please see "Directors and Senior Management;"

(iv) Any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(v) Our independent non-executive Directors will review the compliance with and implementation of the Non-competition Undertaking by our Controlling Shareholders on an annual basis. Our Company will disclose the review results in the annual report or by way of announcements to the public. Our Controlling Shareholders have undertaken to make annual declaration in our annual report in relation to their compliance with the terms of the Non-competition Undertaking;

(vi) In the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders, the Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual report or by way of announcements to the public;

(vii) Our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(viii) Our audit committee will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(ix) Our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

In addition, TRT can closely supervise the operations and investment activities of its close associates through its designated directors, who can attend the board meetings, obtain information in respect of and cast vote in accordance with the opinions of TRT for, the investment plans, investment projects and changes in business scope (if any) of its close associates, thereby ensuring them to comply with the Non-competition Undertaking.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or Directors to protect the minority Shareholders' rights after Listing.

We have entered into certain agreements with our connected persons, the details of which are set out below. Upon Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon Listing and the nature of their relationship with our Group:

Connected person	Connected relationship
TRT	one of our Controlling Shareholders
TRT Kangyang	a subsidiary of TRT, and hence an associate of TRT
TRT Shanxi Pharmacy	a subsidiary of TRT, and hence an associate of TRT
TRT Technologies	a subsidiary of TRT, and hence an associate of TRT
Beijing TRT Second TCM Hospital	our non-wholly owned subsidiary, in which TRT Technologies holds the remaining 49% equity interests, and hence a connected subsidiary of our Company
Taiyuan TRT TCM Hospital	a branch of our non-wholly owned subsidiary, in which TRT Shanxi Pharmacy holds the remaining 49% equity interests, and hence a connected subsidiary of our Company
Managed Connected Medical Institutions	five not-for-profit offline medical institutions, in which TRT Kangyang holds the entire organizer's interests, and hence associates of TRT Kangyang
Mr. Zhu	a substantial shareholder of each of SXT Hospital and SXT Pharmacies
Ms. Pan	a substantial shareholder of each of SXT Hospital and SXT Pharmacies
Yiwu San Xi Tang TCM Research Institute (義烏市三溪堂中醫藥研究所) ("**Sanxi Research**")	a private not-for-profit institution, in which Mr. Zhu holds the entire organizer's interests, and hence an associate of Mr. Zhu
Yiwu San Xi Tang Agriculture Development Co., Ltd. (義烏市三溪堂農業開發有限公司) ("**Yiwu Agriculture**")	a company wholly owned by Ms. Pan, and hence an associate of Ms. Pan
Zhejiang Sanxitang TCM	a company owned by Mr. Zhu as to 49%, and hence an associate of Mr. Zhu
Zhejiang Sanxi Yutai Biotechnology Co., Ltd. (浙江三溪御泰生物科技有限公司) ("**Sanxi Yutai**")	a company wholly owned by Ms. Pan, and hence an associate of Ms. Pan
Hangzhou CZT	a substantial shareholder of Shanghai CZT
CZT	a controlling shareholder of Hangzhou CZT, and hence an associate of Hangzhou CZT

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions	Applicable Listing Rules	Waiver sought	Proposed annual cap for the years ending December 31, 2025	2026
			(RMB in thousands)	
Fully-exempt Continuing Connected Transaction				
1. Tong Ren Tang Trademark Licensing Framework Agreements	14A.76(1)(a)	N/A	N/A	N/A
2. San Xi Tang Trademarks Licensing Arrangement	14A.52 14A.76(1)(a)	N/A	N/A	N/A
3. Cheng Zhi Tang Trademark Licensing Agreement	14A.52 14A.76(1)(a)	N/A	N/A	N/A
4. Internet Hospital Cooperation Framework Agreement	14A.76(1)(c)	N/A	N/A	N/A
5. Managed Connected Medical Institutions Cooperation Agreements	14A.76(1)(c)	N/A	N/A	N/A
6. Beijing TRT Lease Framework Agreement	14A.76(1)(c)	N/A	N/A	N/A
Partially-exempt Continuing Connected Transaction				
7. Comprehensive Service Framework Agreement	14A.76(2)(a)	Announcement	13,000	13,390
8. Pharmaceutical Sales Framework Agreement	14A.76(2)(a)	Announcement	27,700	33,240
9. San Xi Tang Procurement Framework Agreement	14A.76(2)(a)	Announcement	43,840	51,756
Non-exempt Continuing Connected Transaction				
10. Master Procurement Framework Agreement	14A.35-36 14A.49 14A.105	Announcement, circular and independent shareholders' approval	200,424	242,664

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Tong Ren Tang Trademark Licensing Framework Agreements

Our Company, together with certain subsidiaries, entered into a series of trademark and trade name licensing framework agreements with TRT on April 25, 2024 (the "**Tong Ren Tang Trademark Licensing Framework Agreements**"), pursuant to which TRT agreed to license certain registered trademarks of TRT and the trade name of "Tong Ren Tang (同仁堂)" (the "**Licensed Trademarks and Trade Name**") for our use in exchange for an annual royalty fee, subject to a 10% annual increase considering the continued enhancement in the "Tong Ren Tang (同仁堂)" brand value. The annual royalty fee for the year ended December 31, 2023 amounted to RMB430,000 shall be payable by us in 2024. Separate authorization letters for the use of trademarks and trade name have been issued and will be renewed by TRT to set out the detailed terms, including the trade name or the registration number of the trademarks (as the case may be), scope of license and term of license, based on the principles and within the parameters provided under the Tong Ren Tang Trademark Licensing Framework Agreements. For details of the Licensed Trademarks and Trade Name, please see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group — (1) Trademarks — (ii) Trademarks licensed to our Group."

The Tong Ren Tang Trademark Licensing Framework Agreements were agreed upon on normal commercial terms after arm's length negotiations between the parties thereto, and the annual royalty fees were determined with reference to the royalty fees for which TRT licensed the same trademarks and trade name to its other subsidiaries, in particular those whose shares are publicly traded. Therefore, our Directors are of the view that the annual royalty fees payable by us under the Tong Ren Tang Trademark Licensing Framework Agreements are fair, reasonable and no less favorable to our Group than those offered to other subsidiaries of TRT Group.

The Tong Ren Tang Trademark Licensing Framework Agreements are for an initial term commencing on the execution date and expiring on April 24, 2026. If TRT or its subsidiaries no longer hold more than 33.34% of our total issued share capital or remain as a Controlling Shareholder of our Company after the Listing, TRT is entitled to terminate the Tong Ren Tang Trademark Licensing Framework Agreements. TRT has further confirmed that, provided that we do not breach the Tong Ren Tang Trademark Licensing Framework Agreements or the brand management policy of TRT Group, TRT shall continue to license the registered trademarks of TRT and the trade name of "Tong Ren Tang" to us, and will renew the Tong Ren Tang Trademark Licensing Framework Agreements with us for a term of three years upon their expiration subject to the requirements under the Listing Rules and other applicable laws and regulations. Therefore, our Directors believe that upon expiry, there will be no material impediment to the renewal of the Tong Ren Tang Trademark Licensing Framework Agreements upon our request.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical amounts of royalty fees in respect of the Licensed Trademarks and Trade Name were approximately RMB0.8 million, RMB0.4 million, RMB0.4 million and RMB0.5 million, respectively.

As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under the Tong Ren Tang Trademark Licensing Framework Agreements is expected to be, on an annual basis, less than 0.1%, such transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. San Xi Tang Trademarks Licensing Arrangement

Our Company, together with TRT Senior Care Fund and TRT Medical Fund, entered into an equity transfer agreement with Mr. Zhu, Ms. Pan and SXT Pharmacies on April 19, 2022 (the "**SXT Pharmacies Acquisition Agreement**"), pursuant to which we agreed that Zhejiang Sanxitang TCM, Sanxi Yutai, Yiwu Agriculture and their respective subsidiaries (as the case may be) (the "**San Xi Tang Manufacturers**") could continue to use certain trademarks registered by SXT Pharmacies (the "**San Xi Tang Trademarks**") in the PRC on a royalty-free basis upon completion of the acquisition for a perpetual term. Our Company further entered into a supplemental agreement with Mr. Zhu, Ms. Pan, San Xi Tang and the San Xi Tang Manufacturers on May 30, 2025 to further supplement the trademark licensing conditions, which include, amongst others, (i) Mr. Zhu and Ms. Pan hold no less than 5% equity interests in SXT Pharmacies; and (ii) Mr. Zhu and Ms. Pan remain as the controlling shareholders of or continue to assert control over the San Xi Tang Manufacturers; and (iii) Mr. Zhu, Ms. Pan and the San Xi Tang Manufacturers shall not, directly or indirectly, engage in business which competes with the business carried on by our Group. Pursuant to the SXT Pharmacies Acquisition Agreement, SXT Pharmacies and the San Xi Tang Manufacturers entered into separate trademark licensing agreements, respectively, to set out the detailed terms of the trademark licensing. During the Track Record Period, no consideration was paid to our Group in relation to the use of the San Xi Tang Trademarks. For details of the San Xi Tang Trademarks, please see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group — (1) Trademarks — (i) Registered Trademarks."

Licensing San Xi Tang Trademarks to the San Xi Tang Manufacturers forms an integral part of the SXT Pharmacies Acquisition Agreement, and our Directors consider that the arrangements could further expand the consumer awareness and recognition of the "San Xi Tang" brand and will in the long term benefit our development in Jinhua, Zhejiang province. Further, the SXT Pharmacies Acquisition Agreement has prescribed detailed conditions under which we are entitled to terminate the license. Based on the above, our Directors and the Sponsor are of the view that licensing the San Xi Tang Trademarks to the San Xi Tang Manufacturers for a period of more than three years is in line with normal business practice and is in the interest of our Company and our Shareholders as a whole.

As the licenses of San Xi Tang Trademarks are granted to our connected persons on a royalty-free basis, such transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Cheng Zhi Tang Trademark Licensing Agreement

Our Company entered into an equity transfer agreement with Shanghai CZT, Hangzhou CZT and CZT on January 10, 2024 (the "**CZT Acquisition Agreement**"). During the negotiation of the CZT Acquisition Agreement, Shanghai CZT entered into a trademark and trade name licensing agreement with CZT on October 24, 2023 (the "**Cheng Zhi Tang Trademark Licensing Agreement**"), pursuant to which CZT agreed to license the trademark and trade name of "Cheng Zhi Tang (承志堂)" (the "**CZT Trademark and Trade Name**") for Shanghai CZT's use in Shanghai on a royalty-free basis for a perpetual term. According to the CZT Acquisition Agreement, CZT agreed that the licensing of CZT Trademark and Trade Name should be on an exclusive basis in Shanghai with effect from January 1, 2023. For details of the CZT Trademark and Trade Name, please see "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group — (1) Trademarks — (ii) Trademarks licensed to our Group."

The Cheng Zhi Tang Trademark Licensing Agreement forms an integral part of the CZT Acquisition Agreement, and our Directors consider that such arrangement could expand our business in Shanghai leveraging the consumer awareness and recognition of the "Cheng Zhi Tang" brand and will in the long term benefit our development in Shanghai. Based on the above, Our Directors and the Sponsor are of the view that considering the nature of the CZT Trademark and Trade Name and their strategic importance to our Group, it is in line with normal business practice and is in the interest of our Company and our Shareholders as a whole for the term of the Cheng Zhi Tang Trademark Licensing Agreement to be more than three years.

As the license of CZT Trademark and Trade Name is granted to us on a royalty-free basis, such transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Internet Hospital Cooperation Framework Agreement

On December 8, 2025, (i) TRT Internet Hospital (our wholly-owned subsidiary), as the service provider, (ii) Beijing TRT Second TCM Hospital (our connected subsidiary) and Taiyuan TRT TCM Hospital (a branch of our connected subsidiary), as the service recipient and (iii) TRT (for itself and on behalf of its subsidiaries other than our Group), as the service recipient, entered into an Internet hospital cooperation framework agreement (the "**Internet Hospital Cooperation Framework Agreement**"), pursuant to which TRT Internet Hospital agreed to provide certain Internet hospital platform services for Beijing TRT Second TCM Hospital, Taiyuan TRT TCM Hospital and the pharmacies of TRT Group (collectively, the "**Relevant Entities**"), whereby providing TCM healthcare services spanning across whole disease course for the Relevant Entities and/or for their customers through the Internet hospital platform, including e-prescription, consultation and online appointment. TRT Internet Hospital also organizes offline medical consultation events for pharmacies of TRT Group, during which we assist to deploy renowned TCM experts to provide TCM healthcare services, through which we assist such pharmacies to advertise their online service (the "**offline-online events**"). The collected fees from the customers of the Relevant Entities are split between us and the Relevant Entities pursuant to the terms and ratios stipulated in the Internet Hospital Cooperation Framework Agreement.

Separate underlying agreements will be entered into between the parties from time to time to set out the detailed terms, including the scope of services, service fees, relevant calculation basis and method of payment in the manner provided in the Internet Hospital Cooperation Framework Agreement.

The initial term of the Internet Hospital Cooperation Framework Agreement will commence on the Listing Date and remain effective until December 31, 2026, subject to negotiation for renewal prior to the expiration and compliance with the requirements under the Listing Rules and other applicable laws and regulations.

We started to offer Internet hospital platform services to Beijing TRT TCM Hospital, one of our subsidiaries, in March 2022, and began generating revenue from offering Internet hospital platform services to the Relevant Entities in March 2023. The Internet hospital platform is still in the initial stage of development, and our Group started to organize offline-online events to boost online services in April 2024. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the Internet hospital platform service fees we received for providing Internet hospital platform services to the Relevant Entities were nil, RMB11.2 thousand, RMB0.2 million and RMB0.2 million, respectively.

The transactions contemplated under the Internet Hospital Cooperation Framework Agreement have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better. As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to be, on an annual basis, less than 5% and the total annual amount receivable by our Group is expected to be less than HK$3 million, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Managed Connected Medical Institutions Cooperation Agreements

TRT Basic Healthcare Management, our wholly-owned subsidiary, and TRT Kangyang entered into a series of cooperation agreements with the Managed Connected Medical Institutions, respectively, with effect from January 1, 2024, and the supplemental agreements thereof (collectively, the "**Managed Connected Medical Institutions Cooperation Agreements**"), pursuant to which TRT Basic Healthcare Management shall provide management services to the Managed Connected Medical Institutions in exchange for the management service fees calculated as a fixed percentage of the revenue of the relevant institutions. The term of each of these cooperation agreements is for a period of three years commencing on January 1, 2024 and will expire on December 31, 2026, subject to negotiation for renewal prior to the expiration. In addition, pursuant to the supplemental agreements, we were granted the right of first refusal to provide management services to the relevant medical institutions under equal conditions upon expiration of the existing cooperation agreements. For other details of the Managed Connected Medical Institutions Cooperation Agreements, please see "Business — Our Management Services — Scope of Management Services to Managed Medical Institutions."

The management service fees to be paid to us shall be a fixed percentage, ranging from 3% to 4%, of the annual revenue of each Managed Connected Medical Institutions, which is determined with reference to services of similar management agreements and fees charged for similar services in China's healthcare services industry, especially for the services provided to not-for-profit offline medical institutions. According to Frost & Sullivan, such pricing terms are generally in line with the management fee rates charged in TCM healthcare service industry in China. However, we shall waive the whole or part of the management service fees pursuant to the terms of the Managed Connected Medical Institutions Cooperation Agreements if the relevant managed institution would record a net operating loss in the relevant year after paying the service fees to us, which is in line with the industry norms, according to Frost & Sullivan. Considering that (i) such pricing terms are designed to enable the Managed Connected Medical Institutions to retain necessary operating funds to support their daily operations and maintain healthy cash flow, and thus are beneficial to their long-term sustainable development and our stable management service revenue in the future; and (ii) such pricing terms are supported by comparable practices among other listed companies in the healthcare industry and are in line with industry norms, as confirmed by Frost & Sullivan, our Directors are of the view that the terms are fair and reasonable and are in the interests of our Company and our Shareholders as a whole. Based on the independent due diligence work conducted by the Sponsor and discussions with Frost & Sullivan, the Sponsor concurs with the Directors' view.

We started providing management services to the Managed Connected Medical Institutions in January 2024. As one of the Managed Connected Medical Institutions recorded a net operating loss for the year ended December 31, 2024 after deducting the management service fees payable to us, we waived the relevant service fees pursuant to the terms of the Managed Connected Medical Institutions Cooperation Agreements for its long-term sustainable development and also for our sustainable management service fees receivable in the future. For the year ended December 31, 2024 and the nine months ended September 30, 2025, the management service fees we received from TRT Group were RMB2.9 million and RMB0.6 million, respectively.

We entered into all the Managed Connected Medical Institutions Cooperation Agreements with TRT Kangyang and the Managed Connected Medical Institutions, and provided similar services to the Managed Connected Medical Institutions in respect of the management and operation of the Managed Connected Medical Institutions. Therefore, such continuing connected transactions thereunder have been aggregated pursuant to Rule 14A.81 of the Listing Rules. The transactions contemplated under the Managed Connected Medical Institutions Cooperation Agreements have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better. As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to be, on an annual basis, less than 5% and the total annual amount receivable by our Group is expected to be less than HK$3 million, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. Beijing TRT Lease Framework Agreement

Beijing TRT TCM Hospital, our wholly-owned subsidiary, entered into a property lease framework agreement with TRT on January 29, 2024 (the "**Beijing TRT Lease Framework Agreement**"), pursuant to which TRT agreed to lease certain properties located at No. 46, West Damochang Street, Dongcheng District, Beijing with a GFA of 21,455.5 sq.m. ("**Beijing TRT TCM Hospital Premise**") to Beijing TRT TCM Hospital in return for an annual rental fee. The initial term of the Beijing TRT Lease Framework Agreement commenced on March 27, 2024 and remains effective until December 31, 2027. TRT and Beijing TRT TCM Hospital will enter into separate underlying property lease agreement each year as long as the Beijing TRT Lease Framework Agreement remains effective.

Since TRT, as a stated-owned enterprise, is required to engage an independent property valuer to conduct an annual review of the relevant rental fee, TRT and Beijing TRT TCM Hospital have to enter into a separate property lease agreement each year to fix the exact amount of rental fee for the relevant year. Pursuant to the Beijing TRT Lease Framework Agreement, the annual rental fee for the Beijing TRT TCM Hospital Premise shall not exceed RMB20.1 million, RMB22.6 million, RMB23.3 million and RMB24.0 million for 2024, 2025, 2026 and 2027, respectively. The exact amount of annual rental fee payable by us under the Beijing TRT Lease Framework Agreement is determined on arm's length basis with reference to the prevailing market rate as evaluated by an independent property valuer on an annual basis, subject to such annual cap under the Beijing TRT Lease Framework Agreement. TRT agreed to offer a 20% discount based on the prevailing market rate to support our business operations.

In accordance with HKFRS 16 "Leases", considering the long non-cancellable lease term of the Beijing TRT Lease Framework Agreement, our Group recognized right-of-use assets for the present value of fixed lease payments in our consolidated statement of financial position at the commencement date of the lease. Therefore, fixed lease payments recognized as right-of-use assets under the Beijing TRT Lease Framework Agreement will be regarded as an acquisition of assets by our Group and one-off connected transactions of our Company for the purpose of the Listing Rules. See "– One-off Transactions Entered into before the Listing" for details. Under HKFRS 16, our Group shall recognize (i) depreciation charge over the life of the right-of-use asset, (ii) interest expense as calculated based on lease liability balance using the effective interest rate method, and (iii) variable lease payments not included in the measurement of the lease liability. The variable lease payments stem from the differences between the rental fee of 2024 and the exact amount of rental fee for 2025, 2026 and 2027 fixed or to be fixed by the separate property lease agreement between TRT and Beijing TRT TCM Hospital with reference to the prevailing market rate as evaluated by an independent property valuer on an annual basis, subject to such annual cap under the Beijing TRT Lease Framework Agreement.

Prior to the completion of our Pre-IPO Investments, we were a wholly-owned subsidiary of TRT. Therefore, TRT did not charge us any fees for using the Beijing TRT TCM Hospital Premise before March 26, 2024, being the date of completion of our Pre-IPO Investments. Starting from March 27, 2024, the Beijing TRT Lease Framework Agreement became effective and Beijing TRT TCM Hospital shall pay an annual rent to TRT accordingly. For the period from March 27, 2024 to December 31, 2024, and the nine months ended September 30, 2025, the variable lease payments we incurred amounted to nil and RMB0.9 million, respectively.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for a continuing connected transaction must not exceed three years, except where the nature of the transaction requires the agreement to be of a duration longer than three years. Our Directors (including the independent non-executive Directors) are of the view that entering into the Beijing TRT Lease Framework Agreement for a period of more than three years will enable us to secure locations for the business operations of Beijing TRT TCM Hospital at fair market price and to prevent unnecessary cost, time and interruption of business caused by relocation in case of a short-term lease. Moreover, the operations of a hospital require substantial capital commitment, time and management efforts and to establish a stable base of customers, which makes it commercially desirable for Beijing TRT TCM Hospital to have a sufficiently long term use of the leased properties. The Sponsor agrees with our Directors' view and concurs that the term of the Beijing TRT Lease Framework Agreement for more than three years is in line with normal business practice.

The transactions contemplated under the Beijing TRT Lease Framework Agreement have been and will be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better. As each of the applicable percentage ratios (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to be, on an annual basis, less than 5% and the total annual amount payable by our Group is expected to be less than HK$3 million, these transactions will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better, and our Directors expect that the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of each of these transactions is expected to be, on an annual basis, more than 0.1% but less than 5%. Therefore, such transactions will constitute continuing connected transactions of our Company upon Listing subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Comprehensive Service Framework Agreement

Principal Terms

On December 8, 2025, our Company and TRT (for themselves and on behalf of their respective subsidiaries) entered into a comprehensive service framework agreement (the "**Comprehensive Service Framework Agreement**"), pursuant to which our Group agreed to provide comprehensive services for TRT Group in connection with its sales of decocting pieces to our in-network medical institutions, and in return, TRT Group shall pay service fees to us. Specifically, we provide platform comprehensive services via our coordinated procurement management platform (採購協同管理平台) for TRT Group in connection with its sales of decocting pieces to our in-network medical institutions, including order management, certificates and licenses management, settlement management and related technical consulting and information services, market channel development and maintenance services, data research/analysis and reporting services, sample testing and quality review services, training and other relevant services.

Separate underlying agreements will be entered into between the parties annually to set out the detailed terms, including the scope of services, service fees, relevant calculation basis and method of payment in the manner provided in the Comprehensive Service Framework Agreement.

The initial term of the Comprehensive Service Framework Agreement will commence on the Listing Date and remain effective until December 31, 2026, subject to negotiation for renewal prior to the expiration and compliance with the requirements under the Listing Rules and other applicable laws and regulations.

Reasons for the Transactions

We have adopted a coordinated procurement management mechanism with standardized procurement procedures, ensuring the quality of supplies within our in-network medical institutions. To centralize our in-network medical institutions' procurement of the decocting pieces, we have deployed a coordinated procurement management platform, where our in-network medical institutions are required to place purchase orders to prescribed suppliers at agreed prices on such platform. We believe such coordinated procurement allows us to achieve economies of scale and better control the quality of decocting pieces used in our TCM healthcare service network. On the other hand, leveraging our supply chain management capabilities, we provide comprehensive services to TRT Group in connection with its sales of decocting pieces to our in-network medical institutions to facilitate its sales management, improve its sales performance and supply chain efficiency and control supply costs. Therefore, such business relationship between us and TRT Group is mutually beneficial and complementary, and presents a sustainable business model.

Pricing Policy

The service fees under the Comprehensive Service Framework Agreement are determined through arm's length negotiation and/or bidding process. Specifically, the service fees for our platform comprehensive services primarily comprise (i) platform service fees, mainly for technical consulting and information services facilitating the sale of decocting pieces through our platform, which are calculated as a single digit percentage of the annual transaction amount and are collected on a quarterly basis; (ii) tiered channel management service fees for the customers TRT Group engaged and maintained through our platform, which are determined based on the annual transaction amount and are collected on a quarterly basis; (iii) quarterly sample testing service fees calculated based on the sample types or test types involved; and (iv) annual supply chain management consulting service fees for management of orders, procurement, logistics and payment process, which are determined based on the transaction amount. The aforesaid pricing policies are no less favorable to us than those offered by Independent Third Party customers.

Historical Amounts

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical amounts of comprehensive service fees paid by TRT Group to us were approximately RMB1.3 million, RMB2.7 million, RMB13.3 million and RMB8.8 million, respectively.

Annual Caps

The proposed annual caps for the transactions under the Comprehensive Service Framework Agreement for the years ending December 31, 2025 and 2026 are set out below:

	Proposed annual caps for the years ending December 31,	
	2025	**2026**
	(RMB in thousands)	
Comprehensive service fees	13,000	13,390

The above annual caps are determined with reference to:

(i) the historical transaction amount paid to us by TRT Group for the comprehensive services during the Track Record Period;

(ii) the expected increased procurement amounts of decocting pieces from TRT Group through our coordinated procurement management platform, taking into account:

(a) our in-network medical institutions' plan to increase the procurement volume of decocting pieces from TRT Group, which will in turn reduce our procurement costs by achieving economies of scale and improve the quality of our procurements. Especially our plan to procure more high-quality decocting pieces from a decocting pieces supplier located in Beijing, which became a subsidiary of TRT in late 2023, according to the actual needs of our medical institutions in Beijing;

(b) the potential increase in the demand by our in-network medical institutions for decocting pieces with an expected annual growth rate of approximately 10% from 2025, which is in line with the expected business growth of our in-network medical institutions, especially taking into account the demand of Anshan TRT TCM Hospital, Beijing TRT Second TCM Hospital and Cuihe Pharmacy, which we acquired in the first quarter of 2024; and

(iii) the types of decocting pieces expected to be purchased through our platform as well as the expected number of sample testing required to ensure the quality of our procurements.

8. Pharmaceutical Sales Framework Agreement

Principal Terms

On December 8, 2025, a pharmaceutical sales framework agreement (the "**Pharmaceutical Sales Framework Agreement**") has been entered into by (i) Beijing Tongda (our wholly-owned subsidiary), as the seller, (ii) Beijing TRT Second TCM Hospital (our connected subsidiary) and Taiyuan TRT TCM Hospital (a branch of our connected subsidiary), as the buyer and (iii) TRT Kangyang (for itself and on behalf of its subsidiaries and the medical institutions in which it holds the organizer's interests (including the Managed Connected Medical Institutions)), as the buyer), pursuant to which Beijing Tongda agreed to sell TCM patent medicines and western medicines to Beijing TRT Second TCM Hospital, Taiyuan TRT TCM Hospital, the Managed Connected Medical Institutions and Hujialou Second Community Healthcare Center (collectively, the "**Connected Hospitals**").

Separate underlying sale agreements will be entered into between the parties to set out the detailed terms, and method of payments in the manner provided in the Pharmaceutical Sales Framework Agreement.

The initial term of the Pharmaceutical Sales Framework Agreement will commence on the Listing Date and remain effective until December 31, 2026, subject to negotiation for renewal prior to the expiration and compliance with the requirements under the Listing Rules and other applicable laws and regulations.

Reasons for the Transactions

We established Beijing Tongda as our pharmaceutical trading company that coordinates the supply chain of our TCM healthcare service network. Beijing Tongda obtained a pharmaceutical operation permit for wholesale in December 2023 and started to purchase and sell pharmaceuticals to the Connected Hospitals in February 2024. For details, please see "Business — Suppliers and Procurement — Our Coordinated Procurement Management Mechanism."

Our centralized procurement mechanism and the newly established proprietary platform for procurement and sale of pharmaceuticals, could improve the efficiency of resource allocation, increase our bargaining power, ensure the quality of our procurements, and enhance our management of the procurement, acceptance, storage, measurement, prescription review, decoction and quality control of pharmaceuticals, with the aim of safeguarding our supply chain.

Pricing Policy

The selling price shall be determined with reference to the purchase price set by the State as a result of a centralized bulk-buying negotiations (if applicable), or the purchase price from time to time quoted by the relevant procurement platform of various healthcare security administrations. The aforesaid pricing policies are no less favorable to us than those offered by Independent Third Party customer.

Historical Amounts

Beijing Tongda started its business in February 2024. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical purchase amount paid by the Connected Hospitals to Beijing Tongda were nil, nil, RMB19.1 million and RMB18.4 million, respectively.

Annual Caps

The proposed annual caps for the transactions under the Pharmaceutical Sales Framework Agreement for the years ending December 31, 2025 and 2026 are set out below:

	Proposed annual caps for the years ending December 31,	
	2025	**2026**
	(RMB in thousands)	
Sales amounts[(1)]	27,700	33,240

Note:

(1) Purchase amount paid by Beijing TRT Second TCM Hospital (our connected subsidiary) and Taiyuan TRT TCM Hospital (a branch of our connected subsidiary) to us are intragroup transactions and will be eliminated in our consolidated statements of profit or loss.

The above annual caps are determined with reference to:

(i) the historical purchase with respect to the procurement of TCM patent medicines and western medicines by the Connected Hospitals from independent sellers during the Track Record Period. Specifically, the total procurement amount of all TCM patent medicines and western medicines by the Connected Hospitals from independent sellers in 2023 amounted to RMB346.4 million. The scale of TCM patent medicines and western medicines which Beijing Tongda currently supplies only accounts for a small proportion in comparison to the historical procurement amount by the Connected Hospitals, indicating great growth potential of the supply capacity of Beijing Tongda;

(ii) since February 2024 when Beijing Tongda started its business, Beijing Tongda has gradually increased the types of pharmaceuticals in its supply catalog to 190 different types of TCM patent medicines and western medicines as of December 31, 2024, which is expected to further increase to approximately 210 types of pharmaceuticals by the end of 2025 and thereby continuously enhance its supply capacity;

(iii) the potential increase in the demand for TCM patent medicines and western medicines by the Connected Hospitals with an expected annual growth rate of approximately 10% to 15%, which is in line with the expected business growth of the Connected Hospitals; and

(iv) we acquired Beijing TRT Second TCM Hospital (our connected subsidiary) in February 2024, which is the largest medical institution among the Connected Hospitals in terms of operational scale and financial performance. In virtue of the enhanced supply capacity of Beijing Tongda evidenced by increasing types of healthcare products it sells, we expect Beijing TRT Second TCM Hospital will increase its procurement of TCM patent medicines and western medicines from Beijing Tongda in the next two years.

9. San Xi Tang Procurement Framework Agreement

Principal Terms

On December 8, 2025, our Company (for itself and on behalf of SXT Hospital and SXT Pharmacies) entered into a procurement framework agreement (the "**San Xi Tang Procurement Framework Agreement**") with Zhejiang Sanxitang TCM and Sanxi Yutai, for themselves and on behalf of their respective subsidiaries (collectively, the "**Sanxi Suppliers**"), pursuant to which (i) we agreed to purchase decocting pieces, healthcare products, healthcare foods and other relevant products from Sanxi Suppliers for our use at SXT Hospital and SXT Pharmacies, and (ii) Sanxi Suppliers agreed to provide decoction and delivery services to our customers at SXT Hospital and SXT Pharmacies (collectively, the "**Sanxi Products and Services**").

Separate underlying procurement agreements will be entered into between the parties to set out the detailed terms in the manner provided in the San Xi Tang Procurement Framework Agreement.

The initial term of the San Xi Tang Procurement Framework Agreement will commence on the Listing Date and remain effective until December 31, 2026, subject to negotiation for renewal prior to the expiration and compliance with the requirements under the Listing Rules and other applicable laws and regulations.

Reasons for the Transactions

We consider Sanxi Suppliers a reliable and reputable supplier for quality decocting pieces and healthcare products in Jinhua, Zhejiang province. Securing a long-term and stable procurement relationship with Sanxi Suppliers would enable us to procure quality decocting pieces and other healthcare products for our customers at SXT Hospital and SXT Pharmacies.

Provision of decoction and delivery services to our customers in Jinhua would be regarded as a value-added service and purchasing such services from Sanxi Suppliers could provide a positive customer experience and reduce our own operating costs for engaging relevant labor and purchasing decoction equipment.

Pricing Policy

The purchase price shall be determined with reference to a number of factors: (i) the prevailing market price of the similar products; (ii) the prevailing market price with reference to the similar decoction and delivery services; and (iii) the reasonable cost of raw materials, labor and manufacturing. The aforesaid pricing policies are no less favorable to us than those offered by Independent Third Parties.

Historical Amounts

We acquired controlling interests in SXT Hospital and SXT Pharmacies in 2022. For details, please see "History, Reorganization and Corporate Structure — Our Major Acquisitions — Acquisitions of SXT Hospital and SXT Pharmacies." For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical procurement amounts of the Sanxi Products and Services paid by us to Sanxi Suppliers were RMB53.7 million, RMB87.9 million, RMB39.9 million and RMB27.9 million, respectively.

Annual Caps

The proposed annual caps for the transactions under the San Xi Tang Procurement Agreement for the years ending December 31, 2025 and 2026 are set out below:

	Proposed annual caps for the years ending December 31,	
	2025	**2026**
	(RMB in thousands)	
Procurement amounts	43,840	51,756

The above annual caps are determined with reference to:

(i) the historical transaction amount paid by us to the Sanxi Suppliers for Sanxi Products and Services during the Track Record Period;

(ii) the estimated potential increase in the procurement cost of decocting pieces raw materials in Zhejiang province in the future; and

(iii) the expected future demand for Sanxi Products and Services from the Sanxi Suppliers, considering our plan and efforts to strengthen the supply chain management system and bidding procurement process of San Xi Tang and diversify its decocting pieces suppliers as part of the consensus reached when acquiring San Xi Tang, therefore, the procurement proportion of decocting pieces from the Sanxi Suppliers following our acquisition of San Xi Tang is expected to remain stable in the next three years.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

10. Master Procurement Framework Agreement

Principal Terms

On December 8, 2025, our Company and TRT (for themselves and on behalf of their respective subsidiaries) entered into a master procurement framework agreement (the "**Master Procurement Framework Agreement**"), pursuant to which TRT Group agreed to sell and our Group agreed to purchase products, including but not limited to TCM patent medicines, decocting pieces, health supplements and other products (collectively, the "**TRT Products**").

Separate underlying procurement agreements will be entered into between the parties to set out the detailed terms, and method of payments in the manner provided in the Master Procurement Framework Agreement.

The initial term of the Master Procurement Framework Agreement will commence on the Listing Date and remain effective until December 31, 2026, subject to negotiation for renewal prior to the expiration and compliance with the requirements under the Listing Rules and other applicable laws and regulations.

Reasons for the Transactions

As a TCM healthcare service provider, the quality of TCM patent medicines, decocting pieces and other healthcare products we purchase for medical use are important to our business operation and expansion. TRT is a well-known TCM medicines supplier in the PRC, and therefore, securing a long-term and stable procurement relationship with TRT would enable us to procure quality TCM patent medicines, decocting pieces and other healthcare products for our customers.

Pricing Policy

The purchase price of the TRT Products shall be determined with reference to a number of factors: (i) the price and sales terms of the similar products sold by TRT Group to other independent customers under similar conditions; and (ii) the discount granted by TRT Group to us. The aforesaid pricing policies are no less favorable to us than those offered by Independent Third Parties.

Historical Amounts

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the historical procurement amounts of the TRT Products from TRT Group by us were approximately RMB25.3 million, RMB38.6 million, RMB148.2 million and RMB129.7 million, respectively.

Annual Caps

The proposed annual caps for the transactions under the Master Procurement Framework Agreement for the years ending December 31, 2025 and 2026 are set out below:

	Proposed annual caps for the years ending December 31,	
	2025	**2026**
	(RMB in thousands)	
Procurement amounts	200,424	242,664

The above annual caps are determined with reference to:

(i) the historical transaction amount paid by us to TRT Group for the procurement of the TRT Products during the Track Record Period;

(ii) our plan to procure more high-quality decocting pieces from a decocting pieces supplier located in Beijing which became a subsidiary of TRT in late 2023 to approximately RMB45 million and RMB52 million for 2025 and 2026, respectively, according to the actual needs of our medical institutions in Beijing, which, in turn, is expected to reduce our procurement costs by achieving economies of scale and improve the quality of our procurements;

(iii) the expected increased sales amount by our wholly-owned subsidiary, Beijing Tongda, who owns a pharmaceutical operation permit for wholesale (藥品經營許可證(批發)) and started its business in February 2024, to our self-owned and managed medical institutions, whereby we expect to significantly increase our purchase of TCM patent medicines from TRT Group to approximately RMB39 million and RMB46 million for 2025 and 2026, respectively;

(iv) we obtained the rights from TRT Commerce in January 2024 to exclusively sell Tong Ren Tang branded Angong Niuhuang Pills (安宮牛黃丸) series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province), whereby we expect to significantly increase our purchase of Angong Niuhuang Pills from TRT Group to approximately RMB70 million and RMB95 million for 2025 and 2026, respectively, based on our sales targets in Zhejiang province;

(v) we acquired Anshan TRT TCM Hospital, Beijing TRT Second TCM Hospital and Cuihe Pharmacy (which currently serves the customers of our Internet hospital only) in the first quarter of 2024, and in virtue of our market-oriented operation and management, we expect the operations of such hospitals and pharmacy will quickly ramp up, thereby increase the demand for the TRT Products; and

(vi) the potential increase in the demand for the TRT Products, which is in line with the expected business growth of our self-owned medical institutions and our acquisition strategy of for-profit TCM medical institutions.

Listing Rules Implications

The transactions contemplated under the Master Procurement Framework Agreement have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better, and our Directors expect that the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of these transactions is expected to, on an annual basis, exceed 5%. Therefore, such transactions will constitute continuing connected transactions of our Company upon Listing subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATIONS FOR CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section headed "— Partially-exempt Continuing Connected Transactions" will constitute our continuing connected transactions which are subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In respect of the partially-exempt continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from the strict compliance with the announcement requirements for the transactions contemplated under the sub-section headed "— Partially-exempt Continuing Connected Transactions" subject to the condition that the annual caps stated above are not exceeded.

The transactions described under the sub-section headed "— Non-exempt Continuing Connected Transaction" will constitute our continuing connected transactions which are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, subject to the condition that the aggregate amounts of such continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above). In respect of the non-exempt continuing connected transaction, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements for the transactions contemplated under the sub-section headed "— Non-exempt Continuing Connected Transaction," subject to the condition that the aggregate amounts of such continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

DIRECTORS' CONFIRMATION

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will continue to be entered into in the ordinary and usual course of our business on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and that the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SPONSOR'S CONFIRMATION

The Sponsor is of the view that (i) the continuing connected transactions described in "— Partially-exempt Continuing Connected Transactions" and "— Non-exempt Continuing Connected Transaction" in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of such continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

ONE-OFF TRANSACTIONS ENTERED INTO BEFORE THE LISTING

We have entered into certain property lease agreements with our connected persons (the "**Lease Agreements**"), pursuant to which we leased the properties to be used as the operating premises of our hospitals, pharmacies and offices (the "**Properties**"). These transactions were entered into before the Listing and accounted as one-off in nature under HKFRS 16. Details of such transactions are set out below.

Tenant	Landlord	Location of the Properties	Total GFA	Term of Lease Agreements	Total rental per year
			(sq.m.)		
1. . Beijing TRT Second TCM Hospital	a branch of TRT Technologies	No. 20, Nansanhuan Zhonglu Road, Fengtai District, Beijing	2,684.08	January 1, 2026 to December 31, 2026	RMB2.6 million
2. . Taiyuan TRT TCM Hospital	TRT Shanxi Pharmacy	No. 368, Pingyang Road, Taiyuan City, Shanxi Province	5,328.0	January 1, 2024 to December 31, 2026	RMB1.8 million
3. . SXT Hospital, SXT Pharmacies and its subsidiaries and branches	Sanxi Research	No. 365, Yidong Road, Jiangdong Street, Yiwu City, Zhejiang Province	19,828.0	April 1, 2022 to March 31, 2037	RMB6.0 million
4. . Beijing TRT TCM Hospital	TRT	No. 46, West Damochang Street, Dongcheng District, Beijing	21,455.5	March 27, 2024 to December 31, 2027	From March 27, 2024 to December 31, 2024: RMB16.8 million FY2025: RMB21.3 million FY2026: not exceeding RMB23.3 million (subject to property valuation by independent property valuer) FY2027: not exceeding RMB24.0 million (subject to property valuation by independent property valuer)

The rents of the Properties under the Lease Agreements were determined after arm's length negotiations based on the prevailing market price no less favorable to us than those offered by Independent Third Parties for similar properties with comparable size and quality in the vicinity. As such, our Directors are of the view that the terms of the Lease Agreements are on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

We have adopted HKFRS 16 in the preparation of the financial information of our Group during the Track Record Period, pursuant to which, at the commencement date of a lease, our Group as lessee shall recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Accordingly, the lease transactions under the Lease Agreements would be regarded as acquisitions of assets by the lessee and one-off connected transactions of our Company for the purpose of the Listing Rules.

In respect of the Beijing TRT Lease Framework Agreement, considering its long non-cancellable lease term, our Group recognized right-of-use assets for the present value of fixed lease payments in our consolidated statement of financial position at the commencement date of the lease in accordance with HKFRS 16, which would be regarded as acquisitions of assets by the lessee and one-off connected transactions of our Company for the purpose of the Listing Rules. See "— Fully-exempt Continuing Connected Transactions — 6. Beijing TRT Lease Framework Agreement" for details.

OUR SHARE CAPITAL

Immediately before the Global Offering

As of the Latest Practicable Date, the registered capital of our Company was RMB357,208,549, comprising 357,208,549 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Unlisted Shares	247,069,525	53.1%
H Shares to be converted from Unlisted Shares[(1)]	110,139,024	23.7%
H Shares to be issued pursuant to the Global Offering	108,153,500	23.2%
Total	**465,362,049**	**100%**

Note:

(1) See "History, Reorganization and Corporate Structure — Pre-IPO Investments — Public Float" for details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing.

Immediately following completion of the Global Offering and Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is fully exercised, the share capitalof our Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the Global Offering
Unlisted Shares	247,069,525	51.3%
H Shares to be converted from Unlisted Shares[(1)]	110,139,024	22.9%
H Shares to be issued pursuant to the Global Offering	124,376,500	25.8%
Total	**481,585,049**	**100%**

Note:

(1) See "History, Reorganization and Corporate Structure — Pre-IPO Investments — Public Float" for details of the identities of the Shareholders whose Shares will be converted into H Shares upon Listing.

RANKING

Upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons entitled to hold our H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. On the other hand, Unlisted Shares may only be subscribed for by, and traded in RMB between, legal persons of the PRC, certain qualified foreign institution investors and qualified foreign strategic investors.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Our Company will have only one class of Shares upon completion of the Global Offering, namely ordinary shares, and each carry the same rights in all respects with the other Shares. For details of circumstances under which our Shareholders' general meetings are required, see "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of Articles of Association of the Company."

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the Global Offering, all our Unlisted Shares (other than those converting to H Shares) are not listed or traded on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided that such conversion shall have gone through the requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and complete the filing process procedure with CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) "**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019 and amended on August 10, 2023 and the Overseas Listing Trial Measures, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to file with the CSRC. The Full Circulation Guidelines are applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange.

Upon completion of the Global Offering, 110,139,024 Unlisted Shares held by TRT, TRT Senior Care Fund, Tongqing Fund, Tongkang Fund, TRT Medical Fund Management, Mr. Zhu, Ms. Pan, Bozhou Yipinde, Jining Yinling and Bingrong Investment will be converted into H Shares on a one-for-one basis. The conversion of these Unlisted Shares into H Shares have been filed with the CSRC and the CSRC issued notice of filing on August 28, 2025 and an application has been made to the Listing Committee for such H Shares to be listed on the Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

For further details, please refer to "Risk Factors — Risks Relating to the Global Offering — Future sales or perceived sales of substantial amounts of our securities in the public market, including any future public offering in the PRC, could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings."

So far as we are aware, upon completion of the Global Offering, none of our Shareholders currently proposes to convert any of their Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within 12 months from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons held in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management of our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

For details of the lock-up undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules, see "Underwriting — Underwriting Arrangements — Hong Kong Public Offering — Undertakings pursuant to the Listing Rules — (B) Undertakings by the Controlling Shareholders."

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE MANDATE

Subject to the Global Offering becoming unconditional, our Directors have been granted general mandates to issue and repurchase our Shares. For further details, see "Appendix VI — Statutory and General Information — A. Further Information about Our Group — 5. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering."

RESTRICTIONS ON SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies (《境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited after the global offering.

So far as our Directors are aware, immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), the following persons will have or be deemed or taken to have an interest and/or short positions in the Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings our Company:

		Shares held as of the Latest Practicable Date			Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)(1)		
Name of Shareholder	Nature of interest	Number	Description of Shares	Approximate percentage of shareholding in the total issued share capital	Number	Description of Shares	Approximate percentage of shareholding in the total issued share capital
TRT(2)	Beneficial interest	300,000,025	Unlisted Shares	83.98%	247,069,525	Unlisted Shares	53.09%
					52,930,500	H Shares	11.37%
	Interest in controlled corporation	35,179,816	Unlisted Shares	9.85%	35,179,816	H Shares	7.56%
TRT Kangyang(2) .	Interest in controlled corporation	35,179,816	Unlisted Shares	9.85%	35,179,816	H Shares	7.56%
TRT Heritage Fund Management(3) .	Interest in controlled corporation	25,430,130	Unlisted Shares	7.12%	25,430,130	H Shares	5.46%

Notes:

(1) The calculation is based on the total number of 247,069,525 Unlisted Shares in issue and 218,292,524 H Shares in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the Conversion of Unlisted Shares into H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) Immediately following the completion of the Global Offering, TRT will directly hold 247,069,525 Unlisted Shares and 52,930,500 H Shares and indirectly hold 35,179,816 H Shares through its controlled corporations, including (i) an aggregate of 25,430,130 H Shares to be directly held by TRT Senior Care Fund and Tongkang Fund, both of which are controlled corporations of TRT Heritage Fund Management, (ii) 8,446,607 H Shares to be directly held by Tongqing Fund, a controlled corporation of TRT Medical Fund Management, and (iii) 1,303,079 H Shares to be directly held by TRT Medical Fund Management. Both of TRT Heritage Fund Management and TRT Medical Fund Management are controlled by TRT Kangyang, a wholly-owned subsidiary of TRT. Therefore, both TRT and TRT Kangyang are deemed to be interested in the Shares directly held by TRT Senior Care Fund, Tongkang Fund, Tongqing Fund and TRT Medical Fund Management by virtue of the SFO.

(3) Immediately following the completion of the Global Offering, TRT Heritage Fund Management will indirectly hold 25,430,130 H Shares through its controlled corporations, including (i) 17,605,573 H Shares to be directly held by TRT Senior Care Fund, and (ii) 7,824,557 H Shares to be directly held by Tongkang Fund. Therefore, TRT Heritage Fund Management is deemed to be interested in the Shares directly held by TRT Senior Care Fund and Tongkang Fund by virtue of the SFO.

Save as disclosed above and in "Appendix VI — Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders," our Directors are not aware of any person who will, immediately following the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

You should read the following discussion and analysis in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 included in the Accountants' Report set out in Appendix IA to this prospectus, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with HKFRS Accounting Standards.

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

OVERVIEW

We are a subsidiary of TRT which strategically focuses on TCM healthcare services in China, delivering comprehensive TCM healthcare services to individual customers, standardized management services to business customers, and a wide selection of healthcare products and other products. Combining medical "treatment (醫)" and "care (養)," we deliver modernized and customized TCM healthcare services. Using both TCM medication and non-medication treatments, we provide customers with regimen suitable for their diversified needs, all backed by standardized management.

BASIS OF PRESENTATION

Our Company was established in the PRC as a limited liability company on March 17, 2015 and was converted into a joint stock company with limited liability on June 21, 2024. See "History, Reorganization and Corporate Structure." Our historical financial information has been prepared in accordance with the HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2024, together with the relevant transitional provisions, have been early adopted by us in preparing the historical financial information throughout the Track Record Period. See Note 2.1 of Section II to the Accountants' Report in Appendix IA to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations and financial condition are mainly affected by the following factors:

Growth of TCM healthcare service industry in China

During the Track Record Period, we derived a substantial portion of our revenue from provision of TCM healthcare services to customers in China. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our TCM healthcare services amounted to RMB814.7 million, RMB994.9 million, RMB987.7 million, RMB702.2 million and RMB723.5 million, respectively, representing 89.4%, 86.3%, 84.1%, 84.3% and 84.3% of our total revenue for the same periods, respectively. As a result, our business growth and financial performance have been and will be influenced by the development of the TCM healthcare service industry in China, the market size of which in terms of revenue generated by TCM healthcare service providers expanded at a CAGR of 8.7% from RMB659.9 billion in 2019 to RMB1,001.6 billion in 2024, and is forecasted to increase substantially and reach RMB1,620.5 billion in 2029 at a CAGR of 9.9%

from 2025 to 2029, according to Frost & Sullivan. See "Industry Overview — The TCM Healthcare Service Industry in China." We will capture the industry opportunities and deliver quality TCM healthcare services to benefit more customers, while constantly improving our financial performance.

Our Ability to Expand Our TCM Healthcare Service Network

Our revenue and overall profitability depend on the number, development stage and profitability of each medical institution in our TCM healthcare service network, and our future revenue growth is affected by our ability to expand our TCM healthcare service network and ramp up the operations of our newly established and acquired medical institutions.

We have significantly expanded our TCM healthcare service network through strategic acquisitions, establishment and medical institution management. In particular, the financial results of SXT Hospital had been consolidated into the financial statements of our Group since May 31, 2022. In 2024, we acquired Beijing TRT Second TCM Hospital, Anshan TRT TCM Hospital, Shijiazhuang TRT TCM Hospital, Shanghai CZT and Shanghai ZHT. We also established new medical institutions, Qiqihar TRT TCM Hospital and Shunyi TRT TCM Hospital, in February 2024 and March 2025, respectively.

Our ability to establish or acquire medical institutions in a cost-efficient manner and efficiently complete ramp-up determines whether and how efficiently we can recover our investment, which may materially affect our revenue and profitability. Before a newly established medical institution achieves normal operations, its operational efficiency may be lower than those of existing medical institutions, which could have a short-term negative impact on our liquidity and profitability. Our progress in opening new medical institutions from period to period may also occur at an uneven rate. As a result, our profitability may fluctuate from period to period. In addition, since January 2024, we started to provide management services to six medical institutions in Beijing. As of the Latest Practicable Date, we had 12 Managed Medical Institutions. Going forward, we will continue to expand our TCM healthcare service network by establishment, strategic acquisitions and medical institution management. See "Business — Our Future Expansion" and "Future Plans and Use of Proceeds" for details of our future expansion.

Our Ability to Attract and Retain Customers

The revenue generated from TCM healthcare services provided by our self-owned medical institutions mainly depends on (i) the number of customer visits to our self-owned medical institutions; and (ii) average spending per customer visit of our self-owned medical institutions.

Our tiered TCM healthcare service network with sufficient seasoned medical professionals and well-established supply chain contributes to reliable and high-quality TCM healthcare services, enabling us to remain attractive to customers. Well-established reputation and trustworthy brand image among customers are also crucial for our ability to attract and retain customers. Customer's spending during his or her visit in our in-network medical institutions is mainly determined by the type of diseases and severity of symptoms, and diagnosis and treatment plans. The prices of certain of our TCM healthcare services, pharmaceuticals, medical consumables and medical devices are subject to the applicable PRC laws and regulations, including those applicable to Medical Insurance Designated Medical Institutions. See "Business — Pricing" for more details of our pricing.

Our Ability to Control Our Costs and Expenses

Our ability to effectively control costs and expenses is primarily driven by our operational efficiency and economies of scale, which in turn may materially affect our profitability.

During the Track Record Period, pharmaceuticals and medical consumables for provision of TCM healthcare services, the largest component of our cost of sales, amounted to RMB502.8 million, RMB599.6 million, RMB538.5 million, RMB388.0 million and RMB382.0 million for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, accounting for 65.5%, 64.1%, 56.5%, 56.2% and 54.4%, respectively, of our cost of sales for the same periods. Our employee benefits expenses were the second largest component of our cost of sales during the Track Record Period. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our employee benefits expenses charged in cost of sales amounted to RMB162.5 million, RMB194.9 million, RMB215.6 million, RMB152.5 million and RMB182.5 million, accounting for 21.1%, 20.8%, 22.6%, 22.1% and 26.0%, respectively, of our cost of sales for the same periods.

We expect that pharmaceuticals and medical consumables for provision of TCM healthcare services and employee benefits expenses to continue to be our most significant costs and expenses that may materially affect our profitability.

Seasonality

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Our material accounting policies and estimates, which are important for understanding our results of operations and financial condition, are set out in Note 2.3 of Section II to the Accountants' Report set out in Appendix IA to this prospectus. The preparation of financial statements requires the use of accounting estimates and associated assumptions, which are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances. Our management also exercises judgement in applying the accounting policies. For details of material accounting estimates and judgements, see Note 3 of Section II to the Accountants' Report set out in Appendix IA to this prospectus. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. The basis for determination of these items may change in the future, and as a result, actual results could differ from those estimates.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	*(Unaudited)*	
Revenue	**910,975**	**1,153,126**	**1,175,118**	**832,609**	**857,926**
Cost of sales	(768,207)	(935,645)	(952,621)	(690,593)	(701,890)
Gross profit	**142,768**	**217,481**	**222,497**	**142,016**	**156,036**
Profit before tax	**6,213**	**65,481**	**61,375**	**35,233**	**34,230**
Income tax expense	(15,446)	(22,847)	(15,178)	(8,640)	(10,233)
Profit/(loss) for the period	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Attributable to:					
Owners of the parent	(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests	7,063	20,296	9,336	4,094	3,304
Total comprehensive (losses)/income for the period	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Attributable to:					
Owners of the parent	(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests	7,063	20,296	9,336	4,094	3,304
	(9,233)	**42,634**	**46,197**	**26,593**	**23,997**

Non-HKFRS Financial Measure

To supplement our consolidated statements of profit or loss and other comprehensive income presented in accordance with HKFRS Accounting Standards, we also use adjusted net profit or loss (non-HKFRS financial measure), as additional financial measure, which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe that the presentation of such non-HKFRS financial measure facilitates comparisons of the operating performance from period to period, aiming to provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, the use of non-HKFRS financial measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies.

We define adjusted net profit or loss (non-HKFRS financial measure), as net profit or loss adjusted by adding the listing expense. The following table reconciles our adjusted net profit or loss (non-HKFRS financial measure) for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	*(Unaudited)*	
Net profit or loss	**(9,233)**	**42,634**	**46,197**	**26,593**	**23,997**
Add:					
Listing expense	–	5,235	15,535	10,053	220
Adjusted net profit or loss (non-HKFRS financial measure)	**(9,233)**	**47,869**	**61,732**	**36,646**	**24,217**

Our adjusted net profit (non-HKFRS financial measure) increased from 2023 to 2024, which was in line with our optimized profitability during the same periods. Our adjusted net profit (non-HKFRS financial measure) decreased from the nine months ended September 30, 2024 to the nine months ended September 30, 2025, primarily due to (i) a decrease in net profit, as we recorded gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in the first nine months of 2024 while there was no such gain in the first nine months of 2025; and (ii) a decrease in listing expense, consistent with the progress of our Listing preparation, as such expenses are incurred in line with specific milestones of the Listing process.

Revenue

The following table sets forth our revenue by business line for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
TCM healthcare services	814,656	89.4	994,878	86.3	987,743	84.1	702,168	84.3	723,456	84.3
Management services	1,883	0.2	9,588	0.8	15,534	1.3	8,090	1.0	11,344	1.3
Sale of healthcare products and other products	87,697	9.6	137,659	11.9	166,573	14.2	119,087	14.3	116,249	13.6
Others[1]	6,739	0.8	11,001	1.0	5,268	0.4	3,264	0.4	6,877	0.8
Total	**910,975**	**100.0**	**1,153,126**	**100.0**	**1,175,118**	**100.0**	**832,609**	**100.0**	**857,926**	**100.0**

Note:

(1) Primarily including promotion fees generated from promotion activities, service fees generated from catering services and research fund received from collaboration partners for the research project on the clinical application of Chinese medicinal herbs.

See "— Period to Period Comparison of Results of Operations" for details of the fluctuation of our revenue generated by different business line during the Track Record Period.

Cost of Sales

Cost of Sales by Nature

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* *(Unaudited)*	*% of total*	*RMB'000*	*% of total*
Pharmaceuticals and medical consumables for provision of TCM healthcare services	502,831	65.5	599,586	64.1	538,532	56.5	388,038	56.2	382,002	54.4
Employee benefits expenses	162,510	21.1	194,852	20.8	215,566	22.6	152,458	22.1	182,526	26.0
Cost of healthcare products sold	55,130	7.2	99,297	10.6	121,382	12.7	97,051	14.1	93,161	13.3
Amortization and depreciation	22,081	2.9	20,737	2.2	30,588	3.2	21,946	3.2	26,163	3.8
Office expenses	5,500	0.7	3,923	0.4	3,012	0.3	2,270	0.3	1,024	0.1
Others	20,155	2.6	17,250	1.9	43,541	4.7	28,830	4.1	17,014	2.4
Total	**768,207**	**100.0**	**935,645**	**100.0**	**952,621**	**100.0**	**690,593**	**100.0**	**701,890**	**100.0**

See "— Period to Period Comparison of Results of Operations" for details.

Cost of Sales by Business Line

The following table sets forth a breakdown of our cost of sales by business line for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000* *(Unaudited)*	*% of total*	*RMB'000*	*% of total*
TCM healthcare services	698,187	90.9	825,933	88.3	826,842	86.8	589,767	85.4	602,827	85.9
Management services	835	0.1	3,280	0.4	3,694	0.4	2,340	0.3	3,046	0.4
Sale of healthcare products and other products	55,130	7.2	99,297	10.6	121,382	12.7	97,051	14.1	93,161	13.3
Others	14,055	1.8	7,135	0.7	703	0.1	1,435	0.2	2,856	0.4
Total	**768,207**	**100.0**	**935,645**	**100.0**	**952,621**	**100.0**	**690,593**	**100.0**	**701,890**	**100.0**

Our cost of sales continuously increased throughout the Track Record Period. Such increase was primarily caused by the increase in the cost of sales of TCM healthcare services, which was in line with the growth of our TCM healthcare services.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit/ (loss)	Gross Profit/ (loss) Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000, except percentages)									
							(Unaudited)			
TCM healthcare services. . .	116,469	14.3%	168,945	17.0%	160,901	16.3%	112,401	16.0%	120,629	16.7%
Management services	1,048	55.7%	6,308	65.8%	11,840	76.2%	5,750	71.1%	8,298	73.1%
Sale of healthcare products and other products	32,567	37.1%	38,362	27.9%	45,191	27.1%	22,036	18.5%	23,088	19.9%
Others.	(7,316)	(108.6)%	3,866	35.1%	4,565	86.7%	1,829	56.0%	4,021	58.5%
Total	**142,768**	**15.7%**	**217,481**	**18.9%**	**222,497**	**18.9%**	**142,016**	**17.1%**	**156,036**	**18.2%**

Our gross profit margin for the nine months ended September 30, 2025 was lower than that for the year ended December 31, 2024. This was primarily due to the lower gross profit margin on our sale of healthcare products and other products in the first nine months of the year, compared to the remaining three months of the year, which benefit from seasonal holidays such as National Day, Mid-Autumn Festival, and Double Ninth Festival. During these periods, customers generally have higher demands for higher-margin healthcare products for seasonal wellness and nourishment.

During the Track Record Period, the gross profit margin of our sale of healthcare products and other products was higher than the industry average gross profit margin of healthcare product distribution industry in China, primarily as the majority of our revenue from sale of healthcare products and other products was derived from SXT Pharmacies, which is located in economically developed region with relatively strong purchasing power. See "Industry Overview — Healthcare Product Distribution Industry in China" for details of industry average gross profit margin.

See "— Period to Period Comparison of Results of Operations" for details.

Net Other Income and Gains or Losses

Our net other income and gains or losses primarily consists of (i) gains on disposal of a subsidiary, representing our gains on disposal of Shijiazhuang TRT TCM Hospital; (ii) gains or losses on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang; (iii) bank interest income primarily from our bank deposits; (iv) government grants mainly representing certain one-off government grants by the relevant government authorities; (v) concession income in connection with the amount paid by Beijing Jufang to obtain the rights to manage Hujialou Second Community Healthcare Center, which is line with the industry norms as confirmed by Frost & Sullivan; (vi) waiver of consideration payable, representing the share transfer consideration which was payable by us to the minority shareholders of San Xi Tang but subsequently waived pursuant to the share transfer agreement; (vii) gains on bargain purchases, representing gains on the goodwill arising from our acquisitions; (viii) rent concessions from lessors, which was granted by the lessors of certain leased properties used as medical institution premises according to relevant government policy and guidance to relieve the adverse impact of the COVID-19 pandemic; and (ix) fair value gains on financial assets at FVTPL. The following table sets forth the breakdown of our net other income and gains or losses by nature for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
							(Unaudited)			
Gains on disposal of a subsidiary	–	–	–	–	17,146	59.8	17,146	87.7	–	–

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000 (Unaudited)*	*% of total*	*RMB'000*	*% of total*
Revaluation of contingent consideration[1]	–	–	–	–	7,744	27.0	–	–	(2,670)	1,390.6
Bank interest income	3,878	18.6	4,115	21.2	2,905	10.1	1,818	9.3	1,770	(921.9)
Government grants	871	4.2	1,194	6.1	150	0.5	79	0.4	219	(114.1)
Concession income[2] (委託經營收入)	12,979	62.1	10,326	53.1	–	–	–	–	–	–
Waiver of consideration payable	–	–	2,528	13.0	–	–	–	–	–	–
Gains on bargain purchases	1,309	6.3	–	–	–	–	–	–	–	–
Rent concessions from lessors	1,095	5.2	–	–	–	–	–	–	–	–
Fair value gains on financial assets at FVTPL	–	–	–	–	–	–	–	–	38	(19.8)
Others	762	3.6	1,287	6.6	708	2.5	512	2.6	451	(234.8)
Total	**20,894**	**100.0**	**19,450**	**100.0**	**28,653**	**100.0**	**19,555**	**100.0**	**(192)**	**100.0**

Notes:

(1) Representing the revaluation of performance-based compensation determined according to the performance commitment provisions under the share transfer agreements. These share transfer agreements specify the annual and cumulative performance targets during the three-year performance commitment period. Should the acquired institutions fail to meet the performance targets, the transferor is obligated to pay compensation to us according to the performance commitment.

(2) Representing the fees received by us from Beijing Jufang in return for granting it the rights to manage Hujialou Second Community Healthcare Center under the Hujialou Cooperation Agreement. The total fees that we are entitled to charge are of fixed amounts and shall be paid in installments as prescribed in the Hujialou Cooperation Agreement and other separate agreements over the management service period of 5.5 years. See "Relationship with Our Controlling Shareholders — Delineation of Business — Excluded Management Services — Management Service Offered by Beijing Jufang" for details of the arrangement among Beijing Jufang, Hujialou Second Community Healthcare Center and us.

See "— Period to Period Comparison of Results of Operations" for details.

Selling and Distribution Expenses

The following table sets forth the breakdown of our selling expenses by nature for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000 (Unaudited)*	*% of total*	*RMB'000*	*% of total*
Employee benefits expenses	8,562	45.5	11,624	47.3	14,462	62.1	10,452	61.3	8,222	59.5
Amortization and depreciation	5,502	29.2	4,946	20.1	3,651	15.7	2,832	16.6	2,866	20.7
Promotion fees	1,386	7.4	3,680	15.0	2,666	11.5	1,609	9.4	873	6.3
Office expenses	2,949	15.6	4,186	17.0	2,445	10.5	2,102	12.3	1,826	13.2
Others[1]	437	2.3	158	0.6	57	0.2	57	0.4	42	0.3
Total	**18,836**	**100.0**	**24,594**	**100.0**	**23,281**	**100.0**	**17,052**	**100.0**	**13,829**	**100.0**

Note:

(1) Others primarily comprise operating lease rental expenses.

See "— Period to Period Comparison of Results of Operations" for details.

Administrative Expenses

The following table sets forth the breakdown of our administrative expenses by nature for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000 (Unaudited)*	*% of total*	*RMB'000*	*% of total*
Employee benefits expenses	69,163	53.3	72,382	53.3	69,675	46.2	41,868	42.9	46,595	50.0
Amortization and depreciation	29,296	22.6	28,700	21.1	30,187	20.0	22,941	23.5	25,415	27.3
Office expenses	11,029	8.5	13,329	9.8	12,757	8.5	8,721	8.9	8,875	9.5
Listing expenses	–	–	5,235	3.9	15,535	10.3	10,053	10.3	220	0.2
Others[(1)]	20,339	15.6	16,194	11.9	22,497	14.9	14,076	14.4	12,081	13.0
Total	**129,827**	**100.0**	**135,840**	**100.0**	**150,651**	**100.0**	**97,659**	**100.0**	**93,186**	**100.0**

Note:

(1) Others primarily comprise research and development expenses, and operating lease rental expenses.

See "— Period to Period Comparison of Results of Operations" for details.

Net Impairment Gains or Losses on Financial Assets

Net impairment gains or losses on financial assets primarily represent provisions for impairment of trade receivables. We recorded net impairment gains on financial assets of RMB0.1 million, RMB0.4 million and RMB0.3 million for the years ended December 31, 2022 and 2024 and the nine months ended September 30, 2024, respectively. We recorded net impairment losses on financial assets of RMB0.3 million and RMB0.5 million for the year ended December 31, 2023 and the nine months ended September 30, 2025, respectively. The movement of our net impairment gains or losses on financial assets during the Track Record Period was in line with our assessment of credit risks in relation to the trade receivables.

Finance Costs

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

	Year ended December 31,						Nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*	*RMB'000 (Unaudited)*	*% of total*	*RMB'000*	*% of total*
Interest on lease liabilities	4,878	67.1	5,455	48.3	8,417	58.9	6,015	57.4	6,272	63.5
Interest on bank and other borrowings	1,588	21.8	5,187	46.0	5,394	37.8	3,998	38.2	3,571	36.1
Interest on other payables	802	11.1	634	5.6	429	3.0	429	4.1	–	–
Interest on payables to related parties	–	–	9	0.1	42	0.3	28	0.3	37	0.4
Total	**7,268**	**100.0**	**11,285**	**100.0**	**14,282**	**100.0**	**10,470**	**100.0**	**9,880**	**100.0**

See "— Period to Period Comparison of Results of Operations" for details.

Other Expenses

Our other expenses primarily comprise (i) loss on overdue payment, representing interest accrued in connection with TRT Baoding's late payment of quality assurance deposit and late fees for TRT Baoding's overdue property tax payment; (ii) payment of administrative penalties, and (iii) fixed assets disposal loss, representing loss incurred arising from disposal of idle fixed assets and equipment. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, we recorded other expenses of RMB2.0 million, RMB1.5 million, RMB2.1 million, RMB1.5 million and RMB4.3 million, respectively. For details of the dispute in relation to the quality assurance deposit, please see "Business — Compliance and Legal Proceedings — Legal Proceedings."

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. Pursuant to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) and the respective regulations (the "**EIT Law**"), we and our subsidiaries which operate in China are subject to the statutory enterprise income tax at a rate of 25% on the taxable income, except for some of our subsidiaries that are qualified as small and micro enterprises and were eligible for a preferential income tax rate of 20%.

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Current income tax					
Charge for the year	16,972	24,202	20,162	11,853	12,604
Under-provision/(Over-provision) in prior years	–	–	638	521	(1,478)
Deferred income tax	(1,526)	(1,355)	(5,622)	(3,734)	(893)
Total	**15,446**	**22,847**	**15,178**	**8,640**	**10,233**

See "— Period to Period Comparison of Results of Operations" for details.

Our effective income tax rate, representing income tax expense divided by loss or profit before income tax, fluctuated during the Track Record Period due to fluctuation in our income tax expense as certain of our subsidiaries recorded profit while other subsidiaries recorded loss.

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

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our revenue increased from RMB832.6 million for the nine months ended September 30, 2024 to RMB857.9 million for the nine months ended September 30, 2025, primarily attributable to the increase in revenue generated from TCM healthcare services.

TCM Healthcare Services

Our revenue from TCM healthcare services increased from RMB702.2 million for the nine months ended September 30, 2024 to RMB723.5 million for the nine months ended September 30, 2025, primarily attributable to the consolidation of Shanghai CZT and Shanghai ZHT following our acquisitions in 2024.

Management Services

Revenue from our provision of management services increased from RMB8.1 million for the nine months ended September 30, 2024 to RMB11.3 million for the nine months ended September 30, 2025, primarily attributable to the development of our comprehensive management services to pharmaceutical production and/or trading companies along with their growing business scale.

Sale of Healthcare Products and Other Products

Revenue from sale of healthcare products and other products remained relatively stable at RMB119.1 million for the nine months ended September 30, 2024 and RMB116.2 million for the nine months ended September 30, 2025.

Others

Revenue from other business increased from RMB3.3 million for the nine months ended September 30, 2024 to RMB6.9 million for the nine months ended September 30, 2025, as we recognized revenue from our research projects on the clinical application of Chinese medicinal herbs.

Cost of Sales

Our cost of sales increased from RMB690.6 million for the nine months ended September 30, 2024 to RMB701.9 million for the nine months ended September 30, 2025, in line with the increase in our revenue during the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB142.0 million for the nine months ended September 30, 2024 to RMB156.0 million for the nine months ended September 30, 2025. Our gross profit margin increased from 17.1% for the nine months ended September 30, 2024 to 18.2% for the nine months ended September 30, 2025, primarily due to the increase in gross profit margin of our TCM healthcare services.

The gross profit margin of our TCM healthcare services increased from 16.0% for the nine months ended September 30, 2024 to 16.7% for the nine months ended September 30, 2025, primarily due to a greater proportion of non-medication treatments with relatively higher margins in our service mix.

The gross profit margin of our management services increased from 71.1% for the nine months ended September 30, 2024 to 73.1% for the nine months ended September 30, 2025, primarily driven by the economies of scale.

The gross profit margin of our sale of healthcare products and other products increased from 18.5% for the nine months ended September 30, 2024 to 19.9% for the nine months ended September 30, 2025, as SXT Pharmacies adjusted its pricing mechanism and implemented more stringent management of product discounts.

The gross profit margin of our other business remained relatively stable at 56.0% and 58.5% for the nine months ended September 30, 2024 and 2025, respectively.

Net Other Income and Gains or Losses

We recorded net other losses of RMB0.2 million for the nine months ended September 30, 2025, as compared to the net other income and gains of RMB19.6 million for the nine months ended September 30, 2024, as we recorded losses on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang.

Selling and Distribution Expenses

Our selling and distribution expenses decreased from RMB17.1 million for the nine months ended September 30, 2024 to RMB13.8 million for the nine months ended September 30, 2025, primarily attributable to the decrease in employee benefits expenses and promotion fees of SXT pharmacies, mainly as a result of a streamlining of personnel and promotion activities as part of its efforts to optimize operation efficiency.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB97.7 million for the nine months ended September 30, 2024 and RMB93.2 million for the nine months ended September 30, 2025.

Net Impairment Gains or Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB0.5 million for the nine months ended September 30, 2025, as compared to the net impairment gains on financial assets of RMB0.3 million for the nine months ended September 30, 2024, in line with our assessment of credit risks in relation to the trade receivables during the same periods.

Finance Costs

Our finance costs remained relatively stable at RMB10.5 million for the nine months ended September 30, 2024 and RMB9.9 million for the nine months ended September 30, 2025.

Other Expenses

Our other expenses increased from RMB1.5 million for the nine months ended September 30, 2024 to RMB4.3 million for the nine months ended September 30, 2025, primarily due to the administrative penalties paid by Shanghai ZHT resulting from its failure to fully comply with certain regulatory requirements on Medical Insurance Designated Medical Institutions prior to the equity transfer closing date.

Share of Profits or Losses of Joint Ventures

We did not record any share of profits or losses of joint ventures for the nine months ended September 30, 2024 and 2025.

Share of Profits of Associates

Our share of profits of associates decreased from RMB45.0 thousand for the nine months ended September 30, 2024 to RMB30.0 thousand for the nine months ended September 30, 2025, primarily attribute to a decrease in the net profits of Nansanhuan TRT Pharmacy for the nine months ended September 30, 2025.

Income Tax Expense

Our income tax expense increased from RMB8.6 million for the nine months ended September 30, 2024 to RMB10.2 million for the nine months ended September 30, 2025, despite the decreased profit before tax, primarily due to the increase in deferred income tax expense in connection with our payment of listing expenses according to our listing progress, driven by tax-accounting timing differences.

Profit for the Period

As a result of the foregoing, our net profit for the period decreased by 9.8% from RMB26.6 million for the nine months ended September 30, 2024 to RMB24.0 million for the nine months ended September 30, 2025, primarily due to the one-off gain of RMB17.1 million from our disposal of Shijiazhuang TRT TCM Hospital in the first nine months of 2024 while there was no such gain in the first nine months of 2025.

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

Revenue

Our revenue increased from RMB1,153.1 million for the year ended December 31, 2023 to RMB1,175.1 million for the year ended December 31, 2024, primarily attributable to the increase in revenue generated from sale of healthcare products and other products.

TCM Healthcare Services

Our revenue from TCM healthcare services remained relatively stable at RMB994.9 million for the year ended December 31, 2023 and RMB987.7 million for the year ended December 31, 2024.

Management Services

Revenue from our provision of management services increased from RMB9.6 million for the year ended December 31, 2023 to RMB15.5 million for the year ended December 31, 2024, primarily attributable to the development of our comprehensive management services to pharmaceutical production and/or trading companies along with their growing business scale. In addition, we started to provide management services to six not-for-profit medical institutions in January 2024.

Sale of Healthcare Products and Other Products

Revenue from sale of healthcare products and other products increased by 21.0% from RMB137.7 million for the year ended December 31, 2023 to RMB166.6 million for the year ended December 31, 2024, which was driven by the development of sale of healthcare products by SXT Pharmacies following its obtaining the exclusive rights to sell Tong Ren Tang branded Angong Niuhuang Pills series (varied by materials) to retailers in Zhejiang province (excluding pharmacies and Resident TCM Institutions of TRT Group in Zhejiang province).

Others

Revenue from other business decreased by 52.1% from RMB11.0 million for the year ended December 31, 2023 to RMB5.3 million for the year ended December 31, 2024, primarily due to our disposal of TRT Catering Management to TRT Kangyang in June 2023 and the cessation of our catering services.

Cost of Sales

Our cost of sales remained relatively stable at RMB952.6 million for the year ended December 31, 2024 compared to RMB935.6 million for the year ended December 31, 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased to RMB222.5 million for the year ended December 31, 2024 from RMB217.5 million for the year ended December 31, 2023. Our gross profit margin remained stable at 18.9% for the years ended December 31, 2023 and 2024.

The gross profit margin of our TCM healthcare services decreased from 17.0% for the year ended December 31, 2023 to 16.3% for the year ended December 31, 2024, primarily due to the increased costs recognized as a result of the property lease under Beijing TRT Lease Framework Agreement since March 2024.

The gross profit margin of our management services increased from 65.8% for the year ended December 31, 2023 to 76.2% for the year ended December 31, 2024, primarily driven by the economies of scale.

The gross profit margin of our sale of healthcare products and other products remained relatively stable at 27.9% for the year ended December 31, 2023 and 27.1% for the year ended December 31, 2024.

The gross profit margin of our other business increased from 35.1% for the year ended December 31, 2023 to 86.7% for the year ended December 31, 2024, primarily due to our disposal of TRT Catering Management in June 2023.

Net Other Income and Gains

Our net other income and gains increased by 47.3% from RMB19.5 million for the year ended December 31, 2023 to RMB28.7 million for the year ended December 31, 2024, as we recorded gains on our disposal of Shijiazhuang TRT TCM Hospital and gains on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang, which was partially offset by the cessation of receiving concession income of Beijing Jufang after our transfer of the organizer's interests in Hujialou Second Community Healthcare Center in June 2023.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB24.6 million and RMB23.3 million for the years ended December 31, 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses increased from RMB135.8 million for the year ended December 31, 2023 to RMB150.7 million for the year ended December 31, 2024, primarily due to the increase in listing expenses.

Net Impairment Gains or Losses on Financial Assets

We recorded net impairment gains on financial assets of RMB0.4 million for the year ended December 31, 2024, as compared with the net impairment losses on financial assets of RMB0.3 million for the year ended December 31, 2023, primarily due to the decrease in our trade receivables.

Finance Costs

Our finance costs increased by 26.6% from RMB11.3 million for the year ended December 31, 2023 to RMB14.3 million for the year ended December 31, 2024, primarily due to an increase of RMB3.0 million in our interest on lease liabilities as a result of the increased lease liabilities following our acquisition of Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT, and the lease liabilities of Beijing TRT TCM Hospital under the Beijing TRT Lease Framework Agreement, which became effective in March 2024. See "Connected Transactions — Fully-exempt Continuing Connected Transactions — 6. Beijing TRT Lease Framework Agreement."

Other Expenses

Our other expenses increased from RMB1.5 million for the year ended December 31, 2023 to RMB2.1 million for the year ended December 31, 2024.

Share of Profits of Joint Ventures

Our share of profits of joint ventures decreased from RMB499.0 thousand for the year ended December 31, 2023 to nil for the year ended December 31, 2024 following our disposal of TRT Medical Fund Management and TRT Heritage Fund Management.

Share of Profits of Associates

Our share of profits of associates decreased from RMB1.5 million for the year ended December 31, 2023 to RMB0.1 million for the year ended December 31, 2024, primarily due to the declined profits of Nansanhuan TRT Pharmacy for the year ended December 31, 2024.

Income Tax Expense

Our income tax expense decreased by 33.6% from RMB22.8 million for the year ended December 31, 2023 to RMB15.2 million for the year ended December 31, 2024, primarily due to (i) an increase of RMB3.4 million in income not subject to tax for the year ended December 31, 2024, mainly caused by the income from our disposal of Shijiazhuang TRT TCM Hospital in August 2024; and (ii) a decrease of RMB4.1 million in profit before tax as a result of (a) the listing expenses we incurred for the year ended December 31, 2024; and (b) the cessation of receiving concession income from Beijing Jufang after our transfer of the organizer's interests in Hujialou Second Community Healthcare Center in June 2023.

Profit for the Period

As a result of the foregoing, our net profit for the period increased by 8.4% from RMB42.6 million for the year ended December 31, 2023 to RMB46.2 million for the year ended December 31, 2024. Our net profit margin increased from 3.7% for the year ended December 31, 2023 to 3.9% for the year ended December 31, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 26.6% from RMB911.0 million for the year ended December 31, 2022 to RMB1,153.1 million for the year ended December 31, 2023, primarily attributable to the increases in revenue generated from TCM healthcare services, sale of healthcare products and other products and management services.

TCM Healthcare Services

Our revenue from TCM healthcare services increased by 22.1% from RMB814.7 million for the year ended December 31, 2022 to RMB994.9 million for the year ended December 31, 2023, primarily attributable to the increase in customer visits to our self-owned medical institutions in 2023 with the organic growth of such medical institutions.

Management Services

Revenue from our provision of management services increased substantially from RMB1.9 million for the year ended December 31, 2022 to RMB9.6 million for the year ended December 31, 2023, as a result of our initiatives to develop our management services.

Sale of Healthcare Products and Other Products

Revenue from sale of healthcare products and other products increased by 57.0% from RMB87.7 million for the year ended December 31, 2022 to RMB137.7 million for the year ended December 31, 2023, primarily due to the increase in our sale of healthcare products following our acquisition of SXT Pharmacies.

Others

Revenue from other business increased by 63.2% from RMB6.7 million for the year ended December 31, 2022 to RMB11.0 million for the year ended December 31, 2023, which was primarily attributable to the development of our promotion activities.

Cost of Sales

Our cost of sales increased by 21.8% from RMB768.2 million for the year ended December 31, 2022 to RMB935.6 million for the year ended December 31, 2023. The increase was primarily due to (i) an increase of RMB96.8 million in pharmaceuticals and medical consumables for provision of TCM healthcare services in line with the expansion of the business scale of our TCM healthcare services; (ii) an increase of RMB44.2 million in cost of healthcare products sold in line with the development of our sale of healthcare products and other products; and (iii) an increase of RMB32.3 million in employee benefits expenses mainly as a result of our expanding physician base and enlarged business scale.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 52.3% from RMB142.8 million for the year ended December 31, 2022 to RMB217.5 million for the year ended December 31, 2023. Our gross profit margin increased from 15.7% for the year ended December 31, 2022 to 18.9% for the year ended December 31, 2023. Such increase was primarily attributable to the increase in gross profit margin of our TCM healthcare services.

The gross profit margin of our TCM healthcare services slightly increased from 14.3% for the year ended December 31, 2022 to 17.0% for the year ended December 31, 2023, primarily attributable to our acquisition of SXT Hospital and the transfer of the organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023.

The gross profit margin of our management services increased from 55.7% for the year ended December 31, 2022 to 65.8% for the year ended December 31, 2023, primarily benefiting from economies of scale.

The gross profit margin of our sale of healthcare products and other products decreased from 37.1% for the year ended December 31, 2022 to 27.9% for the year ended December 31, 2023, primarily due to (i) the decrease in SXT Pharmacies' sales volume of products with high gross profit margin, such as Ganoderma Lucidum Spore Powder, Donkey-hide Gelatin and Wild Ginseng, mainly as a result of decreased demands for such valuable medicinals; (ii) the product discounts of RMB0.4 million offered by us in 2023 to promote our sales; and (iii) fierce market competition, coupled with increasing raw material costs.

We recorded gross loss margin of other business of 108.6% for the year ended December 31, 2022 while gross profit margin of 35.1% for the year ended December 31, 2023, primarily due to our disposal of TRT Catering Management in June 2023 to streamline our business structure.

Net Other Income and Gains

Our net other income and gains decreased by 6.9% from RMB20.9 million for the year ended December 31, 2022 to RMB19.5 million for the year ended December 31, 2023, primarily due to (i) a decrease of RMB2.7 million in concession income; (ii) no gains on bargain purchases recorded in 2023; and (iii) no rent concessions from lessors recorded in 2023, which were partially offset by an increase of RMB2.5 million in waiver of consideration payable in relation to the share transfer consideration which was payable by us to the minority shareholders of San Xi Tang but subsequently waived pursuant to the share transfer agreement.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 30.6% from RMB18.8 million for the year ended December 31, 2022 to RMB24.6 million for the year ended December 31, 2023, primarily due to (i) the increase in employee benefits expenses in 2023, as a result of our acquisition of San Xi Tang; and (ii) the increase in promotion fees primarily in relation to our marketing and promotion activities for brand building and customer attraction in connection with our sale of healthcare products.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB135.8 million for the year ended December 31, 2023 compared to RMB129.8 million for the year ended December 31, 2022.

Net Impairment Gains or Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB0.3 million for the year ended December 31, 2023, as compared with the net impairment gains on financial assets of RMB0.1 million for the year ended December 31, 2022.

Finance Costs

Our finance costs increased significantly by 55.3% from RMB7.3 million for the year ended December 31, 2022 to RMB11.3 million for the year ended December 31, 2023, primarily due to (i) an increase of RMB3.6 million in interest on bank and other borrowings, mainly caused by more interest accrued in 2023 on the bank borrowings obtained in the second half of 2022; and (ii) an increase of RMB0.6 million in interest on lease liabilities mainly arising from the lease liabilities of San Xi Tang.

Other Expenses

Our other expenses decreased by 24.6% from RMB2.0 million for the year ended December 31, 2022 to RMB1.5 million for the year ended December 31, 2023, primarily attributable to the decrease in fixed assets disposal loss.

Share of Profits or Losses of Joint Ventures

We recorded share of profits of joint ventures of RMB499.0 thousand for the year ended December 31, 2023 as compared to share of losses of joint ventures of RMB422.0 thousand for the year ended December 31, 2022, primarily in relation to our share of profits from TRT Medical Fund Management and TRT Heritage Fund Management in 2023.

Share of Profits of Associates

Our share of profits of associates increased substantially from RMB0.7 million for the year ended December 31, 2022 to RMB1.5 million for the year ended December 31, 2023, primarily due to the inclusion of Nansanhuan TRT Pharmacy as our associate, following our acquisition of their minority equity interest in late 2022.

Income Tax Expense

Our income tax expense increased by 47.9% from RMB15.4 million for the year ended December 31, 2022 to RMB22.8 million for the year ended December 31, 2023, primarily due to our improved profitability.

Profit or Loss for the Period

As a result of the foregoing, we recorded net profit for the period of RMB42.6 million with a net profit margin of 3.7% for the year ended December 31, 2023, compared to net loss for the year of RMB9.2 million with a net loss margin of 1.0% for the year ended December 31, 2022.

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Total non-current assets	763,785	647,886	839,649	828,505
Total current assets	555,100	523,299	530,739	521,362
Total current liabilities	469,323	462,184	422,292	382,854
Net current assets	85,777	61,115	108,447	138,508
Total assets less current liabilities	849,562	709,001	948,096	967,013
Total non-current liabilities	211,245	145,664	241,522	245,317
Net assets	638,317	563,337	706,574	721,696

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash and bank balances we maintained. All of our cash and cash equivalents during the Track Record Period were denominated in Renminbi.

Our cash and cash equivalents decreased by 10.2% from RMB326.2 million as of December 31, 2022 to RMB293.0 million as of December 31, 2023, primarily due to our transfer of the organizer's interests in not-for-profit medical institutions to TRT Kangyang in June 2023. Our cash and cash equivalents remained relatively stable at RMB293.0 million and RMB296.7 million as of December 31, 2023 and 2024, respectively. Our cash and cash equivalents decreased by 24.0% from RMB296.7 million as of December 31, 2024 to RMB225.4 million as of September 30, 2025, primarily due to our investment in short-term structured deposits to enhance capital utilization efficiency.

Trade Receivables

Trade receivables mainly represent (i) balances due from the public medical insurance programs for TCM healthcare services and products provided by our self-owned medical institutions; (ii) the receivables due from the business customers for our sale of healthcare products and other products; and (iii) the receivables due from the pharmaceutical production and/or trading companies for comprehensive services.

Customers can choose to rely on public medical insurance programs to pay for our TCM healthcare services and products provided by Medical Insurance Designated Medical Institutions eligible for public medical insurance programs. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, our revenue derived from direct settlement through public medical insurance programs accounted for 52.5%, 55.7%, 56.6%, 53.7% and 56.6% of our total revenue for the same periods, respectively. Depending on the relevant practice with respect to public medical insurance programs, local medical insurance bureaus are generally responsible for the reimbursement of medical fees for patients' purchases covered by the public medical insurance programs in 30 to 180 days from the transaction date. See "Business — Our Customers — Payment Methods — Public Medical Insurance" for details of reimbursement mechanism and revenue recognition of medical fees under the public medical insurance programs. According to the terms of our contracts with business customers, we typically grant a credit term of up to 360 days to our business customers for sale of healthcare products and other products.

The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Trade receivables	80,909	113,411	107,852	102,914
Less: provision for impairment of trade receivables	(383)	(556)	(145)	(611)
Total	**80,526**	**112,855**	**107,707**	**102,303**

Our trade receivables increased by 40.1% from RMB80.5 million as of December 31, 2022 to RMB112.9 million as of December 31, 2023, primarily due to acquisition of San Xi Tang. Our trade receivables decreased by 4.6% from RMB112.9 million as of December 31, 2023 to RMB107.7 million as of December 31, 2024, primarily due to our self-owned medical institutions' settlement with local medical insurance bureaus and SXT Pharmacies' settlement with its customers. Our trade receivables decreased by 5.0% from RMB107.7 million as of December 31, 2024 to RMB102.3 million as of September 30, 2025, primarily due to (i) the receipt of prepayment of medical insurance fund by SXT Hospital from local medical insurance bureau in April 2025; and (ii) our strengthened payment collections.

We perform an impairment analysis at the end of each reporting period using a provision matrix to measure ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating). The provision matrix is initially based on our historical observed default rates. We calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period during the Track Record Period about past events, current conditions and forecasts of future economic conditions. We recorded provision for impairment of trade receivables of RMB0.4 million, RMB0.6 million, RMB0.1 million and RMB0.6 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Within one year	80,183	103,832	104,654	98,998
One year to two years	343	9,023	2,667	2,801
Two years to three years	–	–	386	504
Total	**80,526**	**112,855**	**107,707**	**102,303**

Our trade receivables aging one year to two years increased from RMB0.3 million as of December 31, 2022 to RMB9.0 million as of December 31, 2023, primarily in relation to the prolonged settlement by an individual customer for his purchase of healthcare products, which had been fully settled in the first half of 2024. As such, our trade receivables aging one year to two years decreased significantly from RMB9.0 million as of December 31, 2023 to RMB2.7 million as of December 31, 2024. Our trade receivables aging one year to two years remained relatively stable at RMB2.7 million as of December 31, 2024 and RMB2.8 million as of September 30, 2025.

We calculate the trade receivables turnover days using the average of the opening and ending trade receivables balances for the period, divided by revenue for the relevant period, multiplied by the number of days in the relevant period (360 days for each of the years ended December 31, 2022, 2023 and 2024 and 270 days for the nine months ended September 30, 2025). The following table sets forth the number of our trade receivables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade receivables turnover days	23	30	34	33

Our trade receivables turnover days increased from 23 days in 2022 to 30 days in 2023, primarily due to the increase in the balance of trade receivables, in line with the expansion of our business scale. Our trade receivables turnover days increased from 30 days in 2023 to 34 days in 2024, primarily due to the relatively long credit terms granted by SXT Pharmacies to its major customers. Our trade receivables turnover days remained relatively stable at 34 days in 2024 and 33 days for the nine months ended September 30, 2025.

As of January 31, 2026, RMB81.5 million, or approximately 79.2% of our trade receivables as of September 30, 2025 were subsequently settled.

We had not experienced any material failure to collect trade receivables from our customers during the Track Record Period and up to the Latest Practicable Date. We believe that the recoverability of our trade receivables is reasonably assured, and our provisions for impairment of trade receivables are sufficient, primarily because (i) our management regularly reviews our trade receivable balance and monitors the progress on the recoverability of our trade receivables. With respect to amounts due from our business customers and pharmaceutical production and/or trading companies, we communicate with our customers on a regular basis during our ordinary course of business; (ii) our trade receivables aging over one year decreased significantly from RMB9.0 million as of December 31, 2023 to RMB3.1 million as of December 31, 2024, and it remained relatively stable at RMB3.3 million as of September 30, 2025; and (iii) we have adopted reasonable provision policy. Our provision policy for impairment of trade receivables is based on ongoing evaluation of the recoverability and aging analysis of the outstanding trade receivables and our management's prudent judgment. For details regarding the impairment of trade receivables, see Note 20 of Section II to the Accountants' Report included in Appendix IA to this prospectus. Based on the foregoing, we believe we had made sufficient provisions for the impairment of trade receivables during the Track Record Period.

Inventories

Our inventories comprise (i) pharmaceuticals; and (ii) medical devices and medical consumables. The following table sets forth our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Pharmaceuticals	118,317	75,975	80,593	93,735
Medical devices and medical consumables	5,751	3,364	1,881	2,051
Total	**124,068**	**79,339**	**82,474**	**95,786**

Our inventories decreased by 36.1% from RMB124.1 million as of December 31, 2022 to RMB79.3 million as of December 31, 2023, primarily due to a decrease of RMB42.3 million in pharmaceuticals, which were mainly caused by (i) the transfer of the organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023; and (ii) accelerated general consumption of inventories in line with the expanded business scale of our TCM healthcare services and sale of healthcare products in 2023.

Our inventories increased by 4.0% from RMB79.3 million as of December 31, 2023 to RMB82.5 million as of December 31, 2024, primarily due to an increase of RMB4.6 million in pharmaceuticals mainly as a result of (i) our acquisition of Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT in 2024; and (ii) the increase in the inventories of Beijing Tongda in preparation for its commencement of operations in February 2024.

Our inventories increased by 16.1% from RMB82.5 million as of December 31, 2024 to RMB95.8 million as of September 30, 2025, primarily driven by our seasonal stock replenishment in response to the projected higher demand for pharmaceuticals in the fourth quarter.

We have implemented a strict inventory management system at our headquarters level to monitor the procurement, storage and distribution of inventories. See "Business — Inventory Management" for details of our inventory management policies. We periodically assess the impairment on our inventories. In particular, we review our inventories as of the end of each accounting period and record impairment losses on inventories if we estimate the relevant inventories could not be utilized before the end of their validity period. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we did not recognize any impairment loss on our inventories, primarily attributable to (i) our coordinated procurement and stringent inventory management; and (ii) the long validity period of most of decocting pieces, in line with the industry norms as confirmed by Frost & Sullivan.

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (360 days for each of the years ended December 31, 2022, 2023 and 2024 and 270 days for the nine months ended September 30, 2025). The following table sets forth the number of our inventory turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days	41	39	31	34

Our inventory turnover days remained relatively stable at 41 days and 39 days in 2022 and 2023, respectively. Our inventory turnover days decreased from 39 days in 2023 to 31 days in 2024, primarily due to the improvement of our inventory management measures. Our inventory turnover days remained relatively stable at 31 days in 2024 and 34 days for the nine months ended September 30, 2025.

Benefiting from our efficient inventory management and high inventory turnover, all of our major inventories as of December 31, 2022, 2023 and 2024 and September 30, 2025 aged within six months.

As of January 31, 2026, RMB71.5 million, or approximately 74.6% of our inventories as of September 30, 2025 had been utilized or sold.

Prepayments, Other Receivables and Other Assets

Prepayments, other receivables and other assets primarily comprise (i) other receivables; (ii) prepayments, mainly representing the amount we prepaid for procurement of pharmaceuticals, medical consumables and medical devices, prepaid for acquisitions of equity interests, prepaid rent and other expenses; (iii) other tax receivables; (iv) amount due from related parties. See "— Material Related Party Transactions" below; (v) deposits, mainly representing deposits we paid for our leased properties; (vi) interest receivables in relation to the interest of our bank deposits; and (vii) impairment allowance. We maintain strict control over our outstanding receivables to minimize credit risk. Long aging balances are reviewed regularly by our management. Considering our deposits and other receivables are relate to diversified counterparties, there is no significant concentration of credit risk. We do not hold any collateral or other credit enhancements over our deposits and other receivable balances.

The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	**2023**	**2024**	**2025**
	(RMB'000)			
Current				
Other receivables	7,310	5,411	6,914	11,614
Lease receivables	1,961	2,235	1,255	1,320
Prepayments	9,409	12,103	11,192	8,830
Other tax receivables	1,569	6,391	3,623	5,492
Amounts due from related parties	716	7,529	5,399	8,477
Deposits	2,443	2,169	947	1,147
Interest receivables	962	2,253	480	916
Impairment allowance	(27)	(127)	(8)	(8)
Total	**24,343**	**37,964**	**29,802**	**37,788**
Non-current				
Prepayments for property, plant and equipment	8,948	1,643	279	2,912
Lease receivables	3,458	1,224	–	–
Deposits	1,660	70	2,310	3,398
Total	**14,066**	**2,937**	**2,589**	**6,310**

The current portion of our prepayments, other receivables and other assets increased by 56.0% from RMB24.3 million as of December 31, 2022 to RMB38.0 million as of December 31, 2023, primarily due to (i) an increase of RMB6.8 million in amount due from related parties. See "— Material Related Party Transactions;" (ii) an increase of RMB4.8 million in other tax receivables; and (iii) an increase of RMB2.7 million in prepayments caused by the prepayments for acquisitions of equity interests mainly in relation to our acquisition of Anshan TRT TCM Hospital and Shijiazhuang TRT TCM Hospital. The current portion of our prepayments, other receivables and other assets decreased by 21.5% from RMB38.0 million as of December 31, 2023 to RMB29.8 million as of December 31, 2024, primarily due to (i) a decrease of RMB2.8 million in other tax receivables; (ii) a decrease of RMB2.1 million in amount due from related parties; and (iii) a decrease of RMB1.8 million in interest receivables. The current portion of our prepayments, other receivables and other assets increased by 26.8% from RMB29.8 million as of December 31, 2024 to RMB37.8 million as of September 30, 2025, primarily due to (i) an increase of RMB4.7 million in other receivables, resulting from the increased capitalized listing expenses; and (ii) an increase of RMB3.1 million in amounts due from related parties. See "— Material Related Party Transactions."

The non-current portion of our prepayments, other receivables and other assets decreased by 79.1% from RMB14.1 million as of December 31, 2022 to RMB2.9 million as of December 31, 2023, primarily due to a decrease of RMB7.3 million in prepayments for property, plant and equipment mainly as a result of our transfers of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023. See "History, Reorganization and Corporate Structure — Reorganization — Streamlining Our Business Structure." The non-current portion of our prepayments, other receivables and other assets remained relatively stable at RMB2.9 million and RMB2.6 million as of December 31, 2023 and 2024, respectively. The non-current portion of our prepayments, other receivables and other assets increased from RMB2.6 million as of December 31, 2024 to RMB6.3 million as of September 30, 2025, primarily due to (i) an increase of RMB2.6 million in prepayments for property, plant and equipment in connection with the decoration of Shunyi TRT TCM Hospital; and (ii) an increase of RMB1.1 million in deposits mainly in relation to the lease deposits of Shunyi TRT TCM Hospital.

As of January 31, 2026, RMB11.9 million, or approximately 27.0% of our prepayments, other receivables and other assets as of September 30, 2025 were subsequently settled.

Restricted Cash

As of December 31, 2023 and 2024, we recorded restricted cash of RMB0.1 million and RMB6.3 million, respectively, primarily representing the frozen cash deposits of TRT Baoding in connection with the legal proceeding involved TRT Baoding. See "Business — Compliance and Legal Proceedings — Legal Proceedings." As of September 30, 2025, such restricted cash had been fully unfrozen. Except for the above, we did not have any restricted cash deposit during the Track Record Period.

Property, Plant and Equipment

The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Buildings	231,080	221,459	210,841	203,683
Machinery	74,713	70,813	66,650	60,415
Construction in progress	21,620	21,585	21,585	21,585
Leasehold improvements	24,279	16,740	18,428	16,753
Office equipment	13,080	8,441	6,857	6,016
Motor vehicles	579	316	598	358
Total	**365,351**	**339,354**	**324,959**	**308,810**

Our property, plant and equipment decreased by 7.1% from RMB365.4 million as of December 31, 2022 to RMB339.4 million as of December 31, 2023, primarily due to (i) a decrease of RMB9.6 million in net carrying amount of buildings caused by depreciation; (ii) a decrease of RMB7.5 million in net carrying amount of leasehold improvements; (iii) a decrease of RMB4.6 million in net carrying amount of office equipment; and (iv) a decrease of RMB3.9 million in net carrying amount of machinery, all of which were caused by the transfer of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang as mentioned above.

Our property, plant and equipment decreased by 4.2% from RMB339.4 million as of December 31, 2023 to RMB325.0 million as of December 31, 2024, primarily due to (i) a decrease of RMB10.6 million in net carrying amount of buildings caused by depreciation provided on buildings of TRT Baoding; and (ii) a decrease of RMB4.2 million in net carrying amount of machinery caused by depreciation.

Our property, plant and equipment decreased by 5.0% from RMB325.0 million as of December 31, 2024 to RMB308.8 million as of September 30, 2025, primarily due to the depreciation.

Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as of the acquisition date. Goodwill arising upon acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For details of the accounting policy of goodwill, see Note 2.3 of Section II to the Accountants' Report included in Appendix IA to this prospectus.

The carrying value of our goodwill decreased by 13.9% from RMB187.3 million as of December 31, 2022 to RMB161.2 million as of December 31, 2023, primarily due to the transfer of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023 as mentioned above. The carrying value of our goodwill increased by 63.4% from RMB161.2 million as of December 31, 2023 to RMB263.4 million as of December 31, 2024, primarily due to our acquisition of Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT. The carrying value of our goodwill remained stable at RMB263.4 million as of December 31, 2024 and September 30, 2025.

During the Track Record Period, we did not record impairment loss on our goodwill. For details of key assumptions used on impairment testing of our goodwill, see Note 16 of Section II to the Accountants' Report included in Appendix IA to this prospectus.

Right-of-use Assets

Our right-of-use assets consist of buildings and leasehold land. We recognize right-of-use assets at the commencement date of the lease, which is the date when the underlying asset is available for use. We measure right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjust for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. For details of the accounting policy of right-of-use assets, see Note 2.3 of Section II to the Accountants' Report included in Appendix IA to this prospectus.

Our right-of-use assets decreased by 28.6% from RMB141.7 million as of December 31, 2022 to RMB101.1 million as of December 31, 2023, primarily in relation to the transfer of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023 as mentioned above. Our right-of-use assets increased by 77.3% from RMB101.1 million as of December 31, 2023 to RMB179.3 million as of December 31, 2024, primarily due to the increase of our new leases by Beijing TRT TCM Hospital under the Beijing TRT Lease Framework Agreement which became effective in March 2024 and our acquisition of Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT. Our right-of-use assets remained relatively stable at RMB179.3 million as of December 31, 2024 and RMB182.2 million as of September 30, 2025.

Other Intangible Assets

The following table sets forth our intangible assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Software	11,820	16,552	18,644	16,441
Brand	9,862	9,862	26,817	26,817
Total	**21,682**	**26,414**	**45,461**	**43,258**

Our other intangible assets increased by 21.8% from RMB21.7 million as of December 31, 2022 to RMB26.4 million as of December 31, 2023, primarily due to our deployment of new information technology systems in 2023. Our other intangible assets increased by 72.1% from RMB26.4 million as of December 31, 2023 to RMB45.5 million as of December 31, 2024, primarily due to an increase of RMB17.0 million in the net carrying amount of brand mainly attributable to the "Cheng Zhi Tang" brand following our acquisition of Shanghai CZT. Our other intangible assets remained relatively stable at RMB45.5 million as of December 31, 2024 and RMB43.3 million as of September 30, 2025.

Trade Payables

Our trade payables primarily represent outstanding amounts due to our suppliers of pharmaceuticals, medical consumables and medical devices. Our suppliers typically grant us credit terms of 90 days.

Our trade payables decreased by 7.0% from RMB244.5 million as of December 31, 2022 to RMB227.3 million as of December 31, 2023, primarily in relation to the transfer of the organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023 as mentioned above. Our trade payables decreased by 17.2% from RMB227.3 million as of December 31, 2023 to RMB188.3 million as of December 31, 2024, and it further decreased by 11.4% from RMB188.3 million as of December 31, 2024 to RMB166.8 million as of September 30, 2025, primarily due to our settlement with suppliers.

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Within one year	240,380	217,462	183,338	164,279
One year to two years	3,553	9,532	3,254	554
Two years to three years	444	192	1,632	1,497
Over three years	87	106	112	509
Total	**244,464**	**227,292**	**188,336**	**166,839**

Our trade payables aging from one year to two years increased from RMB3.6 million as of December 31, 2022 to RMB9.5 million as of December 31, 2023, primarily due to the extended internal procedures for confirming and processing the payment with certain suppliers by certain of our subsidiaries. Our trade payables aging from one year to two years decreased from RMB9.5 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, and further decreased to RMB0.6 million as of September 30, 2025, primarily due to our settlement with suppliers.

Our trade payables aging from two years to three years increased from RMB0.2 million as of December 31, 2023 to RMB1.6 million as of December 31, 2024, primarily in relation to amounts payable by TRT Baoding to a construction project service provider. Our trade payables aging from two years to three years remained relatively stable at RMB1.6 million as of December 31, 2024 and RMB1.5 million as of September 30, 2025.

We calculate the trade payables turnover days using the average of the opening and ending trade payables balances for the period, divided by cost of sales for the relevant period, multiplied by the number of days in the relevant period (360 days for each of the years ended December 31, 2022, 2023 and 2024 and 270 days for the nine months ended September 30, 2025). The following table sets forth the number of our trade payables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
Trade payables turnover days	86	91	79	68

Our trade payables turnover days increased from 86 days for the year ended December 31, 2022 to 91 days for the year ended December 31, 2023, primarily due to the continuous increase in our procurement from suppliers to accommodate the development of our TCM healthcare services and sale of healthcare products. Our trade payables turnover days decreased from 91 days for the year ended December 31, 2023 to 79 days for the year ended December 31, 2024, and further decreased to 68 days for the nine months ended September 30, 2025, primarily due to the decrease in the balance of our trade payables, as a result of our settlement with suppliers.

As of January 31, 2026, RMB138.4 million, or approximately 82.9% of our trade payables as of September 30, 2025 were subsequently settled.

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

Other Payables and Accruals

Other payables and accruals primarily comprise (i) medical insurance fund received in advance, representing prepayments received by us from local medical insurance bureaus under the public medical insurance programs; (ii) contract liabilities mainly derived from provision of management services and medical check-up services; (iii) other payables; (iv) amounts due to related parties. See "— Material Related Party Transactions;" (v) payable for purchase of property, plant and equipment, mainly in relation to procurement of medical devices; (vi) payroll and welfare payables, mainly representing the salaries, bonuses, social insurance premiums and housing provident fund contributions and other welfare payable to our employees; and (vii) other tax payables, representing taxes (other than income tax) payable by us, such as value-added tax and additional tax.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Medical insurance fund received in advance	49,452	41,897	23,882	18,237
Contract liabilities	17,442	9,117	8,727	8,001
Other payables	39,076	40,485	30,528	33,847
Amounts due to related parties	12,129	35,297	23,710	15,155
Payable for purchase of property, plant and equipment	16,544	13,525	12,520	3,107
Payroll and welfare payables	24,549	20,193	26,701	20,218
Other tax payables	8,560	7,334	11,547	10,064
Total	**167,752**	**167,848**	**137,615**	**108,629**

Our other payables and accruals remained stable at RMB167.8 million as of December 31, 2022 and 2023.

Our other payables and accruals decreased by 18.0% from RMB167.8 million as of December 31, 2023 to RMB137.6 million as of December 31, 2024, primarily due to (i) a decrease of RMB18.0 million in medical insurance fund received in advance primarily due to our return of prepaid anti-epidemic funds from local medical insurance bureaus in relation to the COVID-19; (ii) a decrease of RMB11.6 million in amounts due to related parties, the details of which, see "— Material Related Party Transactions;" and (iii) a decrease of RMB10.0 million in other payables primarily due to our disposal of Shijiazhuang TRT TCM Hospital in August 2024.

Our other payables and accruals decreased by 21.1% from RMB137.6 million as of December 31, 2024 to RMB108.6 million as of September 30, 2025, primarily due to (i) a decrease of RMB9.4 million in payable for purchase of property, plant and equipment, mainly as a result of the payment of quality assurance deposit by TRT Baoding; (ii) a decrease of RMB8.6 million in amounts due to related parties, the details of which, see "— Material Related Party Transactions;" and (iii) a decrease of RMB6.5 million in payroll and welfare payables, mainly as a result of the streamlined personnel structure of SXT Pharmacies.

Our Directors confirm that, other than the quality assurance deposit which had been fully paid by TRT Baoding as of the Latest Practicable Date as disclosed in "Business — Compliance and Legal Proceedings — Legal Proceedings," we had no material defaults in our other payables and accruals during the Track Record Period and up to the Latest Practicable Date.

As of January 31, 2026, RMB45.5 million, or approximately 41.9% of our other payables and accruals as of September 30, 2025 were subsequently settled.

Income Tax Payable

Our income tax payable increased by 15.5% from RMB9.7 million as of December 31, 2022 to RMB11.2 million as of December 31, 2023, primarily due to the increase in our profit before tax in 2023. Our income tax payable decreased by 21.4% from RMB11.2 million as of December 31, 2023 to RMB8.8 million as of December 31, 2024, primarily in line with the decrease in our profit before tax. Our income tax payable decreased by 23.1% from RMB8.8 million as of December 31, 2024 to RMB6.8 million as of September 30, 2025, primarily due to less profit before tax recorded for the nine months ended September 30, 2025, compared to that of the year ended December 31, 2024.

Lease Liabilities

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

	As of December 31,			As of September 30,
	2022	2023	2024	2025
		(RMB'000)		
Current	26,280	11,996	37,355	39,428
Non-current	100,006	73,889	130,580	140,303
Total	**126,286**	**85,885**	**167,935**	**179,731**

Our lease liabilities decreased by 32.0% from RMB126.3 million as of December 31, 2022 to RMB85.9 million as of December 31, 2023, primarily in relation to the transfer of organizer's interests in seven not-for-profit medical institutions to TRT Kangyang in June 2023 as mentioned above. Our lease liabilities significantly increased from RMB85.9 million as of December 31, 2023 to RMB167.9 million as of December 31, 2024, primarily due to the addition of lease liabilities of Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT, and the lease liabilities of Beijing TRT TCM Hospital under the Beijing TRT Lease Framework Agreement, which became effective in March 2024. Our lease liabilities increased by 7.0% from RMB167.9 million as of December 31, 2024 to RMB179.7 million as of September 30, 2025, primarily in relation to the leased property of Shunyi TRT TCM Hospital.

For a maturity analysis of our lease liabilities, see Note 38 of Section II to the Accountants' Report included in Appendix IA to this prospectus.

CURRENT ASSETS AND CURRENT LIABILITIES

The table below sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
			(RMB'000)		(Unaudited)
Current assets:					
Cash and cash equivalents	326,163	293,034	296,732	225,447	273,571
Trade receivables	80,526	112,855	107,707	102,303	76,774
Inventories	124,068	79,339	82,474	95,786	83,830
Prepayments, other receivables, and other assets	24,343	37,964	29,802	37,788	35,692
Financial assets at fair value through profit or loss	–	–	7,744	60,038	51,351
Restricted cash	–	107	6,280	–	11
Total current assets	**555,100**	**523,299**	**530,739**	**521,362**	**521,229**
Current liabilities:					
Trade payables	244,464	227,292	188,336	166,839	165,502
Other payables and accruals	167,752	167,848	137,615	108,629	101,683
Interest-bearing bank and other borrowings	21,144	43,799	50,163	61,174	72,557
Lease liabilities	26,280	11,996	37,355	39,428	36,706
Income tax payable	9,683	11,249	8,823	6,784	2,578
Total current liabilities	**469,323**	**462,184**	**422,292**	**382,854**	**379,026**
Net current assets	**85,777**	**61,115**	**108,447**	**138,508**	**142,203**

We had net current assets of RMB142.2 million as of January 31, 2026, which remained relatively stable compared to our net current assets of RMB138.5 million as of September 30, 2025.

We had net current assets of RMB138.5 million as of September 30, 2025, which represented an increase of RMB30.1 million from our net current assets of RMB108.4 million as of December 31, 2024. This was primarily due to (i) an increase of RMB52.3 million in financial assets at FVTPL, mainly as a result of our investment in short-term structured deposits to enhance capital utilization efficiency; (ii) a decrease of RMB29.0 million in other payables and accruals; and (iii) a decrease of RMB21.5 million in trade payables. Such increase was partially offset by a decrease of RMB 71.3 million in cash and cash equivalents.

We had net current assets of RMB108.4 million as of December 31, 2024, which represented an increase of RMB47.3 million from our net current assets of RMB61.1 million as of December 31, 2023. This was primarily due to (i) a decrease of RMB39.0 million in trade payables; and (ii) a decrease of RMB30.2 million in other payables and accruals. This was partially offset by an increase of RMB25.4 million in lease liabilities.

We had net current assets of RMB61.1 million as of December 31, 2023, which represented a decrease of RMB24.7 million from our net current assets of RMB85.8 million as of December 31, 2022. This was primarily due to (i) a decrease of RMB44.7 million in inventories; (ii) a decrease of RMB33.1 million in cash and cash equivalents; and (iii) an increase of RMB22.7 million in interest-bearing bank and other borrowings. This was partially offset by an increase of RMB32.3 million in trade receivables.

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings, capital injection from shareholders and Pre-IPO investments. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had cash and cash equivalents of RMB326.2 million, RMB293.0 million, RMB296.7 million and RMB225.4 million, respectively.

Cash Flows

Operating Activities

Cash flows from operating activities consist of profit or loss before income tax adjusted for certain non-cash or non-operating activities related items and changes in working capital. We derive our cash inflow mainly from operating activities through (i) provision of TCM healthcare services; (ii) provision of management services; and (iii) sale of healthcare products and other products. Cash outflow from operating activities primarily comprises payments for procuring pharmaceuticals, medical consumables and medical devices, employee benefit expenses, and other operating expenses incurred during our daily operations.

Our net cash generated from operating activities was RMB43.7 million for the nine months ended September 30, 2025. This net cash inflow was primarily due to profit before tax of RMB34.2 million, as adjusted to reflect non-cash or non-operating items, which primarily comprise depreciation of right-of-use assets of RMB29.7 million, depreciation of property, plant and equipment of RMB20.6 million and finance costs of RMB9.9 million. These were partially offset by (i) a decrease in trade payables of RMB21.5 million primarily due to our settlement with suppliers; and (ii) income tax paid of RMB13.2 million.

Our net cash generated from operating activities was RMB87.8 million for the year ended December 31, 2024. This net cash inflow was primarily due to (i) profit before tax of RMB61.4 million, as adjusted to reflect non-cash or non-operating items, which primarily comprise depreciation of right-of-use assets of RMB32.3 million, depreciation of property, plant and equipment of RMB27.3 million and finance costs of RMB14.3 million; (ii) a decrease in prepayments, other receivables and other assets of RMB24.1 million; and (iii) a decrease in trade receivables of RMB23.7 million. These were partially offset by (i) a decrease in trade payables of RMB40.2 million; and (ii) income tax paid of RMB23.2 million.

Our net cash generated from operating activities was RMB88.5 million for the year ended December 31, 2023. This net cash inflow was attributable to (i) profit before tax of RMB65.5 million, as adjusted to reflect non-cash or non-operating items, which primarily comprise depreciation of property, plant and equipment of RMB28.8 million, depreciation of right-of-use assets of RMB22.5 million and finance costs of RMB11.3 million; (ii) an increase in trade payables of RMB71.6 million; (iii) a decrease in inventories of RMB21.9 million; and (iv) an increase in other payables and accruals of RMB14.0 million. These were partially offset by (i) an increase in trade receivables of RMB77.8 million; (ii) an increase in prepayments, other receivables and other assets of RMB45.3 million; and (iii) income tax paid of RMB22.6 million.

Our net cash generated from operating activities was RMB24.4 million for the year ended December 31, 2022. This net cash inflow was primarily attributable to (i) profit before tax of RMB6.2 million, as adjusted to reflect non-cash or non-operating items, which principally included depreciation of property, plant and equipment of RMB28.8 million, depreciation of right-of-use assets of RMB25.8 million and finance costs of RMB7.3 million; (ii) a decrease in prepayments, other receivables and other assets of RMB69.5 million; and (ii) an increase in trade payables of RMB60.0 million. These were partially offset by (i) a decrease in other payables and accruals of RMB117.9 million; (ii) an increase in inventories of RMB39.7 million; and (iii) income tax paid of RMB9.7 million.

Investing Activities

Our cash used in investing activities mainly comprises our cash outflow caused by disposal of a subsidiary, cash used in purchase of property, plant and equipment, cash used in settlement of consideration for the acquisition of subsidiaries and cash used in purchase of intangible assets. Our cash generated from investing activities mainly comprises amounts due to related parties and dividends received from a joint venture.

Our net cash used in investing activities was RMB80.8 million for the nine months ended September 30, 2025. This net cash outflow was primarily due to purchases of financial assets at FVTPL of RMB220.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB160.0 million.

Our net cash used in investing activities was RMB102.3 million for the year ended December 31, 2024. This net cash outflow was primarily due to (i) acquisition of subsidiaries of RMB84.4 million; (ii) purchase of items of property, plant and equipment of RMB11.9 million; and (iii) purchase of intangible assets of RMB6.1 million.

Our net cash used in investing activities was RMB36.5 million for the year ended December 31, 2023. This net cash outflow was primarily due to (i) purchases of items of property, plant and equipment of RMB23.8 million; (ii) acquisition of subsidiaries of RMB9.5 million as a result of our acquisition of Shijiazhuang TRT TCM Hospital; and (iii) purchase of intangible assets of RMB8.1 million. This net cash outflow was partially offset by dividends received from an associate of RMB4.9 million.

Our net cash used in investing activities was RMB131.1 million for the year ended December 31, 2022. This net cash outflow was primarily due to (i) acquisition of subsidiaries of RMB75.0 million; (ii) purchases of items of property, plant and equipment of RMB31.8 million; (iii) investments in an associate of RMB19.4 million; and (iv) purchase of intangible assets of RMB4.9 million.

Financing Activities

Cash generated from financing activities mainly comprises new bank borrowings, capital injection from shareholders and increase in balances with related parties. Cash used in financing activities primarily comprises repayment of bank borrowings, lease payments, interest payments, dividends paid to non-controlling shareholders and decrease in balances with related parties.

Our net cash used in financing activities was RMB34.2 million for the nine months ended September 30, 2025. This net cash outflow was primarily due to (i) lease payments of RMB27.0 million; and (ii) repayment of bank borrowings of RMB21.3 million. This net cash outflow was partially offset by new bank borrowings of RMB23.1 million.

Our net cash generated from financing activities was RMB18.2 million for the year ended December 31, 2024. This net cash inflow was primarily attributable to (i) new bank borrowings of RMB111.3 million; and (ii) capital injection from shareholders of RMB67.5 million. This net cash inflow was partially offset by (i) repayment of bank borrowings of RMB77.2 million; (ii) lease payments of RMB36.4 million; and (iii) a decrease in balances with related parties of RMB24.7 million.

Our net cash used in financing activities was RMB85.1 million for the year ended December 31, 2023. This net cash outflow was primarily due to (i) disposal of subsidiaries of RMB29.2 million; (ii) lease payments of RMB27.4 million; (iii) repayment of bank borrowings of RMB26.3 million; and (iv) dividends paid of RMB25.5 million. This net cash outflow was partially offset by (i) an increase in balances with related parties of RMB24.5 million; and (ii) new bank borrowings of RMB5.7 million.

Our net cash generated from financing activities was RMB131.8 million for the year ended December 31, 2022. This net cash inflow was primarily attributable to (i) new bank borrowings of RMB132.6 million; and (ii) capital injection from shareholders of RMB100.0 million. This net cash inflow was partially offset by (i) payment of consideration for subsidiaries acquired under common control of RMB42.0 million; (ii) a decrease in balances with related parties of RMB24.8 million; (iii) lease payments of RMB24.6 million; and (iv) repayment of bank borrowings of RMB7.0 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we met our working capital requirements mainly from cash generated from operations, bank borrowings, capital injection from shareholders and Pre-IPO investments. Taking into account the financial resources available to us, including cash flow from operating activities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and requirements for the next 12 months from the date of this prospectus.

INDEBTEDNESS

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

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
			(RMB'000)		*(Unaudited)*
Included in current liabilities					
Interest-bearing bank borrowings – secured	16,144	23,799	45,163	56,174	61,932
Interest-bearing bank borrowings – unsecured	5,000	20,000	5,000	5,000	10,625
Lease liabilities	26,280	11,996	37,355	39,428	36,706
Amounts due to related parties – non-trade in nature	12,129	35,297	23,633	14,296	14,501
Sub-total	**59,553**	**91,092**	**111,151**	**114,898**	**123,764**
Included in non-current liabilities					
Interest-bearing bank borrowings – secured	86,103	67,988	81,075	77,914	56,798
Interest-bearing bank borrowings – unsecured	20,000	–	20,000	17,500	37,489
Lease liabilities	100,006	73,889	130,580	140,303	143,542
Sub-total	**206,109**	**141,877**	**231,655**	**235,717**	**237,829**
Total	**265,662**	**232,969**	**342,806**	**350,615**	**361,593**

Our bank borrowings during the Track Record Period were denominated in Renminbi and were used to finance our capital expenditure and working capital requirements. The bank borrowings bear interest at floating interest rates. Depending on the term of the bank borrowings, for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the effective interest rates of our bank borrowings ranged from 2.80% to 4.01% per annum.

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

	As of December 31,			As of September 30,	As of January 31,
	2022	2023	2024	2025	2026
			(RMB'000)		*(Unaudited)*
Within one year or on demand	21,144	43,799	50,163	61,174	72,557
Between one and two years	41,526	22,663	39,828	47,506	46,221
Between two and three years	21,526	28,328	38,497	21,012	25,372
Over three years	43,051	16,997	22,750	26,896	22,694
Total	**127,247**	**111,787**	**151,238**	**156,588**	**166,844**

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

As of January 31, 2026, we had unutilized credit facilities of RMB9.0 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

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

CONTINGENT LIABILITIES

We have pledged (i) 43.74% equity interests in SXT Hospital and 43.75% equity interests in SXT Pharmacies to a commercial bank with respect to bank credit facilities for the acquisitions; (ii) 70% equity interests we held in Shanghai CZT to a commercial bank with respect to bank credit facilities for our acquisition; and (iii) 60% equity interests we held in Shanghai ZHT to a commercial bank with respect to credit facilities for our acquisition. The total outstanding balance of such bank borrowings amounted to RMB93.7 million as of January 31, 2026.

Except for the above mentioned pledged equity interests, as of January 31, 2026, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Property, plant and equipment	31,803	23,817	11,935	6,627	14,240
Other intangible assets	4,862	8,144	6,051	4,059	2,742
Total	**36,665**	**31,961**	**17,986**	**10,686**	**16,982**

We expect to incur additional capital expenditure in terms of upgrading our existing self-owned medical institutions, purchasing medical equipment and improving our information technology systems. See "Future Plans and Use of Proceeds." We intend to fund our planned capital expenditures through a combination of the net proceeds from the Global Offering as well as cash generated from operating activities.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in China, the availability of financing on terms acceptable to us and development in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business in the future.

PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued certain of our property interests as of January 31, 2026. The market value of the property located at No. 470 Ruixiang avenue, Jingxiu district, Baoding city in Hebei province in existing state as of January 31, 2026 amounted to RMB248.5 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus. Jones Lang LaSalle Corporate Appraisal and Advisory Limited attributed no commercial value to two buildings of the abovementioned property, including a 6-storey office building and a 3-storey ancillary building, which have not obtained the proper title certificates. The depreciated replacement costs of these buildings as of the valuation date would be RMB15.1 million assuming all proper title certificates have been obtained and these buildings could be freely transferred by our Group. A reconciliation of the net book value of our properties (excluding property without proper title certificates) as of September 30, 2025 to their fair value as of January 31, 2026 as stated in the property valuation report set out in Appendix III to this prospectus is set out below:

	(RMB in thousands)
Net book value as of September 30, 2025	199,188
Movement for the period from September 30, 2025 to January 31, 2026 (unaudited)	(2,524)
Net book value as of January 31, 2026 (unaudited)	196,664
Net valuation surplus	51,836
Valuation of properties owned by our Group as of January 31, 2026 as set out in the property valuation report in Appendix III to this prospectus	248,500

OFF-BALANCE SHEET ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not our related parties and the market price during the relevant period. Upon the completion of this Global Offering, we will comply with the relevant Listing Rules and adopt a more prudent approach when reviewing and engaging related party transactions.

Transactions with Related Parties

Sale of Healthcare Products to Related Parties

During the Track Record Period, we sold healthcare products to our non-controlling shareholder, Mr. Zhu. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, sale of healthcare products to non-controlling shareholder amounted to RMB7.5 million, RMB1.6 million, RMB1.9 million and nil, respectively.

During the Track Record Period, we also sold healthcare products to our fellow subsidiaries, such as Zhejiang Sanxitang TCM and Zhejiang Sanxitang Pharmaceutical Co., Ltd. (浙江三溪堂藥業有限公司). For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, sale of healthcare products to fellow subsidiaries amounted to RMB0.5 million, RMB1.0 million, RMB8.4 million and RMB8.2 million, respectively.

Management Services Provided to Related Parties

During the Track Record Period, we provided management services to our fellow subsidiaries, such as TRT Technologies. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, management service fees paid by related parties amounted to nil, RMB8.0 thousand, RMB5.9 million and RMB1.3 million, respectively.

Other Services Provided to Related Parties

During the Track Record Period, we provided other services to our fellow subsidiaries, primarily including (i) promotion services to our fellow subsidiaries, such as Sanxitang Food; and (ii) conference services to our fellow subsidiaries, such as TRT Commerce and TRT Technologies, in respect of the TCM congresses. For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, other service fees paid by related parties amounted to RMB4.3 million, RMB2.9 million and RMB6.5 million, respectively.

Brand Licensing by Related Parties

During the Track Record Period, we paid brand royalty expenses to TRT for our use of "Tong Ren Tang" brand. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, brand royalty expenses paid to TRT amounted to RMB0.8 million, RMB0.4 million, RMB0.4 million and RMB0.5 million, respectively.

Procurement of Pharmaceuticals, Medical Consumables and Other Inventories from Related Parties

During the Track Record Period, we purchased pharmaceuticals, medical consumables and other products from our fellow subsidiaries, such as pharmaceutical trading companies from TRT Group and Zhejiang Sanxitang Pharmaceutical Co., Ltd.. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, procurement of pharmaceuticals, medical consumables and other inventories from fellow subsidiaries amounted to RMB79.0 million, RMB126.5 million, RMB186.3 million and RMB157.5 million, respectively.

During the Track Record Period, we purchased laboratory test services mainly from Anshan Iron and Steel Group Corporation General Hospital (鞍鋼集團公司總醫院) ("**Anshan Iron**"), the non-controlling shareholder of one of our subsidiary. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, such procurement from non-controlling shareholder amounted to RMB0.2 million, RMB0.3 million, nil and nil, respectively.

Lease from Related Parties

During the Track Record Period, we leased certain properties from TRT, one of our Controlling Shareholders, under the Beijing TRT Lease Framework Agreement. For the year ended December 31, 2024 and the nine months ended September 30, 2025, lease payments paid to such Controlling Shareholder amounted to RMB15.4 million and RMB10.7 million, respectively.

During the Track Record Period, we leased certain properties from our fellow subsidiaries, namely, TRT Technologies and TRT Shanxi Pharmacy. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, lease payments paid to fellow subsidiaries amounted to RMB2.9 million, RMB2.9 million, RMB2.8 million and RMB6.5 million, respectively.

During the Track Record Period, we leased certain properties from Anshan Iron, the non-controlling shareholder of one of our subsidiary. For the year ended December 31, 2024 and the nine months ended September 30, 2025, lease payments paid to non-controlling shareholder amounted to RMB0.6 million and RMB0.3 million, respectively.

Balances with Related Parties

See Note 35 of Section II to the Accountants' Report included in Appendix IA to this prospectus for our balances with related parties at the end of each period of Track Record Period.We had amounts due to and due from related parties of non-trade in nature primarily in accordance with the unified fund management of TRT or to satisfy the short-term capital needs.

Loans from Minority Shareholder of TRT Baoding

TRT Baoding has entered into several short-term loan agreements with Baoding Zhili TCM Clinic (保定直隸國醫館中醫診所) in 2023, pursuant to which Baoding Zhili TCM Clinic provided several one-year loans with an aggregate principal amount of RMB850,000 at an interest rate ranging from 3.45% to 3.65%, to satisfy the capital demands of TRT Baoding arising from its daily maintenance. Both parties agreed not to settle the loans before the Listing. Such outstanding loans have no material impact on our financial independence from Baoding Zhili TCM Clinic, considering that (i) the aggregate amount of the loans from Baoding Zhili TCM Clinic was negligible to our total revenue in 2024; and (ii) the outstanding loans have no impact on the independency of TRT Baoding's accounting and internal control system, and its capability of obtaining financing from the Independent Third Parties without any guarantee or security provided by Baoding Zhili TCM Clinic.

Except for the receivables from Shanghai Zhongyou and a few miscellaneous receivables from ultimate holding company and fellow subsidiaries, all of our amounts due from related parties which are non-trade in nature have been settled as of September 30, 2025. Except for the outstanding considerations payable to Shanghai Zhongyou and the abovementioned loans from the minority shareholder of TRT Baoding, we will settle all amounts due to related parties which are non-trade in nature prior to the Listing.

Our Directors are of the view that each of the related party transactions set out in Note 35 of Section II to the Accountants' Report in Appendix IA to this prospectus was conducted on an arm's length basis and would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Profitability ratios					
Gross profit margin (%)[1]	15.7	18.9	18.9	17.1	18.2
Net profit/(loss) margin (%)[2]	(1.0)	3.7	3.9	3.2	2.8
Return on equity (%)[3]	N/A[4]	7.1	7.3	N/A	N/A
Return on assets (%)[5]	N/A[6]	3.4	3.6	N/A	N/A

	As of December 31,			As of September 30,
	2022	2023	2024	2025
Liquidity ratios				
Current ratio[7]	1.2x	1.1x	1.3x	1.4x
Quick ratio[8]	0.9x	1.0x	1.1x	1.1x
Capital adequacy ratio				
Debt-to-asset ratio (%)[9]	39.7	35.1	45.2	46.6

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net profit/(loss) margin is calculated based on profit or loss for the period divided by revenue and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on equity for the year ended December 31, 2022 is not applicable as we recorded net loss during the same years.

(5) Return on assets is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(6) Return on assets for the year ended December 31, 2022 is not applicable as we recorded net loss during the same years.

(7) Current ratio is calculated based on total current assets divided by total current liabilities.

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

(9) Debt-to-asset ratio is calculated based on total borrowings (including interest-bearing bank and other borrowings and lease liabilities) divided by total equity multiplied by 100%.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 38 of Section II in the Accountants' Report set out in Appendix IA to this prospectus.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. We do not currently have a formal dividend policy. Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, our PRC companies cannot pay dividends if such companies are in an accumulated loss position. During the Track Record Period, our Company did not declare or pay any dividend. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our Directors have the absolute discretion to recommend any dividend subject to our constitutional documents and the relevant laws. We cannot assure you that our Company will be able to declare dividends of any amount each year or in any year. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the subsidiaries of our Company declared dividends of nil, RMB30.3 million, RMB12.2 million and RMB8.9 million, respectively, to non-controlling shareholders.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we had no distributable reserves available for distribution to our Shareholders.

LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB64.1 million (HK$72.6 million), including (i) underwriting commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all Offer Shares of approximately HK$29.0 million; and (ii) non-underwriting related expenses of approximately HK$43.6 million, which consist of (a) fees and expenses of legal advisors and Reporting Accountants of approximately HK$24.7 million; and (b) sponsor fee and other fees and expenses of approximately HK$18.9 million, representing approximately 8.6% of the gross proceeds of the Global Offering based on the same assumptions. As of September 30, 2025, we have incurred listing expenses of RMB29.9 million (HK$33.9 million), of which approximately RMB20.7 million (HK$23.5 million) were charged to the consolidated statements of profit or loss and other comprehensive income as administrative expenses and approximately RMB9.2 million (HK$10.4 million) were recognized as other receivables in the consolidated statements of financial position and are expected to be a deduction in equity upon the Listing. We expect to incur additional listing expenses of approximately RMB34.2 million (HK$38.7 million), of which approximately

RMB8.3 million (HK$9.3 million) are expected to be recognized as administrative expenses and approximately RMB25.9 million (HK$29.4 million) are expected to be recognized as a deduction in equity directly upon the Listing.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For the calculation of the unaudited pro forma adjusted net tangible assets, see "Appendix IIA — Unaudited Pro Forma Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, (i) there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees, prospects, the industry where we operate, or market or regulatory environment to which we are subject since September 30, 2025, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix IA to this prospectus; and (ii) there has been no event since September 30, 2025 that would materially affect the information shown in the Accountants' Report set forth in Appendix IA to this prospectus.

The unaudited preliminary financial information of our Group as of and for the year ended December 31, 2025 as set out in Appendix IIB to this prospectus, which is prepared in compliance with the content requirements as for preliminary results announcements under Rule 13.49 of the Listing Rules, have been agreed by the Reporting Accountants, to the amounts set out in our draft consolidated financial statements for the year ended December 31, 2025, following with their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an aggregate amount of approximately HK$389.3 million (exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**"). The final number of Shares to be subscribed by the Cornerstone Investors will be set out in the allotment results announcement in respect of the Global Offering to be issued by our Company.

The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

			Assuming an indicative Offer Price of HK$8.30 per H Share (being the maximum Offer Price)			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription amount[1]	Number of Offer Shares[2]	Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering	Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering
Airport Technology Capital	HK$219.0 million	26,385,500	24.40%	5.67%	21.21%	5.48%
Aurora SF	HK$170.3 million	20,521,500	18.97%	4.41%	16.50%	4.26%
Total	**HK$389.3 million**	**46,907,000**	**43.37%**	**10.08%**	**37.71%**	**9.74%**

			Assuming an indicative Offer Price of HK$7.80 per H Share (being the mid-point of Offer Price range)			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription amount[1]	Number of Offer Shares[2]	Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering	Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering
Airport Technology Capital	HK$219.0 million	28,076,500	25.96%	6.03%	22.57%	5.83%
Aurora SF	HK$170.3 million	21,837,000	20.19%	4.69%	17.56%	4.53%
Total	**HK$389.3 million**	**49,913,500**	**46.15%**	**10.73%**	**40.13%**	**10.36%**

Cornerstone Investor	Subscription amount(1)	Number of Offer Shares(2)	Assuming an indicative Offer Price of HK$7.30 per H Share (being the minimum Offer Price) — Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is exercised in full: Approximate % of the Offer Shares	Approximate % of the issued share capital immediately upon completion of the Global Offering
Airport Technology Capital	HK$219.0 million	30,000,000	27.74%	6.45%	24.12%	6.23%
Aurora SF	HK$170.3 million	23,332,500	21.57%	5.01%	18.76%	4.84%
Total	**HK$389.3 million**	**53,332,500**	**49.31%**	**11.46%**	**42.88%**	**11.07%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy.

(2) Subject to rounding down to the nearest whole board lot of 500 Offer Shares.

We believe that the Cornerstone Placing demonstrates our Cornerstone Investors' confidence in our Company and our business prospect, and that leveraging on the Cornerstone Investors' investment, the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in our ordinary course of operation through our business network, business partners or through introduction by our shareholders.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investors and their respective close associates will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 19A.13A of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

To the best knowledge of our Company, each of the Cornerstone Investors is (i) not accustomed to take instructions from our Company or any of our Directors, chief executive, our Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (ii) not directly or indirectly financed by our Company or any of our Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of our Group.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, each of the Cornerstone Investors is independent from each other and make independent investment decisions, and their subscription under the Cornerstone Placing would be financed by its own internal financial resources or the assets managed for its investors (in the case of Cornerstone Investors which are funds or investment managers) and it has sufficient funds to settle its respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing. Neither the Cornerstone Investors nor their holding companies are listed on any stock exchange, and the Cornerstone Investors have confirmed that that no specific approvals from any stock exchange (if relevant) or their shareholders are required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay in full for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Aurora SF has agreed that the Sole Overall Coordinator in its sole discretion may defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no deferred settlement of payment for the Offer Shares to be subscribed by Aurora SF. Where delayed delivery takes place, Aurora SF has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be reduced on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the relevant requirements under the Listing Rule as well as the discretion of the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) to exercise the Over-allotment Option. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around March 27, 2026.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Airport Technology Capital

AIRPORT TECHNOLOGY CAPITAL (HONG KONG) CO., LIMITED (航空港科技資本(香港)有限公司) ("**Airport Technology Capital**") was incorporated in Hong Kong in November 2025, which is owned by Zhengzhou Airport Economic Zone Herbal Formula Pharmaceutical Technology Partnership (Limited Partnership) (鄭州航空港區本草金方醫藥技術合夥企業(有限合夥)) ("**Zhengzhou Airport Herbal Formula**") and Zhengzhou Airport Private Equity Fund Management Co., Ltd. (鄭州航空港私募基金管理有限公司) ("**Zhengzhou Airport Fund**") as to 95% and 5%, respectively, targeting investments in electronic information, new generation information technology, biomedicine and other sectors. Zhengzhou Airport Herbal Formula is owned as to (i) 0.24% by its general partner, Zhengzhou Airport Fund, which is wholly owned by Zhengzhou Airport Kechuang Investment Group Co., Ltd. (鄭州航空港科創投資集團有限公司) ("**Zhengzhou Airport Kechuang**") and in turn wholly owned by Zhengzhou Airport Economic Experimental Zone Management Committee (鄭州航空港經濟綜合實驗區管理委員會), a dispatched institution of the People's Government of Henan Province with economic and social management authority at the prefecture-city level; (ii) 48.78% by a limited partner, Zhengzhou Airport Technology Capital Group Co., Ltd. (鄭州航空港科技資本集團有限公司), which is also wholly owned by Zhengzhou Airport Kechuang; (iii) 46.34% by a limited partner, Zhengzhou Airport Emerging Industry Development Equity Investment Fund Partnership Enterprise (Limited Partnership) (鄭州航空港新興產業發展股權投資基金合夥企業（有限合夥）), the general partner of which is also Zhengzhou Airport Fund; and (iv) 4.63% by another limited partner, all of which are Independent Third Parties. Zhengzhou Airport Kechuang was established on July 28, 2021 and has a registered capital of RMB20.0 billion.

Zhengzhou Airport Herbal Formula and Zhengzhou Airport Fund have completed the overseas direct investment ("**ODI**") registration with relevant authorities and all other relevant procedures pursuant to the applicable rules in relation to the investment under the Cornerstone Placing as domestic institutions.

Aurora SF

Aurora SF will hold the Offer Shares in connection with a series of cross border transactions placed by and fully funded by certain ultimate clients (the "**Ultimate Clients**"), pursuant to which the full economic return and loss of the Offer Shares placed to Aurora SF will be ultimately borne by the Ultimate Clients according to the terms and conditions of the transactions, subject to customary fees and commissions. Specifically, the Ultimate Clients have invested in structured deposit products issued by an independent commercial bank in China, OCBC China. Under the structured products, the Ultimate Clients bear the full economic return and loss of Aurora SF. Concurrently, OCBC China entered into total return swaps with OCBC Singapore whereby OCBC China receives the full economic return and loss of the Aurora SF. OCBC Singapore then subscribed for the participating shares of Aurora SF. Aurora SF will not take part in any economic return or bear any economic loss in relation to the Offer Shares. Despite that Aurora SF will hold the legal title of the Offer Shares, the decision to exercise the voting rights of the Offer Shares will be determined by an investment committee comprising of the investment manager and the representatives of the Ultimate Clients. To the best of Aurora SF's knowledge having made all reasonable inquiries, each of the Ultimate Clients is an independent third party of Aurora SF, and the aforementioned transaction structure complies with all applicable laws and regulations in the relevant jurisdictions.

Aurora SF is a Singapore variable capital company and a sub-fund of EasternGate Investments VCC, the director of which is Chin Kah Siong Peter, an Independent Third Party, and the investment manager of the fund is Fairshore Asset Management Company Pte Ltd ("**Fairshore**"). Aurora SF is subject to the overall supervision of Chin Kah Siong Peter, which has delegated the day-to-day management of Aurora SF to Fairshore. Fairshore is a private limited company incorporated under the laws of Singapore in September 2014, which holds a Capital Market Services License issued by the Monetary Authority of Singapore and is licensed under the Securities and Futures Act 2001 of Singapore to conduct the regulated activity of fund management. Fairshore is indirectly held by Gary Wee and Adam Bauer as to 60% and 40%, respectively, both of whom are Independent Third Parties. Fairshore manages multiple funds across a diverse range of strategies and industry sectors, with assets under management exceeding S$2.0 billion as of December 31, 2024. The investment objective of Aurora SF is to target investment opportunities through direct or indirect investments in a diversified portfolio of fixed income, equity and externally managed funds with rebalancing allowed by Fairshore within the stipulated guidelines from time to time.

The Ultimate Clients comprise Beijing Qiancao Traditional Chinese Medicine Co., Ltd. (北京仟草中藥飲片有限公司) ("**Beijing Qiancao**"), Anguo Baide Traditional Chinese Medicine Business Co., Ltd. (安國市百德中藥材經營有限公司) ("**Anguo Baide**"), Beijing Bencao Fangyuan Pharmacy Group Ltd. (北京本草方源藥業集團有限公司) ("**Beijing Bencao**") and Haikou Lanxin Zhitong Investment Center (Limited Partnership) (海口瀾鑫志同投資中心合夥企業(有限合夥)) ("**Haikou Lanxin**"), all of which are Independent Third Parties.

As advised by our PRC Legal Advisors, the aforementioned transaction structure does not violate the PRC laws and regulations.

Beijing Qiancao

Beijing Qiancao, established in the PRC in June 2003, is primarily engaged in the Chinese medicinal medicine related business, including medicinal cultivation, and medicinal and decocting pieces processing. Beijing Qiancao is held by Mr. Yang Zhongyi (楊忠意), Ms. Ding Xin (丁鑫), Mr. Yang Ruyi (楊如意), Mr. Yang Manyi (楊滿意) and Ms. Bu Huaying (卜花穎), all of whom are Independent Third Parties, as to 30.0%, 17.5%, 17.5%, 17.5% and 17.5%, respectively.

We became acquainted with Beijing Qiancao through our previous business cooperations. Beijing Qiancao was our customer and one of our five largest suppliers during the Track Record Period, which procured our platform comprehensive services and provided pharmaceuticals and TCM decoction services for us. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our purchase amount from

Beijing Qiancao accounted for 4.2%, 6.3%, 7.0% and 8.5% of our total purchases for the same periods, respectively, and the revenue contribution of Beijing Qiancao accounted for less than 1% of our total revenue for the same periods, respectively.

Anguo Baide

Anguo Baide was established in the PRC in June 2018. Anguo Baide is primarily engaged in the operation of Chinese medicine business and agricultural products acquisition and is wholly owned by Mr. He Limin (賀立民), an Independent Third Party.

We became acquainted with Anguo Baide through introduction by Beijing Qiancao, which is our existing customer and supplier. Beijing Qiancao and Anguo Baide entered into a concert party agreement in respect of the liaison, negotiation and decision-making process relating to the cornerstone investment, and Anguo Baide agreed to act in concert with Beijing Qiancao to facilitate the smooth implementation and completion of the cornerstone investment.

Beijing Bencao

Beijing Bencao, established in the PRC in June 2004, is primarily engaged in the sale and production of decocting pieces. Beijing Bencao is wholly owned by Mr. Zhou Jingchun (周景春), an Independent Third Party.

We became acquainted with Beijing Bencao through our previous business cooperations. Beijing Bencao was our customer and one of our five largest suppliers during the Track Record Period, which procured our platform comprehensive services and provided pharmaceuticals for us. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our purchase amount from Beijing Bencao accounted for 0.8%, 1.0%, 1.5% and 4.0% of our total purchases for the same periods, respectively, and the revenue contribution of Beijing Bencao accounted for less than 1% of our total revenue for the same periods, respectively.

Haikou Lanxin

Haikou Lanxin is a limited partnership established in the PRC, primarily engaging in investment management and asset management activities with a focus on healthcare and consumption industries. Haikou Lanxin is owned as to (i) 0.44% by its general partner, Ms. Guo Chunyan (郭春燕), an Independent Third Party; and (ii) 99.56% by seven limited partners, none of which holds more than 30% of the partnership interest. Under the partnership agreement of Haikou Lanxin and in accordance with the Partnership Enterprise Law of the PRC, the general partner of Haikou Lanxin has the sole and exclusive authority to manage the partnership and to make all investment decisions. The previous general partner of Haikou Lanxin was Mr. Zhang Liang (張亮), who also serves as the general partner of Beijing Renhuichuan Enterprise Management Development Center (Limited Partnership) (北京仁匯川企業管理發展中心(有限合夥)) ("**Beijing Renhuichuan**"), a limited partner holding 35.71% partnership interest in Tongqing Fund. Due to Mr. Zhang Liang's personal career commitments, he considers that he may not be able to devote sufficient time to the execution and management of Haikou Lanxin in his capacity as general partner, and therefore voluntarily stepped down from such role. Haikou Lanxin changed its general partner from Mr. Zhang Liang to Ms. Guo Chunyan on January 8, 2026 in accordance with the partnership agreement. Ms. Guo Chunyan has extensive experience in investment, banking, legal compliance and risk control. Prior to becoming the general partner of Haikou Lanxin, she has approximately 10 years of experience in private equity investment working successively at Kuanzhong Investment (Beijing) Co., Ltd. (寬眾投資(北京)有限公司) and Himile Capital Management Ltd. (豪邁資本管理有限公司). Prior to that, she served at a commercial bank where her responsibilities included risk control of credit projects. After Ms. Guo Chunyan became the general partner of Haikou Lanxin, she independently reviewed the investment opportunity of our Company and determined it represents an attractive investment opportunity in the TCM healthcare market. Accordingly, she decided that Haikou Lanxin should continue to pursue the investment.

There are four overlapping limited partners between Haikou Lanxin and Beijing Renhuichuan, namely, Mr. Zhan Yongqing (詹永清), Mr. Yang Junyuan (楊軍元), Mr. Lin Hai (林海) and Ms. Chen Jingyu (陳京渝), who hold 21.33%, 21.33%, 21.33% and 2.22%

partnership interests in Haikou Lanxin, respectively (collectively holding 66.22% partnership interest in Haikou Lanxin), and 24.69%, 19.75%, 25.93% and 2.47% partnership interests in Beijing Renhuichuan, respectively (collectively holding 72.84% partnership interest in Beijing Renhuichuan). Accordingly, through Beijing Renhuichuan's aforementioned 35.71% interest in Tongqing Fund, the same four limited partners indirectly hold a 26.0% partnership interest in Tongqing Fund. The four overlapping limited partners are independent from each other, and there are no acting-in-concert arrangements among them.

We became acquainted with Haikou Lanxin through introduction of our minority shareholder, Jining Yinling, which is owned by Mr. Wen Yongming (溫永明) ("**Mr. Wen**") and Ms. Xiao Jing (肖靜) ("**Ms. Xiao**"), both of whom are Independent Third Parties, as to 70% and 30%, respectively. One of the limited partners of Haikou Lanxin, Hainan Wenhe Industrial Co., Ltd. (海南溫和實業有限公司) holding 11.1% of the partnership interests of Haikou Lanxin, is also owned by Mr. Wen and Ms. Xiao as to 70% and 30%, respectively.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things and as applicable, the following closing conditions:

(a) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Sole Overall Coordinator (for itself and on behalf of the underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings and confirmations of relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of each of our Company, the Sole Overall Coordinator and the Sponsor, it will not, and will cause its affiliate not to, whether directly or indirectly, at any time during the period commencing from (and inclusive of) the Listing Date and ending on (and inclusive of) the date falling seven (7) months after the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS

Please see the section headed "Business — Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$7.80 per Offer Share (being the mid-end of the Offer Price range stated in this prospectus), will be approximately HK$771.0 million, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 47.5% (or HK$366.2 million) will be used for the expansion of our TCM healthcare service network, which enhances our service capacity and enables us to address the vast healthcare demands arising from our growing customer base. The market size of both TCM healthcare service industry and non-public TCM hospital healthcare service industry in China experienced steady growth from 2019 to 2024 and is forecasted to further increase. In particular, the market size of non-public TCM hospital healthcare service industry in China is expected to grow at a CAGR of 13.7% from 2025 to 2029, according to Frost & Sullivan. As the largest TCM hospital group in such industry in terms of the total number of out-patient and in-patient visits in 2024, we are well positioned to capture the industry opportunities and expand our TCM healthcare service network, leveraging our robust brand influence, accumulated experience and rich healthcare resources to address the vast unmet demands for excellent TCM healthcare services. Through expanding our TCM healthcare service network, we intend to further enhance economies of scale and activate resource sharing and synergies among in-network medical institutions, through which we expect to witness increased customer visits and strengthened revenue streams and profitability. In particular,

  (i) approximately 33.0% (or HK$254.4 million) is expected to be used to acquire medical institutions when appropriate opportunities arise. Specifically, we plan to acquire five medical institutions by the end of 2029. We will primarily target for-profit medical institutions specializing in TCM or having TCM healthcare service capabilities. See "Business — Our Future Expansion — Strategic Acquisition" for more details. According to Frost & Sullivan, there are over 100 targets in the market that meet our selection criteria for us to acquire. However, the actual implementation of such acquisition plans will depend on numerous factors, such as then market condition, our then business strategies, negotiation results and scale and consideration of the actual acquisition. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to successfully complete any future acquisitions or enhance post-acquisition performance, which could adversely affect our business, financial condition and prospects." As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to acquisitions and had not identified any definite acquisition targets;

  (ii) approximately 12.5% (or HK$96.4 million) is expected to be used to establish new medical institutions when appropriate opportunities arise. Specifically, we plan to establish five new for-profit medical institutions ourselves or through joint establishment with collaboration partners under the asset-light model by the end of 2029. Joint establishment of medical institutions under the asset-light model typically represents establishing medical institutions with third-party collaboration partners on leased properties with prudent upfront investment in decoration, renovation and procurement of equipment. The breakeven period and investment payback period of medical institutions established under asset-light model are generally shorter than those under the asset-heavy model, according to Frost & Sullivan. Establishing medical institutions under the asset-light model enables us to tap into new regions or strengthen our business presence in existing regions in a cost-efficient manner with controlling interests remaining with us. The actual implementation of such establishment plans will depend on numerous factors, such as then market condition, our then business strategies and negotiation results between us and the potential collaboration partners. As of the Latest Practicable Date, we had not entered into any letter of intent or agreement with respect to future joint establishment and had not identified any definite collaboration targets, except for our establishment of a new Hospital in Zhengzhou, Henan province under the asset-light model jointly with an Independent Third Party. See "Risk Factors — Risks Relating to Our Business and Industry — Establishing new medical institutions involves risks and could result in fluctuations in our short-term financial performance. Newly opened medical institutions may not achieve normal operations as anticipated;" and

(iii) approximately 2.0% (or HK$15.4 million) is expected to be used to expand our management services. In line with the industry norms, we plan to use such proceeds for the construction, renovation as well as upgrades of facilities and equipment for medical institutions to be managed by us, with the aim to improve the service capacity of such medical institutions. Although our revenue generated from managing medical institutions was relatively small during the Track Record Period, we expect to further develop our management services, exporting our medical and managerial expertise to more medical institutions while expanding the geographical coverage, operational scale and in-network synergies of our tiered TCM healthcare service network. Apart from management fees directly collected from medical institutions managed by us, we also explore business opportunities in selling TCM patent medicines and western medicines to such medical institutions through our wholly-owned subsidiary, Beijing Tongda. Going forward, we will continue to identify medical institutions as potential targets of our management services through prudent feasibility analysis and profitability evaluation, with the aim to improve our revenue generated from management services. According to Frost & Sullivan, such approach is a common practice among industry players that provide medical institution management services.

Specifically, we plan to provide management services to additional five to 10 medical institutions by the end of 2029, exporting our managerial expertise to more medical institutions while penetrating reliable TCM healthcare services to local regions. The actual implementation of such plan will depend on numerous factors, such as our then strategies relating to management services and negotiation results between us and the target medical institutions. As of the Latest Practicable Date, we had not entered into any letter of intent with respect to future management services to medical institutions and had not identified any definite targets. See "Risk Factors — Risks Relating to Our Business and Industry — If medical institutions managed by us or their organizers decide to terminate or not to renew their collaboration arrangements with us, or if the applicable laws and regulations prohibit this business model, our revenue and profitability may suffer."

Please see "Business — Our Future Expansion" for details of the expansion of our TCM healthcare service network in the future.

We expect the depreciation and amortization costs with respect to the non-current assets and subsequent renovation and upgrade costs of the medical institutions that are expected to be established or acquired by us may adversely affect our net profit. In addition, the consideration we paid to acquire medical institutions in excess of the fair value of the identifiable assets and identifiable liabilities acquired would be accounted for as goodwill, the impairment of which might also adversely affect our net profit and financial position.

- approximately 23.6% (or HK$182.1 million) is expected to be used for the enhancement of our TCM healthcare service capacity which is characterized by coordinating "treatment" and "care" as well as full-process service capability from 2025 to 2029. In particular,

(i) approximately 8.7% (or HK$66.8 million) is expected to be used to upgrade our existing self-owned medical institutions from 2025 to 2029 through renovation and procurement of advanced medical equipment;

(ii) approximately 5.0% (or HK$38.4 million) is expected to be used to upgrade our Internet hospital to strengthen our online service capacity and enhance customer experience. We plan to engage third-party software service providers to iteratively upgrade our online service channels, such as mobile application, official WeChat accounts and mini programs;

(iii) approximately 5.0% (or HK$38.4 million) is expected to be used to digitalize our operations and upgrade our information technology systems to achieve standardized operations, modernized management and WITMED. In particular, we plan to propel the overall application and continuous optimization of cloud-based HIS, LIS, EMRS, CDSS and BIS within our TCM healthcare service network, standardizing in-network medical institutions' daily operations and thereby improving their service quality, customer experience and information security. We also plan to engage third-party software suppliers to upgrade our existing information technology infrastructure and information technology systems in order to enhance the digitalization and informatization of our daily operations and management. Along with our dedicated efforts in informatization, we will strategically deploy our WITMED platform, keeping up to the latest industry trend, fostering modernized service experience for our customers, while facilitating our medical professionals and management for efficient and informative clinical practices and quality control. According to Frost & Sullivan, there were few non-public TCM healthcare providers in China accomplished the deployment of WITMED as of the Latest Practicable Date.

To be specific, we expect our WITMED to cover three aspects in the future, namely, wise medical institutions (智慧醫院), wise coordination (智慧協同) and wise control (智慧管控).

- *Wise Medical Institutions*. We seek to improve the connections among our HIS, LIS, EMRS, PACS, CDSS and BIS to achieve real-time information synchronization and seamless cross-system collaboration. Underpinned by integrated online systems on both computers and mobile devices, medical professionals in wise medical institutions will offer optimal regimens based on real-time updates to medical examination results and availability of medical equipment, pharmaceuticals and in-patient wards.

- *Wise Coordination*. We expect to deepen the coordination of our Internet hospital and offline medical institutions, activating interactive online consultation as well as information and resource sharing within our TCM healthcare service network.

- *Wise Control*. We plan to further standardize the management of finance, funding, procurement and human resources. Through integrated online systems, our management understand the latest performance and identify operational and financial risks to make timely adjustment, realizing data-based decision-making and wise control of the in-network medical institutions.

We have been propelling WITMED since 2022 and developed our Internet hospital system. Going forward, to mitigate risks arising from software development and elevate efficiency, we plan to achieve WITMED progressively mainly through procuring both standardized and custom-developed software from leading software service providers or software distributors.

(iv) approximately 5.0% (or HK$38.4 million) is expected to be used to conduct academic research, recruit and train qualified medical professionals and inherit TCM academic knowledge and clinical experience. We plan to provide funding to TCM Academic Consultation Expert Committee of Tong Ren Tang to advance its academic research to develop standard treatment options. Besides, to further improve our TCM healthcare service quality and service capacity, we plan to enrich our medical resources by recruiting approximately 150 medical professionals along with the expansion of our TCM healthcare service network, including TCM experts with strengths in selected TCM specialties and young medical professionals (both TCM physicians and TCM technicians) by the end of 2029, by virtue of enhanced collaboration with medical universities and colleges. Such medical professionals are expected to support the operational needs of our newly-established medical institutions such as Shunyi TRT TCM Hospital, as well as bolster the talent resources of our existing medical institutions. Moreover, to further develop advantageous specialties and better utilize our rich resources of renowned TCM physicians, we expect to further develop our tutoring system and establish new physician studios, where we inherit and advocate the experience of TCM experts and cultivate the next-generation TCM talent. We will also arrange training sessions on a continuing basis from 2025 to 2029. Please see "Business — Business Strategies — Promote the organic growth and talent introduction of high-caliber physicians, and further improve physician cultivation and training system" for more details;

- approximately 18.9% (or HK$145.6 million) is expected to be used for repayment of certain of our outstanding bank loans as illustrated in the table below; and

Lender	Nature	Usage	Outstanding principal amount as of the Latest Practicable Date	Interest rate (per annum)	Maturity
			(RMB'000)		
Bank A . .	Long-term loan	Paying for the consideration of our acquisition of San Xi Tang	45,325	2.51%	June 8, 2027
Bank B . .	Long-term loan	Paying for the consideration of our acquisition of Shanghai CZT	43,550	2.75%	April 28, 2031
Bank C . .	Long-term loan	Paying for the consideration of our acquisition of Shanghai ZHT	4,627	2.85%	July 16, 2032

- approximately 10.0% (or HK$77.1 million) for working capital and other general corporate purposes.

If the Offer Price is fixed at HK$8.30 per Offer Share (being the high-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$52.2 million. If the Offer Price is fixed at HK$7.30 per Offer Share (being the low-end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$52.2 million. The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-end of the estimated Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes, we will only deposit the net proceeds into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

In the event of any material change in our use of net proceeds of the Global Offering from the purposes described above or in our allocation of the net proceeds among the purposes described above, a formal announcement will be made.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
ICBC International Securities Limited
Guosen Securities (HK) Brokerage Company, Limited
Huafu International Securities Limited
SPDB International Capital Limited
China Industrial Securities International Capital Limited
GF Securities (Hong Kong) Brokerage Limited
ABCI Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Patrons Securities Limited
West Bull Securities Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 10,815,500 Hong Kong Offer Shares and the International Offering of initially 97,338,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering initially Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price on the terms and subject to the terms and conditions of the Hong Kong Underwriting Agreement and the prospectus.

Subject to the Listing Committee granting listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned herein (including any additional H Shares which may be made available pursuant to the exercise of the Over-allotment Option) as mentioned herein on the Main Board of the Stock Exchange, and certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If any of the events set out below occurs at any time prior to 8:00 a.m. on the day that trading in the Shares commences on the Stock Exchange, the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by giving a written notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(1) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Governmental Authority in or affecting Hong Kong, the PRC or the United States, or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, currency, credit or market matters or conditions or sentiments, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, (including without limitation COVID-19, SARS, MERS, H5N1, H1N1, swine or avian influenza or such related/ mutated forms), accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions, or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(d) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or

(e) any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any Relevant Jurisdiction; or

(f) other than with the prior written consent of the Sole Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(g) the commencement by any Governmental Authority or other regulatory or political body or organization of any public action or investigation against a Group Company or a director, a supervisor (if any) or a senior management member of any Group Company in his/her capacity as such or announcing an intention to take any such action; or

(h) the imposition of sanctions or export controls on any Group Company, or any of the Controlling Shareholders, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(i) any valid demand by creditors for payment or repayment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(j) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any Controlling Shareholder or any Director or senior management members as named in this prospectus; or

(l) any contravention by any Group Company or any Director of the Listing Rules or applicable Laws; or

(m) any change or prospective change or a materialisation of any of, the risks set out in the section headed "Risk Factors" of this Prospectus which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

   i. has or will or may have a Material Adverse Effect;

   ii. has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or

   iii. makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or

   iv. has or will or may have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the Hong Kong Underwriting Agreement; or

(2) there has come to the notice of the Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:

(a) any statement contained in any of the the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Global Offering Documents**") (excluding information in relation to the Underwriters, consisting only of the name, logo, address and qualification of each of the the Sponsor, the Sponsor-OC, the Sole Overall Coordinator, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters) was, when it was issued, or has become, incorrect, inaccurate in any material respect or misleading, or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(c) any material breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by the Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto); or

(d) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(e) any material breach of any of the obligations or undertakings imposed upon the Company or any member of the Controlling Shareholders or any cornerstone investor (as applicable) to this Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements (including any supplement or amendment thereto); or

(f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or

(g) that the Chairman of the Board, any Director or any member of senior management of the Company named in the Prospectus seeks to retire, or is removed from office or vacating his/her office; or

(h) any Director or any member of senior management of the Company named in the Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(i) our Company withdraws the Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(j) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(k) any expert (other than the Sponsor) has withdrawn its consent to the issue of this Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including pursuant to any exercise of the Over-Allotment Option) pursuant to the terms of the Global Offering; or

(m) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(n) (A) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sole Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC Filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable Laws; or

(o) that a material portion of the orders placed or confirmed in the bookbuilding process, or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

Undertakings Pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealings on the Hong Kong Stock Exchange (whether or not such issue of H Shares or securities will be completed within six months from the commencement of dealings), except for (a) any capitalization issue, capital reduction or consolidation or sub-division of shares; (b) pursuant to the Global Offering and the exercise of the the Over-allotment Option or (c) any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each Controlling Shareholder has undertaken to the Stock Exchange and our Company that, except in compliance with the requirements of the Listing Rules or pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), he, she or it shall not and shall procure that the relevant registered holder(s) shall not, without the prior written consent of the Stock Exchange:

(a) in the period commencing on the date by reference to which disclosure of its, his or her shareholding in our Company is made in this prospectus and ending on the expiration date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of those H Shares or securities of our Company in respect of which he, she or it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(1) of the Listing Rules, the "**Relevant Securities**") (save for a charge or a pledge of any Relevant Securities as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan); and

(b) at any time during the period of the following six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**", together with the First Six-Month Period, the "**First Twelve-Month Period**"), dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities (save for a charge or a pledge of any Relevant Securities as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan), if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, that person or group of persons would cease to be our controlling shareholder (as defined in the Listing Rules).

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each Controlling Shareholder has also undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the expiry of the Second Six-Month Period, he, she or it will:

(a) when he, she or it pledges or charges any Relevant Securities in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan in accordance with Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of Relevant Securities so pledged or charged; and

(b) when he, she or it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us in writing of such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any Controlling Shareholder and disclose such matters by way of an announcement published in accordance with the Listing Rules as soon as possible after being so informed by the relevant Controlling Shareholder.

Undertakings to the Hong Kong Underwriters Pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company and the Controlling Shareholders have undertaken as follows.

(A) Undertakings by our Company

Our Company has undertaken to each of the Sponsor, the Sole Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), it will not, without the prior written consent of the Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company, as applicable), or deposit any share capital or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or any other equity securities of our Company, or any interest in any of the foregoing (including without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing specified in (a), (b) and (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within First Six-Month Period). Our Company further agrees that, in the event our Company is allowed to enter into any of the transactions described in Clause (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for the H Shares or other securities of our Company.

(B) Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders undertakes to each of our Company, the Sponsor, the Sole Sponsor-Overall Coordinator, the Sole Overall Coordinator, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities, as applicable or any interest in any of the foregoing) or deposit the H Shares or other equity securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transactions specified in (i) or (ii) above, or (iv) offer to agree to announce any intention to effect any transactions specified in (i), (ii) or (iii) is to be settled by delivery of H Shares or other equity securities of our Company, or in cash or otherwise and (whether or not the transactions will be completed within the First Six-Month Period); and

(b) it will not, during the Second Six Month Period, enter into any of the transactions specified in Clause (a) (i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" of our Company; and

(c) until the expiry of the the Second Six Month Period, in the event that it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or offer to or agrees to or contract to or announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Indemnity

We, our Controlling Shareholders and our executive and non-executive Directors, have jointly and severally agreed and undertaken to indemnify each of the Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among other things, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement or any breach by us of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we and the Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the Sole Overall Coordinator, and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally but not jointly agree to procure purchasers for or failing which to purchase, the International Offer Shares. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters, exercisable by the Sole Overall Coordinator at its sole and absolute discretion for itself and on behalf of the International Underwriters, the Over-allotment Option, exercisable within 30 days from the last day for lodging applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 16,223,000 additional H Shares, representing not more than 15% of the initial number of Offer Shares available under the Global Offering, at the Offer Price to cover over-allocations in the International Offering, if any, in the International Offering. See the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus.

Underwriting Commission and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.5% of the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) offered under the Global Offering. In addition, our Company may pay to any Underwriters a discretionary incentive fee of up to 1.0% on the aggregate Offer Price of the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming the discretionary incentive fee is paid in full, the aggregate amount of fees payable by our Company to all syndicate members will be 3.5% of the gross proceeds from the Global Offering, and the ratio of fixed fees and discretionary fees payable is therefore 46.4: 53.6.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees, together with listing fees, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$72.6 million (based on the Offer Price of HK$7.80 per Offer Share, being the mid-point of the indicative Offer Price range and assuming that the Over-allotment Option is not exercised).

SPONSOR'S INDEPENDENCE

The Sponsor satisfies the independence criteria applicable to a sponsor as set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Underwriting Agreements and as disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters has any shareholding interests in our Company or any other member of our Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any other member of our Group.

Following completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilization" in this prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following: (a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for them) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

The Global Offering consists of:

- the Hong Kong Public Offering of initially 10,815,500 H Shares (subject to reallocation as mentioned below) (representing 10% of the initial total number of Offer Shares) in Hong Kong as described in the subsection headed "The Hong Kong Public Offering" in this section; and
- the International Offering of initially 97,338,000 H Shares (subject to reallocation and the Over-allotment Option as mentioned below) (representing 90% of the initial total number of Offer Shares) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "The International Offering" this section below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 23.2% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-Allotment Option is not exercised, and will represent approximately 25.8% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option, assuming the Over-Allotment Option in exercised in full.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Under the Hong Kong Public Offering, our Company is initially offering 10,815,500 H Shares at the Offer Price for subscription by the public in Hong Kong, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.3% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total price of HK$5 million or less (excluding the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy). The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total price of more than HK$5 million and up to the total value of Pool B (excluding the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy).

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 5,407,500 Hong Kong Offer Shares is liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator. Subject to the allocation cap described in the subsequent paragraphs, the Sole Overall Coordinator may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sole Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Overall Coordinator deem appropriate.

In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 5,407,500 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 16,223,000 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), and the final Offer Price should be fixed at the lower end of the indicative Offer Price range (that is, HK$7.30 per Offer Share) stated in this prospectus, in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide for New Listing Applicants and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Friday, March 27, 2026.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 97,338,000 H Shares, representing (i) approximately 90% of the total number of Offer Shares initially available under the Global Offering, and (ii) approximately 19.8% of the total Shares in issue immediately following completion of the Global Offering (subject to reallocation and the Over-Allotment Option).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in sub-section headed "Pricing of the Global Offering" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered (or has indicated an interest for) Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Overall Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the exercise of the Over-Allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-Allotment Option to the International Underwriters, exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-Allotment Option, the International Underwriters will have the right, exercisable by the Sole Overall Coordinator (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until Friday, April 3, 2026, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 16,223,000 additional H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, cover over-allocations (if any) in the International Offering.

If the Over-Allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 3.37% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-Allotment Option. If the Over-Allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it), for itself and on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilization Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilization Manager (or its affiliates or any person acting for it) and in what the Stabilization Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering, being Friday, April 24, 2026.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-Allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that: (a) the Stabilization Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares; (b) there is no certainty as to the extent to which and the time or period for which the Stabilization Manager (or its affiliates or any person acting for it) will maintain such a long position; (c) liquidation of any such long position by the Stabilization Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares; (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date and is expected to expire on Friday, April 24, 2026, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall; (e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilization Manager will arrange cover of up to an aggregate of 16,223,000 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid before the Listing Date.

Both the size of such cover and the extent to which the Over-Allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilization Manager and the Over-Allotment Option will not be exercised.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilization Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-Allotment Option in full or in part, by using H Shares purchased by the Stabilization Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

PRICING OF THE GLOBAL OFFERING

The Offer Price will be HK$8.30 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the Offer Price of HK$8.30 per Offer Share plus brokerage of 1.0%, the AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,191.85 for one board lot of 500 H Shares. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **yiyang.tongrentang.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price will be final and conclusive. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price will under no circumstances be set at a price that is not the Offer Price as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, our Company will issue a supplemental prospectus or new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

The level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Over-Allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been duly agreed between our Company and the Sole Overall Coordinator (for itself and on behalf of the other Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about Thursday, March 26, 2026; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **yiyang.tongrentang.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for

Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Monday, March 30, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

H SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling our H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, March 30, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, March 30, 2026.

The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2667.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at yiyang.tongrentang.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address *(for the **White Form eIPO** service only)*.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates;
- are a Director or a supervisor or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Friday, March 20, 2026 and end at 12:00 noon on Wednesday, March 25, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**www.eipo.com.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 am on Friday, March 20, 2026 to 11:30 a.m. on Wednesday, March 25, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, March 25, 2026, Hong Kong time.

Application Channel	Platform	Target Investors	Application Time
HKSCC EIPO channel	Your **broker** or **custodian** who is a HKSCC Participant will submit **electronic application instruction(s)** on your behalf through HKSCC's FINI system in accordance with your instruction	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by **broker** or **custodian**.

For those applying through the **HKSCC EIPO** channel, you may also check with your **broker** or **custodian** from 6:00 p.m. on Thursday, March 26, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, March 26, 2026 (Hong Kong time) on a 24-hour basis, and should report any discrepancies on allotments to HKSCC as soon as practicable.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your **broker** or **custodian** to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Hong Kong identity card ("**HKID**"); or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Legal Entity Identifier ("**LEI**") registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size: 500 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment:

Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$8.30 per Offer Share, plus brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your **broker** or **custodian** to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your **broker** or **custodian**.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application
	HK$		*HK$*		*HK$*		*HK$*
500	4,191.85	6,000	50,302.22	40,000	335,348.22	400,000	3,353,482.20
1,000	8,383.70	7,000	58,685.94	45,000	377,266.74	500,000	4,191,852.76
1,500	12,575.56	8,000	67,069.64	50,000	419,185.28	600,000	5,030,223.30
2,000	16,767.41	9,000	75,453.35	60,000	503,022.34	700,000	5,868,593.86
2,500	20,959.26	10,000	83,837.05	70,000	586,859.39	800,000	6,706,964.40
3,000	25,151.12	15,000	125,755.58	80,000	670,696.45	900,000	7,545,334.96
3,500	29,342.96	20,000	167,674.11	90,000	754,533.50	1,000,000	8,383,705.50
4,000	33,534.83	25,000	209,592.63	100,000	838,370.56	2,000,000	16,767,411.00
4,500	37,726.68	30,000	251,511.16	200,000	1,676,741.10	3,000,000	25,151,116.50
5,000	41,918.52	35,000	293,429.69	300,000	2,515,111.66	5,407,500[1]	45,334,887.49

Notes:

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Sole Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your **broker** or **custodian**), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your **broker** or **custodian** and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Sponsor, the Sole Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global

Offering (the "**Relevant Persons**"), the H Share Registrar, the **White Form eIPO** Service Provider and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

(ix) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(x) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(xi) confirm that you are aware of the situations specified in the paragraph headed "C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xii) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xiii) agree to comply and warrant that you have complied with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiv) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the Directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the Directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xv) warrant that the information you have provided is true and accurate;

(xvi) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xviii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xix) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the H Share Registrar or by any one as your agent or by any other person; and

(xx) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time
Applying through White Form eIPO service or HKSCC EIPO channel:	
Website: The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment)** with a "search by ID" function.	24 hours, from 11:00 p.m. on Friday, March 27, 2026 to 12:00 midnight on Thursday, April 2, 2026 (Hong Kong time)
The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service **at www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
The Stock Exchange's website at **www.hkexnews.hk** and our website at **yiyang.tongrentang.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Friday, March 27, 2026 (Hong Kong time).
Telephone: +852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., on Monday, March 30, 2026, Tuesday, March 31, 2026, Wednesday, April 1, 2026 and Thursday, April 2, 2026 (Hong Kong time) on a business day

For those applying through the **HKSCC EIPO** channel, you may also check with your **broker** or **custodian** from 6:00 p.m. on Thursday, March 26, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, March 26, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **yiyang.tongrentang.com** by no later than 11:00 p.m. on Friday, March 27, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. **If your application is revoked:** your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. **If we or our agents exercise our discretion to reject your application:** we, the Sole Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. **If the allocation of Hong Kong Offer Shares is void:** the allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either: (i) within three weeks from the closing date of the application lists; or (ii) within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. **If:** (i) you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "A. Applications for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications; (ii) your application instruction is incomplete; (iii) your payment (or confirmation of funds, as the case may be) is not made correctly; (iv) the Underwriting Agreements do not become unconditional or are terminated; or (v) we or the Sole Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. **If there is money settlement failure for allotted Shares:**

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public Offering Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the **broker** or **custodian** may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, March 30, 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO	**HKSCC EIPO channel**
Despatch/collection of Share certificate		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	Collection in person at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Monday, March 30, 2026 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note:** If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Time:** Friday, March 27, 2026	

	White Form eIPO	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Monday, March 30, 2026	Subject to the arrangement between you and your **broker** or **custodian**
Responsible party	H Share Registrar	Your **broker** or **custodian**
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account.	Your **broker** or **custodian** will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk.	

Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on Friday, March 27, 2026 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, we shall procure the H Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The application lists will not open or close on Wednesday, March 25, 2026 if, there is/are (i) a tropical cyclone warning signal number 8 or above; (ii) a black rainstorm warning; and/or (iii) **Extreme Conditions** (collectively, "**Severe Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 25, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **yiyang.tongrentang.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Friday, March 27, 2026, the Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Monday, March 30, 2026.

If a Severe Weather Signal is hoisted on Monday, March 30, 2026:

- for physical share certificates of 1,000,000 or more offer shares issued under your own name, you may collect your share certificates from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, March 30, 2026 or on Tuesday, March 31, 2026).

If a Severe Weather Signal is hoisted on Friday, March 27, 2026:

- for physical share certificates of less than 1,000,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, March 27, 2026 or on Monday, March 30, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes: (i) processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares; (ii) compliance with applicable laws and regulations in Hong Kong and elsewhere; (iii) registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees; (iv) maintaining or updating the register of members of the Company; (v) verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares; (vi) facilitating Hong Kong Offer Shares balloting; (vii) establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.; (viii) distributing communications from the Company and its subsidiaries; (ix) compiling statistical information and profiles of the holder of the H Shares; (x) disclosing relevant information to facilitate claims on entitlements; and (xi) any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following: (i) the Company's appointed agents such as financial advisors, receiving bank and overseas principal share registrar; (ii) HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS); (iii) any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation; (iv) the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and (v) any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING TONG REN TANG HEALTHCARE INVESTMENT CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-3 to IA-88, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 September 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-3 to IA-88 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 March 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023 and 2024 and 30 September 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2026

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by Hong Kong Institute of Certified Public Accountants ("the HKICPA") (the "Underlying Financial Statements").

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

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
REVENUE	5	910,975	1,153,126	1,175,118	832,609	857,926
Cost of sales		(768,207)	(935,645)	(952,621)	(690,593)	(701,890)
Gross profit		142,768	217,481	222,497	142,016	156,036
Other income and gains/(losses), net	6	20,894	19,450	28,653	19,555	(192)
Selling and distribution expenses		(18,836)	(24,594)	(23,281)	(17,052)	(13,829)
Administrative expenses		(129,827)	(135,840)	(150,651)	(97,659)	(93,186)
Impairment losses on financial assets, net		147	(273)	440	342	(481)
Other expenses		(1,970)	(1,486)	(2,114)	(1,544)	(4,268)
Finance costs	8	(7,268)	(11,285)	(14,282)	(10,470)	(9,880)
Share of profits and losses of joint ventures		(422)	499	–	–	–
Share of profits of associates		727	1,529	113	45	30
PROFIT BEFORE TAX	7	6,213	65,481	61,375	35,233	34,230
Income tax expense	10	(15,446)	(22,847)	(15,178)	(8,640)	(10,233)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		(9,233)	42,634	46,197	26,593	23,997
Attributable to:						
Owners of the parent		(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests		7,063	20,296	9,336	4,094	3,304
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		(9,233)	42,634	46,197	26,593	23,997
Attributable to:						
Owners of the parent		(16,296)	22,338	36,861	22,499	20,693
Non-controlling interests		7,063	20,296	9,336	4,094	3,304
		(9,233)	42,634	46,197	26,593	23,997
Earnings/(loss) per share attributable to ordinary equity holders of the Company						
Basic and diluted (RMB)	12	(0.06)	0.07	0.11	0.07	0.06

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	365,351	339,354	324,959	308,810
Right-of-use assets	*14*	141,694	101,122	179,328	182,159
Goodwill	*16*	187,332	161,247	263,438	263,438
Other intangible assets	*15*	21,682	26,414	45,461	43,258
Investments in joint ventures	*18*	13,483	–	–	–
Investments in associates	*17*	20,103	16,732	16,845	16,875
Deferred tax assets	*27*	74	80	7,029	7,655
Prepayments, deposits and other receivables	*21*	14,066	2,937	2,589	6,310
Total non-current assets		**763,785**	**647,886**	**839,649**	**828,505**
CURRENT ASSETS					
Inventories	*19*	124,068	79,339	82,474	95,786
Trade receivables	*20*	80,526	112,855	107,707	102,303
Prepayments, other receivables, and other assets	*21*	24,343	37,964	29,802	37,788
Financial assets at fair value through profit or loss	*22*	–	–	7,744	60,038
Cash and cash equivalents	*23*	326,163	293,034	296,732	225,447
Restricted cash		–	107	6,280	–
Total current assets		**555,100**	**523,299**	**530,739**	**521,362**
CURRENT LIABILITIES					
Trade payables	*24*	244,464	227,292	188,336	166,839
Other payables and accruals	*25*	167,752	167,848	137,615	108,629
Interest-bearing bank and other borrowings	*26*	21,144	43,799	50,163	61,174
Lease liabilities	*14*	26,280	11,996	37,355	39,428
Income tax payable		9,683	11,249	8,823	6,784
Total current liabilities		**469,323**	**462,184**	**422,292**	**382,854**
NET CURRENT ASSETS		**85,777**	**61,115**	**108,447**	**138,508**
TOTAL ASSETS LESS CURRENT LIABILITIES		**849,562**	**709,001**	**948,096**	**967,013**

Continued...

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

		As at 31 December			As at 30 September
	Notes	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*26*	106,103	67,988	101,075	95,414
Lease liabilities	*14*	100,006	73,889	130,580	140,303
Deferred tax liabilities	*27*	5,136	3,787	9,867	9,600
Total non-current liabilities		**211,245**	**145,664**	**241,522**	**245,317**
Net assets		**638,317**	**563,337**	**706,574**	**721,696**
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/share capital	*28*	300,000	300,000	357,209	357,209
Reserves	*29*	134,375	69,402	165,084	185,777
		434,375	369,402	522,293	542,986
Non-controlling interests		**203,942**	**193,935**	**184,281**	**178,710**
Total equity		**638,317**	**563,337**	**706,574**	**721,696**

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Paid-in capital	Merger reserve*	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 28)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	**200,000**	**18,095**	**195,898**	**3,129**	**(18,926)**	**398,196**	**158,225**	**556,421**
Profit/(loss) for the year	–	–	–	–	(16,296)	(16,296)	7,063	(9,233)
Total comprehensive income/(loss) for the year	–	–	–	–	(16,296)	(16,296)	7,063	(9,233)
Acquisition of subsidiaries *(note 30)*	–	–	–	–	–	–	38,752	38,752
Business combination under common control	–	(47,422)	–	–	–	(47,422)	–	(47,422)
Capital injection from shareholders	100,000	–	–	–	–	100,000	–	100,000
Appropriation to statutory surplus reserve	–	–	–	1,011	(1,011)	–	–	–
Others***	–	–	–	–	(103)	(103)	(98)	(201)
At 31 December 2022	**300,000**	**(29,327)**	**195,898**	**4,140**	**(36,336)**	**434,375**	**203,942**	**638,317**
At 1 January 2023	**300,000**	**(29,327)**	**195,898**	**4,140**	**(36,336)**	**434,375**	**203,942**	**638,317**
Profit for the year	–	–	–	–	22,338	22,338	20,296	42,634
Total comprehensive income for the year	–	–	–	–	22,338	22,338	20,296	42,634
Non-cash distributions**	–	–	(87,306)	–	–	(87,306)	–	(87,306)
Appropriation to statutory surplus reserve	–	–	–	2,423	(2,423)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(17,305)	(17,305)
Others***	–	–	–	–	(5)	(5)	(12,998)	(13,003)
At 31 December 2023	**300,000**	**(29,327)**	**108,592**	**6,563**	**(16,426)**	**369,402**	**193,935**	**563,337**
At 1 January 2024	**300,000**	**(29,327)**	**108,592**	**6,563**	**(16,426)**	**369,402**	**193,935**	**563,337**
Profit for the year	–	–	–	–	36,861	36,861	9,336	46,197
Total comprehensive income for the year	–	–	–	–	36,861	36,861	9,336	46,197
Acquisition of subsidiaries *(note 30)*	–	–	–	–	–	–	12,303	12,303
Business combination under common control	–	(8,732)	–	–	–	(8,732)	–	(8,732)
Disposal of a subsidiary	–	–	–	–	–	–	16,012	16,012
Capital injection from shareholders	57,209	–	308,531	–	–	365,740	–	365,740
Transactions with non-controlling shareholders	–	–	(240,978)	–	–	(240,978)	(35,610)	(276,588)
Contributions from non-controlling interests	–	–	–	–	–	–	490	490

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent							
	Paid-in capital	Merger reserve*	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 (note 28)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000	RMB'000	RMB'000
Conversion into a joint stock company	–	–	43,653	(4,365)	(39,288)	–	–	–
Appropriation to statutory surplus reserve	–	–	–	3,642	(3,642)	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(12,185)	(12,185)
At 31 December 2024	**357,209**	**(38,059)**	**219,798**	**5,840**	**(22,495)**	**522,293**	**184,281**	**706,574**
At 1 January 2024 (Audited)	**300,000**	**(29,327)**	**108,592**	**6,563**	**(16,426)**	**369,402**	**193,935**	**563,337**
Profit for the period (Unaudited)	–	–	–	–	22,499	22,499	4,094	26,593
Total comprehensive income for the period (Unaudited)	–	–	–	–	22,499	22,499	4,094	26,593
Acquisition of subsidiaries *(note 30)* (Unaudited)	–	–	–	–	–	–	12,303	12,303
Business combination under common control (Unaudited)	–	(8,732)	–	–	–	(8,732)	–	(8,732)
Disposal of a subsidiary	–	–	–	–	–	–	16,012	16,012
Capital injection from shareholders (Unaudited)	57,209	–	308,531	–	–	365,740	–	365,740
Transactions with non-controlling shareholders (Unaudited)	–	–	(240,978)	–	–	(240,978)	(35,610)	(276,588)
Contributions from non-controlling interests (Unaudited)	–	–	–	–	–	–	490	490
Conversion into a joint stock company	–	–	43,653	(4,365)	(39,288)	–	–	–
Appropriation to statutory surplus reserve (Unaudited)	–	–	–	982	(982)	–	–	–
At 30 September 2024 (Unaudited)	**357,209**	**(38,059)**	**219,798**	**3,180**	**(34,197)**	**507,931**	**191,224**	**699,155**

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to owners of the parent							
	Paid-in capital	Merger reserve*	Capital reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 28)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	**357,209**	**(38,059)**	**219,798**	**5,840**	**(22,495)**	**522,293**	**184,281**	**706,574**
Profit for the period	–	–	–	–	20,693	20,693	3,304	23,997
Total comprehensive income for the period	–	–	–	–	20,693	20,693	3,304	23,997
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(8,875)	(8,875)
At 30 September 2025	**357,209**	**(38,059)**	**219,798**	**5,840**	**(1,802)**	**542,986**	**178,710**	**721,696**

* These reserve accounts comprise the consolidated reserves of RMB134,375,000, RMB69,402,000, RMB165,084,000 and RMB185,777,000 as at 31 December 2022, 2023 and 2024 and 30 September 2025, respectively, in the consolidated statements of financial position.

** As the Group disposed certain subsidiaries and investment in two joint ventures to the Company's fellow subsidiaries during the year of 2023 at nil consideration, the disposals are treated as a deemed distribution to the Company's shareholder and was accounted for as non-cash distributions.

*** As disclosed in note 30, the Company acquired Beijing TRT Second TCM Hospital and Anshan TRT TCM Hospital under common control. The acquirees distributed dividends to their then-shareholders of RMB201,000 and RMB13,003,000 in the year of 2022 and 2023 respectively, which occurred prior to the acquisition date.

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	7	6,213	65,481	61,375	35,233	34,230
Adjustments for:						
Finance costs	8	7,268	11,285	14,282	10,470	9,880
Share of profits and losses of joint ventures		422	(499)	–	–	–
Share of profits and losses of an associate		(727)	(1,529)	(113)	(45)	(30)
Interest income	6	(3,878)	(4,115)	(2,905)	(1,818)	(1,770)
Investment income		–	–	–	–	(186)
Waiver of consideration payable	6	–	(2,528)	–	–	–
Revaluation of contingent consideration	6	–	–	(7,744)	–	2,670
Fair value gains on financial assets at FVTPL	6	–	–	–	–	(38)
Depreciation of property, plant and equipment	7	28,801	28,822	27,295	20,338	20,615
Depreciation of right-of-use assets	7	25,846	22,455	32,303	23,969	29,710
Amortisation of intangible assets	7	2,232	3,106	4,818	3,412	4,119
Rent concessions from lessors	6	(1,095)	–	–	–	–
Gain on bargain purchases	6	(1,309)	–	–	–	–
Gain on disposal of a subsidiary	6	–	–	(17,146)	(17,146)	–
Loss on disposal of property, plant and equipment		395	20	141	107	39
Loss on disposal of items of intangible assets, net		619	–	–	–	–
Reversal of impairment losses/(impairment losses) on financial assets, net		(147)	273	(440)	(342)	481
Gain on lease modification	14	–	(8)	–	–	–
Gain on lease termination		–	–	(41)	(23)	–
Operating cash flows before changes in working capital		64,640	122,763	111,825	74,201	99,720
(Increase)/decrease in inventories		(39,684)	21,899	1,747	(3,900)	(13,312)
(Increase)/decrease in trade receivables		(6,358)	(77,816)	23,671	28,390	4,923
(Increase)/decrease in prepayments, other receivables and other assets		69,472	(45,317)	24,109	12,066	(8,766)
(Decrease)/increase in trade payables		60,015	71,561	(40,245)	(70,002)	(21,497)
(Decrease)/increase in other payables and accruals		(117,861)	14,032	(6,826)	14,042	(12,279)
(Increase)/decrease in restricted cash		–	(107)	(6,173)	35	6,280
Cash generated from/(used in) operations		30,224	107,015	108,108	54,832	55,069
Interest received	6	3,878	4,115	2,905	1,818	1,770
Income tax paid		(9,684)	(22,636)	(23,226)	(18,844)	(13,165)
Net cash flows from operating activities		24,418	88,494	87,787	37,806	43,674

Continued...

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income on financial assets at FVTPL		–	–	–	–	186
Purchases of items of property, plant and equipment		(31,803)	(23,817)	(11,935)	(6,627)	(14,240)
Purchase of intangible assets		(4,862)	(8,144)	(6,051)	(4,059)	(2,742)
Proceeds from disposal of items of property, plant and equipment		–	30	–	–	16
Purchases of financial assets at FVTPL		–	–	–	–	(220,000)
Proceeds from disposal of financial assets at FVTPL		–	–	790	790	160,000
Dividends received from an associate		–	4,900	–	–	–
Investments in an associate		(19,376)	–	–	–	–
Disposal of a subsidiary	*31*	–	–	(715)	(715)	–
Acquisition of subsidiaries	*30*	(75,021)	(9,472)	(84,408)	(84,408)	(9,100)
Compensation received for performance commitment	*37*	–	–	–	–	5,074
Net cash flows used in investing activities		(131,062)	(36,503)	(102,319)	(95,019)	(80,806)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection	*28*	100,000	–	67,500	67,500	–
Contributions from non-controlling interests		–	–	490	490	–
New other payables		–	–	1,000	1,000	–
Repayments of other payables		(2,500)	(360)	(1,429)	(1,429)	–
New bank borrowings		132,629	5,683	111,300	70,300	23,082
Repayment of bank borrowings		(6,970)	(26,330)	(77,243)	(23,766)	(21,303)
Lease payments		(24,570)	(27,401)	(36,361)	(21,353)	(27,017)
Deemed distribution		–	(25,543)	(16,945)	(4,760)	(8,875)
(Decrease)/increase in balances with related parties		(24,771)	24,498	(24,708)	(24,853)	268
Disposal of subsidiaries		–	(29,195)	–	–	–
Payment of consideration for subsidiaries acquired under common control		(42,011)	(6,472)	(2,260)	(2,260)	–
Payment of listing expenses		–	–	(3,114)	(1,606)	(308)
Net cash flows from/(used in) financing activities		131,807	(85,120)	18,230	59,263	(34,153)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**25,163**	**(33,129)**	**3,698**	**2,050**	**(71,285)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD		**301,000**	**326,163**	**293,034**	**293,034**	**296,732**
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**326,163**	**293,034**	**296,732**	**295,084**	**225,447**

I. HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	3,260	2,411	1,428	959
Right-of-use assets	14	3,430	–	7,880	5,516
Other intangible assets	15	5,703	8,541	9,890	8,017
Investments in subsidiaries	1	546,397	471,807	900,070	900,070
Investments in joint ventures	18	13,483	–	–	–
Investments in associates	17	20,103	16,732	16,845	16,875
Deferred tax assets	27	58	–	4,188	3,683
Prepayments, deposits and other receivables	21	2,850	1,420	1,032	1,814
Total non-current assets		**595,284**	**500,911**	**941,333**	**936,934**
CURRENT ASSETS					
Inventories	19	112	–	–	–
Trade receivables	20	8,522	16,809	21,079	32,711
Prepayments, other receivables and other assets	21	19,645	20,464	14,412	19,715
Financial assets at fair value through profit or loss	22	–	–	7,744	60,038
Cash and cash equivalents	23	101,067	89,237	81,095	29,090
Total current assets		**129,346**	**126,510**	**124,330**	**141,554**
CURRENT LIABILITIES					
Trade payables	24	1,475	–	–	–
Other payables and accruals	25	92,743	92,718	119,642	109,063
Lease liabilities	14	3,459	–	3,119	3,232
Interest-bearing bank and other borrowings	26	16,144	23,799	29,163	31,174
Income tax payable		1,888	–	1,490	–
Total current liabilities		**115,709**	**116,517**	**153,414**	**143,469**
NET CURRENT ASSETS/(LIABILITIES)		**13,637**	**9,993**	**(29,084)**	**(1,915)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**608,921**	**510,904**	**912,249**	**935,019**
NON-CURRENT LIABILITIES					
Lease liabilities	14	35	–	3,259	1,663
Interest-bearing bank and other borrowings	26	86,103	67,988	81,075	77,914
Deferred tax liabilities	27	–	9	–	–
Total non-current liabilities		**86,138**	**67,997**	**84,334**	**79,577**
NET ASSETS		**522,783**	**442,907**	**827,915**	**855,442**
EQUITY					
Paid-in capital/share capital	28	300,000	300,000	357,209	357,209
Reserves	29	222,783	142,907	470,706	498,233
Total equity		**522,783**	**442,907**	**827,915**	**855,442**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "Company"), formerly known as "Beijing Tong Ren Tang Healthcare Industry Investment Group Co., Ltd.", was a limited liability company established in Beijing of the People's Republic of China (the "PRC") on 17 March 2015. The registered office of the Company is 1982, No. 323, Zhuxinzhuang, Shigezhuang Street, Changping District, Beijing. It was a wholly-owned subsidiary of China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司) ("TRT") at the time of establishment. TRT is wholly owned by Beijing State-owned Capital Operation and Management Co., Ltd. (the "BSCOM"), which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council of Beijing Municipality (the "Beijing SASAC").

On 12 March 2024, the Group entered into a capital increase agreement (the "2024 Capital Increase Agreement") with TRT and six Pre-IPO Investors, pursuant to which the Pre-IPO Investors agreed to subscribe for an aggregate of the registered capital of RMB57,208,519. The total consideration was RMB365,739,785, of which RMB67,500,000 was settled by cash. The remaining considerations were settled by a combination of (i) 31.26% equity interests held by certain Pre-IPO Investors, namely, Beijing Tong Ren Tang Senior Care Industry Investment Operation Center (Limited Partnership) ("TRT Senior Care Fund"), Beijing Tong Ren Tang Medical Industry Investment Center (Limited Partnership) ("TRT Medical Fund"), Suzhou Tongkang Medical Care Industry Investment Partnership Limited Partnership ("Tongkang Fund"), Mr. Zhu Zhibiao, and Ms. Pan Songqin in Sanxitang TCM Healthcare Hospital Co., Ltd. ("SXT Hospital"), (ii) 31.25% equity interests held by TRT Senior Care Fund, TRT Medical Fund, Tongkang Fund, Mr. Zhu Zhibiao, and Ms. Pan Songqin, in Yiwu Sanxitang TCM Chain Co., Ltd. ("SXT Pharmacies"), and (iii) 100% equity interests held by TRT Senior Care Fund and Tongkang Fund, in Beijing Cuihe Health Management Co., Ltd. ("Cuihe Pharmacy").

On 21 June 2024, the Company was converted to a joint stock limited liability company, and a total of 357,208,549 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

During the Relevant Periods, the Group was principally engaged in the provision of a variety of healthcare businesses, including provision of TCM healthcare services, sale of healthcare products and provision of management services and others.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies or public institutions, the particulars of which are set out below:

Name	Place of registration and business	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group — As at December 31, 2022	2023	2024	As at 30 September 2025	Notes
Beijing Tong Ren Tang TCM Hospital Co., Ltd.* (北京同仁堂中醫醫院有限責任公司) ("Beijing TRT TCM Hospital")	PRC/Mainland China	RMB206,338,000	Provision of TCM healthcare services	100%	100%	100%	100%	*(a)*
Beijing Tong Ren Tang Baoding Zhili TCM Hospital Co., Ltd.* (北京同仁堂(保定)直隸中醫醫院有限公司) ("TRT Baoding")	PRC/Mainland China	RMB322,250,000	Provision of TCM healthcare services	51%	51%	51%	51%	*(a)*
Tongrentang Hekang (Qiqihar) Traditional Chinese Medicine Hospital Co., Ltd* (同仁堂鶴康(齊齊哈爾)中醫醫院有限公司)	PRC/Mainland China	RMB1,000,000	Provision of TCM healthcare services	N/A	N/A	51%	51%	
Beijing Tong Ren Tang Taiyuan Healthcare Management Chain Co., Ltd.* (北京同仁堂太原醫療管理連鎖有限責任公司) ("Taiyuan Healthcare Management")	PRC/Mainland China	RMB5,000,000	Provision of TCM healthcare services	51%	51%	51%	51%	*(b)*
SXT Pharmacies and its subsidiaries	PRC/Mainland China	RMB10,000,000	Sales of pharmaceuticals and healthcare products	43.75%	43.75%	75%	75%	*(b)*
SXT Hospital	PRC/Mainland China	RMB6,000,000	Provision of TCM healthcare services	43.74%	43.74%	75%	75%	*(b)*
Beijing Tong Ren Tang Internet Hospital Management Co., Ltd.* (北京同仁堂互聯網醫院管理有限公司) ("TRT Internet Hospital")	PRC/Mainland China	RMB15,000,000	Provision of online TCM healthcare services	100%	100%	100%	100%	*(b)*

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

Name	Place of registration and business	Issued ordinary/ registered share capital	Principal activities	Effective interest held by the Group As at December 31, 2022	2023	2024	As at 30 September 2025	Notes
Beijing Tong Ren Tang Tongda Pharmaceutical Trading Co., Ltd.* (北京同仁堂通達醫藥貿易有限公司) ("Beijing Tongda")	PRC/Mainland China	RMB15,000,000	Distribution of pharmaceuticals	100%	100%	100%	100%	*(b)*
Beijing Tong Ren Tang Basic Healthcare Management Co., Ltd.* (北京同仁堂基礎醫療管理有限公司) ("TRT Basic Healthcare Management")	PRC/Mainland China	RMB2,000,000	Provision of management services	N/A	100%	100%	100%	*(d)*
Beijing Tong Ren Tang Second TCM Hospital Co., Ltd.* (北京同仁堂第二中醫醫院有限責任公司) ("Beijing TRT Second TCM Hospital")*	PRC/Mainland China	RMB10,493,000	Provision of TCM healthcare services	51%	51%	51%	51%	*(c)*
Beijing Tong Ren Tang An Shan TCM Hospital Co., Ltd." (北京同仁堂鞍山中醫醫院有限公司) ("Anshan TRT TCM Hospital)	PRC/Mainland China	RMB3,000,000	Provision of TCM healthcare services	51%	51%	51%	51%	*(c)*
Beijing Tong Ren Tang Shijiazhuang TCM Hospital Co., Ltd.* (北京同仁堂石家莊中醫醫院有限公司) ("Shijiazhuang TRT TCM Hospital")	PRC/Mainland China	RMB13,000,000	Provision of TCM healthcare services	51%	51%	–	–	*(c)*
Shanghai Chengzhitang TCM Out-patient Healthcare Center Co., Ltd.* (上海承志堂中醫門診部有限公司) ("Shanghai CZT")	PRC/Mainland China	RMB1,000,000	Provision of TCM healthcare services	N/A	N/A	70%	70%	
Cuihe Pharmacy	PRC/Mainland China	RMB2,000,000	Provision of online TCM healthcare services	N/A	N/A	100%	100%	
Shanghai Zhonghetang Out-patient Center Co., Ltd. (上海中和堂門診部有限公司) ("Shanghai ZHT")	PRC/Mainland China	RMB15,000,000	Provision of TCM healthcare services	N/A	N/A	60%	60%	
Beijing Tong Ren Tang Shunyi TCM Hospital Co., Ltd. (北京同仁堂順意中醫醫院有限公司) ("Shunyi TRT TCM Hospital")	PRC/Mainland China	RMB36,000,000	Provision of TCM healthcare services	N/A	N/A	N/A	100%	

Notes:

* The English names of these subsidiaries registered in the PRC represent the best efforts made by the management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

(a) The statutory auditors of these subsidiaries were Zhongshen Zhonghuan Certified Public Accountants LLP for the year ended 31 December 2022 and Ernst & Young Hua Ming LLP for the year ended 31 December 2023.

(b) The statutory auditors of these subsidiaries were Grant Thornton Certified Public Accountants LLP for the year ended 31 December 2022 and Ernst & Young Hua Ming LLP for the year ended 31 December 2023.

(c) The statutory auditors of the subsidiary were Grant Thornton Certified Public Accountants LLP for the years ended 31 December 2022 and 2023.

(d) The statutory auditor of the subsidiary was Ernst & Young Hua Ming LLP for the year ended 31 December 2023.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA and the Hong Kong Companies Ordinance. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at profit or loss which have been measured at fair value.

As at 31 December 2024 and 30 September 2025, the Company's current liabilities exceeded its current assets. The directors of the Company have reviewed the Company's cash flow forecast for the next twelve months and are of the opinion that the Company will have sufficient facilities to repay the liabilities. Accordingly, the directors of the Company consider it is appropriate to prepare the statement of financial position of the Company on a going concern basis.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

If the Group loses control over a subsidiary to the Company's shareholders, the disposals are treated as a deemed distribution to the Company's shareholders, which are accounted for by derecognising the related assets (including goodwill), liabilities, any non-controlling interest at their carrying amount on the date of disposal. The corresponding adjustment is made directly against reserves.

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Assets and liabilities obtained shall be measured at their respective book values as recorded by the controlling entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred. Direct issue costs incurred in respect of equity instruments or liabilities issued pursuant to the business combination should be charged to the respective equity instruments or liabilities upon initial recognition of the underlying equity instruments or liabilities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.2 Issued But Not Yet Effective HKFRS Accounting Standards

The Group has not applied the following revised HKFRS Accounting Standards, that have been issued but are not yet effective, in the financial statements. The Group intends to apply these revised HKFRS Accounting Standards, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[3]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]

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

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2026

So far, the Group has expected that these revised HKFRS Accounting Standards will not have a significant effect on the Group's financial performance and financial position.

2.3 Material Accounting Policy Information

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. The disposals of the investment are treated as a deemed distribution to the Company's shareholders, which are accounted for by derecognising the assets and liabilities at their carrying amount on the date of disposal. The corresponding adjustment is made directly against reserves.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Fair value measurement (continued)

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Related parties (continued)

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Building	30 to 50 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life
Machinery	5 to 10 years
Motor vehicles	5 to 10 years
Office equipment	5 to 8 years

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Intangible assets (other than goodwill) (continued)

Brand

Brand acquired in a business combination was recognised at fair value at the acquisition date. Brand has an indefinite useful life and is carried at cost less accumulated impairment.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Leasehold land	50 years
Buildings	2 to 15 years

(b) Lease liabilities

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

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Leases (continued)

Group as a lessee (continued)

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or losss

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

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Impairment of financial assets (continued)

General approach **(continued)**

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, other payables and accruals, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Income tax (continued)

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) decoction and medication, and iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the respective service is transferred at a point in time, i.e., upon completion of the respective service. The Group has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

In-patient services

For in-patient services, customers normally receive in-patient treatment which contains various treatment components that are all highly interdependent and regarded as a single performance obligation. Since the patient simultaneously receives and consumes the benefits in the medical treatment, the relevant revenue of in-patient services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual products or services transferred by the Group to the customer.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2. ACCOUNTING POLICIES (continued)

2.3 Material Accounting Policy Information (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Sale of healthcare products

Revenue from the sale of healthcare products is recognised at the point in time when control of the product is transferred to the customer.

(c) Provision of management services

The Group provides the management related services to multiple hospitals and medical institutions over the service period. The hospitals and medical institutions receive and consume the benefits provided by the Group's performance as the Group performs. The Group uses a time-based measure of progress. Revenue from provision of hospital management services is recognised over the period in which the services are rendered.

Other income

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

Contract liabilities

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

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Company and these subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

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

Estimation uncertainty

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2022, 2023 and 2024 and 30 September 2025 were RMB187,332,000, RMB161,247,000, RMB263,438,000 and RMB263,438,000. Further details are given in note 16.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets were disclosed in note 13, 14 and 15 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is provision of TCM healthcare services, sale of healthcare products, provision of management services and others.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

As all of the Group's revenue is derived from the PRC, and all of the Group's identifiable non-current assets are located in the PRC, no geographical information as required by HKFRS 8 *Operating Segments* is presented.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods and the period covered by the interim comparative financial information.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers	910,975	1,153,126	1,175,118	832,609	857,926

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Types of goods or services					
Provision of TCM healthcare services	814,656	994,878	987,743	702,168	723,456
Sale of healthcare products	87,697	137,659	166,573	119,087	116,249
Provision of management services	1,883	9,588	15,534	8,090	11,344
Others	6,739	11,001	5,268	3,264	6,877
Total revenue from contracts with customers	910,975	1,153,126	1,175,118	832,609	857,926
Geographical markets					
Mainland China	910,975	1,153,126	1,175,118	832,609	857,926

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Timing of revenue recognition					
Goods and services transferred at a point in time	889,388	1,122,660	1,138,599	807,970	831,883
Services transferred over time	21,587	30,466	36,519	24,639	26,043
Total revenue from contracts with customers	910,975	1,153,126	1,175,118	832,609	857,926

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE (continued)

Revenue from contracts with customers (continued)

(a) *Disaggregated revenue information (continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:					
Provision of TCM healthcare services	429	9,217	8,887	8,887	5,613
Provision of management services	1,573	7,691	–	–	2,787
Others	359	534	230	230	327
	2,361	17,442	9,117	9,117	8,727

(b) *Performance obligations*

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

Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) decoction and medication, and iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the services is transferred at a point in time, i.e., upon completion of the services. The Group has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

In-patient services

For in-patient services, customers normally receive in-patient treatment which contains various treatment components that are all highly interdependent and regarded as a single performance obligation. Since the patient simultaneously receives and consumes the benefits in the medical treatment, the relevant revenue of in-patient services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual products or services transferred by the Group to the customer.

Sale of healthcare products

Revenue from the sale of healthcare products is recognised at the point in time when control of the product is transferred to the customer and the customer has full discretion to use the healthcare products, and there is no unfulfilled obligation that could affect the customers' acceptance of the healthcare products.

Provision of management services

The Group provides the management related services to multiple hospitals, medical institutions and third parties over the service period. The customer receives and consumes the benefits provided by the Group's performance as the Group performs.

As at 31 December 2022, 2023 and 2024 and 30 September 2025, no transaction price needed to be allocated to the remaining performance obligations.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. OTHER INCOME AND GAINS/(LOSSES), NET

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Concession income	12,979	10,326	–	–	–
Bank interest income	3,878	4,115	2,905	1,818	1,770
Waiver of consideration payable	–	2,528	–	–	–
Revaluation of contingent consideration	–	–	7,744	–	(2,670)
Rent concessions from lessors	1,095	–	–	–	–
Government grants*	871	1,194	150	79	219
Gains on bargain purchases	1,309	–	–	–	–
Gains on disposal of a subsidiary	–	–	17,146	17,146	–
Fair value gains on financial assets at fair value through profit or loss	–	–	–	–	38
Others	762	1,287	708	512	451
	20,894	19,450	28,653	19,555	(192)

* There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cost of inventories used in provision of TCM healthcare services		502,831	599,586	538,532	388,038	382,002
Cost of healthcare products sold		55,130	99,297	121,382	97,051	93,161
Depreciation of property, plant and equipment*	*13*	28,801	28,822	27,295	20,338	20,615
Depreciation of right-of-use assets*	*14(a)*	25,846	22,455	32,303	23,969	29,710
Amortisation of intangible assets*	*15*	2,232	3,106	4,818	3,412	4,119
Lease payments not included in the measurement of lease liabilities		626	1,039	442	413	742
Auditor's remuneration		818	1,548	1,095	1,009	834
Listing expenses		–	5,235	15,535	10,053	220
Employee benefit expense (including directors' remuneration) *(note 9)*:						
Wages, salaries, bonuses and allowances		204,231	243,126	272,993	142,762	214,670
Pension scheme contributions		21,690	21,526	16,091	11,510	13,607
Social welfare		14,314	14,206	10,619	8,638	9,066
		240,235	278,858	299,703	162,910	237,343
Impairment/(reversal of impairment) of trade receivables, net	*20*	(147)	173	(321)	(312)	481
Impairment/(reversal of impairment) of financial assets included in prepayments, deposits and other receivables	*21*	–	100	(119)	(30)	–

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets for each of the Relevant Periods and the period covered by the interim comparative financial information are included in "cost of sales", "selling and distribution expenses" and "administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. FINANCE COSTS

An analysis of finance costs is as follows:

The Group

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on bank borrowings and other loans	1,588	5,187	5,394	3,998	3,571
Interest on payables to related parties	–	9	42	28	37
Interest on lease liabilities	4,878	5,455	8,417	6,015	6,272
Interest on other payables	802	634	429	429	–
Total	7,268	11,285	14,282	10,470	9,880

9. DIRECTORS AND CHIEF EXECUTIVES' REMUNERATION

The remuneration of directors and chief executives for the Relevant Periods and the period covered by the interim comparative financial Information is set out below:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	1,169	1,200	2,678	716	1,006
Pension scheme contributions	140	153	175	120	248
Total	1,309	1,353	2,853	836	1,254

(a) Executive Directors, non-executive Directors and chief executives

	Notes	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Executive Directors:				
Mr. Rao Zuhai	*i*	–	–	–
Mr. Lu Yan	*ii*	1,169	140	1,309
Non-executive Directors:				
Ms. Man Jie	*iii*	–	–	–
Mr. Zhu Feng	*iv*	–	–	–
Mr. Sun Kai	*v*	–	–	–
Mr. Zhang Jingyan	*vi*	–	–	–
Total		1,169	140	1,309
Year ended 31 December 2023				
Executive Directors:				
Mr. Rao Zuhai	*i*	–	–	–
Mr. Lu Yan	*ii*	1,200	153	1,353
Non-executive Directors:				
Ms. Man Jie	*iii*	–	–	–
Mr. Zhu Feng	*iv*	–	–	–
Mr. Sun Kai	*v*	–	–	–
Total		1,200	153	1,353

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. DIRECTORS AND CHIEF EXECUTIVES' REMUNERATION (continued)

(a) Executive Directors, non-executive Directors and chief executives (continued)

	Notes	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive Directors:				
Mr. Rao Zuhai	*i*	–	–	–
Mr. Lu Yan	*ii*	1,900	161	2,061
Ms. Gui Shan	*ix*	478	14	492
Non-executive Directors:				
Ms. Man Jie	*iii*	–	–	–
Mr. Zhu Feng	*iv*	–	–	–
Mr. Sun Kai	*v*	–	–	–
Ms. Xing Qian	*vii*	–	–	–
Mr. Zhang Xiang	*viii*	100	–	100
Mr. Gao Yanbin	*viii*	100	–	100
Mr. Yim Chi Hung Henry	*viii*	100	–	100
Total		**2,678**	**175**	**2,853**
Nine months ended 30 September 2024				
Executive Directors:				
Mr. Rao Zuhai	*i*	–	–	–
Mr. Lu Yan	*ii*	554	120	674
Non-executive Directors:				
Ms. Man Jie	*iii*	–	–	–
Mr. Zhu Feng	*iv*	–	–	–
Mr. Sun Kai	*v*	–	–	–
Ms. Xing Qian	*vii*	–	–	–
Mr. Zhang Xiang	*viii*	54	–	54
Mr. Gao Yanbin	*viii*	54	–	54
Mr. Yim Chi Hung Henry	*viii*	54	–	54
		716	**120**	**836**
Nine months ended 30 September 2025				
Executive Directors:				
Mr. Rao Zuhai	*i*	–	–	–
Mr. Lu Yan	*ii*	381	124	505
Ms. Gui Shan	*ix*	220	124	344
Non-executive Directors:				
Mr. Zhu Feng	*iv*	–	–	–
Mr. Sun Kai	*v*	–	–	–
Ms. Xing Qian	*vii*	–	–	–
Mr. Zhang Xiang	*viii*	135	–	135
Mr. Gao Yanbin	*viii*	135	–	135
Mr. Yim Chi Hung Henry	*viii*	135	–	135
Total		**1,006**	**248**	**1,254**

i. Mr. Rao Zuhai was appointed as an executive Director of the Company on 16 September 2019.

ii. Mr. Lu Yan was appointed as an executive Director of the Company on 24 June 2021.

iii. Ms. Man Jie was appointed as a non-executive Director of the Company on 24 June 2021 and resigned on 28 February 2024.

iv. Mr. Zhu Feng was appointed as a non-executive Director of the Company on 12 May 2022.

v. Mr. Sun Kai was appointed as a non-executive Director of the Company on 2 December 2022.

vi. Mr. Zhang Jingyan was appointed as a non-executive Director of the Company on 12 May 2022 and resigned on 2 December 2022.

vii. Ms. Xing Qian was appointed as a non-executive Director of the Company on 29 February 2024.

viii. Mr. Zhang Xiang, Mr. Gao Yanbin and Mr. Yim Chi Hung Henry were appointed as non-executive Directors of the Company on 12 June 2024.

ix. Ms. Gui Shan was appointed as an executive Director of the Company on 20 December 2024.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. DIRECTORS AND CHIEF EXECUTIVES' REMUNERATION (continued)

(a) Executive Directors, non-executive Directors and chief executives (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the period covered by the interim comparative financial information.

(b) Five highest paid employees

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 and the periods ended 30 September 2024 and 2025 included 1, 1, 1, nil and nil director respectively, details of whose remuneration are set out in note 9(a) above. Details of the remuneration for the remaining 4, 4, 4, 5 and 5 highest paid employees who are neither a director nor chief executive of the Company during each of the Relevant Periods and the period covered by the interim comparative financial information are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	6,333	5,920	5,577	4,134	3,252
Pension scheme contributions	556	575	595	456	719
Total	6,889	6,495	6,172	4,590	3,971

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
				(Unaudited)	
Nil to HK$1,000,000	2	1	1	3	3
HK$1,000,001 to HK$2,000,000	–	2	2	2	1
HK$2,000,001 to HK$3,000,000	2	1	1	–	1
Total	4	4	4	5	5

10. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the Company and its subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on their respective taxable income.

The income tax expense of the Group for the Relevant Periods and the period covered by the interim comparative financial information is analysed as follows:

		Year ended 31 December			Nine months ended 30 September	
	Note	2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current income tax						
Charge for the year/period		16,972	24,202	20,162	11,853	12,604
Underprovision/(Overprovision) in prior years/period		–	–	638	521	(1,478)
Deferred income tax	27	(1,526)	(1,355)	(5,622)	(3,734)	(893)
Total		15,446	22,847	15,178	8,640	10,233

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax	6,213	65,481	61,375	35,233	34,230
Tax at the statutory tax rate (25%)	1,553	16,370	15,344	8,808	8,558
Lower tax rates enacted by specific jurisdictions*	341	1,378	(272)	496	706
Adjustments in respect of current tax of previous periods	–	–	638	521	(1,478)
Profits and losses attributable to associates and joint ventures	(77)	(507)	(28)	(11)	(8)
Income not subject to tax	(46)	(882)	(4,284)	(4,284)	–
Expenses not deductible for tax	3,765	3,094	749	474	454
Tax losses utilised from previous periods	(3,295)	(2,298)	(83)	(971)	(880)
Tax losses and deductible temporary difference not recognised	13,205	5,692	3,114	3,607	2,881
Tax charge at the Group's effective rate	15,446	22,847	15,178	8,640	10,233

* Pursuant to the CIT Law, small and micro businesses are subject to a favourable tax policy which allows the use of lower tax rate on their respective taxable income.

11. DIVIDEND

No dividend has been paid or declared by the Company during the Relevant Periods and the period covered by the interim comparative financial information.

During the Relevant Periods and the period covered by the interim comparative financial information, the subsidiaries of the Company declared dividends of nil, RMB30,303,000, RMB12,185,000, RMB8,875,000 and nil, respectively, to non-controlling shareholders.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/loss per share amounts is based on the profit or loss for the year/period attributable to ordinary equity holders of the Company, and the weighted average number of shares/ordinary shares of 266,666,667, 300,000,000, 342,906,412, 338,139,033 and 357,208,549 in issue during the year ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025.

The calculations of basic and diluted earnings/(loss) per share are based on:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Earnings/(loss)					
Profit/(loss) attributable to ordinary equity holders of the Company	(16,296)	22,338	36,861	22,499	20,693

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Shares					
Weighted average number of shares/ordinary shares in issue during the year/period used in the basic earnings/(loss) per share calculation	266,666,667	300,000,000	342,906,412	338,139,033	357,208,549

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
As at 1 January 2022:							
Cost	227,345	23,079	106,217	2,197	18,508	26,467	403,813
Accumulated depreciation	(16,158)	(8,928)	(48,169)	(1,862)	(8,835)	–	(83,952)
Net carrying amount	211,187	14,151	58,048	335	9,673	26,467	319,861
As at 1 January 2022, net of accumulated depreciation	211,187	14,151	58,048	335	9,673	26,467	319,861
Additions	–	8,610	19,059	–	3,791	3,319	34,779
Acquisition of subsidiaries *(note 30)*	25,856	831	9,644	420	3,156	–	39,907
Disposals	–	–	(189)	(32)	(174)	–	(395)
Depreciation provided during the year	(8,783)	(4,659)	(11,849)	(144)	(3,366)	–	(28,801)
Transfer	2,820	5,346	–	–	–	(8,166)	–
As at 31 December 2022, net of accumulated depreciation	231,080	24,279	74,713	579	13,080	21,620	365,351
As at 31 December 2022:							
Cost	269,315	36,346	149,245	5,350	30,821	21,620	512,697
Accumulated depreciation	(38,235)	(12,067)	(74,532)	(4,771)	(17,741)	–	(147,346)
Net carrying amount	231,080	24,279	74,713	579	13,080	21,620	365,351
31 December 2023							
As at 1 January 2023:							
Cost	269,315	36,346	149,245	5,350	30,821	21,620	512,697
Accumulated depreciation	(38,235)	(12,067)	(74,532)	(4,771)	(17,741)	–	(147,346)
Net carrying amount	231,080	24,279	74,713	579	13,080	21,620	365,351
As at 1 January 2023, net of accumulated depreciation	231,080	24,279	74,713	579	13,080	21,620	365,351
Additions	–	2,295	16,893	–	1,607	3	20,798
Disposal of subsidiaries *(note 31)*	–	(4,673)	(10,450)	(137)	(2,663)	–	(17,923)
Disposals	–	–	(8)	(1)	(6)	(35)	(50)
Depreciation provided during the year	(9,621)	(5,161)	(10,335)	(125)	(3,580)	–	(28,822)
Transfer	–	–	–	–	3	(3)	–
As at 31 December 2023, net of accumulated depreciation and impairment	221,459	16,740	70,813	316	8,441	21,585	339,354
As at 31 December 2023:							
Cost	268,851	31,116	141,127	4,462	25,064	21,585	492,205
Accumulated depreciation	(47,392)	(14,376)	(70,314)	(4,146)	(16,623)	–	(152,851)
Net carrying amount	221,459	16,740	70,813	316	8,441	21,585	339,354

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings	Leasehold improvements	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
As at 1 January 2024:							
Cost	268,851	31,116	141,127	4,462	25,064	21,585	492,205
Accumulated depreciation	(47,392)	(14,376)	(70,314)	(4,146)	(16,623)	–	(152,851)
Net carrying amount	221,459	16,740	70,813	316	8,441	21,585	339,354
As at 1 January 2024, net of accumulated depreciation	221,459	16,740	70,813	316	8,441	21,585	339,354
Additions	–	3,446	7,086	181	1,581	–	12,294
Acquisition of subsidiaries *(note 30)*	–	2,861	355	402	445	–	4,063
Disposals	–	–	(94)	(15)	(32)	–	(141)
Disposal of a subsidiary *(note 31)*	–	(1,651)	(1,502)	(6)	(157)	–	(3,316)
Depreciation provided during the year	(10,618)	(2,968)	(10,008)	(280)	(3,421)	–	(27,295)
As at 31 December 2024, net of accumulated depreciation and impairment	210,841	18,428	66,650	598	6,857	21,585	324,959
As at 31 December 2024:							
Cost	268,851	32,204	144,475	4,498	23,317	21,585	494,930
Accumulated depreciation	(58,010)	(13,776)	(77,825)	(3,900)	(16,460)	–	(169,971)
Net carrying amount	210,841	18,428	66,650	598	6,857	21,585	324,959
30 September 2025							
As at 1 January 2025:							
Cost	268,851	32,204	144,475	4,498	23,317	21,585	494,930
Accumulated depreciation	(58,010)	(13,776)	(77,825)	(3,900)	(16,460)	–	(169,971)
Net carrying amount	210,841	18,428	66,650	598	6,857	21,585	324,959
As at 1 January 2025, net of accumulated depreciation	210,841	18,428	66,650	598	6,857	21,585	324,959
Additions	–	1,419	1,593	–	1,509	–	4,521
Disposals	–	–	(26)	(6)	(23)	–	(55)
Depreciation provided during the period	(7,158)	(3,094)	(7,802)	(234)	(2,327)	–	(20,615)
As at 30 September 2025, net of accumulated depreciation and impairment	203,683	16,753	60,415	358	6,016	21,585	308,810
As at 30 September 2025:							
Cost	268,851	33,623	145,445	4,380	24,652	21,585	498,536
Accumulated depreciation	(65,168)	(16,870)	(85,030)	(4,022)	(18,636)	–	(189,726)
Net carrying amount	203,683	16,753	60,415	358	6,016	21,585	308,810

Due to a construction contract dispute, the construction party applied to the court for property preservation. Consequently, the Intermediate People's Court of Baoding, Hebei Province (河北省保定市中級人民法院) issued a judgement to seize, the property under TRT Baoding for 3 years starting from 9 March 2023. As at 31 December 2023 and 2024, the net carrying amount of the seized property was RMB199,288,000 and RMB191,655,000, respectively. The seized property has been released since 5 March 2025 according to a judgement issued by the Intermediate People's Court of Baoding, Hebei Province after TRT Baoding fully settled the quality assurance deposit of RMB6.8 million plus interest accrued.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Office equipment
	RMB'000
31 December 2022	
As at 1 January 2022:	
Cost	4,650
Accumulated depreciation	(1,290)
Net carrying amount	3,360
As at 1 January 2022, net of accumulated depreciation	3,360
Additions	798
Depreciation provided during the year	(898)
As at 31 December 2022, net of accumulated depreciation	3,260
As at 31 December 2022:	
Cost	5,448
Accumulated depreciation	(2,188)
Net carrying amount	3,260

	Office equipment
	RMB'000
31 December 2023	
As at 1 January 2023:	
Cost	5,448
Accumulated depreciation	(2,188)
Net carrying amount	3,260
As at 1 January 2023, net of accumulated depreciation	3,260
Additions	181
Depreciation provided during the year	(1,030)
As at 31 December 2023, net of accumulated depreciation	2,411
As at 31 December 2023:	
Cost	5,629
Accumulated depreciation	(3,218)
Net carrying amount	2,411

	Office equipment
	RMB'000
31 December 2024	
As at 1 January 2024:	
Cost	5,629
Accumulated depreciation	(3,218)
Net carrying amount	2,411
As at 1 January 2024, net of accumulated depreciation	2,411
Additions	66
Disposals	–
Depreciation provided during the year	(1,049)
As at 31 December 2024, net of accumulated depreciation	1,428
As at 31 December 2024:	
Cost	5,626
Accumulated depreciation	(4,198)
Net carrying amount	1,428

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Office equipment
	RMB'000
30 September 2025	
As at 1 January 2025:	
Cost	5,626
Accumulated depreciation	(4,198)
Net carrying amount	1,428
As at 1 January 2025, net of accumulated depreciation	1,428
Additions	307
Depreciation provided during the period	(776)
As at 30 September 2025, net of accumulated depreciation	959
As at 30 September 2025:	
Cost	5,933
Accumulated depreciation	(4,974)
Net carrying amount	959

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 2 and 15 years.

(a) Right-of-use assets

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

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
As at 1 January 2022	55,190	19,559	74,749
New leases	19,487	–	19,487
Acquisition of subsidiaries *(note 30)*	75,368	–	75,368
Lease modification	(2,064)	–	(2,064)
Depreciation charge	(25,401)	(445)	(25,846)
As at 31 December 2022	122,580	19,114	141,694
31 December 2023			
As at 1 January 2023	122,580	19,114	141,694
New leases	5,720	–	5,720
Lease modification	(2,537)	–	(2,537)
Depreciation charge	(22,010)	(445)	(22,455)
Disposal of subsidiaries *(note 31)*	(21,300)	–	(21,300)
As at 31 December 2023	82,453	18,669	101,122
31 December 2024			
As at 1 January 2024	82,453	18,669	101,122
New leases	88,613	–	88,613
Acquisition of subsidiaries *(note 30)*	36,273	–	36,273
Lease modification	(5,702)	–	(5,702)
Lease termination	(560)	–	(560)
Depreciation charge	(31,858)	(445)	(32,303)
Disposal of a subsidiary *(note 31)*	(8,115)	–	(8,115)
As at 31 December 2024	161,104	18,224	179,328

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
30 September 2025			
As at 1 January 2025	161,104	18,224	179,328
New leases	32,541	–	32,541
Depreciation charge	(29,377)	(333)	(29,710)
As at 30 September 2025	164,268	17,891	182,159

(b) Lease liabilities

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	54,282	126,286	85,885	167,935
New leases	19,487	5,720	88,613	32,541
Acquisition of subsidiaries *(note 30)*	75,368	–	36,273	–
Accretion of interest recognised during the year/period	4,878	5,455	8,417	6,272
Payments	(24,570)	(27,401)	(36,361)	(27,017)
Lease modification	(2,064)	(2,545)	(5,702)	–
Lease termination	–	–	(601)	–
Covid-19-related and other rent concessions from lessors	(1,095)	–	–	–
Disposal of subsidiaries *(note 31)*	–	(21,630)	(8,589)	–
Carrying amount at end of year/period	126,286	85,885	167,935	179,731
Analysed into:				
Current portion	26,280	11,996	37,355	39,428
Non-current portion	100,006	73,889	130,580	140,303

The maturity analysis of lease liabilities is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Lease liabilities repayable:				
Within one year or on demand	26,280	11,996	37,355	39,428
In the second year	19,429	9,719	40,076	40,626
In the third to fifth years, inclusive	28,467	18,223	60,338	60,380
Beyond five years	55,107	51,157	56,834	65,288
Total	129,283	91,095	194,603	205,722

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

The Group as a lessee (continued)

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

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	4,878	5,455	8,417	6,272
Depreciation charge of right-of-use assets	25,846	22,455	32,303	29,710
Expense relating to short-term leases	626	1,039	442	742
Covid-19-related and other rent concessions from lessors	(1,095)	–	–	–
Gain on lease modification	–	(8)	–	–
Gain on lease termination	–	–	(41)	–
Total amount recognised in profit or loss	30,255	28,941	41,121	36,724

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

The Company as a lessee

(a) Right-of-use assets

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

	Buildings
	RMB'000
31 December 2022	
As at 1 January 2022	2,457
New leases	5,231
Depreciation charge	(4,258)
As at 31 December 2022	3,430
31 December 2023	
As at 1 January 2023	3,430
Depreciation charge	(3,430)
As at 31 December 2023	–
31 December 2024	
As at 1 January 2024	–
Additions	11,279
Depreciation charge	(3,399)
As at 31 December 2024	7,880
30 September 2025	
As at 1 January 2025	7,880
Depreciation charge	(2,364)
As at 30 September 2025	5,516

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

The Company as a lessee (continued)

(b) Lease liabilities

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at beginning of year/period	654	3,494	–	6,378
New leases	5,231	–	9,564	–
Accretion of interest recognised during the year/period	136	120	190	205
Payments	(2,527)	(3,614)	(3,376)	(1,688)
Carrying amount at end of year/period	3,494	–	6,378	4,895
Analysed into:				
Current portion	3,459	–	3,119	3,232
Non-current portion	35	–	3,259	1,663

The maturity analysis of lease liabilities is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities repayable:				
Within one year or on demand	3,459	–	3,119	3,232
In the second year	36	–	3,376	1,688
Total	3,495	–	6,495	4,920

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

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	136	120	190	205
Depreciation charge of right-of-use assets	4,258	3,430	3,399	2,364
Expense relating to short-term leases	–	12	12	–
Total amount recognised in profit or loss	4,394	3,562	3,601	2,569

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Brand	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2022			
As at 1 January 2022, net of accumulated amortisation	9,533	–	9,533
Addition	4,862	–	4,862
Acquisition of subsidiaries *(note 30)*	276	9,862	10,138
Disposals	(619)	–	(619)
Amortisation provided during the year	(2,232)	–	(2,232)
As at 31 December 2022, net of accumulated amortisation	11,820	9,862	21,682
As at 31 December 2022:			
Cost	16,569	9,862	26,431
Accumulated amortisation	(4,749)	–	(4,749)
Net carrying amount	11,820	9,862	21,682
31 December 2023			
As at 1 January 2023, net of accumulated amortisation	11,820	9,862	21,682
Addition	8,144	–	8,144
Disposal of subsidiaries *(note 31)*	(306)	–	(306)
Amortisation provided during the year	(3,106)	–	(3,106)
As at 31 December 2023, net of accumulated amortisation	16,552	9,862	26,414
As at 31 December 2023:			
Cost	23,816	9,862	33,678
Accumulated amortisation	(7,264)	–	(7,264)
Net carrying amount	16,552	9,862	26,414
31 December 2024			
As at 1 January 2024, net of accumulated amortisation	16,552	9,862	26,414
Addition	6,051	–	6,051
Acquisition of subsidiaries *(note 30)*	1,048	16,955	18,003
Amortisation provided during the year	(4,818)	–	(4,818)
Disposal of a subsidiary *(note 31)*	(189)	–	(189)
As at 31 December 2024, net of accumulated amortisation	18,644	26,817	45,461
As at 31 December 2024:			
Cost	30,377	26,817	57,194
Accumulated amortisation	(11,733)	–	(11,733)
Net carrying amount	18,644	26,817	45,461
30 September 2025			
As at 1 January 2025, net of accumulated amortisation	18,644	26,817	45,461
Addition	1,916	–	1,916
Amortisation provided during the period	(4,119)	–	(4,119)
As at 30 September 2025, net of accumulated amortisation	16,441	26,817	43,258
As at 30 September 2025:			
Cost	32,293	26,817	59,110
Accumulated amortisation	(15,852)	–	(15,852)
Net carrying amount	16,441	26,817	43,258

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

The Company

	Software
	RMB'000
31 December 2022	
As at 1 January 2022, net of accumulated amortisation	5,582
Addition	1,493
Amortisation provided during the year	(1,372)
As at 31 December 2022, net of accumulated amortisation	5,703
As at 31 December 2022:	
Cost	8,084
Accumulated amortisation	(2,381)
Net carrying amount	5,703
31 December 2023	
As at 1 January 2023, net of accumulated amortisation	5,703
Addition	4,848
Amortisation provided during the year	(2,010)
As at 31 December 2023, net of accumulated amortisation	8,541
As at 31 December 2023:	
Cost	12,932
Accumulated amortisation	(4,391)
Net carrying amount	8,541
31 December 2024	
As at 1 January 2024, net of accumulated amortisation	8,541
Addition	4,149
Amortisation provided during the year	(2,800)
As at 31 December 2024, net of accumulated amortisation	9,890
As at 31 December 2024:	
Cost	17,081
Accumulated amortisation	(7,191)
Net carrying amount	9,890
30 September 2025	
As at 1 January 2025, net of accumulated amortisation	9,890
Addition	521
Amortisation provided during the period	(2,394)
As at 30 September 2025, net of accumulated amortisation	8,017
As at 30 September 2025:	
Cost	17,602
Accumulated amortisation	(9,585)
Net carrying amount	8,017

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. GOODWILL

	RMB'000
As at 1 January 2022, net of accumulated impairment	26,085
Acquisition of subsidiaries *(note 30)*	161,247
Cost and carrying amount at 31 December 2022	187,332
As at 31 December 2022	
Cost	187,332
Accumulated impairment	–
Net carrying amount	187,332
As at 1 January 2023, net of accumulated impairment	187,332
Disposal of subsidiaries *(note 31)*	(26,085)
Cost and carrying amount at 31 December 2023	161,247
As at 31 December 2023	
Cost	161,247
Accumulated impairment	–
Net carrying amount	161,247
As at 1 January 2024, net of accumulated impairment	161,247
Acquisition of subsidiaries *(note 30)*	102,191
Net carrying amount	263,438
As at 31 December 2024	
Cost	263,438
Accumulated impairment	–
Net carrying amount	263,438
As at 1 January 2025 and 30 September 2025, net of accumulated impairment	263,438
As at 30 September 2025	
Cost	263,438
Accumulated impairment	–
Net carrying amount	263,438

Impairment testing of goodwill and brand with an indefinite useful life

Goodwill and brand with an indefinite useful life acquired through business combinations are allocated to the following cash-generating units as below for impairment testing:

- Beijing Haidian District Wanshoulu Street Liujian Community Healthcare Service Station (北京市海淀區萬壽路街道六建社區衛生服務站) ("Liujian Community Healthcare Station") cash-generating unit
- Beijing Chaoyang District Hujialou Second Community Healthcare Service Center (北京市朝陽區呼家樓第二社區衛生服務中心) ("Hujialou Second Community Healthcare Center") cash-generating unit
- Beijing Tong Ren Tang Medical Care Industry Investment Group Co., Ltd Huangsi Comprehensive Out-patient Healthcare Center (北京同仁堂醫養產業投資集團有限公司黃寺綜合門診部) ("Huangsi Out-patient Healthcare Center") cash-generating unit
- Beijing Yaxin Tezhong Jiancai Company Out-patient Healthcare Center (北京市亞新特種建材公司門診部) ("Yaxin Out-patient Healthcare Center") cash-generating unit
- SXT Hospital cash-generating unit
- SXT Pharmacies cash-generating unit
- Shanghai CZT cash-generating unit
- Cuihe Pharmacy cash-generating unit
- Shanghai ZHT cash-generating unit

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. GOODWILL (continued)

Impairment testing of goodwill and brand with an indefinite useful life (continued)

The recoverable amount of the above cash-generating units have been determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rates used to extrapolate the cash flows beyond the five-year period range from zero to 2.3%.

The carrying amount of goodwill and brand with an indefinite useful life allocated to each cash-generating unit is:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount of goodwill				
Liujian Community Healthcare Station	127	/	/	/
Hujialou Second Community Healthcare Center	24,144	/	/	/
Yaxin Out-patient Healthcare Center	6	/	/	/
Huangsi Out-patient Healthcare Center	1,808	/	/	/
SXT Hospital	107,659	107,659	107,659	107,659
SXT Pharmacies	53,588	53,588	53,588	53,588
Shanghai CZT	/	/	69,764	69,764
Cuihe Pharmacy	/	/	16,470	16,470
Shanghai ZHT	/	/	15,957	15,957
Carrying amount of brand with an indefinite useful life				
SXT Pharmacies	9,862	9,862	9,862	9,862
Shanghai CZT	/	/	16,955	16,955

Assumptions were used in the value in use calculation of the cash-generating units. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and brand with an indefinite useful life:

Compounded revenue growth rate –The compound revenue growth rate is for the five-year period and is estimated based on the historical sales data and market outlook perceived by management.

Pre-tax discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Terminal growth rate – The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating units.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

For SXT Pharmacies and SXT Hospital with significant amount of goodwill and brand with an indefinite useful life, the key assumptions, compounded revenue growth rates, pre-tax discount rate and terminal growth rate used in the value-in-use calculations as at 31 December 2022, 2023 and 2024 and 30 September 2025 are as follows:

SXT Pharmacies

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Compounded revenue growth rates	9.20%	8.80%	3.10%	4.61%
Pre-tax discount rate	9.49%	9.49%	8.67%	11.74%
Terminal growth rate	2.30%	2.30%	–	–

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the recoverable amounts of the cash-generating unit exceed its carrying amounts by RMB165,602,000, RMB145,485,000, RMB111,312,000 and RMB20,596,000 respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. GOODWILL (continued)

Impairment testing of goodwill and brand with an indefinite useful life (continued)

SXT Hospital

	As at 31 December			As at 30 September
	2022	2023	2024	2025
Compounded revenue growth rates	9.20%	8.80%	2.81%	2.90%
Pre-tax discount rate	9.49%	9.49%	9.91%	12.70%
Terminal growth rate	2.30%	2.30%	–	–

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the recoverable amounts of the cash-generating unit exceed its carrying amounts by RMB452,081,000, RMB303,239,000, RMB101,674,000 and RMB31,432,000 respectively.

For Shanghai CZT, Cuihe Pharmacy and Shanghai ZHT with significant amount of goodwill and brand with an indefinite useful life, the key assumptions, compounded revenue growth rates, pre-tax discount rate and terminal growth rate used in the value-in-use calculations as at 31 December 2024 and 30 September 2025 are as follows:

Shanghai CZT

	As at 31 December	As at 30 September
	2024	2025
Compounded revenue growth rates	6.74%	6.12%
Pre-tax discount rate	9.15%	12.56%
Terminal growth rate	–	–

As at 31 December 2024 and 30 September 2025, the recoverable amounts of the cash-generating unit exceed its carrying amounts by RMB29,407,000 and RMB18,485,000 respectively.

Cuihe Pharmacy

	As at 31 December	As at 30 September
	2024	2025
Compounded revenue growth rates	9.49%	8.53%
Pre-tax discount rate	9.17%	11.51%
Terminal growth rate	–	–

As at 31 December 2024 and 30 September 2025, the recoverable amounts of the cash-generating unit exceed its carrying amounts by RMB4,818,000 and RMB3,479,000 respectively.

Shanghai ZHT

	As at 31 December	As at 30 September
	2024	2025
Compounded revenue growth rates	9.20%	6.74%
Pre-tax discount rate	9.15%	13.35%
Terminal growth rate	–	–

As at 31 December 2024 and 30 September 2025, the recoverable amounts of the cash-generating unit exceed its carrying amounts by RMB21,753,000 and RMB5,877,000 respectively.

Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the cash-generating units, except for SXT Pharmacies as at 30 September 2025, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values, including goodwill and brand with an indefinite useful life, of the cash-generating units to materially exceed the recoverable amounts as at 31 December 2022, 2023 and 2024 and 30 September 2025, while a reasonably possible change in the above key assumptions of SXT Pharmacies would cause the carrying values, including goodwill and brand with an indefinite useful life, of the cash-generating units to exceed the recoverable amounts as at 30 September 2025.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. GOODWILL (continued)

Impairment testing of goodwill and brand with an indefinite useful life (continued)

Sensitivity to changes in assumptions (continued)

The following table sets forth the impact of reasonable possible changes in each of the key assumptions, which all other variables held constant, of goodwill impairment testing of each CGU at the dates indicated.

SXT Pharmacies

Possible changes of key assumptions	Recoverable amount of the CGU exceeding its carrying amount by			
	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rate decrease by 1% . . .	156,545	127,584	97,927	5,057
Pre-tax discount rate increase by 1% . . .	126,364	99,912	83,592	(2,941)
Terminal growth rate decrease by 0.5% .	151,443	124,329	96,989	13,090

SXT Hospital

Possible changes of key assumptions	Recoverable amount of the CGU exceeding its carrying amount by			
	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rate decrease by 1% . . .	435,405	276,110	90,849	12,329
Pre-tax discount rate increase by 1% . . .	371,872	231,302	78,299	1,952
Terminal growth rate decrease by 0.5% .	422,857	269,947	93,192	26,908

Shanghai CZT

Possible changes of key assumptions	Recoverable amount of the CGU exceeding its carrying amount by			
	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rate decrease by 1% . .	/	/	22,803	12,455
Pre-tax discount rate increase by 1% . . .	/	/	9,681	4,929
Terminal growth rate decrease by 0.5% .	/	/	21,460	18,135

Cuihe Pharmacy

Possible changes of key assumptions	Recoverable amount of the CGU exceeding its carrying amount by			
	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rate decrease by 1% . .	/	/	4,206	1,688
Pre-tax discount rate increase by 1% . .	/	/	2,549	1,279
Terminal growth rate decrease by 0.5% .	/	/	4,056	3,403

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. GOODWILL (continued)

Impairment testing of goodwill and brand with an indefinite useful life (continued)

Sensitivity to changes in assumptions (continued)

Shanghai ZHT

Possible changes of key assumptions	Recoverable amount of the CGU exceeding its carrying amount by			
	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rate decrease by 1% . . .	/	/	19,249	3,359
Pre-tax discount rate increase by 1% . . .	/	/	13,798	1,396
Terminal growth rate decrease by 0.5% .	/	/	19,230	5,714

Considering there was still sufficient headroom based on the assessment, except for SXT Pharmacies CGU as at 30 September 2025, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of SXT Pharmacies CGU to exceed its recoverable amount as at 31 December 2022, 2023 and 2024 and 30 September 2025, while a reasonably possible change in the above key parameters would cause the carrying amount of SXT Pharmacies CGU to exceed its recoverable amount as at 30 September 2025.

For SXT Pharmacies CGU, the pre-tax discount rate of goodwill impairment test at 30 September 2025 must increase 0.86%, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, would cause the unit's recoverable amount to be approximately equal to its carrying amount.

17. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	20,103	16,732	16,845	16,875

Particulars of the associates are as follows:

Name	Registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
	RMB'000			
Beijing Tong Ren Tang Nansanhuan Zhonglu Pharmacy Co., Ltd. (北京同仁堂南三環中路藥店有限公司) ("Nansanhuan TRT Pharmacy")	500	PRC/Mainland China	49%	Sale of healthcare products

The Group's shareholdings in the associates all comprise equity shares held by the Company, and the financial years of the above associates are coterminous with that of the Group.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the associates' profit and other comprehensive income for the year/period	727	1,529	113	(30)
Aggregate carrying amount of the Group's investments in associates	20,103	16,732	16,845	16,875

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	13,483	–	–	–

Particulars of the joint ventures are as follows:

Name	Registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
	RMB'000			
Beijing Tong Ren Tang Heritage Innovation Private Equity Fund Management Co., Ltd. (北京同仁堂傳承創新私募基金管理有限公司) ("TRT Heritage Fund Management", formerly known as Beijing Tong Ren Tang Senior Care Investment Management Co., Ltd. (北京同仁堂養老投資管理有限責任公司))	20,000	PRC/Mainland China	49%	Fund management
Beijing Tong Ren Tang Medical Private Equity Fund Management Co., Ltd. (北京同仁堂醫療私募基金管理有限公司) ("TRT Medical Fund Management", formerly known as Beijing Tong Ren Tang Medical Investment Management Co., Ltd. (北京同仁堂醫療投資管理有限責任公司))	10,000	PRC/Mainland China	49%	Fund management

The Group's shareholdings in the joint ventures all comprise equity shares held by the Company, and the financial years of the above joint ventures are coterminous with that of the Group.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint ventures' profit/(loss) and other comprehensive income/(loss) for the year/period	(422)	499	–	–
Aggregate carrying amount of the Group's investments in joint ventures	13,483	–	–	–

On 6 July 2023, the Company entered into an agreement with related company Beijing Tong Ren Tang Kangyang Industry Development Co., Ltd. (北京同仁堂康養產業發展有限公司, "TRT Kangyang") to dispose 49% equity interest of two joint ventures above at a cash consideration of nil. The disposal was treated as a non-cash distribution to the Company's shareholders, which was accounted for by derecognising the investment in joint ventures at their carrying amount against reserves.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. INVENTORIES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pharmaceuticals	118,317	75,975	80,593	93,735
Medical devices and medical consumables	5,751	3,364	1,881	2,051
Total	124,068	79,339	82,474	95,786

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Medical devices and medical consumables	112	–	–	–

20. TRADE RECEIVABLES

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	80,909	113,411	107,852	102,914
Impairment	(383)	(556)	(145)	(611)
	80,526	112,855	107,707	102,303

The individual patients of the Group would usually settle payments by cash or through government's social insurance schemes. Payments by government's social insurance schemes are normally settled by the local social insurance bureau or similar government departments, which are responsible for the reimbursement of medical expenses for patients who are covered by the government's medical insurance schemes ranged from 30 to 180 days from the transaction date. Corporate customers normally settle the amounts within 360 days after the transaction date by bank transfers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	80,183	103,832	104,654	98,998
1 year to 2 years	343	9,023	2,667	2,801
2 years to 3 years	–	–	386	504
	80,526	112,855	107,707	102,303

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	530	383	556	145
Impairment losses, net (reversal of impairment losses, net) *(note 7)*	(147)	173	(321)	481
Amount written off as uncollectible	–	–	(90)	(15)
At end of year/period	383	556	145	611

An impairment analysis is performed at each reporting date of financial statements using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at each reporting date of financial statements about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0.00%	–	–	100.00%	0.47%
Gross carrying amount	80,185	343	–	381	80,909
Expected credit losses	2	–	–	381	383

As at 31 December 2023	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0.27%	2.91%	–	–	0.49%
Gross carrying amount	104,118	9,293	–	–	113,411
Expected credit losses	286	270	–	–	556

As at 31 December 2024	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0.05%	1.62%	11.26%	–	0.13%
Gross carrying amount	104,706	2,711	435	–	107,852
Expected credit losses	52	44	49	–	145

As at 30 September 2025	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0.38%	1.55%	27.27%	–	0.59%
Gross carrying amount	99,376	2,845	693	–	102,914
Expected credit losses	378	44	189	–	611

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	8,623	16,974	21,084	32,994
Impairment	(101)	(165)	(5)	(283)
	8,522	16,809	21,079	32,711

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. TRADE RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	8,522	16,809	21,079	32,711

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 December 2022	Less than 1 year
	RMB'000
Expected loss rate	1.17%
Gross carrying amount	8,623
Expected credit losses	101

As at 31 December 2023	Less than 1 year
	RMB'000
Expected loss rate	0.97%
Gross carrying amount	16,974
Expected credit losses	165

As at 31 December 2024	Less than 1 year
	RMB'000
Expected loss rate	0.02%
Gross carrying amount	21,084
Expected credit losses	5

As at 30 September 2025	Less than 1 year
	RMB'000
Expected loss rate	0.86%
Gross carrying amount	32,994
Expected credit losses	283

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Included in current assets				
Prepayments	9,409	12,103	11,192	8,830
Deposits	2,443	2,169	947	1,147
Other tax receivables	1,569	6,391	3,623	5,492
Interest receivables	962	2,253	480	916
Amounts due from related parties	716	7,529	5,399	8,477
Lease receivables	1,961	2,235	1,255	1,320
Other receivables	7,310	5,411	6,914	11,614
Subtotal	24,370	38,091	29,810	37,796
Impairment allowance	(27)	(127)	(8)	(8)
	24,343	37,964	29,802	37,788

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in non-current assets				
Prepayments for property, plant and equipment	8,948	1,643	279	2,912
Lease receivables	3,458	1,224	–	–
Deposits	1,660	70	2,310	3,398
	14,066	2,937	2,589	6,310

The movements in provision for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	27	27	127	8
Impairment losses recognized/(reversed), net *(note 7)*	–	100	(119)	–
At the end of the year/period	27	127	8	8

Most of the above assets are neither past due nor impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default. During the Relevant Periods, the expected credit loss rate for other receivables was assessed by the Group to be minimal. Where applicable, an impairment analysis is performed at each reporting date by applying a loss rate approach with reference to the historical loss record of the Group.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in current assets				
Amount due from related parties	15,759	4,288	5,125	5,912
Deposits	19	1,075	–	–
Prepayments	2,549	3,435	4,380	4,487
Interest receivables	962	2,244	–	–
Prepayments for acquisitions of equity interests	–	6,472	–	–
Other receivables	356	2,950	4,907	9,316
	19,645	20,464	14,412	19,715
Included in non-current assets				
Deposits	–	–	1,032	1,032
Prepayments for property, plant and equipment	2,850	1,420	–	782
	2,850	1,420	1,032	1,814

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	–	–	60,038
Compensation receivables for performance commitments	–	–	7,744	-
Total	–	–	7,744	60,038

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits	–	–	–	60,038
Compensation receivables for performance commitments	–	–	7,744	-
Total	–	–	7,744	60,038

The above compensation receivables for performance commitments were mandatorily classified as financial assets at fair value through profit or loss as the compensation receivables are contingent considerations recognised under business combination and are considered financial assets.

The above structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and cash equivalents

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	326,163	293,034	296,732	225,447
Denominated in: RMB	326,163	293,034	296,732	225,447

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	101,067	89,237	81,095	29,090
Denominated in: RMB	101,067	89,237	81,095	29,090

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (continued)

(b) Restricted cash

The balance represented bank deposits frozen for legal proceeding.

24. TRADE PAYABLES

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

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	240,380	217,462	183,338	164,279
1 to 2 years	3,553	9,532	3,254	554
2 to 3 years	444	192	1,632	1,497
Over 3 years	87	106	112	509
	244,464	227,292	188,336	166,839

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,475	–	–	–

The trade payables are non-interest-bearing and are normally settled within 90 days.

25. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December			As at 30 September
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	*(i)*	17,442	9,117	8,727	8,001
Medical insurance fund received in advance		49,452	41,897	23,882	18,237
Other payables	*(ii)*	39,076	40,485	30,528	33,847
Payroll and welfare payables		24,549	20,193	26,701	20,218
Other tax payables		8,560	7,334	11,547	10,064
Payable for purchase of property, plant and equipment		16,544	13,525	12,520	3,107
Amounts due to related parties		12,129	35,297	23,710	15,155
		167,752	167,848	137,615	108,629

(i) Details of contract liabilities are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provision of TCM healthcare services	9,217	8,887	5,613	6,600
Provision of management services	7,691	–	2,787	1,273
Others	534	230	327	128
	17,442	9,117	8,727	8,001

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. OTHER PAYABLES AND ACCRUALS (continued)

Contract liabilities include short-term advances received to provide TCM healthcare services, management services and to deliver healthcare products such as pharmaceuticals, medical devices and medical consumables.

(ii) As at 31 December 2022, 2023 and 2024 and 30 September 2025, except for RMB20,780,000, RMB20,780,000, nil and nil, respectively, in other payables that bear interest at a rate of 90% of the benchmark one-year loan interest rate published by the People's Bank of China, other payables are non-interest-bearing.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	7,691	–	2,184	1,080
Other payables	1,782	4,656	15,125	16,261
Payroll and welfare payables	4,563	8,707	8,552	6,688
Other tax payables	1,571	70	2,176	1,788
Payable for purchase of property, plant and equipment	217	529	363	264
Amounts due to related parties	76,919	78,756	91,242	82,982
	92,743	92,718	119,642	109,063

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Notes	As at 31 December 2022 Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans – unsecured		3.20	2023	5,000
Bank loans – secured	*(i)*	4.01	2023	16,144
				21,144
Non-current				
Bank loans – unsecured		3.20	2024	20,000
Bank loans – secured	*(i)*	4.01	2024 to 2027	86,103
				106,103
				127,247

The Company

Current				
Bank loans – secured	*(i)*	4.01	2023	16,144
Non-current				
Bank loans – secured	*(i)*	4.01	2024 to 2027	86,103
				102,247

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group

	Notes	As at 31 December 2023		
		Effective interest rate	Maturity	
		(%)		RMB'000
Current				
Bank loans – unsecured		3.20	2024	20,000
Bank loans – secured	(i)	3.81	2024	23,799
				43,799
Non-current				
Bank loans – secured	(i)	3.81	2025 to 2027	67,988
				111,787

The Company

	Notes	Effective interest rate	Maturity	RMB'000
Current				
Bank loans – secured	(i)	3.81	2024	23,799
Non-Current				
Bank loans – secured	(i)	3.81	2025 to 2027	67,988
				91,787

The Group

	Notes	As at 31 December 2024		
		Effective interest rate	Maturity	
		(%)		RMB'000
Current				
Bank loans – unsecured		2.80-3.80	2025	5,000
Bank loans – secured	(i)&(ii)&(iii)	3.00-3.81	2025	45,163
				50,163
Non-current				
Bank loans – unsecured		2.80	2026 to 2031	20,000
Bank loans – secured	(i)&(ii)	3.10-3.81	2026 to 2027	81,075
				101,075
				151,238

The Company

	Notes	Effective interest rate	Maturity	RMB'000
Current				
Bank loans – secured	(i)&(ii)	3.1	2025	29,163
Non-current				
Bank loans – secured	(i)&(ii)	3.1	2026 to 2031	81,075
				110,238

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The Group

		As at 30 September 2025		
		Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans – unsecured		2.80	2026	5,000
Bank loans – secured	*(i)&(ii)&(iii)&(iv)*	2.75-3.10	2026	56,174
				61,174
Non-current				
Bank loans – unsecured		2.80	2026 to 2027	17,500
Bank loans – secured	*(i)&(ii)&(iv)*	2.75-3.10	2026 to 2032	77,914
				95,414
				156,588

The Company

Current				
Bank loans – secured	*(i)&(ii)&(iv)*	2.75-3.10	2026	31,174
Non-current				
Bank loans – secured	*(i)&(ii)&(iv)*	2.75-3.10	2026 to 2032	77,914
				109,088

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	21,144	43,799	50,163	61,174
In the second year	41,526	22,663	39,828	47,506
In the third year	21,526	28,328	38,497	21,012
In the fourth to fifth year, inclusive	–	–	9,750	17,024
Beyond five years	43,051	16,997	13,000	9,872
Total	127,247	111,787	151,238	156,588

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	16,144	23,799	29,163	31,174
In the second year	21,526	22,663	34,828	42,506
In the third year	21,526	28,328	23,497	8,512
In the fourth to fifth year, inclusive	–	–	9,750	17,024
Beyond five years	43,051	16,997	13,000	9,872
Total	102,247	91,787	110,238	109,088

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

(i) To finance the acquisition of SXT Pharmacies and SXT Hospital, the corresponding bank borrowings held by are pledged with the SXT Pharmacies and SXT Hospital's equity interests the Company as collateral.

(ii) To finance the acquisition of Shanghai CZT, the corresponding bank borrowings are pledged with the Shanghai CZT's equity interests held by the Company as collateral.

(iii) To finance the operations and payment of goods of SXT Pharmacies, the corresponding bank borrowings are pledged with the property and plant of SXT Pharmacies amounting to RMB16,000,000 as collateral.

(iv) To finance the acquisition of Shanghai ZHT, the corresponding bank borrowings are pledged with the Shanghai ZHT's equity interests held by the Company as collateral.

27. DEFERRED TAX

Deferred tax liabilities

The Group

	Right-of-use assets	Lease receivables	Fair value adjustments arising from acquisition of subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	3,109	–	–	3,109
Acquisition of subsidiaries *(note 30)*	17,154	1,842	5,955	24,951
Deferred tax credited to profit or loss during the year	(666)	(487)	(583)	(1,736)
As at 31 December 2022 and 1 January 2023	19,597	1,355	5,372	26,324
Deferred tax credited to profit or loss during the year	(3,146)	(490)	(239)	(3,875)
As at 31 December 2023 and 1 January 2024	16,451	865	5,133	22,449
Acquisition of subsidiaries *(note 30)*	5,750	–	5,034	10,784
Deferred tax credited to profit or loss during the year	12,368	(551)	(314)	11,503
As at 31 December 2024 and 1 January 2025	34,569	314	9,853	44,736
Deferred tax credited to profit or loss during the period	1,439	16	(278)	1,177
As at 30 September 2025	36,008	330	9,575	45,913

The Company

	Right-of-use assets
	RMB'000
As at 31 December 2021 and 1 January 2022	570
Deferred tax charged to profit or loss during the year	655
As at 31 December 2022 and 1 January 2023	1,225
Deferred tax credited to profit or loss during the year	(796)
As at 31 December 2023 and 1 January 2024	429
Deferred tax charged to profit or loss during the year	1,541
As at 31 December 2024 and 1 January 2025	1,970
Deferred tax charged to profit or loss during the period	(591)
As at 30 September 2025	1,379

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. DEFERRED TAX (continued)

Deferred tax assets

The Group

	Lease liabilities	Impairment of assets	Tax losses	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	2,679	27	–	–	2,706
Acquisition of subsidiaries *(note 30)*	18,766	–	–	–	18,766
Deferred tax credited to profit or loss during the year	(208)	(2)	–	–	(210)
As at 31 December 2022 and 1 January 2023	21,237	25	–	–	21,262
Deferred tax charged to profit or loss during the year	(2,575)	55	–	–	(2,520)
As at 31 December 2023 and 1 January 2024	18,662	80	–	–	18,742
Acquisition of subsidiaries *(note 30)*	6,063	–	–	–	6,063
Deferred tax charged to profit or loss during the year	12,604	(41)	–	4,562	17,125
Disposal of a subsidiary *(note 31)*	(32)	–	–	–	(32)
As at 31 December 2024 and 1 January 2025	37,297	39	–	4,562	41,898
Deferred tax charged to profit or loss during the period	2,011	32	1,537	(1,510)	2,070
As at 30 September 2025	39,308	71	1,537	3,052	43,968

The Company

	Lease liabilities	Impairment of assets	Tax losses	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	604	26	–	–	630
Deferred tax credited to profit or loss during the year	654	(1)	–	–	653
As at 31 December 2022 and 1 January 2023	1,258	25	–	–	1,283
Deferred tax charged to profit or loss during the year	(879)	16	–	–	(863)
As at 31 December 2023 and 1 January 2024	379	41	–	–	420
Deferred tax credited to profit or loss during the year	1,216	(40)	–	4,562	5,738
As at 31 December 2024 and 1 January 2025	1,595	1	–	4,562	6,158
Deferred tax credited to profit or loss during the period	(371)	69	716	(1,510)	(1,096)
As at 30 September 2025	1,224	70	716	3,052	5,062

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets	21,262	18,742	41,898	43,968
Set-off of deferred tax assets pursuant to set-off provisions	(21,188)	(18,662)	(34,869)	(36,313)
Net deferred tax assets recognised in the consolidated statement of financial position	74	80	7,029	7,655

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. DEFERRED TAX (continued)

Deferred tax assets (continued)

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	1,283	420	6,158	5,062
Set-off of deferred tax assets pursuant to set-off provisions	(1,225)	(420)	(1,970)	(1,379)
Net deferred tax assets recognised in the consolidated statement of financial position	58	–	4,188	3,683

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities	26,324	22,449	44,736	45,913
Set-off of deferred tax liabilities pursuant to set-off provisions	(21,188)	(18,662)	(34,869)	(36,313)
Net deferred tax liabilities recognised in the consolidated statement of financial position	5,136	3,787	9,867	9,600

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities	1,225	429	1,970	1,379
Set-off of deferred tax liabilities pursuant to set-off provisions	(1,225)	(420)	(1,970)	(1,379)
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	9	–	–

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

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	73,792	77,388	84,618	92,622

The above tax losses will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that future taxable profits will be available against which the above items can be utilised.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. PAID-IN CAPITAL/SHARE CAPITAL

On 21 June 2024, the Company was converted to a joint stock limited liability company, and a total of 357,208,549 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

The Group and the Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid	300,000	300,000	357,209	357,209

A summary of movements in the Company's paid-in capital/share capital is as follows:

	Numbers of shares in issue	Paid-in capital/ share capital
	(thousands)	*RMB'000*
As at 1 January 2022	–	200,000
Addition *(Note (a))*	–	100,000
As at 31 December 2022, 1 January 2023 and 31 December 2023	–	300,000
Addition *(Note (b))*	357,209	57,209
As at 31 December 2024, 1 January 2025 and 30 September 2025	357,209	357,209

Notes:

(a) On 27 April 2022, capital of RMB100,000,000 was injected into the Company by TRT with RMB100,000,000 credited to the Company's paid-in capital.

(b) On 12 March 2024, the Group entered into a capital increase agreement (the "2024 Capital Increase Agreement") with TRT and six Pre-IPO Investors, pursuant to which the Pre-IPO Investors agreed to subscribe for an aggregate of the registered capital of RMB57,208,519.

On 21 June 2024, the Company was resolved to be converted to a joint stock limited liability company, and a total of 357,208,549 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under the names of these shareholders on that day.

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the period covered by the Interim Comparative Financial Information are presented in the consolidated statements of changes in equity on pages of IA-8 to IA-10 of this report.

Capital reserve

Capital reserve represents capital contributions and distributions to the shareholders.

Statutory surplus reserve

In accordance with the Company Law of the People's Republic of China, the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. RESERVES (continued)

The Company

	Capital reserve	Statutory surplus reserve	Retained profits/ (accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	208,311	–	(3,469)	204,842
Profit and other comprehensive income for the year	–	–	17,941	17,941
Appropriation to statutory surplus reserve	–	1,011	(1,011)	–
As at 31 December 2022 and 1 January 2023	208,311	1,011	13,461	222,783
Profit and other comprehensive income for the year	–	–	32,377	32,377
Appropriation to statutory surplus reserve	–	2,423	(2,423)	–
Non-cash distributions	(111,781)	–	(472)	(112,253)
As at 31 December 2023 and 1 January 2024	96,530	3,434	42,943	142,907
Capital injection from shareholders	308,531	–	–	308,531
Profit and other comprehensive income for the year	–	–	19,268	19,268
Appropriation to statutory surplus reserve	–	3,642	(3,642)	–
Conversion into a joint stock company	43,653	(4,365)	(39,288)	–
As at 31 December 2024 and 1 January 2025	448,714	2,711	19,281	470,706
Profit and other comprehensive income for the period	–	–	27,527	27,527
As at 30 September 2025	448,714	2,711	46,808	498,233

	Capital reserve	Statutory surplus reserve	Retained profits/ (accumulated losses)	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
As at 31 December 2023 and 1 January 2024 (Audited)	96,530	3,434	42,943	142,907
Capital injection from shareholders	308,531	–	–	308,531
Profit and other comprehensive income for the period	–	–	(3,805)	(3,805)
Appropriation to statutory surplus reserve	–	982	(982)	–
Conversion into a joint stock company	43,653	(4,365)	(39,288)	–
As at 30 September 2024 (Unaudited)	448,714	51	(1,132)	447,633

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION

2022

During the year ended 31 December 2022, the Group acquired a number of subsidiaries which are principally engaged in provision of TCM healthcare services and sales of pharmaceuticals and healthcare products in the PRC. Details of these acquisitions are as follows:

(a) Acquisition of SXT Hospital and SXT Pharmacies

On 31 May 2022, the Company, together with parties acting in concert, TRT Medical Fund and TRT Senior Care Fund, acquired an aggregate of 41.92% equity interest in SXT Hospital and 41.91% equity interest in SXT Pharmacies from an independent third party. By the end of July 2022, the Company, together with its parties acting in concert, further acquired 23.08% equity interest in SXT Hospital and 23.09% equity interest in SXT Pharmacies.

Both companies are engaged in the provision of TCM healthcare services and sale of healthcare products. The acquisition was made as part of the Group's strategy to facilitate the growth of the Group's TCM healthcare services in Zhejiang Province. The purchase consideration for the acquisition was in the form of cash with RMB179,382,200 paid by the end of the year of 2022 and the remaining RMB9,472,000 paid by the end of the year of 2023.

The Group has elected to measure the non-controlling interests in the Company at the non-controlling interests' proportionate share of SXT Hospital and SXT Pharmacies' identifiable net assets.

The fair values of the identifiable assets and liabilities of the subsidiaries of SXT Hospital as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	10,733
Other intangible assets	*15*	152
Right-of-use assets	*14*	50,821
Deferred tax assets		12,705
Inventories		3,104
Prepayments, deposits and other receivables		55,056
Trade receivables		23,341
Cash and bank balances		29,297
Trade payables		(22,227)
Other payables and accruals		(70,377)
Income tax payable		(1,775)
Lease liabilities	*14*	(50,821)
Deferred tax liabilities		(13,246)
Total identifiable net assets at fair value		26,763
Non-controlling interest		15,057
Goodwill on acquisition		107,659
Satisfied by:		
Cash		119,365

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB23,341,000 and RMB53,971,000, respectively, which are equal to the gross contractual amounts.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2022 (continued)

(a) Acquisition of SXT Hospital and SXT Pharmacies (continued)

The fair values of the identifiable assets and liabilities of the subsidiaries of SXT Pharmacies as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	26,840
Other intangible assets	*15*	9,944
Right-of-use assets	*14*	24,243
Deferred tax assets		6,061
Inventories		24,218
Prepayments, deposits and other receivables		34,500
Trade receivables		11,150
Cash and bank balances		61,097
Trade payables		(26,552)
Other payables and accruals		(93,155)
Income tax payable		(274)
Lease liabilities	*14*	(24,243)
Deferred tax liabilities		(11,705)
Total identifiable net assets at fair value		42,124
Non-controlling interest		23,695
Goodwill on acquisition		53,588
Satisfied by:		
Cash		72,017

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB11,150,000 and RMB25,980,000, respectively, which are equal to the gross contractual amounts.

The Group incurred transaction costs of RMB518,000 for the acquisition of SXT Hospital and SXT Pharmacies. These transaction costs have been expensed and are included in other expenses in profit or loss.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	191,382
Less: Cash and bank balances acquired	90,394
Cash to be paid in coming years	12,000
Net outflow of cash and cash equivalents included in cash flows from investing activities	88,988
Transaction costs of the acquisition included in cash flows from operating activities	518
Total net cash outflow	89,506

(b) Acquisition of Qixing Hospital

Pursuant to the Implementation Plan for Deepening the Reform of Educational and Medical Institutions by BSCOM, which aims to centrally manage educational and medical institutions, the Company entered into an agreement with an independent third party, Beijing Qixing Huadian Technology Group Co., Ltd. (北京七星華電科技集團有限責任公司), a wholly-state-owned company on 29 September 2021 to acquire a 100% equity interest in Beijing Qixing Huadian Technology Group Co., Ltd. Hospital (北京七星華電科技集團有限責任公司醫院) ("Qixing Hospital") at a cash consideration of nil. The acquisition was completed on 21 June 2022.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2022 (continued)

(b) Acquisition of Qixing Hospital (continued)

The fair values of the identifiable assets and liabilities of Qixing Hospital as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	646
Other intangible assets	*15*	42
Inventories		1,363
Prepayments, deposits and other receivables		99
Trade receivables		2
Cash and bank balances		12,744
Trade payables		(1,509)
Other payables and accruals		(12,178)
Total identifiable net assets at fair value		1,209
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss		(1,209)
Satisfied by:		
Cash		–

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,000 and RMB99,000, respectively, which are equal to the gross contractual amounts.

The Group incurred transaction costs of RMB69,000 for the acquisition of Qixing Hospital. These transaction costs have been expensed and are included in other expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	–
Less: Cash and bank balances acquired	(12,744)
Cash to be paid in coming years	–
Net inflow of cash and cash equivalents included in cash flows from investing activities	12,744
Transaction costs of the acquisition included in cash flows from operating activities	(69)
Total net cash inflow	12,675

(c) Acquisition of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital

Pursuant to the Implementation Plan for Deepening the Reform of Educational and Medical Institutions by BSCOM, which aims to centrally manage educational and medical institutions, the Company entered into an agreement with Beijing BBMG Asset on 15 September 2021 to acquire a 100% equity interest in Beijing Tong Ren Tang First Integrated Traditional Chinese and Western Medicine Hospital (北京同仁堂第一中西醫結合醫院) ("Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital", formerly known as Beijing Wood Factory Staff Hospital (北京市木材廠職工醫院)) at a cash consideration of nil. The acquisition was completed on 15 June 2022.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2022 (continued)

(c) Acquisition of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital (continued)

The fair values of the identifiable assets and liabilities of Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital as at the dates of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	1,688
Right-of-use assets	*14*	304
Prepayments, deposits and other receivables		233
Inventories		5,522
Trade receivables		4,918
Cash and bank balances		1,223
Trade payables		(9,643)
Other payables and accruals		(3,841)
Lease liabilities	*14*	(304)
Total identifiable net assets at fair value		100
Gain on bargain purchases recognised in other income and gains in profit or loss		(100)
Satisfied by:		
Cash		–

The fair values of the trade receivables and other receivables as at the dates of acquisition amounted to RMB4,918,000 and RMB233,000, respectively, which are equal to the gross contractual amounts.

The Group incurred transaction costs of RMB130,000. These transaction costs have been expensed and are included in other expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	–
Less: Cash and bank balances acquired	(1,223)
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,223
Transaction costs of the acquisition included in cash flows from operating activities	(130)
Total net cash inflow	1,093

(d) Acquisition of Taiyuan Healthcare Management

On 23 December 2021, the Company entered into an equity transfer agreement to acquire 51% equity interest in Taiyuan Healthcare Management from Beijing Tong Ren Tang Shanxi Pharmacy Chain Co., Ltd. (北京同仁堂山西連鎖藥店有限責任公司) ("TRT Shanxi Pharmacy") at a consideration of RMB5,411,100. The acquisition was completed on 21 March 2022.

The acquisition was regarded as a business combination under common control. Taiyuan TRT Hospital was included in the consolidated financial statements of the Group since the beginning of the Relevant Periods.

Since the acquisition, the aforementioned subsidiaries in note (b) to (d) contributed RMB201,075,000 to the Group's revenue and a net profit of RMB24,707,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022. Had the combination taken place at 1 January 2022, the revenue and loss of the Group would have been RMB819,225,000 and RMB5,678,000 respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2024

(e) Acquisition of Shanghai CZT

On 10 January 2024, the Group entered into an agreement with an independent third party, Hangzhou Wan Chengzhitang Health Technology Co., Ltd. (杭州萬承志堂健康科技有限公司) ("Hangzhou CZT"), a limited liability company established in the PRC on 13 November 2012, to acquire a 70% equity interest in Shanghai CZT at a total consideration of RMB91,000,000. The acquisition was made as part of the Group's strategy to facilitate the growth of the Group's TCM healthcare services in Shanghai. The purchase consideration for the acquisition was in the form of cash with RMB81,900,000 paid by 31 December 2024 and the remaining RMB9,100,000 paid by 30 September 2025. The acquisition was completed on 29 January 2024.

The fair values of the identifiable assets and liabilities of Shanghai CZT as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	3,793
Other intangible assets	*15*	17,493
Right-of-use assets	*14*	21,025
Inventories		1,690
Prepayments, deposits and other receivables		11,256
Trade receivables		14,628
Cash and bank balances		3,430
Trade payables		(13,093)
Other payables and accruals		(4,445)
Lease liabilities	*14*	(21,025)
Deferred tax liabilities		(4,415)
Total identifiable net assets at fair value		30,337
Non-controlling interest		9,101
Goodwill on acquisition		69,764
Satisfied by:		
Cash		91,000

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB14,628,000 and RMB1,056,000, respectively, which are equal to the gross contractual amounts.

The Group incurred transaction costs of RMB190,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the profit or loss.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	91,000
Less: Cash to be paid as at 31 December 2024	9,100
Cash and bank balances acquired	3,430
Net outflow of cash and cash equivalents included in cash flows from investing activities	78,470
Transaction costs of the acquisition included in cash flows from operating activities	190
Total net cash outflow	78,660

Since the acquisition, the subsidiary as aforementioned contributed RMB88,346,000 to the Group's revenue and a net gain of RMB9,654,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. Had the combination taken place at 1 January 2024, the revenue and profit of the Group would have been RMB1,185,263,000 and RMB47,467,000 respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2024 (continued)

(f) Acquisition of Cuihe Pharmacy

Cuihe Pharmacy was held by TRT Senior Care Fund and Tongkang Fund as to 67.82% and 32.18%, respectively. On 12 March 2024, the Group entered into a capital increase agreement with TRT and six Pre-IPO Investors. Further details are given in note 1. The acquisition was completed on 20 March 2024.

The fair values of the identifiable assets and liabilities of Cuihe Pharmacy as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	94
Right-of-use assets	*14*	540
Inventories		4,173
Prepayments, deposits and other receivables		371
Trade receivables		475
Cash and bank balances		1,806
Trade payables		(396)
Other payables and accruals		(1,340)
Lease liabilities	*14*	(540)
Total identifiable net assets at fair value		5,183
Non-controlling interest		–
Goodwill on acquisition		16,470
Satisfied by:		
Shares issued by the Company		21,653

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB475,000 and RMB358,000, respectively, which are equal to the gross contractual amounts.

The Group incurred nil transaction costs for this acquisition.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	–
Less: Cash and bank balances acquired	(1,806)
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,806
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash inflow	1,806

Since the acquisition, the subsidiary as aforementioned contributed RMB9,536,000 to the Group's revenue and a net gain of RMB92,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended on 31 December 2024. Had the combination taken place on 1 January 2024, the revenue and profit of the Group would have been RMB1,182,493,000 and RMB47,133,000 respectively.

(g) Acquisition of Beijing TRT Second TCM Hospital

On 21 December 2022, the Company acquired 49% equity interests in Beijing TRT Second TCM Hospital with TRT Technologies, a non-wholly-owned subsidiary of TRT at a consideration of RMB42,011,228.

On 10 January 2024, the Company entered into an equity transfer agreement pursuant to acquire another 2% equity interest in Beijing TRT Second TCM Hospital with TRT Technologies at a consideration of RMB2,260,000. Such consideration was determined with reference to a valuation report issued by an independent professional valuer regarding the total equity value of Beijing TRT Second TCM Hospital as of 30 June 2023. The acquisition was completed on 2 February 2024.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2024 (continued)

(h) Acquisition of Anshan TRT TCM Hospital

On 28 June 2023, the Company entered into an equity transfer agreement to acquire 51% equity interest in Anshan TRT TCM Hospital from Beijing Tong Ren Tang Commerce Investment Group Co., Ltd. (北京同仁堂商業投資集團有限公司) ("TRT Commerce") at a consideration of RMB6,002,853. The acquisition was completed on 16 January 2024.

(i) Acquisition of Shijiazhuang TRT TCM Hospital

On 28 June 2023, the Company entered into an equity transfer agreement to acquire 51% equity interest in Shijiazhuang TRT TCM Hospital from TRT Commerce at a consideration of RMB469,200. The acquisition was completed on 3 January 2024.

The acquisition of subsidiaries as aforementioned in notes (g) to (i) were regarded as a business combination under common control and were included in the consolidated financial statements of the Group since the beginning of the Relevant Periods.

(j) Acquisition of Shanghai ZHT

On 6 June 2024, the Company entered into an equity transfer agreement with Shanghai ZHT, Shanghai Zhongyou Health Technology Group Co., Ltd. (上海中優健康科技集團有限公司) ("Shanghai Zhongyou"), Mr. Yuan Chongqing (袁重慶), Ms. Yu Li (于莉) and Ms. Bian Qi (卞淇), all of whom were independent third parties at that time, pursuant to which the Company agreed to acquire 60% equity interest in Shanghai ZHT from Shanghai Zhongyou at a consideration of RMB20,760,000. The consideration was determined with reference to the valuation report issued by an independent professional valuer regarding the total equity value of Shanghai ZHT as of 31 December 2023. The acquisition was made as part of the Group's strategy to facilitate the growth of the Group's TCM healthcare services in Shanghai. The purchase consideration for the acquisition was in the form of cash with RMB8,304,000 paid by 31 December 2024 and the remaining RMB12,456,000 to be paid subsequent to the acquisition date with aligned payment term in the agreement. The acquisition was completed on 23 August 2024.

The fair values of the identifiable assets and liabilities of Shanghai ZHT as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition**
		RMB'000
Property, plant and equipment	*13*	176
Other intangible assets	*15*	510
Right-of-use assets	*14*	14,708
Inventories		425
Prepayments, deposits and other receivables		5,209
Trade receivables		6,926
Financial assets at fair value through profit and loss		790
Cash and bank balances		560
Trade payables		(3,216)
Other payables and accruals		(1,741)
Tax payable		(1,328)
Deferred tax liabilities		(306)
Lease liabilities	*14*	(14,708)
Total identifiable net assets at fair value		8,005
Non-controlling interest		3,202
Goodwill on acquisition		15,957
Satisfied by:		
Cash		20,760

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB6,926,000 and RMB5,209,000, respectively, which are equal to the gross contractual amounts.

The Group incurred transaction costs of RMB222,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the profit or loss.

The goodwill recognised is primarily attributed to the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill is not deductible for income tax purposes.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. BUSINESS COMBINATION (continued)

2024 (continued)

(j) Acquisition of Shanghai ZHT (continued)

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	20,760
Less: Cash to be paid as at 31 December 2024	12,456
Cash and bank balances acquired	560
Net outflow of cash and cash equivalents included in cash flows from investing activities	7,744
Transaction costs of the acquisition included in cash flows from operating activities	(222)
Total net cash outflow	7,522

Since the acquisition, the subsidiary as aforementioned contributed RMB12,768,000 to the Group's revenue and a net profit of RMB2,629,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. Had the combination taken place at 1 January 2024, the revenue and profit of the Group would have been RMB1,198,859,000 and RMB46,317,000 respectively.

31. DISPOSAL OF SUBSIDIARIES

2023

The Company entered into an agreement with a related company TRT Kangyang to dispose 100% equity interest in one subsidiary and seven not-for-profit medical institutions for a cash consideration of nil (the "Disposals"). The Disposals were treated as a deemed distribution to the Company's shareholders, which are accounted for by derecognising the related assets (including goodwill) and liabilities at their carrying amount on the date of disposal. The corresponding adjustment is made directly against reserves. The disposed companies are listed below:

- Beijing Tong Ren Tang Catering Management Co., Ltd. (北京同仁堂餐飲管理有限公司) ("TRT Catering Management")
- Hujialou Second Community Healthcare Center
- Beijing Chaoyang District Jiuxianqiao Community Healthcare Service Center (北京市朝陽區酒仙橋社區衛生服務中心)
- Beijing Haidian District Xueyuan Road Street Dahua Community Healthcare Service Station (北京市海淀區學院路街道大華社區衛生服務站)
- Liujian Community Healthcare Station
- Huangsi Out-patient Healthcare Center
- Beijing TRT First Integrated Traditional Chinese and Western Medicine Hospital
- Qixing Hospital

The Disposals were completed in 2023. The total identifiable assets and liabilities of aforementioned subsidiary and not-for-profit medical institutions as at the date of disposal were as follows:

	Notes	**As at 30 June 2023**
		RMB'000
Net assets disposed of:		
Property, plant and equipment	*13*	17,923
Right-of-use assets	*14*	21,300
Other intangible assets	*15*	306
Goodwill	*16*	26,085
Inventories		22,830
Trade receivables		45,314
Prepayments, deposits and other receivables		53,199
Cash and cash equivalents		29,195
Trade payables		(88,733)
Other payables and accruals		(32,465)
Lease liabilities	*14*	(21,630)
		73,324

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. DISPOSAL OF SUBSIDIARIES (continued)

2023 (continued)

	Notes	**As at 30 June 2023**
		RMB'000
Satisfied by:		
Cash		–
Cash consideration		–
Cash and bank balances disposed of		29,195
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries and not-for profit medical institutions		(29,195)

2024

The Company entered into an agreement with Hebei Xiangchen Medical Technology Development Co., Ltd. (河北祥宸醫療科技發展有限公司) to dispose its 51% equity interest in Shijiazhuang TRT TCM Hospital at cash consideration of RMB479,900.

The disposal transaction was completed on 27 August 2024. The total identifiable assets and liabilities of aforementioned subsidiary as at the date of disposal were as follows:

	Notes	**As at 27 August 2024**
		RMB'000
Net assets disposed of:		
Property, plant and equipment	*13*	3,316
Right-of-use assets	*14*	8,115
Other intangible assets	*15*	189
Deferred tax assets	*27*	32
Inventories		1,406
Trade receivables		3,827
Prepayments, deposits and other receivables		477
Cash and cash equivalents		1,195
Trade payables		(15,416)
Other payables and accruals		(27,230)
Lease liabilities	*14*	(8,589)
		(32,678)
Satisfied by:		
Cash		480
Cash consideration		480
Cash and bank balances disposed of		1,195
Net outflow of cash and cash equivalents in respect of the disposal of the subsidiary		(715)

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

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

	As at 31 December			**As at 30 September**
	2022	**2023**	**2024**	**2025**
Percentage of equity interest held by non-controlling interests				
TRT Baoding	49.00%	49.00%	49.00%	49.00%
Beijing TRT Second TCM Hospital	49.00%	49.00%	49.00%	49.00%
SXT Pharmacies	56.25%	56.25%	25.00%	25.00%
SXT Hospital	56.26%	56.26%	25.00%	25.00%

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

	Year ended 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit/(loss) for the year/period allocated to non-controlling interests:				
TRT Baoding	(8,001)	(8,500)	(8,457)	(6,288)
Beijing TRT Second TCM Hospital	3,615	6,404	2,590	3,010
SXT Pharmacies	5,973	8,891	3,740	433
SXT Hospital	7,519	16,999	7,938	4,441
Dividends declared to non-controlling interests				
TRT Baoding	–	–	–	–
Beijing TRT Second TCM Hospital	–	12,994	4,900	–
SXT Pharmacies	–	7,650	2,665	1,793
SXT Hospital	–	9,655	4,620	4,844
Accumulated balances of non-controlling interests at the reporting date:				
TRT Baoding	133,668	125,168	116,711	110,422
Beijing TRT Second TCM Hospital	21,107	14,517	12,207	15,217
SXT Pharmacies	29,668	30,909	14,353	12,993
SXT Hospital	22,576	29,920	15,258	14,856

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	TRT Baoding	Beijing TRT Second TCM Hospital	SXT Pharmacies	SXT Hospital
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022				
Revenue	–	173,382	98,618	102,457
Profit/(loss) for the year	(16,329)	7,378	16,249	21,549
Total comprehensive income/(loss) for the year	(16,329)	7,378	16,249	21,549
Current assets	1,631	99,025	93,916	68,769
Non-current assets	287,103	5,966	41,937	55,103
Current liabilities	(15,943)	(58,618)	(77,781)	(36,607)
Non-current liabilities	–	(3,298)	(20,466)	(48,116)

	TRT Baoding	Beijing TRT Second TCM Hospital	SXT Pharmacies	SXT Hospital
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Revenue	–	214,037	166,510	194,936
Profit/(loss) for the year	(17,346)	13,069	16,424	30,312
Total comprehensive income/(loss) for the year	(17,346)	13,069	16,424	30,312
Current assets	823	73,284	111,987	104,526
Non-current assets	273,953	4,429	36,741	49,103
Current liabilities	(19,331)	(42,675)	(91,624)	(55,048)
Non-current liabilities	–	(1,688)	(16,674)	(46,280)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

	TRT Baoding	Beijing TRT Second TCM Hospital	SXT Pharmacies	SXT Hospital
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Revenue	–	191,686	179,085	198,249
Profit/(loss) for the year	(17,260)	5,286	13,743	26,432
Total comprehensive income/(loss) for the year	(17,260)	5,286	13,743	26,432
Current assets	6,907	62,269	126,686	107,590
Non-current assets	260,688	2,920	33,836	41,692
Current liabilities	(29,409)	(36,553)	(101,452)	(48,512)
Non-current liabilities	–	–	(15,555)	(40,520)

	TRT Baoding	Beijing TRT Second TCM Hospital	SXT Pharmacies	SXT Hospital
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2025				
Revenue	–	130,952	118,580	140,177
Profit/(loss) for the period	(12,833)	6,143	2,196	17,835
Total comprehensive income/(loss) for the period	(12,833)	6,143	2,196	17,835
Current assets	576	68,611	122,969	94,650
Non-current assets	250,832	1,917	31,883	39,621
Current liabilities	(26,056)	(35,748)	(102,055)	(36,608)
Non-current liabilities	–	–	(14,260)	(38,954)

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and for the nine months ended 30 September 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB19,487,000, RMB5,720,000, RMB88,613,000 and RMB32,541,000, respectively, in respect of lease arrangements for buildings and leasehold land.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank and other borrowings	Balances with related parties	Other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	54,282	–	–	25,133
New leases	19,487	–	–	–
Changes from financing cash flows	(24,570)	125,659	(24,771)	(2,500)
Interest expense	4,878	1,588	–	802
Increase arising from acquisition of subsidiaries	75,368	–	24,771	–
Lease modification	(2,064)	–	–	–
Rent concessions from lessors	(1,095)	–	–	–
As at 31 December 2022 and 1 January 2023	126,286	127,247	–	23,435
New leases	5,720	–	–	–
Changes from financing cash flows	(27,401)	(20,647)	28,711	(360)
Interest expense	5,455	5,187	432	634
Decrease arising from disposal of subsidiaries	(21,630)	–	–	–
Lease modification	(2,545)	–	–	–
As at 31 December 2023	85,885	111,787	29,143	23,709
As at 1 January 2024	85,885	111,787	29,143	23,709

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

	Lease liabilities	Interest-bearing bank and other borrowings	Balances with related parties	Other payables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
New leases	88,613	–	–	–
Changes from financing cash flows	(36,361)	34,057	(28,710)	(429)
Interest expense	8,417	5,394	42	429
Increase arising from acquisition of subsidiaries	36,273	–	–	–
Decrease arising from disposal of a subsidiary	(8,589)	–	–	(23,709)
Lease termination	(601)	–	–	–
Lease modification	(5,702)	–	–	–
As at 31 December 2024 and 1 January 2025	167,935	151,238	475	–
New leases	32,541	–	–	–
Changes from financing cash flows	(27,017)	1,779	268	–
Interest expense	6,272	3,571	37	–
As at 30 September 2025	179,731	156,588	780	–

(c) Total cash outflows for leases

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

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within operating activities	626	1,039	442	742
Within financing activities	24,570	27,401	36,361	27,017
	25,196	28,440	36,803	27,759

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the relevant periods:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Purchase of property, plant and equipment	–	–	–	64
Purchase of other intangible asset	–	–	–	280
Total	–	–	–	344

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RELATED PARTY TRANSACTIONS

(1) Name and relationship of related parties

Name	Relationship
TRT	Ultimate holding company
Beijing Tong Ren Tang (Sichuan) Health Pharmaceutical Co., Ltd. (北京同仁堂(四川)健康藥業有限公司)	Fellow subsidiary
Beijing Tong Ren Tang (Tangshan) Nutrition and Health Products Co., Ltd. (北京同仁堂(唐山)營養保健品有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Anhui Chinese Medicinal Herbs Co., Ltd. (北京同仁堂安徽中藥材有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Baokang Technology Co., Ltd. (北京同仁堂保康科技有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Shenrong Chinese Medicines Co., Ltd. (北京同仁堂參茸中藥製品有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Chaoyang Park Road TCM Clinics Co., Ltd. (北京同仁堂朝陽公園路中醫診所有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Chengan Medicinal Herbs Co., Ltd. (北京同仁堂誠安藥材有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Daohe Commercial (Shanxi) Co., Ltd. (北京同仁堂道合電商(山西)有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Co., Ltd. (北京同仁堂股份有限公司經營分公司)	Fellow subsidiary
Beijing Tong Ren Tang International Pharmaceutical Limited (北京同仁堂國際藥業有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Health Pharmaceutical Trading Co., Ltd. (北京同仁堂健康藥品經營有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Health Pharmaceutical (Shanxi) Co., Ltd. (北京同仁堂健康藥業(山西)有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Health Pharmaceutical Commercial Co., Ltd. (北京同仁堂健康藥業電子商務有限公司)	Fellow subsidiary
Beijing Tong Ren Tang South Jiuxianqiao Road Pharmacy Co., Ltd. TCM Clinics (北京同仁堂酒仙橋南路藥店有限責任公司中醫診所)	Fellow subsidiary
Beijing Tong Ren Tang Technologies Co., Ltd. (北京同仁堂科技發展股份有限公司) ("TRT Technologies")	Fellow subsidiary
Beijing Tong Ren Tang WM Dianorm Biotech Co., Ltd. (北京同仁堂麥爾海生物技術有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Shanxi Pharmacy Chain Co., Ltd. (北京同仁堂山西連鎖藥店有限責任公司) ("TRT Shanxi Pharmacy")	Fellow subsidiary
Beijing Tong Ren Tang Shanxi Pharmaceutical Co., Ltd. (北京同仁堂山西藥業有限責任公司)	Fellow subsidiary
Beijing Tong Ren Tang Commerce Investment Group Co., Ltd. (北京同仁堂商業投資集團有限公司) ("TRT Commerce")	Fellow subsidiary
Beijing Tong Ren Tang Century Advertising Co., Ltd. (北京同仁堂世紀廣告有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Taian Pharmacy Co., Ltd. (北京同仁堂泰安藥店有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Chinese Medicinal Raw Materials Co., Ltd. (北京同仁堂藥材有限責任公司)	Fellow subsidiary
Beijing Tongrentang Tongkang Chinese Herbal Pieces Co., Ltd. (北京同仁堂同康中藥飲片有限公司)	Fellow subsidiary
Yiwu San Xi Tang Agriculture Development Co., Ltd. (義烏市三溪堂農業開發有限公司)	Fellow subsidiary
Yiwu Sanxitang Food Co., Ltd. (義烏市三溪堂食品有限公司)	Fellow subsidiary
Yiwu Sanxitang Institute of Traditional Chinese Medicine (義烏市三溪堂中醫藥研究所)	Fellow subsidiary
Zhejiang Sanxitang Pharmaceutical Co., Ltd. (浙江三溪堂藥業有限公司)	Fellow subsidiary
Zhejiang Sanxitang Chinese Medicine Co., Ltd. (浙江三溪堂中藥有限公司)	Fellow subsidiary
Zhejiang Sanxi Yutai Biotechnology Co., Ltd. (浙江三溪御泰生物科技有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Guangxi Pharmacy Co., Ltd. (北京同仁堂廣西藥店有限責任公司)	Fellow subsidiary

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RELATED PARTY TRANSACTIONS (continued)

(1) Name and relationship of related parties (continued)

Name	Relationship
Beijing Tong Ren Tang Shanxi Chain Pharmacy Co., Ltd. (北京同仁堂山西連鎖藥店有限責任公司) ("TRT Shanxi Pharmacy")	Fellow subsidiary
Beijing Tong Ren Tang Weihai Chain Pharmacy Co., Ltd. (北京同仁堂威海連鎖藥店有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Chongqing Pharmacy Co., Ltd. Liangjiang New Area Store. (北京同仁堂重慶藥店有限責任公司兩江新區店)	Fellow subsidiary
Beijing Tong Ren Tang Shandong Pharmaceutical Chain Co., Ltd. (北京同仁堂山東醫藥連鎖有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Fuyu Pharmacy Chain Co., Ltd. (北京同仁堂扶余市藥店連鎖有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Zhao'an Dalian Pharmacy Co., Ltd. (北京同仁堂昭安大連藥店有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Harbin Pharmacy Co., Ltd. (北京同仁堂哈爾濱藥店有限責任公司)	Fellow subsidiary
Beijing Tong Ren Tang (Tianjin) Chain Pharmacy Co., Ltd. (北京同仁堂(天津)連鎖藥店有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Medical Private Equity Fund Management Co., Ltd. (北京同仁堂醫療私募基金管理有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Inheritance and Innovation Private Equity Fund Management Co., Ltd. (北京同仁堂傳承創新私募基金管理有限公司)	Fellow subsidiary
The First Branch of Beijing Tong Ren Tang (Henan) Traditional Chinese Medicine Formula Granules Co., Ltd. (北京同仁堂(河南)中藥配方顆粒有限公司第一分公司)	Fellow subsidiary
Beijing Tongrentang Hefei Pharmacy Co., Ltd. Operating Branch (北京同仁堂合肥大藥房有限公司營業部)	Fellow subsidiary
Beijing Tongrentang Health Drug Trading Co., Ltd. (北京同仁堂保健品貿易有限公司)	Fellow subsidiary
Daxigou Pharmacy of Beijing Tongrentang Chongqing Pharmacy Co., Ltd. (北京同仁堂重慶藥店有限責任公司大溪溝藥店)	Fellow subsidiary
Beijing Tongrentang Chongwenmen Pharmacy Co., Ltd. (北京同仁堂崇文門藥店有限責任公司)	Fellow subsidiary
Beijing Tongrentang (Anshan) Pharmacy Co., Ltd. (北京同仁堂(鞍山)大藥房有限公司)	Fellow subsidiary
TCM Hospital of Beijing Tongrentang Taiyuan Medical Management Chain Co., Ltd. (北京同仁堂太原醫療管理連鎖有限責任公司中醫醫院)	Fellow subsidiary
Pharmaceutical Factory of Beijing Tongrentang Technology Development Co., Ltd. (北京同仁堂科技發展股份有限公司製藥廠)	Fellow subsidiary
Beijing Tongrentang Dandong Pharmacy Co., Ltd. (北京同仁堂丹東藥店有限責任公司)	Fellow subsidiary
TCM Clinic of Beijing Tongrentang Putiti Pharmacy Co., Ltd. (北京同仁堂璞瑅大藥房有限公司中醫診所)	Fellow subsidiary
Beijing Tongrentang Tangshan Chain Pharmacy Co., Ltd. (北京同仁堂唐山連鎖藥店有限責任公司)	Fellow subsidiary
Beijing Tongrentang Xinyang Pharmacy Co., Ltd. (北京同仁堂信陽藥店有限公司)	Fellow subsidiary
East Market Branch of Beijing Tongrentang Hunchun Pharmacy Co., Ltd. (北京同仁堂琿春藥店有限公司東市場分店)	Fellow subsidiary
Hangzhou TCM Outpatient Department of Beijing Tongrentang Zhejiang Pharmaceutical Co., Ltd. (北京同仁堂浙江醫藥有限公司杭州中醫門診部)	Fellow subsidiary
Beijing Tongrentang Dingzhou Pharmacy Co., Ltd. (北京同仁堂定州藥店有限公司)	Fellow subsidiary
Beijing Tongrentang (Anguo) Decoction of Chinese Medicine Co., Ltd. (北京同仁堂(安國)中藥湯有限公司)	Fellow subsidiary
Beijing Tong Ren Tang Zhejiang Pharmaceutical Co., Ltd. (北京同仁堂浙江醫藥有限公司)	Fellow subsidiary

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RELATED PARTY TRANSACTIONS (continued)

(1) Name and relationship of related parties (continued)

Name	Relationship
Beijing Tong Ren Tang Chaoyang Pharmacy Chain Co., Ltd. (北京同仁堂朝陽藥店連鎖有限公司)	Fellow subsidiary
Beijing Tongrentang Yangquan Pharmacy Co., Ltd. (北京同仁堂陽泉藥店有限公司)	Fellow subsidiary
Beijing Tongrentang Shijiazhuang Pharmacy Co., Ltd. (北京同仁堂石家莊藥店有限責任公司)	Fellow subsidiary
Beijing Tongren Tang Guiyang Pharmacy Co., Ltd. (北京同仁堂貴陽藥店有限責任公司)	Fellow subsidiary
Beijing Tongrentang Jingxi Pharmacy Co., Ltd. (北京同仁堂京西藥店有限公司)	Fellow subsidiary
Tong Ren Tang Zhongji (Shijiazhuang) Rehabilitation Hospital Co., Ltd. (同仁堂中冀(石家莊)康復醫院有限公司)	Fellow subsidiary
Beijing Tongrentang (Group) Co., LTD. Vocational Skills Training School (北京同仁堂(集團)有限責任公司職業技能培訓學校)	Fellow subsidiary
Beijing Tongrentang Yiwu Huixiang Pharmacy Co., Ltd. (北京同仁堂義烏惠祥藥店有限公司)	Fellow subsidiary
Beijing Tongrentang Hefei Pharmacy Co., Ltd. Business Branch (北京同仁堂合肥藥店有限責任公司經營分公司)	Fellow subsidiary
Beijing Tongrentang Jilin Ginseng Co., Ltd. (北京同仁堂吉林人參有限責任公司)	Fellow subsidiary
Beijing Institute of Traditional Chinese Medicine Sciences Co., Ltd. (北京市中藥科學研究所有限公司)	Fellow subsidiary
Beijing Tongrentang Yanbian Chain Pharmacy Co., Ltd. (北京同仁堂延邊連鎖藥店有限公司)	Fellow subsidiary
Tongrentang Zhongji (Shijiazhuang) Rehabilitation Hospital Co., Ltd. (同仁堂中冀(石家莊)康復醫院有限公司)	Fellow subsidiary
Tianjin Tongren Tang Pharmaceutical Sales Co., Ltd. (天津同仁堂醫藥銷售有限公司)	Fellow subsidiary
Yiwu Sanxitang TCM Chain Co., Ltd. Trade Union Committee (義烏市三溪堂國藥館連鎖有限公司工會委員會)	Fellow subsidiary
Dongguan Beijing Tongrentang Humen Pharmacy Co., Ltd. (東莞市北京同仁堂虎門藥店有限責任公司)	Fellow subsidiary
Shenzhen Beijing Tongrentang Pharmaceutical Co., Ltd. (深圳北京同仁堂藥業有限責任公司)	Fellow subsidiary
Shenzhen Beijing Tongrentang Xingchen Pharmacy Co., Ltd. (深圳北京同仁堂星辰藥店有限責任公司)	Fellow subsidiary
Beijing Tongrentang Sitong Bridge Pharmacy Co., Ltd. (北京同仁堂四通橋藥店有限責任公司)	Fellow subsidiary
Beijing Tongrentang Dalian Pharmacy Chain Co., Ltd. (北京同仁堂大連藥店連鎖有限責任公司)	Fellow subsidiary
Tianjin Tongren Tang Group Co., Ltd. (天津同仁堂集團股份有限公司)	Fellow subsidiary
Hujialou Second Community Healthcare Center (呼家樓第二社區衛生服務中心)	Fellow subsidiary since 30 June 2023
Qixing Hospital (北京七星華電科技集團有限責任公司醫院)	Fellow subsidiary since 30 June 2023
Beijing Chaoyang District Jiuxianqiao Community Healthcare Service Center (北京市朝陽區酒仙橋社區衛生服務中心)	Fellow subsidiary since 30 June 2023
Liujian Community Healthcare Station (六建社區衛生服務站)	Fellow subsidiary since 30 June 2023
Huangsi Out-patient Healthcare Center	Fellow subsidiary since 30 June 2023
Beijing Tong Ren Tang First Integrated Traditional Chinese and Western Medicine Hospital (北京同仁堂第一中西醫結合醫院)	Fellow subsidiary since 30 June 2023
Beijing Haidian District Xueyuan Road Street Dahua Community Healthcare Service Station (北京市海淀區學院路街道大華社區衛生服務站)	Fellow subsidiary since 30 June 2023
Mr. Zhu Zhibiao	Non-controlling shareholder
Ansteel Group General Hospital (鞍鋼集團公司總醫院)	Non-controlling shareholder
Hangzhou Wanchengzhitang Health Technology Co., Ltd. (杭州萬承志堂健康科技有限公司)	Non-controlling shareholder
Hebei Xiangchen Medical Technology Development Co., Ltd. (河北祥宸醫療發展有限公司)	Non-controlling shareholder
Shanghai Zhongyou Health Technology Group Co., Ltd. (上海中優健康科技集團有限公司)	Non-controlling shareholder

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RELATED PARTY TRANSACTIONS (continued)

(1) Name and relationship of related parties (continued)

Name	Relationship
Baoding Zhili TCM Clinic (保定直隸國醫館中醫診所)	Non-controlling shareholder
Qiqihar Jianhua Hospital Co., Ltd. (齊齊哈爾建華醫院有限責任公司)	Non-controlling shareholder
Shanghai Zhongyou Pharmaceutical High-tech Co., Ltd. (上海中優醫藥高科技股份有限公司)	Non-controlling shareholder

(2) Related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the following transactions were carried out with related parties during the Relevant Periods:

The Group

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ultimate Holding Company:				
Brand royalty expenses	766	406	446	516
Lease payment	–	–	15,396	10,651
Fellow subsidiaries:				
Procurement of pharmaceuticals, medical consumables and other inventories	78,965	126,544	186,327	157,538
Lease payment	2,901	2,902	2,839	6,521
Sale of healthcare products	504	964	8,425	8,170
Provision of management services	–	8	5,869	1,296
Others	–	4,340	2,944	6,499
Non-controlling shareholders				
Procurement of pharmaceuticals, medical consumables and other inventories	244	254	–	–
Lease payment	–	–	575	288
Sale of healthcare products	7,546	1,639	1,909	–

The Company

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ultimate Holding Company:				
Brand royalty expenses	766	406	446	516
Subsidiaries:				
Procurement of pharmaceuticals, medical consumables and other inventories	–	–	6	–
Fellow subsidiaries:				
Procurement of pharmaceuticals, medical consumables and other inventories	2,904	155	–	–
Provision of management services	592	1,107	11,636	6,670
Others	–	–	38	–

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed periods.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. RELATED PARTY TRANSACTIONS (continued)

(3) Outstanding balances with related parties

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Group				
Due to related parties				
Trade in nature				
Ultimate Holding Company	812	430	–	–
Fellow subsidiaries	34,010	43,544	32,551	39,325
Non-trade in nature				
Non-controlling shareholders	12,127	5,740	23,132	14,275
Fellow subsidiaries	2	29,557	501	21
Due from related parties				
Trade in nature				
Non-controlling shareholders	8,338	9,305	15	20
Fellow subsidiaries	580	6,179	16,268	19,880
Non-trade in nature				
Ultimate Holding Company	–	–	–	129
Non-controlling shareholders	407	514	4,949	5,897
Fellow subsidiaries	20	4,288	–	327
The Company				
Due to related parties				
Trade in nature				
Ultimate Holding Company	812	430	–	–
Non-trade in nature				
Subsidiaries	64,919	49,181	69,186	70,526
Non-controlling shareholders	12,000	–	21,556	12,456
Fellow subsidiaries	–	29,145	500	–
Due from related parties				
Trade in nature				
Subsidiaries	751	1,288	–	–
Fellow subsidiaries	–	839	8,554	8,431
Non-trade in nature				
Subsidiaries	15,739	–	5,125	5,783
Fellow subsidiaries	20	4,288	–	129

Except for the loans from the minority shareholder of TRT Baoding, the above non-trade balances with related parties were unsecured, interest-free and collectable on demand and are denominated in RMB.

Except the receivables from Shanghai Zhongyou, and a few miscellaneous receivables from Ultimate Holding Company and fellow subsidiaries, all non-trade amounts due from related parties have been settled as at 30 September 2025. Except for the remaining considerations payable to Shanghai Zhongyou and the abovementioned loans from the minority shareholder of TRT Baoding, all amounts due to related parties which are non-trade in nature will be settled prior to the Listing.

(4) Compensation of key management personnel of the Group:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term employee benefits	1,169	1,200	2,678	1,006
Pension scheme contributions	140	153	175	248
Total compensation paid to key management personnel	1,309	1,353	2,853	1,254

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2022, 2023 and 2024 and 30 September 2025 were as follows:

Financial assets

As at 31 December 2022

	Financial assets at amortised cost
	RMB'000
Trade receivables	80,526
Financial assets included in prepayment, other receivables and other assets	18,483
Cash and cash equivalents	326,163
	425,172

As at 31 December 2023

	Financial assets at amortised cost
	RMB'000
Trade receivables	112,855
Financial assets included in prepayment, other receivables and other assets	20,764
Cash and cash equivalents	293,034
Restricted cash	107
	426,760

As at 31 December 2024

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	107,707	107,707
Financial assets at fair value through profit or loss	7,744	–	7,744
Financial assets included in prepayment, other receivables and other assets	–	17,297	17,297
Restricted cash	–	6,280	6,280
Cash and cash equivalents	–	296,732	296,732
	7,744	428,016	435,760

As at 30 September 2025

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	102,303	102,303
Financial assets at fair value through profit or loss	60,038	–	60,038
Financial assets included in prepayment, other receivables and other assets	–	26,864	26,864
Cash and cash equivalents	–	225,447	225,447
	60,038	354,614	414,652

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

As at 31 December 2022

	Financial liabilities at amortised cost
	RMB'000
Trade payables	244,464
Financial liabilities included in other payables and accruals	67,749
Interest-bearing bank and other borrowings	127,247
	439,460

As at 31 December 2023

	Financial liabilities at amortised cost
	RMB'000
Trade payables	227,292
Financial liabilities included in other payables and accruals	89,307
Interest-bearing bank and other borrowings	111,787
	428,386

As at 31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Trade payables	188,336
Financial liabilities included in other payables and accruals	66,758
Interest-bearing bank and other borrowings	151,238
	406,332

As at 30 September 2025

	Financial liabilities at amortised cost
	RMB'000
Trade payables	166,839
Financial liabilities included in other payables and accruals	52,109
Interest-bearing bank and other borrowings	156,588
	375,536

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments are reasonably approximate to their fair values.

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The Group holds structured deposits which embedded with financial derivatives at banks in Mainland China. The structured deposits, hooked with foreign exchange rates, are measured using the interest rates provided by the relevant banks.

The fair values of the non-current portion of prepayments, other receivables, and other assets and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The management considers there is no significant difference between the carrying amounts of these financial assets and financial liabilities and their fair values.

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using		
	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2022			
Financial assets at fair value through profit or loss . . .	–	–	–
As at 31 December 2023			
Financial assets at fair value through profit or loss . . .	–	–	–
As at 31 December 2024			
Financial assets at fair value through profit or loss . . .	–	7,744	7,744
As at 30 September 2025			
Financial assets at fair value through profit or loss . . .	60,038	–	60,038

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

	Year ended 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss at beginning of year/period	–	–	–	7,744
Total gains recognised in the statement of profit or loss included in other income and gains	–	–	7,744	(2,670)
Contingent consideration received . .	–	–	–	(5,074)
At end of year/period	–	–	7,744	–

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2022, 2023 and 2024 and 30 September 2025.

During the years ended 2022, 2023 and 2024 and the nine months ended 30 September 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The significant unobservable inputs used in the fair value measurement of the Group's financial assets at fair value through profit or loss are revenue growth rates and net profit margin of the relevant entities subject to performance commitments. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

The following table demonstrates the sensitivity to a reasonably possible change in the revenue growth rates and net profit margin, with all other variables held constant, of the Group's financial assets at fair value through profit or loss.

Possible changes of key unobservable inputs	Increase/(decrease) in the carrying amount of the financial assets at fair value through profit or loss			
	Year ended 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue growth rates decrease by 1%	–	–	180	246
Revenue growth rates increase by 1%	–	–	(33)	–
Net profit margin decreases by 1%	2,730	2,657	–	2,672
Net profit margin increases by 1%	–	–	–	–

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

(a) Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging as at 31 December 2022, 2023 and 2024 and 30 September 2025

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023 and 2024 and 30 September 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	80,909	80,909
Financial assets included in prepayments, other receivables and other assets					
– Normal**	18,510	–	–	–	18,510
Cash and cash equivalents					
– Not yet past due	326,163	–	–	–	326,163
	344,673	–	–	80,909	425,582

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2022, 2023 and 2024 and 30 September 2025 (continued)

As at 31 December 2023

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	113,411	113,411
Financial assets included in prepayments, other receivables and other assets					
– Normal**	20,891	–	–	–	20,891
Cash and cash equivalents					
– Not yet past due	293,034	–	–	–	293,034
Restricted cash	107	–	–	–	107
	314,032	–	–	113,411	427,443

As at 31 December 2024

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	107,852	107,852
Financial assets included in prepayments, other receivables and other assets					
– Normal**	17,305	–	–	–	17,305
Restricted cash	6,280	–	–	–	6,280
Cash and cash equivalents					
– Not yet past due	296,732	–	–	–	296,732
	320,317	–	–	107,852	428,169

As at 30 September 2025

	12-month ECLs	Life time ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	102,914	102,914
Financial assets included in prepayments, other receivables and other assets					
Normal**	26,872	–	–	–	26,872
Cash and cash equivalents					
– Not yet past due	225,447	–	–	–	225,447
	252,319	–	–	102,914	355,233

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2022, 2023 and 2024 and 30 September 2025 (continued)

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

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

The Group's trade receivable are mainly from providing TCM healthcare services to patients as well as selling healthcare products to patients and third parties. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtor's portfolio, as majority patients will claim their medical bill from public medical insurance program. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective organisations' policy, provided fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also has controls to closely monitor the patients' billings and claim status to minimise the credit risk. For the receivables from selling of pharmaceuticals and healthcare products to patients and third parties, the Group has granted credit term of 0 to 360 days and would follow up actively on the settlement with respective counter-parties to avoid any overdue receivables.

As at 31 December 2022 and 2023 and 2024 and 30 September 2025, 31.17%, 25.89% and 21.95% and 35.72% of the Group's trade receivables were due from the five largest debtors, respectively.

(b) Liquidity risk

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

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

The maturity profile of the Group's financial liabilities as at 31 December 2022, 2023 and 2024 and 30 September 2025 based on contractual undiscounted payments, is as follows:

	As at 31 December 2022				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	–	26,280	47,896	55,107	129,283
Trade payables	244,464	–	–	–	244,464
Financial liabilities included in other payables and accruals	55,749	12,000	–	–	67,749
Interest-bearing bank and other borrowings	–	27,334	112,244	–	139,578
	300,213	65,614	160,140	55,107	581,074

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

	As at 31 December 2023				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	–	11,996	27,942	51,157	91,095
Trade payables	227,292	–	–	–	227,292
Financial liabilities included in other payables and accruals	89,307	–	–	–	89,307
Interest-bearing bank and other borrowings	–	47,788	72,491	–	120,279
	316,599	59,784	100,433	51,157	527,973

	As at 31 December 2024				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	–	37,355	100,414	56,834	194,603
Trade payables	188,336	–	–	–	188,336
Financial liabilities included in other payables and accruals	66,758	–	–	–	66,758
Interest-bearing bank and other borrowings	–	54,770	96,964	10,056	161,790
	255,094	92,125	197,378	66,890	611,487

	As at 30 September 2025				
	On demand	Within 1 year	1 year to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	–	39,428	101,006	65,288	205,722
Trade payables	166,839	–	–	–	166,839
Financial liabilities included in other payables and accruals	52,109	–	–	–	52,109
Interest-bearing bank and other borrowings	–	61,174	89,283	10,006	160,463
	218,948	100,602	190,289	75,294	585,133

(c) Capital management

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at 31 December 2022, 2023 and 2024 and 30 September 2025 were as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Total liabilities	680,568	607,848	663,814	628,171
Total assets	1,318,885	1,171,185	1,370,388	1,349,867
Debt-to-asset ratio	52%	52%	48%	47%

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event needs to be disclosed.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2025.

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ACCOUNTANTS' REPORT ON YIWU SANXITANG TCM CHAIN CO., LTD. ("SXT PHARMACIES") AND ITS SUBSIDIARIES (TOGETHER, "SXT PHARMACIES GROUP") TO THE DIRECTORS OF BEIJING TONG REN TANG HEALTHCARE INVESTMENT CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on Yiwu Sanxitang TCM Chain Co., Ltd. ("SXT Pharmacies") and its subsidiaries (together, "SXT Pharmacies Group") set out on pages IB-3 to IB-29, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of SXT Pharmacies Group for the five months ended 31 May 2022 (the "Relevant Period"), and the consolidated statements of financial position of SXT Pharmacies Group and the statements of financial position of SXT Pharmacies as at 31 May 2022 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IB-3 to IB-29 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 March 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of SXT Pharmacies Group and SXT Pharmacies as at 31 May 2022 and of the financial performance and cash flows of SXT Pharmacies Group for the Relevant Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of SXT Pharmacies Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of SXT Pharmacies are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IB-3 have been made.

Dividends

We refer to note 9 to the Historical Financial Information which contains information about the dividends paid by SXT Pharmacies in respect of the Relevant Period.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2026

I. HISTORICAL FINANCIAL INFORMATION OF SXT PHARMACIES GROUP

Preparation of Historical Financial Information

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

The financial statements of SXT Pharmacies Group for the Relevant Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by Hong Kong Institute of Certified Public Accountants ("the HKICPA") (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Period from 1 January to 31 May	
	Notes	**2021**	**2022**
		RMB'000 *(unaudited)*	*RMB'000*
REVENUE	*4*	36,143	46,502
Cost of sales		(19,594)	(27,214)
Gross profit		16,549	19,288
Other income and gains	*5*	396	550
Selling and distribution expenses		(4,822)	(5,844)
Administrative expenses		(3,671)	(6,108)
Finance costs	*6*	(1,921)	(1,842)
Other expenses		(161)	(43)
PROFIT BEFORE TAX	*7*	6,370	6,001
Income tax expense	*8*	(1,023)	(1,345)
PROFIT FOR THE PERIOD		5,347	4,656
Attributable to:			
Owners of the parent		5,347	4,656
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		5,347	4,656
Attributable to:			
Owners of the parent		5,347	4,656

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**31 May 2022**
		RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	*11*	21,490
Right-of-use assets	*12*	18,788
Other intangible assets	*13*	82
Prepayments and other receivables	*16*	7,365
Total non-current assets		**47,725**
CURRENT ASSETS		
Inventories	*14*	24,218
Trade receivables	*15*	11,150
Prepayments, other receivables and other assets	*16*	27,135
Cash and cash equivalents	*17*	61,097
Total current assets		**123,600**
CURRENT LIABILITIES		
Trade payables	*18*	26,552
Other payables and accruals	*19*	93,155
Lease liabilities	*12*	1,807
Deferred tax liabilities	*20*	477
Income tax payable		274
Total current liabilities		**122,265**
NET CURRENT ASSETS		**1,335**
TOTAL ASSETS LESS CURRENT LIABILITIES		**49,060**
NON-CURRENT LIABILITIES		
Lease liabilities	*12*	22,436
Total non-current liabilities		**22,436**
Net assets		**26,624**
EQUITY		
Equity attributable to owners of the parent		
Paid-in capital	*21*	10,000
Other reserves		16,624
Total equity		**26,624**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Five months ended 31 May 2021

	Paid-in capital	Statutory surplus reserve*	Retained earnings*	Total equity
	RMB'000 *(note 21)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	10,000	457	76,270	86,727
Profit for the period (unaudited)	–	–	5,347	5,347
Appropriation to statutory surplus reserve (unaudited)	–	535	(535)	–
At 31 May 2021 (unaudited)	10,000	992	81,082	92,074

Five months ended 31 May 2022

	Paid-in capital	Statutory surplus reserve*	Retained earnings*	Total equity
	RMB'000 *(note 21)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	10,000	1,987	87,982	99,969
Profit for the period	–	–	4,656	4,656
Appropriation to statutory surplus reserve		466	(466)	–
Dividend declared to shareholders	–	–	(78,001)	(78,001)
At 31 May 2022	10,000	2,453	14,171	26,624

* These reserve accounts comprise the consolidated reserves of RMB16,624,000 as at 31 May 2022 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Five months ended 31 May 2021	2022
		RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		6,370	6,001
Adjustments for:			
Finance costs	*6*	1,921	1,842
Interest income	*5*	(7)	(14)
Depreciation of property, plant and equipment	*7,11*	879	839
Depreciation of right-of-use assets	*7,12*	669	697
Amortisation of intangible assets	*7,13*	50	101
Gain on disposal of a subsidiary	*5*	–	(262)
Gain on disposal of items of property, plant and equipment	*5*	(47)	–
Operating cash flows before changes in working capital		9,835	9,203
Decrease in inventories		2,001	3,914
Decrease/(increase) in trade receivables		(3,603)	19,717
(Increase)/decrease in prepayments, other receivables and other assets		(37,318)	69,662
Decrease in trade payables		(958)	(17,612)
(Decrease)/increase in other payables and accruals		(7,783)	17,996
Cash (used in)/from operations		(37,826)	102,880
Interest received		7	14
Income tax paid		(5,662)	(3,899)
Net cash flows (used in)/from operating activities		(43,481)	98,995
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(489)	(24)
Purchases of other intangible assets		(26)	(14)
Proceeds from disposal of items of property, plant and equipment		47	118
Proceeds from disposal of items of other intangible assets		–	14
Proceeds from disposal of a subsidiary		–	262
Net cash flows (used in)/from investing activities		(468)	356
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings		60,000	40,000
Repayment of bank borrowings		(23,000)	(100,000)
Lease payments	*12*	(2,454)	(3,171)
Interest paid		(1,247)	(1,193)
Net cash flows from/(used in) financing activities		33,299	(64,364)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(10,650)**	**34,987**
Cash and cash equivalents at beginning of period		**11,984**	**26,110**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,334**	**61,097**

STATEMENTS OF FINANCIAL POSITION OF SXT PHARMACIES

	Notes	As at 31 May 2022
		RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	11	20,471
Right-of-use assets	12	18,569
Other intangible assets		82
Investments in subsidiaries		2,080
Prepayments and other receivables	16	7,365
Total non-current assets		**48,567**
CURRENT ASSETS		
Inventories	14	22,893
Trade receivables	15	13,943
Prepayments, other receivables and other assets	16	23,931
Cash and cash equivalents	17	56,618
Total current assets		**117,385**
Total assets		**165,952**
CURRENT LIABILITIES		
Trade payables	18	24,709
Other payables and accruals	19	91,880
Lease liabilities	12	1,765
Deferred tax liabilities		474
Income tax payable		181
Total current liabilities		**119,009**
NET CURRENT ASSETS		**(1,624)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,943**
NON-CURRENT LIABILITIES		
Lease liabilities	12	22,274
Total non-current liabilities		**22,274**
Total liabilities		**141,283**
Net assets		**24,669**
EQUITY		
Equity attributable to owners of the parent		
Paid-in capital	21	10,000
Other reserves		14,669
Total equity		**24,669**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Yiwu Sanxitang TCM Chain Co., Ltd. ("SXT Pharmacies") was a limited liability company established in Yiwu City, Zhejiang Province of the People's Republic of China (the "PRC") on 19 November 2002. The registered office of SXT Pharmacies is Level 6, 365 Yidong Road, Jiangdong Street, Yiwu City, Zhejiang Province, China.

In the opinion of the directors, the controlling shareholders during the Relevant Period were Mr. Zhu Zhibiao and Ms. Pan Songqin.

The principal activity of SXT Pharmacies Group is the sale of healthcare products.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by SXT Pharmacies Group in the preparation of the Historical Financial Information throughout the Relevant Period.

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

(c) SXT Pharmacies Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

SXT Pharmacies Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the financial statements. SXT Pharmacies Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[3]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]

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

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2026

So far, SXT Pharmacies Group has expected that other revised HKFRSs will not have a significant effect on SXT Pharmacies Group's financial performance and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Impairment of non-financial assets

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

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

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

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

Related parties

A party is considered to be related to SXT Pharmacies Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over SXT Pharmacies Group;

(ii) has significant influence over SXT Pharmacies Group; or

(iii) is a member of the key management personnel of SXT Pharmacies Group or of a parent of SXT Pharmacies Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and SXT Pharmacies Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and SXT Pharmacies Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either SXT Pharmacies Group or an entity related to SXT Pharmacies Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to SXT Pharmacies Group or to the parent of SXT Pharmacies Group.

Property, plant and equipment and depreciation

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

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

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

Buildings	30 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life
Machinery	5 years
Motor vehicles	5 years
Office equipment	5 to 8 years

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

Leases

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

SXT Pharmacies Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Buildings	2 to 15 years

(b) Lease liabilities

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

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

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

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

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

SXT Pharmacies Group as a lessor

When SXT Pharmacies Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which SXT Pharmacies Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

When SXT Pharmacies Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which SXT Pharmacies Group applies the on-balance sheet recognition exemption, SXT Pharmacies Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

When SXT Pharmacies Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, SXT Pharmacies Group continues to recognise the transferred asset to the extent of SXT Pharmacies Group's continuing involvement. In that case, SXT Pharmacies Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that SXT Pharmacies Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that SXT Pharmacies Group could be required to repay.

Impairment of financial assets

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

General approach

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

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

SXT Pharmacies Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, SXT Pharmacies Group may also consider a financial asset to be in default when internal or external information indicates that SXT Pharmacies Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by SXT Pharmacies Group.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

SXT Pharmacies Group's financial liabilities include trade payables, other payables and accruals, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which SXT Pharmacies Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) decoction and medication, and iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the respective service is transferred at a point in time, i.e., upon completion of the respective service. SXT Pharmacies Group has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

(b) Sale of healthcare products

Revenue from the sale of healthcare products is recognised at the point in time when control of the product is transferred to the customer.

Other income

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

Contract liabilities

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

Other employee benefits

Pension scheme

The employees of SXT Pharmacies Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. SXT Pharmacies and these subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

SXT Pharmacies Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type).

The provision matrix is initially based on SXT Pharmacies Group's historical observed default rates. SXT Pharmacies Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. SXT Pharmacies Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on SXT Pharmacies Group's trade receivables is disclosed in note 15 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

SXT Pharmacies Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets were disclosed in note 11, 12 and 13 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 20 to the Historical Financial Information.

4. REVENUE

An analysis of revenue is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Revenue from contracts with customers	36,143	46,502

Revenue from contracts with customers

(a) Disaggregated revenue information

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Types of goods or services		
Sale of healthcare products	28,543	39,239
Provision of TCM healthcare services	7,600	7,263
Total revenue from contracts with customers	36,143	46,502
Timing of revenue recognition		
Goods and services transferred at a point in time	36,143	46,502

The following table shows the amounts of revenue recognised in the Relevant Period that were included in the contract liabilities at the beginning of the Relevant Period and recognised from performance obligations satisfied in previous periods:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:		
Sale of healthcare products	3,395	3,768

(b) Performance obligations

Information about SXT Pharmacies Group's performance obligations is summarised below:

Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: (i) consultation, diagnosis and prescription, (ii) decoction and medication, and (iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the services is transferred at a point in time, i.e., upon completion of the services. SXT Pharmacies Group has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

Sale of healthcare products

Revenue from the sale of healthcare products is recognised at the point in time when control of the product is transferred to the customer and the customer has full discretion to use the healthcare products, and there is no unfulfilled obligation that could affect the customers' acceptance of the healthcare products.

5. OTHER INCOME AND GAINS

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Rental income	283	234
Gain on disposal of a subsidiary	–	262
Government grants*	–	24
Gain on disposal of items of property, plant and equipment	47	–
Bank interest income	7	14
Others	59	16
	396	550

* There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Interest on interest-bearing borrowings	1,247	1,193
Interest on lease liabilities	674	649
	1,921	1,842

7. PROFIT BEFORE TAX

SXT Pharmacies Group's profit before tax is arrived at after charging/(crediting):

		Five months ended 31 May	
	Notes	2021	2022
		RMB'000 *(unaudited)*	*RMB'000*
Cost of inventories sold		16,478	23,603
Depreciation of property, plant and equipment	*11*	879	839
Depreciation of right-of-use assets	*12*	669	697
Amortisation of other intangible assets	*13*	50	101
Gain on disposal of items of property, plant and equipment	*5*	(47)	–
Lease payments not included in the measurement of lease liabilities	*12(c)*	537	48
Employee benefit expense (including directors' remuneration)			
Wages, salaries, bonuses and allowances		2,860	4,042
Pension scheme contributions and social welfare		120	212
		2,980	4,254

8. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, SXT Pharmacies Group and its subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on their respective taxable income.

The income tax expense of SXT Pharmacies Group for the Relevant Period is analysed as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Current income tax	676	831
Deferred income tax	347	514
Total	1,023	1,345

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which SXT Pharmacies Group and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Profit before tax	6,370	6,001
Tax at the statutory tax rate *(25%)*	1,593	1,500
Income not subject to tax	(570)	(155)
Tax charge at SXT Pharmacies Group's effective rate	1,023	1,345

9. DIVIDENDS

Dividends paid or declared by SXT Pharmacies Group in respect of the Relevant Period are recorded as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Dividends declared to shareholders	–	78,001

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

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information of SXT Pharmacies Group, is not considered meaningful.

11. PROPERTY, PLANT AND EQUIPMENT

SXT Pharmacies Group

	Leasehold improvements	Buildings	Machinery	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2022						
At 1 January 2022:						
Cost	1,380	31,196	828	3,649	1,652	38,705
Accumulated depreciation	(328)	(11,731)	(627)	(2,280)	(1,316)	(16,282)
Net carrying amount	1,052	19,465	201	1,369	336	22,423
At 1 January 2022, net of accumulated depreciation	1,052	19,465	201	1,369	336	22,423
Additions	–	–	–	24	–	24
Disposals	–	–	(78)	(40)	–	(118)
Depreciation provided during the period	(58)	(617)	(20)	(115)	(29)	(839)
At 31 May 2022, net of accumulated depreciation and impairment	994	18,848	103	1,238	307	21,490
At 31 May 2022:						
Cost	1,380	31,196	658	3,579	1,652	38,465
Accumulated depreciation	(386)	(12,348)	(555)	(2,341)	(1,345)	(16,975)
Net carrying amount	994	18,848	103	1,238	307	21,490

SXT Pharmacies

	Leasehold improvements	Buildings	Machinery	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2022						
At 1 January 2022:						
Cost	23	31,196	636	3,321	1,652	36,828
Accumulated depreciation	(11)	(11,731)	(560)	(1,997)	(1,316)	(15,615)
Net carrying amount	12	19,465	76	1,324	336	21,213
At 1 January 2022, net of accumulated depreciation	12	19,465	76	1,324	336	21,213
Additions	–	–	–	24	–	24
Disposals	–	–	(2)	(14)	–	(16)
Depreciation provided during the period	(1)	(617)	(11)	(92)	(29)	(750)
At 31 May 2022, net of accumulated depreciation and impairment	11	18,848	63	1,242	307	20,471
At 31 May 2022:						
Cost	23	31,196	553	3,300	1,648	36,720
Accumulated depreciation	(12)	(12,348)	(490)	(2,058)	(1,341)	(16,249)
Net carrying amount	11	18,848	63	1,242	307	20,471

12. LEASES

SXT Pharmacies Group as a lessee

(a) Right-of-use assets

The carrying amounts of SXT Pharmacies Group's right-of-use assets and the movements during the Relevant Period are as follows:

	Buildings
	RMB'000
31 May 2022	
At 1 January 2022	14,482
New leases	7,440
Lease modification	(2,437)
Depreciation charge	(697)
At 31 May 2022	18,788

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Period are as follows:

	31 May 2022
	RMB'000
Carrying amount at beginning of period	21,762
New leases	7,440
Lease modification	(2,437)
Accretion of interest recognised during the period	649
Payments	(3,171)
Carrying amount at end of period	24,243
Analysed into:	
Current portion	1,807
Non-current portion	22,436

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

	Five months ended 31 May	
	2021	2022
	RMB'000 (unaudited)	*RMB'000*
Interest on lease liabilities	674	649
Depreciation charge of right-of-use assets	669	697
Expense relating to short term leases	537	48
Gain on lease modification	–	–
Total amount recognised in profit or loss	1,880	1,394

SXT Pharmacies as a lessee

(a) Right-of-use assets

The carrying amounts of SXT Pharmacies Group's right-of-use assets and the movements during the Relevant Period are as follows:

	Buildings
	RMB'000
31 May 2022	
At 1 January 2022	14,285
New leases	7,413
Lease modification	(2,437)
Depreciation charge	(692)
At 31 May 2022	18,569

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Period are as follows:

	31 May 2022
	RMB'000
Carrying amount at beginning of period	21,543
New leases	7,413
Lease modification	(2,437)
Accretion of interest recognised during the period	642
Payments	(3,122)
Carrying amount at end of period	24,039
Analysed into:	
Current portion	1,765
Non-current portion	22,274

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

	Five months ended 31 May	
	2021	2022
	RMB'000 (*unaudited*)	*RMB'000*
Interest on lease liabilities	667	642
Depreciation charge of right-of-use assets	669	692
Expense relating to short term leases	92	13
Total amount recognised in profit or loss	1,428	1,347

13. OTHER INTANGIBLE ASSETS

	Software
	RMB'000
31 May 2022	
At 1 January 2022:	
Cost	974
Accumulated amortisation	(791)
Net carrying amount	183
Cost at 1 January 2022, net of accumulated amortisation	183
Addition	14
Disposal	(14)
Amortisation provided during the period	(101)
At 31 May 2022	82
At 31 May 2022:	
Cost	971
Accumulated amortisation	(889)
Net carrying amount	82

14. INVENTORIES

SXT Pharmacies Group

	31 May 2022
	RMB'000
Pharmaceuticals, consumables and packaging materials	24,218

SXT Pharmacies

	31 May 2022
	RMB'000
Pharmaceuticals, consumables and packaging materials	22,893

15. TRADE RECEIVABLES

SXT Pharmacies Group

	31 May 2022
	RMB'000
Trade receivables	11,150

SXT Pharmacies Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 May 2022, based on the invoice date, is as follows:

	31 May 2022
	RMB'000
Within 1 year	8,665
1 to 2 years	2
2 to 3 years	316
Over 3 years	2,167
	11,150

An impairment analysis is performed at each reporting date of the Relevant Period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at each reporting date of the Relevant Period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on SXT Pharmacies Group's trade receivables using a provision matrix:

As at 31 May 2022

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	8,665	2	316	2,167	11,150
Expected credit losses	–	–	–	–	–

SXT Pharmacies

	31 May 2022
	RMB'000
Trade receivables	13,943

An ageing analysis of the trade receivables as at 31 May 2022, based on the invoice date, is as follows:

	31 May 2022
	RMB'000
Within 1 year	7,870
1 to 2 years	2
2 to 3 years	902
Over 3 years	5,169
	13,943

Set out below is the information about the credit risk exposure on SXT Pharmacies Group's trade receivables using a provision matrix:

As at 31 May 2022

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount	7,870	2	902	5,169	13,943
Expected credit losses	–	–	–	–	–

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

SXT Pharmacies Group

	31 May 2022
	RMB'000
Current portion	
Deposits and other receivables *(i)*	25,985
Prepayments	1,150
	27,135
Non-current portion	
Lease receivables	7,365
	7,365
	34,500

(i) As disclosed in Note II.23, the balances of deposit and other receivables of SXT Pharmacies Group included amount due from its fellow subsidiaries of RMB16,992,000 as of 31 May 2022. Deposits mainly represent deposits with suppliers.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

SXT Pharmacies

	31 May 2022
	RMB'000
Current portion	
Deposits and other receivables	22,840
Prepayments	1,091
	23,931
Non-current portion	
Lease receivables	7,365
	7,365
	31,296

17. CASH AND CASH EQUIVALENTS

SXT Pharmacies Group

	31 May 2022
	RMB'000
Cash and bank balances	61,097

SXT Pharmacies

	31 May 2022
	RMB'000
Cash and bank balances	56,618

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, SXT Pharmacies Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash and bank balances earn interest at floating rates based on daily bank deposit rates.

The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 May 2022, based on the invoice date, is as follows:

SXT Pharmacies Group

	31 May 2022
	RMB'000
Within 1 year	25,898
1 to 2 years	60
2 to 3 years	32
Over 3 years	562
	26,552

SXT Pharmacies

	31 May 2022
	RMB'000
Within 1 year	24,055
1 to 2 years	60
2 to 3 years	32
Over 3 years	562
	24,709

19. OTHER PAYABLES AND ACCRUALS

Other payables and accruals are detailed as follows:

SXT Pharmacies Group

		31 May 2022
		RMB'000
Other payables	*(i)*	58,808
Amounts due to controlling shareholders		10,753
Other tax payable		15,701
Contract liabilities	*(ii)*	5,096
Payroll and welfare payables		2,797
		93,155

(i) As disclosed in Note II.23, the balances of other payables of SXT Pharmacies Group included amount due to its fellow subsidiary of RMB53,684,000 as of 31 May 2022. Other payables are non-interest-bearing.

(ii) Contract liabilities include short-term advances received for the sale of healthcare products.

SXT Pharmacies

	31 May 2022
	RMB'000
Other payables	59,227
Amounts due to controlling shareholders	10,753
Other tax payable	14,598
Contract liabilities	5,096
Payroll and welfare payables	2,206
	91,880

20. DEFERRED TAX

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

Deferred tax liabilities

	Right-of-use assets	Lease receivables	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	3,621	1,783	5,404
Deferred tax charged to profit or loss during the period *(note 8)*	1,076	58	1,134
At 31 May 2022	4,697	1,841	6,538

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2022	5,441
Deferred tax credited to profit or loss during the period *(note 8)*	620
At 31 May 2022	6,061

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

	31 May 2022
	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,061
Net deferred tax liabilities recognised in the consolidated statement of financial position	(6,538)
	(477)

21. PAID-IN CAPITAL

	31 May 2022
	RMB'000
Issued and fully paid	10,000

22. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

SXT Pharmacies Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,440,000 during the five months ended 31 May 2022, in respect of lease arrangements for buildings.

SXT Pharmacies Group declared dividend of RMB78,001,000 to shareholders during the five months ended 31 May 2022, which was settled with amount due from controlling shareholders.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank and other borrowings
	RMB'000	*RMB'000*
At 1 January 2022	21,762	60,000
New leases	7,440	–
Changes from financing cash flows	(3,171)	(61,193)
Disposals	(2,437)	–
Interest expenses	649	1,193
At 31 May 2022	24,243	–

(c) Total cash outflows for leases

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

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Within operating activities	537	48
Within financing activities	2,454	3,171
	2,991	3,219

23. RELATED PARTY TRANSACTIONS

(1) Name and relationship of related parties

Name	Relationship
Sanxitang TCM Healthcare Hospital Co., Ltd.	Fellow subsidiary
Yiwu Sanxitang Agricultural Development Co., Ltd.	Fellow subsidiary
Zhejiang Sanxi Yutai Biotechnology Co., Ltd.	Fellow subsidiary

(2) Significant related party transactions with related parties

In addition to the transactions detailed elsewhere in the Historical Financial Information, the following transactions were carried out with related parties during the Relevant Period:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Fellow subsidiaries:		
Purchases of goods		
Zhejiang Sanxi Yutai Biotechnology Co., Ltd.	483	–
Sale of products and provision of services		
Sanxitang TCM Healthcare Hospital Co., Ltd.	94	176

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed periods.

(3) Outstanding balances with related parties

	31 May 2022
	RMB'000
Due to related parties	
Trade in nature	
Fellow subsidiary	
Zhejiang Sanxi Yutai Biotechnology Co., Ltd.	36
Non-trade in nature	
Fellow subsidiary	
Sanxitang TCM Healthcare Hospital Co., Ltd.	53,684
Due from related parties	
Non-trade in nature	
Fellow subsidiaries	
Sanxitang TCM Healthcare Hospital Co., Ltd.	16,992

24. EVENTS AFTER THE REPORTING PERIOD

SXT Pharmacies Group has no significant subsequent events since May 31, 2022 need to be disclosed.

EY 安永

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ACCOUNTANTS' REPORT ON SANXITANG TCM HEALTHCARE HOSPITAL CO., LTD. ("SXT HOSPITAL") TO THE DIRECTORS OF BEIJING TONG REN TANG HEALTHCARE INVESTMENT CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on Sanxitang TCM Healthcare Hospital Co., Ltd. ("SXT Hospital") set out on pages IC-3 to IC-22, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of SXT Hospital for the five months ended 31 May 2022 (the "Relevant Period"), and the statements of financial position of SXT Hospital as at 31 May 2022 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IC-3 to IC-22 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 March 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of SXT Hospital as at 31 May 2022 and of the financial performance and cash flows of SXT Hospital for the Relevant Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of SXT Hospital which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of SXT Hospital are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IC-3 have been made.

Dividends

We refer to note 9 to the Historical Financial Information which contains information about the dividends paid by SXT Hospital in respect of the Relevant Period.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2026

I. HISTORICAL FINANCIAL INFORMATION OF SXT HOSPITAL

Preparation of Historical Financial Information

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

The financial statements of SXT Hospital for the Relevant Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by Hong Kong Institute of Certified Public Accountants ("the HKICPA") (the "Underlying Financial Statements").

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Five months ended 31 May	
	Notes	**2021**	**2022**
		RMB'000 *(unaudited)*	*RMB'000*
REVENUE	*4*	58,657	61,686
Cost of sales		(39,077)	(45,343)
Gross profit		19,580	16,343
Other income and gains	*5*	82	497
Selling and distribution expenses		(1,747)	(3,406)
Administrative expenses		(4,157)	(5,442)
Finance costs	*6*	(1,190)	(1,625)
Other expenses		(156)	(290)
PROFIT BEFORE TAX	*7*	12,412	6,077
Income tax expense	*8*	(3,103)	(1,521)
PROFIT FOR THE PERIOD		9,309	4,556
Attributable to:			
Owners of the parent		9,309	4,556
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,309	4,556
Attributable to:			
Owners of the parent		9,309	4,556

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 May 2022
		RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	*11*	8,572
Right-of-use assets	*12*	49,828
Other intangible assets	*13*	152
Deferred tax assets	*20*	248
Total non-current assets		**58,800**
CURRENT ASSETS		
Inventories	*14*	3,104
Trade receivables	*15*	23,341
Prepayments, other receivables, and other assets	*16*	55,056
Cash and cash equivalents	*17*	29,297
Total current assets		**110,798**
Total assets		**169,598**
CURRENT LIABILITIES		
Trade payables	*18*	22,227
Other payables and accruals	*19*	70,377
Lease liabilities	*12*	1,681
Income tax payable		1,775
Total current liabilities		**96,060**
NET CURRENT ASSETS		**14,738**
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,538**
NON-CURRENT LIABILITIES		
Lease liabilities	*12*	49,140
Total non-current liabilities		**49,140**
Total liabilities		**145,200**
Net assets		**24,398**
EQUITY		
Equity attributable to owners of the parent		
Paid-in capital	*21*	6,000
Other reserves		18,398
Total equity		**24,398**

STATEMENTS OF CHANGES IN EQUITY

Period from 1 January 2021 to 31 May 2021

	Paid-in capital	Statutory surplus reserve*	Retained earnings*	Total
	RMB'000 *(note 21)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021 (unaudited)	6,000	3,000	105,311	114,311
Profit for the period (unaudited)	–	–	9,309	9,309
At 31 May 2021 (unaudited)	6,000	3,000	114,620	123,620

Period from 1 January 2022 to 31 May 2022

	Paid-in capital	Statutory surplus reserve*	Retained earnings*	Total
	RMB'000 *(note 21)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	6,000	3,000	134,697	143,697
Profit for the period	–	–	4,556	4,556
Dividend declared to shareholders	–	–	(123,855)	(123,855)
At 31 May 2022	6,000	3,000	15,398	24,398

* These reserve accounts comprise the other reserves of RMB18,398,000 during the period from 1 January to 31 May of 2022.

STATEMENTS OF CASH FLOWS

	Notes	Five months ended 31 May 2021	2022
		RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		12,412	6,077
Adjustments for:			
Finance costs	*6*	1,190	1,625
Interest income	*5*	(10)	(22)
Depreciation of property, plant and equipment	*7,11*	1,443	1,637
Depreciation of right-of-use assets	*7,12*	641	1,377
Amortisation of intangible assets	*7,13*	22	33
Loss on disposal of property, plant and equipment	*7*	–	10
		15,698	10,737
Decrease in inventories		723	171
(Increase)/decrease in trade receivables		267	(2,111)
(Increase)/decrease in prepayments, other receivables and other assets		(19,784)	18,291
Increase in trade payables		1,361	1,051
Increase in other payables and accruals		32,223	18,702
Cash generated from operations		30,488	46,841
Interest received		10	22
Income tax paid		(8,348)	(3,919)
Net cash flows from operating activities		22,150	42,944
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(172)	(440)
Proceeds from disposal of items of property, plant and equipment		881	1
Purchases of other intangible assets		–	(30)
Net cash flows (used in)/from investing activities		709	(469)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		(31,000)	(27,000)
Lease payments	*12*	(947)	(1,866)
Interest paid		(686)	(623)
Net cash flows used in financing activities		(32,633)	(29,489)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(9,774)**	**12,986**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**11,141**	**16,311**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**1,367**	**29,297**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sanxitang TCM Healthcare Hospital Co., Ltd. ("SXT Hospital") was a limited liability company incorporated in Yiwu City, Zhejiang Province of the People's Republic of China (the "PRC") on 28 December 2015. The registered office of SXT Hospital is 365 Yidong Road, Jiangdong Street, Yiwu City, Zhejiang Province, China.

In the opinion of the directors, the controlling shareholders during the Relevant Period were Mr. Zhu Zhibiao and Ms. Pan Songqin.

The principal activity of SXT Hospital is the provision of TCM healthcare services.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by SXT Hospital in the preparation of the Historical Financial Information throughout the Relevant Period.

The Historical Financial Information has been prepared under the historical cost convention.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSS

SXT Hospital has not applied the following revised HKFRSs, that have been issued but are not yet effective, in the financial statements. SXT Hospital intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[1]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Annual Improvements to HKFRS Accounting Standards – Volume 11	*Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7*[3]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]

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

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2026

So far, SXT Hospital has expected that other revised HKFRSs will not have a significant effect on SXT Hospital's financial performance and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Impairment of non-financial assets

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

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

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

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

Related parties

A party is considered to be related to SXT Hospital if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over SXT Hospital;

(ii) has significant influence over SXT Hospital; or

(iii) is a member of the key management personnel of SXT Hospital or of a parent of SXT Hospital;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and SXT Hospital are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and SXT Hospital are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either SXT Hospital or an entity related to SXT Hospital;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to SXT Hospital or to the parent of SXT Hospital.

Property, plant and equipment and depreciation

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

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

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

Buildings	30 years
Leasehold improvements	Shorter of remaining lease term or estimated useful life
Machinery	5 years
Motor vehicles	5 years
Office equipment	5 to 8 years

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

Leases

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

SXT Hospital as a lessee

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

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Buildings	2 to 15 years

(b) *Lease liabilities*

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

When SXT Hospital has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, SXT Hospital continues to recognise the transferred asset to the extent of SXT Hospital's continuing involvement. In that case, SXT Hospital also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that SXT Hospital has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that SXT Hospital could be required to repay.

Impairment of financial assets

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

General approach

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

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

SXT Hospital considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, SXT Hospital may also consider a financial asset to be in default when internal or external information indicates that SXT Hospital is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by SXT Hospital.

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

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

SXT Hospital's financial liabilities include trade payables, other payables and accruals, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which SXT Hospital will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) decoction and medication, and iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the respective service is transferred at a point in time, i.e., upon completion of the respective service. SXT Hospital has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

Other income

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

Contract liabilities

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

Other employee benefits

Pension scheme

The employees of SXT Hospital's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. SXT Hospital and these subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

SXT Hospital uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type).

The provision matrix is initially based on SXT Hospital's historical observed default rates. SXT Hospital will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. SXT Hospital's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on SXT Hospital's trade receivables is disclosed in note 15 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

SXT Hospital assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of non-financial assets were disclosed in note 11, 12 and 13 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 20 to the Historical Financial Information.

4. REVENUE

An analysis of revenue is as follows:

	Five months ended 31 May	
	2021	**2022**
	RMB'000 *(unaudited)*	*RMB'000*
Revenue from contracts with customers	58,657	61,686

Revenue from contracts with customers

(a) Disaggregated revenue information

	Five months ended 31 May	
	2021	**2022**
	RMB'000 *(unaudited)*	*RMB'000*
Type of services		
Provision of TCM healthcare services	58,657	61,686
Timing of revenue recognition		
Goods and services transferred at a point in time	58,657	61,686

The following table shows the amounts of revenue recognised in the Relevant Period that were included in the contract liabilities at the beginning of the Relevant Period and recognised from performance obligations satisfied in previous periods:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:		
Provision of TCM healthcare services	2,780	2,160

(b) ***Performance obligations***

Information about SXT Hospital's performance obligations is summarised below:

Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: (i) consultation, diagnosis and prescription, (ii) decoction and medication, and (iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the respective service is transferred at a point in time, i.e. upon completion of the respective service. SXT Hospital has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

5. OTHER INCOME AND GAINS, NET

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Bank interest income	10	22
Government grants*	72	83
Loss on disposal of items of property, plant and equipment, net	–	(10)
Others	–	402
	82	497

* There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Interest on interest-bearing borrowings	561	454
Interest on lease liabilities	504	1,002
Guarantee fees	125	169
	1,190	1,625

7. PROFIT BEFORE TAX

SXT Hospital's profit before tax is arrived at after charging:

	Notes	Five months ended 31 May	
		2021	2022
		RMB'000 *(unaudited)*	*RMB'000*
Cost of inventories sold		5,512	7,057
Depreciation of property, plant and equipment	*11*	1,443	1,637
Depreciation of right-of-use assets	*12*	641	1,377
Amortisation of other intangible assets	*13*	22	33
Loss on disposal of items of property, plant and equipment	*5*	–	10
Lease payments not included in the measurement of lease liabilities	*12(c)*	3	8
Employee benefit expense (including directors' remuneration):			
Wages, salaries, bonuses and allowances		17,168	19,537
Pension scheme contributions and social welfare		591	540
		17,759	20,077

8. INCOME TAX

SXT Hospital is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which SXT Hospital is domiciled and operate.

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, SXT Hospital is subject to income tax at a rate of 25% on their respective taxable income.

The income tax expense of SXT Hospital for the Relevant Period is analysed as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Current income tax	3,153	1,649
Deferred income tax	(50)	(128)
Total	3,103	1,521

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which SXT Hospital is domiciled to the tax expense at the effective tax rate is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Profit before tax	12,412	6,077
Tax at the statutory tax rate (25%)	3,103	1,519
Expenses not deductible for tax	–	2
Tax charge at SXT Hospital's effective rate	3,103	1,521

9. DIVIDENDS

Dividends paid or declared by SXT Hospital in respect of the Relevant Period are recorded as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Dividends declared to shareholders	–	123,855

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

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information of SXT Hospital, is not considered meaningful.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Machinery	Office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2022					
At 1 January 2022:					
Cost	1,241	19,082	4,495	2,138	26,956
Accumulated depreciation	(430)	(12,116)	(2,616)	(2,014)	(17,176)
Net carrying amount	811	6,966	1,879	124	9,780
At 1 January 2022, net of accumulated depreciation	811	6,966	1,879	124	9,780
Additions	–	425	15	–	440
Disposals	–	–	(11)	–	(11)
Depreciation provided during the period	(148)	(1,187)	(291)	(11)	(1,637)
At 31 May 2022, net of accumulated depreciation and impairment	663	6,204	1,592	113	8,572
At 31 May 2022:					
Cost	1,241	19,507	4,499	2,138	27,385
Accumulated depreciation and impairment	(578)	(13,303)	(2,907)	(2,025)	(18,813)
Net carrying amount	663	6,204	1,592	113	8,572

12. LEASES

(a) Right-of-use assets

The carrying amounts of SXT Hospital's right-of-use assets and the movements during the Relevant Period are as follows:

	Buildings
	RMB'000
31 May 2022	
At 1 January 2022	23,473
New leases	27,732
Depreciation charge	(1,377)
At 31 May 2022	49,828

(b) Lease liabilities

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

	31 May 2022
	RMB'000
Carrying amount at beginning of period	23,953
New leases	27,732
Accretion of interest recognised during the period	1,002
Payments	(1,866)
Carrying amount at end of period	50,821
Analysed into:	
Current portion	1,681
Non-current portion	49,140

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

	Five months ended 31 May	
	2021	**2022**
	RMB'000 *(unaudited)*	*RMB'000*
Interest on lease liabilities	504	1,002
Depreciation charge of right-of-use assets	641	1,377
Expense relating to short-term leases	3	8
Total amount recognised in profit or loss	1,148	2,387

(d) The total cash outflow for lease is disclosed in note 22 to the financial statement of SXT Hospital.

13. OTHER INTANGIBLE ASSETS

	Software
	RMB'000
31 May 2022	
At 1 January 2022, net of accumulated amortisation	155
Addition	30
Amortisation provided during the period	(33)
At 31 May 2022, net of accumulated amortisation	152
At 31 May 2022:	
Cost	384
Accumulated amortisation	(232)
Net carrying amount	152

14. INVENTORIES

	31 May 2022
	RMB'000
Pharmaceuticals, consumables and packaging materials	3,104

15. TRADE RECEIVABLES

	31 May 2022
	RMB'000
Trade receivables	23,341

SXT Hospital seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

An ageing analysis of the trade receivables as at 31 May 2022, based on the invoice date, is as follows:

	31 May 2022
	RMB'000
Within 1 year	21,177
1 year to 2 years	2,164
	23,341

An impairment analysis is performed at each reporting date of the Relevant Period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at each reporting date of Relevant Period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on SXT Hospital's trade receivables using a provision matrix:

As at 31 May 2022	Less than 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0%	0%	0%	0%
Gross carrying amount	21,177	2,164	–	23,341
Expected credit losses	–	–	–	–

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 May 2022
	RMB'000
Current portion	
Deposits and other receivables	54,104
Prepayments	952
	55,056

Deposits mainly represent rental deposits and deposits with suppliers.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

17. CASH AND CASH EQUIVALENTS

	31 May 2022
	RMB'000
Cash and bank equivalents	29,297

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

18. TRADE PAYABLES

An ageing analysis of the trade payables as at 31 May 2022, based on the invoice date, is as follows:

	31 May 2022
	RMB'000
Within 1 year	21,923
2 years to 3 years	190
Over 3 years	114
	22,227

19. OTHER PAYABLES AND ACCRUALS

Other payables and accruals are detailed as follows:

		31 May 2022
		RMB'000
Other payables	*(i)*	18,060
Amounts due to a controlling shareholder		21,550
Salaries and welfare payables		2,519
Other tax payable		24,771
Contract liabilities	*(ii)*	3,477
		70,377

(i) As disclosed in Note II.23, the balances of other payables of SXT Hospital included amount due to its fellow subsidiary of RMB16,992,000 as of 31 May 2022. Other payables are non-interest-bearing.

(ii) Contract liabilities include short-term advances received for TCM healthcare services.

20. DEFERRED TAX

The movements in deferred tax assets during the Relevant Period are as follows:

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2022	5,868
Deferred tax charged to profit or loss during the period (note 8)	6,589
At 31 May 2022	12,457

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2022	5,988
Deferred tax credited to profit or loss during the period (note 8)	6,717
At 31 May 2022	12,705

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

	31 May 2022
	RMB'000
Net deferred tax assets recognised in the statement of financial position	12,705
Net deferred tax liabilities recognised in the statement of financial position	(12,457)
	248

21. PAID-IN CAPITAL

	31 May 2022
	RMB'000
Issue and fully paid	6,000

22. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

SXT Hospital had non-cash additions to right-of-use assets and lease liabilities of RMB27,732,000 during the period from 1 January to 31 May of 2022 in respect of lease arrangements for buildings.

SXT Hospital declared dividend of RMB123,855,000 to shareholders during the period from 1 January to 31 May of 2022, which was settled with amount due from a controlling shareholder.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank and other borrowings
	RMB'000	*RMB'000*
At 1 January 2022	23,953	27,000
New leases	27,732	–
Changes from financing cash flows	(1,866)	(27,454)
Interest expenses	1,002	454
At 31 May 2022	50,821	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Within financing activities	947	1,866
Within operating activities	3	8
	950	1,874

23. RELATED PARTY TRANSACTIONS

(1) Name and relationship of a related party

Name	Relationship
Yiwu Sanxitang TCM Chain Co., Ltd.	Fellow subsidiary

(2) Significant related party transactions with related parties

In addition to the transactions detailed elsewhere in the historical financial information, the following transaction was carried out with a related party during the Relevant Period:

	Five months ended 31 May	
	2021	2022
	RMB'000 *(unaudited)*	*RMB'000*
Fellow subsidiary:		
Trade in nature		
Purchase of goods		
Yiwu Sanxitang TCM Chain Co., Ltd.	94	176

The above transaction was charged in accordance with the terms of the underlying agreement which, in the opinion of the directors, was determined with reference to the market price at the prescribed period.

(3) Outstanding balances with a related party

	31 May 2022
	RMB'000
Due to a related party	
Non-trade in nature	
Fellow subsidiary:	
Yiwu Sanxitang TCM Chain Co., Ltd.	16,992
Due from a related party	
Non-trade in nature	
Fellow subsidiary:	
Yiwu Sanxitang TCM Chain Co., Ltd.	53,684

24. EVENTS AFTER THE REPORTING PERIOD

SXT Hospital has no significant subsequent events since May 31, 2022 need to be disclosed.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, the reporting accountants of the Company, as set forth in Appendix IA to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this document and the "Accountants' Report" set forth in Appendix IA to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

	Consolidated net tangible assets of the Group attributable to owners of the parent as at September 30, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent as at September 30, 2025	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as at September 30, 2025	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$7.30 per Share	236,290	654,660	890,950	1.91	2.17
Based on an Offer Price of HK$7.80 per Share	236,290	700,680	936,970	2.01	2.28
Based on an Offer Price of HK$8.30 per Share	236,290	746,700	982,990	2.11	2.40

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the parent as at September 30, 2025 was equal to the consolidated net assets attributable to owners of the parent as at September 30, 2025 of RMB543.0 million after deducting goodwill of RMB263.4 million and intangible assets of RMB43.3 million as at September 30, 2025, as shown in the Accountants' Report set out in Appendix IA to this prospectus.

(2) The estimated net proceeds from the Global Offering are calculated based on estimated offer prices of HK$7.30 per Share or HK$8.30 per Share, being the low-end price and high-end price, after deduction of the underwriting fees and related expenses paid or payable by the Company (excluding the listing expenses charged to consolidated statements of profit or loss during the Track Record Period).

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are calculated based on 465,362,049 Shares in issue immediately following the completion of the Global Offering.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share are converted into Hong Kong dollars at an exchange rate of RMB0.88196 to HK$1.00.

(5) No adjustment has been made to reflect any trading results or open transactions of the Group entered into subsequent to September 30, 2025.

(6) The Group's property interests including property, plant and equipment and land use rights (which is accounted for as right-of-use assets) as at January 31, 2026 have been valued by Valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer. The above unaudited pro forma statement of adjusted net tangible liabilities does not take into account the surplus arising from the revaluation of the Group's property interests amounting to approximately RMB58.3 million. Revaluation surplus has not been recorded in the historical financial information of the Group and will not be recorded in the consolidated financial statements of the Group in future periods as the Group's property, plant and equipment and right-of-use assets are stated at cost less accumulated depreciation and impairment losses, if any. If the revaluation surplus were recorded in the Group's consolidated financial statements, additional annual depreciation of property, plant and equipment and right-of-use assets of approximately RMB2.9 million would be charged against the profit or loss in future periods.

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B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Beijing Tong Ren Tang Healthcare Investment Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 September 2025, and related notes as set out on page IIA-1 of the prospectus dated 20 March 2026 issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in page IIA-1 of the prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 September 2025 as if the transaction had taken place at 30 September 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 September 2025, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong
20 March 2026

*The following is the preliminary financial information of our Group as of and for the year ended December 31, 2025 (the "**2025 Preliminary Financial Information**"), together with comparative figures as of and for the year ended December 31, 2024 and a discussion and analysis of our Group's financial condition and results of operations. The 2025 Preliminary Financial Information has not been audited. Investors should bear in mind that the 2025 Preliminary Financial Information in this Appendix IIB may be subject to adjustments.*

2025 PRELIMINARY FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2025**	**2024**
		RMB'000	*RMB'000*
REVENUE	2	1,171,315	1,175,118
Cost of sales		(949,507)	(952,621)
Gross profit		221,808	222,497
Other income and gains/(losses), net		1,928	28,653
Selling and distribution expenses		(18,885)	(23,281)
Administrative expenses		(138,359)	(150,651)
Impairment losses on financial assets, net		(639)	440
Other expenses		(4,724)	(2,114)
Finance costs		(12,976)	(14,282)
Share of profits of associates		96	113
PROFIT BEFORE TAX		48,249	61,375
Income tax expense	3	(14,499)	(15,178)
PROFIT FOR THE YEAR		33,750	46,197
Attributable to:			
Owners of the parent		27,477	36,861
Non-controlling interests		6,273	9,336
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		33,750	46,197
Attributable to:			
Owners of the parent		27,477	36,861
Non-controlling interests		6,273	9,336
		33,750	46,197
Earnings per share attributable to ordinary equity holders of the Company			
Basic and diluted (RMB)	5	0.08	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2025**	**2024**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		307,426	324,959
Right-of-use assets		182,819	179,328

	Notes	As at 31 December 2025	As at 31 December 2024
		RMB'000	RMB'000
Goodwill		263,438	263,438
Other intangible assets		45,041	45,461
Investments in associates		16,941	16,845
Deferred tax assets		8,981	7,029
Prepayments, deposits and other receivables		5,842	2,589
Total non-current assets		**830,488**	**839,649**
CURRENT ASSETS			
Inventories		84,774	82,474
Trade receivables	6	82,616	107,707
Prepayments, other receivables, and other assets		35,167	29,802
Financial assets at fair value through profit or loss		57,347	7,744
Cash and cash equivalents		287,699	296,732
Restricted cash		11	6,280
Total current assets		**547,614**	**530,739**
CURRENT LIABILITIES			
Trade payables	7	176,777	188,336
Other payables and accruals		114,412	137,615
Interest-bearing bank and other borrowings		72,440	50,163
Lease liabilities		34,845	37,355
Income tax payable		7,103	8,823
Total current liabilities		**405,577**	**422,292**
NET CURRENT ASSETS		**142,037**	**108,447**
TOTAL ASSETS LESS CURRENT LIABILITIES		**972,525**	**948,096**
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		94,417	101,075
Lease liabilities		139,508	130,580
Deferred tax liabilities		9,515	9,867
Total non-current liabilities		**243,440**	**241,522**
Net assets		**729,085**	**706,574**
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital/share capital		357,209	357,209
Reserves		192,561	165,084
		549,770	522,293
Non-controlling interests		**179,315**	**184,281**
Total equity		**729,085**	**706,574**

NOTES TO THE PRELIMINARY FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This Preliminary Financial Information has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited in relation to annual results announcements.

The Preliminary Financial Information has been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. It has been prepared under the historical cost convention, except for financial assets at profit or loss which have been measured at fair value. The Preliminary Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Preliminary Financial Information does not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRS Accounting Standards.

2. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2025	**2024**
	RMB'000	*RMB'000*
Revenue from contracts with customers	1,171,315	1,175,118

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2025	**2024**
	RMB'000	*RMB'000*
Types of goods or services		
Provision of TCM healthcare services	994,891	987,743
Sale of healthcare products	150,030	166,573
Provision of management services	16,138	15,534
Others	10,256	5,268
Total revenue from contracts with customers	1,171,315	1,175,118
Geographical markets		
Mainland China	1,171,315	1,175,118
Timing of revenue recognition		
Goods and services transferred at a point in time	1,134,194	1,138,599
Services transferred over time	37,121	36,519
Total revenue from contracts with customers	1,171,315	1,175,118

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December	
	2025	**2024**
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each reporting period:		
Provision of TCM healthcare services	5,613	8,887
Provision of management services	2,787	–
Others	327	230
	8,727	9,117

(b) Performance obligations

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

Provision of TCM healthcare services

Out-patient services

Revenue from provision of TCM healthcare services includes medical consultation and diagnosis service, prescription service, decoction service, medication and physiotherapy. These services constitute three performance obligations: i) consultation, diagnosis and prescription, ii) decoction and medication, and iii) physiotherapy, which are considered as separate performance obligation. For all of the three performance obligations, control of the services is transferred at a point in time, i.e., upon completion of the services. The Group has satisfied its performance obligations with present right to payment and the collection of consideration is probable.

In-patient services

For in-patient services, customers normally receive in-patient treatment which contains various treatment components that are all highly interdependent and regarded as a single performance obligation. Since the patient simultaneously receives and consumes the benefits in the medical treatment, the relevant revenue of in-patient services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual products or services transferred by the Group to the customer.

Sale of healthcare products

Revenue from the sale of healthcare products is recognised at the point in time when control of the product is transferred to the customer and the customer has full discretion to use the healthcare products, and there is no unfulfilled obligation that could affect the customers' acceptance of the healthcare products.

Provision of management services

The Group provides the management related services to multiple hospitals, medical institutions and third parties over the service period. The customer receives and consumes the benefits provided by the Group's performance as the Group performs.

As at 31 December 2025 and 2024, no transaction price needed to be allocated to the remaining performance obligations.

3. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the Company and its subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on their respective taxable income.

The income tax expense of the Group for the years ended 31 December 2025 and 2024 is analysed as follows:

	Year ended 31 December	
	2025	**2024**
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	18,281	20,162
Underprovision/(Overprovision) in prior years	(1,478)	638
Deferred income tax	(2,304)	(5,622)
Total	14,499	15,178

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2025	**2024**
	RMB'000	*RMB'000*
Profit before tax	48,249	61,375
Tax at the statutory tax rate (25%)	12,062	15,344

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Lower tax rates enacted by specific jurisdictions*	(413)	(272)
Adjustments in respect of current tax of previous periods	(1,478)	638
Profits and losses attributable to associates	(24)	(28)
Income not subject to tax	–	(4,284)
Expenses not deductible for tax	932	749
Tax losses utilised from previous periods	(831)	(83)
Tax losses and deductible temporary difference not recognised	4,251	3,114
Tax charge at the Group's effective rate	14,499	15,178

* Pursuant to the CIT Law, small and micro businesses are subject to a favourable tax policy which allows the use of lower tax rate on their respective taxable income.

4. DIVIDEND

No dividend has been paid or declared by the Company during the year (2024: Nil).

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit or loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 357,208,549 in issue during the year (2024: 342,906,412).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2025	2024
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the Company	27,477	36,861
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	357,208,549	342,906,412

6. TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Trade receivables	83,385	107,852
Impairment	(769)	(145)
	82,616	107,707

The individual patients of the Group would usually settle payments by cash or through government's social insurance schemes. Payments by government's social insurance schemes are normally settled by the local social insurance bureau or similar government departments, which are responsible for the reimbursement of medical expenses for patients who are covered by the government's medical insurance schemes ranged from 30 to 180 days from the transaction date. Corporate customers normally settle the amounts within 360 days after the transaction date by bank transfers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Within 1 year	80,465	104,654
1 year to 2 years	1,649	2,667
2 years to 3 years	502	386
	82,616	107,707

7. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	*RMB'000*
Within 1 year	163,426	183,338
1 to 2 years	11,474	3,254
2 to 3 years	550	1,632
Over 3 years	1,327	112
	176,777	188,336

The trade payables are non-interest-bearing and are normally settled within 90 days.

8. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent event needs to be disclosed.

BUSINESS REVIEW AND OUTLOOK

We are a subsidiary of TRT which strategically focuses on TCM healthcare services in China, delivering comprehensive TCM healthcare services to individual customers, standardized management services to business customers, and a wide selection of healthcare products and other products. Combining medical "treatment (醫)" and "care (養)," we deliver modernized and customized TCM healthcare services. Using both TCM medication and non-medication treatments, we provide customers with regimen suitable for their diversified needs, all backed by standardized management.

As of the Latest Practicable Date, we had established tiered TCM healthcare service network comprising 12 self-owned offline medical institutions and an Internet hospital, as well as 12 managed offline medical institutions. Benefit from the well-established brand "Tong Ren Tang (同仁堂)" and quality pharmaceuticals, we have accumulated and integrated abundant offline and online healthcare resources.

Going forward, we plan to implement the following strategies, which we believe, will strengthen our core competitive strengths and enable us to capture rising business opportunities:

- Rapidly expand the scale and enhance service capacity of our medical institution chain utilizing diversified approaches;
- Coordinating "treatment" and "care," extending our footprint along the industry value chain;
- Promote the organic growth and talent introduction of high-caliber physicians, and further improve physician cultivation and training system; and
- Upscale our service network through offline-online integration of both internal and external resources and improvements in the digitalization and management capabilities.

To the best of our Directors' knowledge, there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2025 and up to the date of this prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATION RESULTS

Year-to-Year Comparison of Results of Operations

Revenue

Our revenue remained relatively stable at RMB1,175.1 million for the year ended December 31, 2024 and RMB1,171.3 million for the year ended December 31, 2025.

Our revenue from TCM healthcare services increased from RMB987.7 million for the year ended December 31, 2024 to RMB994.9 million for the year ended December 31, 2025, primarily attributable to the consolidation of Shanghai CZT and Shanghai ZHT following our acquisitions in 2024.

Revenue from our provision of management services remained relatively stable at RMB15.5 million for the year ended December 31, 2024 and RMB16.1 million for the year ended December 31, 2025.

Revenue from sale of healthcare products and other products decreased from RMB166.6 million for the year ended December 31, 2024 to RMB150.0 million for the year ended December 31, 2025, primarily due to the decrease in SXT Pharmacies' operational performance, in particular: (i) a decline in retail business resulting from the changes in consumer spending patterns amid the evolving market environment; and (ii) a contraction in wholesale operations to avoid potential competition with similar business of TRT Group.

Revenue from other business increased from RMB5.3 million for the year ended December 31, 2024 to RMB10.3 million for the year ended December 31, 2025, as we recognized revenue from our provision of specialized services, including health seminars, hospital management training, and clinical pharmacy analysis.

Cost of Sales

Our cost of sales remained relatively stable at RMB952.6 million for the year ended December 31, 2024 and RMB949.5 million for the year ended December 31, 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit remained relatively stable at RMB222.5 million for the year ended December 31, 2024 and RMB221.8 million for the year ended December 31, 2025. Our gross profit margin remained stable at 18.9% for the years ended December 31, 2024 and 2025.

The gross profit margin of our TCM healthcare services increased from 16.3% for the year ended December 31, 2024 to 17.2% for the year ended December 31, 2025, primarily due to a greater proportion of non-medication treatments with relatively higher margins in our service mix.

The gross profit margin of our management services decreased from 76.2% for the year ended December 31, 2024 to 71.9% for the year ended December 31, 2025, primarily driven by the decrease in gross profit margin of platform comprehensive services affected by the implementation of volume-based centralized procurement of TCM decocting pieces.

The gross profit margin of our sale of healthcare products and other products decreased from 27.1% for the year ended December 31, 2024 to 21.5% for the year ended December 31, 2025, primarily due to a lower proportion of high-margin products in SXT Pharmacies' total sales, mainly as a result of decreased demands for valuable medicinals amid evolving market dynamics.

The gross profit margin of our other business decreased from 86.7% for the year ended December 31, 2024 to 62.4% for the year ended December 31, 2025, mainly due to the different nature of the services rendered in each year.

Net Other Income and Gains

Our net other income and gains decreased from RMB28.7 million for the year ended December 31, 2024 to RMB1.9 million for the year ended December 31, 2025, primarily as we recorded (i) gains on disposal of Shijiazhuang TRT TCM Hospital; and (ii) gains on revaluation of contingent consideration in relation to the performance commitments of San Xi Tang in 2024, whereas we recorded losses on such revaluation of contingent consideration in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses decreased from RMB23.3 million for the year ended December 31, 2024 to RMB18.9 million for the year ended December 31, 2025, primarily attributable to the decreases in employee benefits expenses and promotion fees of SXT pharmacies and TRT Internet Hospital, mainly as a result of a streamlining of personnel and promotion activities as part of the efforts to optimize operation efficiency.

Administrative Expenses

Our administrative expenses decreased from RMB150.7 million for the year ended December 31, 2024 to RMB138.4 million for the year ended December 31, 2025, primarily due to the decrease in listing expenses, consistent with the progress of our Listing preparation, as such expenses are incurred in line with specific milestones of the Listing process.

Net Impairment Gains or Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB0.6 million for the year ended December 31, 2025 as compared to the net impairment gains on financial assets of RMB0.4 million for the year ended December 31, 2024, in line with our assessment of credit risks in relation to the trade receivables during the same years.

Finance Costs

Our finance costs decreased from RMB14.3 million for the year ended December 31, 2024 to RMB13.0 million for the year ended December 31, 2025, primarily due to the decrease in interest on bank borrowings and other loans, resulting from a decline in interest rates and a reduction in the principal amount of our borrowings.

Other Expenses

Our other expenses increased from RMB2.1 million for the year ended December 31, 2024 to RMB4.7 million for the year ended December 31, 2025, primarily due to the administrative penalties paid by Shanghai ZHT resulting from its failure to fully comply with certain regulatory requirements on Medical Insurance Designated Medical Institutions prior to the equity transfer closing date.

Share of Profits or Losses of Joint Ventures

We did not record any share of profits or losses of joint ventures for the years ended December 31, 2024 and 2025.

Share of Profits of Associates

Our share of profits of associates remained stable at RMB0.1 million for the years ended December 31, 2024 and 2025.

Income Tax Expense

Our income tax expense remained relatively stable at RMB15.2 million for the year ended December 31, 2024 and RMB14.5 million for the year ended December 31, 2025.

Profit for the Year

As a result of the foregoing, our profit for the year decreased from RMB46.2 million for the year ended December 31, 2024 to RMB33.8 million for the year ended December 31, 2025. Our net profit margin decreased from 3.9% for the year ended December 31, 2024 to 2.9% for the year ended December 31, 2025.

Discussion of Certain Selected Items of Consolidated Statement of Financial Position

Cash and Cash Equivalents

Our cash and cash equivalents remained relatively stable at RMB296.7 million as of December 31, 2024 and RMB287.7 million as of December 31, 2025.

Trade Receivables

Our trade receivables decreased from RMB107.7 million as of December 31, 2024 to RMB82.6 million as of December 31, 2025, primarily due to (i) our self-owned medical institutions' settlement with local medical insurance bureaus; and (ii) SXT Pharmacies' strengthened payment collections.

We calculate the trade receivables turnover days using the average of the opening and ending trade receivables balances for the year, divided by revenue for the relevant year, multiplied by the number of days in the relevant year (360 days for each of the years ended December 31, 2024 and 2025). Our trade receivables turnover days decreased from 34 days in 2024 to 29 days in 2025, primarily due to our strengthened payment collections.

Inventories

Our inventories remained relatively stable at RMB82.5 million as of December 31, 2024 and RMB84.8 million as of December 31, 2025.

We calculate the inventory turnover days using the average of the opening and ending inventory balances for the year, divided by cost of sales for the relevant year, multiplied by the number of days in the relevant year (360 days for each of the years ended December 31, 2024 and 2025). Our inventory turnover days remained relatively stable at 31 days in 2024 and 32 days in 2025.

Prepayments, Other Receivables and Other Assets

The current portion of our prepayments, other receivables and other assets increased from RMB29.8 million as of December 31, 2024 to RMB35.2 million as of December 31, 2025, primarily attributable to the increase in amounts due from related parties, mainly in relation to our prepayment for Angong Niuhuang Pills.

The non-current portion of our prepayments, other receivables and other assets increased from RMB2.6 million as of December 31, 2024 to RMB5.8 million as of December 31, 2025, primarily attributable to (i) an increase in prepayments for property, plant and equipment in connection with the construction of Shunyi TRT TCM Hospital; and (ii) an increase in deposits mainly in relation to the lease of Shunyi TRT TCM Hospital.

Property, Plant and Equipment

Our property, plant and equipment decreased from RMB325.0 million as of December 31, 2024 to RMB307.4 million as of December 31, 2025, primarily due to depreciation.

Goodwill

The carrying value of our goodwill remained stable at RMB263.4 million as of December 31, 2024 and RMB263.4 million as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets remained relatively stable at RMB179.3 million as of December 31, 2024 and RMB182.8 million as of December 31, 2025.

Other Intangible Assets

Our other intangible assets remained relatively stable at RMB45.5 million as of December 31, 2024 and RMB45.0 million as of December 31, 2025.

Trade Payables

Our trade payables decreased from RMB188.3 million as of December 31, 2024 to RMB176.8 million as of December 31, 2025, primarily due to reduced medication purchases, resulting from an increased proportion of non-medication treatments in our service mix.

We calculate the trade payables turnover days using the average of the opening and ending trade payables balances for the year, divided by cost of sales for the relevant year, multiplied by the number of days in the relevant year (360 days for each of the years ended December 31, 2024 and 2025). Our trade payables turnover days decreased from 79 days for the year ended December 31, 2024 to 69 days for the year ended December 31, 2025, primarily due to the decrease in the balance of our trade payables.

Other Payables and Accruals

Our other payables and accruals decreased from RMB137.6 million as of December 31, 2024 to RMB114.4 million as of December 31, 2025, primarily due to (i) a decrease in amounts due to related parties, mainly as a result of our payment of equity acquisition consideration in relation to Shanghai CZT; (ii) a decrease in payroll and welfare payables, mainly as a result of the bonus payments; and (iii) a decrease in payable for purchase of property, plant and equipment, mainly as a result of the payment of quality assurance deposit in relation to TRT Baoding.

Lease Liabilities

Our lease liabilities increased from RMB167.9 million as of December 31, 2024 to RMB174.4 million as of December 31, 2025, primarily due to the addition of lease for Shunyi TRT TCM Hospital and renewal of lease agreement of Beijing TRT TCM Hospital.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss increased from RMB7.7 million as of December 31, 2024 to RMB57.3 million as of December 31, 2025, primarily attributable to our increased investment in structured deposits to enhance capital efficiency.

Net Current Assets

The table below sets forth our current assets, current liabilities and net current assets as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	*(Unaudited)*
Current assets		
Cash and cash equivalents	296,732	287,699
Trade receivables	107,707	82,616
Inventories	82,474	84,774
Prepayments, other receivables, and other assets	29,802	35,167
Financial assets at fair value through profit or loss	7,744	57,347
Restricted cash	6,280	11
Total current assets	**530,739**	**547,614**
Current liabilities		
Trade payables	188,336	176,777
Other payables and accruals	137,615	114,412
Interest-bearing bank and other borrowings	50,163	72,440
Lease liabilities	37,355	34,845
Income tax payable	8,823	7,103
Total current liabilities	**422,292**	**405,577**
Net current assets	**108,447**	**142,037**

Our net current assets increased from RMB108.4 million as of December 31, 2024 to RMB142.0 million as of December 31, 2025, primarily attributable to (i) an increase of RMB49.6 million in financial assets at fair value through profit or loss; (ii) a decrease of RMB23.2 million in other payables and accruals; and (iii) a decrease of RMB11.6 million in trade payables. Such increase was partially offset by (i) a decrease of RMB25.1 million in trade receivables; and (ii) an increase of RMB22.3 million in interest-bearing bank and other borrowings.

Indebtedness

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,	
	2024	2025
	RMB'000	*(unaudited)*
Included in current liabilities		
Interest-bearing bank borrowings	50,163	72,440
Lease liabilities	37,355	34,845
Amounts due to related parties—non-trade in nature	23,633	14,480
Sub-total	**111,151**	**121,765**

	As of December 31,	
	2024	2025
	RMB'000	
		(unaudited)
Included in non-current liabilities		
Interest-bearing bank borrowings	101,075	94,417
Lease liabilities	130,580	139,508
Sub-total	**231,655**	**233,925**
Total	**342,806**	**355,690**

Key financial ratios

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

	Year ended December 31,	
	2024	2025
		(unaudited)
Profitability ratios		
Gross profit margin (%)[(1)]	18.9	18.9
Net profit margin (%)[(2)]	3.9	2.9
Return on equity (%)[(3)]	7.3	4.7
Return on assets (%)[(4)]	3.6	2.5

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated based on profit or loss for the period divided by revenue and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Return on assets is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

	As of December 31,	
	2024	2025
	RMB'000	
		(unaudited)
Liquidity ratios		
Current ratio[(5)]	1.3x	1.4x
Quick ratio[(6)]	1.1x	1.1x
Capital adequacy ratio		
Debt-to-asset ratio (%)[(7)]	45.2	46.8

Notes:

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

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

(7) Debt-to-asset ratio is calculated based on total borrowings (including interest-bearing bank and other borrowings and lease liabilities) divided by total equity multiplied by 100%.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please refer to "Financial Risk Management Objectives and Policies" in Note 38 of Section II to the Accountants' Report which is set out in Appendix IA to this prospectus.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code set out in Appendix C1 (formerly Appendix 14) to the Listing Rules (the "**CG Code**") was not applicable to us during such period under review. After the Listing, we will comply with all the code provisions set forth in the CG Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position as of December 31, 2025, our consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the 2025 Preliminary Financial Information above has been agreed by the Reporting Accountants to the amounts set out in the Group's unaudited consolidated financial statements for the year ended December 31, 2025 following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountants on the 2025 Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2026 of the selected property interest held by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

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公司牌照號碼：C-030171

20 March 2026

The Board of Directors
Beijing Tong Ren Tang Healthcare Investment Co., Ltd.
5th Floor, Tower A
Yonggui Center
No. 47 Guangqumennei Street
Dongcheng District
Beijing
PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by **Beijing Tong Ren Tang Healthcare Investment Co., Ltd.** (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the selected property interest as at 31 January 2026 (the "**valuation date**").

The selected property interest forms part of non-property activities and has a carrying amount of 15% or more of the Group's total assets and therefore the valuation of the property interest is required to be included in this prospectus.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings and structures of the property and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by the cost approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the relevant provisions in the benchmark land price which is assessed and approved by the local government as price benchmark for land granting transaction. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificate, Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisors — Tian Yuan Law Firm, concerning the validity of the property interest in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 14 May 2024 by Ms. Sally Zhao and 13 October 2025 by Ms. Corrina Li who are China Certified Real Estate Appraisers and have more than 5 and 15 years' experience in the property valuation respectively in the PRC.

All monetary figures stated in this report are in Renminbi (RMB).

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Selected property interest held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
			RMB
A hospital complex located at No. 470 Ruixiang Avenue Jingxiu District Baoding City Hebei Province The PRC	The property comprises a parcel of land with a site area of approximately 19,069 sq.m., 3 buildings and various ancillary structures erected thereon which were completed in 2018 and 2019. The 3 buildings of the property include a hospital composite building, a 6-storey office building and a 3-storey ancillary building with a total gross floor area ("**GFA**") of approximately 47,829.75 sq.m. The hospital composite building comprises a 13-storey outpatient block and 6-storey inpatient block which are connected by corridors on levels 4 and 5. The structures mainly include ancillary facilities, roads and boundary walls. The land use rights of the property have been granted for a term expiring on 21 November 2065 for medical and health care services uses.	As at the valuation date, the property was vacant, except for the 1st to 3rd floors of the office building and a guard room of the ancillary building of the property which were occupied by the Group for office and ancillary uses.	248,500,000 (refer to note 5)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Bao Ding Shi Guo Yong (2015) Di No. 130600-006954, the land use rights of a parcel of land with a site area of approximately 19,069 sq.m. have been granted to Beijing Tong Ren Tang Baoding Zhili TCM Hospital Co., Ltd. ("**TRT Baoding**", a non-wholly owned subsidiary of the Company) for a term expiring on 21 November 2065 for medical and health care services uses.

2. Pursuant to a Real Estate Title Certificate — Ji (2019) Bao Ding Shi Bu Dong Chan Quan Di No. 0023077, the land use rights of a parcel of land of the property with a site area of approximately 19,069 sq.m. have been granted to TRT Baoding for a term expiring on 21 November 2065 for medical and health care services uses, and the hospital composite building of the property erected thereon with a GFA of approximately 43,322.56 sq.m. is owned by TRT Baoding.

3. For the 6-storey office building and the 3-storey ancillary building of the property with a total GFA of approximately 4,507.19 sq.m. which are erected on the land parcel mentioned in note 1, we have not been provided with any title certificate.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. the Group has legally obtained and owned the real estate rights of the property, except for the 2 buildings mentioned in note 3, and there are no other restrictions on the property except for those mentioned in notes 4(b) and 4(c);

   b. as for the 3-storey ancillary building of the property, the Group cannot obtain the real estate title certificate for this building because it has not gone through the construction application procedures separately, and there is a risk that the competent authorities may order the demolition of the building within a certain period of time and impose a fine;

   c. as for the 6-storey office building of the property which is erected on the land parcel under the State-owned Land Use Rights Certificate mentioned in note 1, as advised by the Group, the building was constructed by a third party before TRT Baoding obtained the land use rights of the land, and the Group is unable to obtain the planning permits and ownership status of the building. Therefore, the Group is unable to obtain the real estate title certificate for this building. If this building does not comply with the current construction planning situation, there is a risk that the competent authorities may order the demolition of the building within a certain period of time; and

d. the fact that TRT Baoding actually occupies and uses the two buildings without title certificates mentioned in notes 4(b) and 4(c) will not have a material unfavourable impact on the Group's business operation and this will not constitute a substantial legal impediment to the Group's Initial Public Offering.

5. In the valuation of the property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 2 buildings of the property mentioned in note 3 which have not obtained proper title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of these buildings as at the valuation date would be RMB15,100,000 assuming all proper title certificates have been obtained and these buildings could be freely transferred by the Group.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), the NPC and its Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The NPC Standing Committee is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, environmental protection, historical and cultural protection and other aspects according to the specific circumstances and actual needs of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions, provided that such local regulations do not contravene any provision of the PRC Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions.

The ministries and commissions of the State Council, PBOC, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under the State Council may formulate rules and regulations within the authorisation of their respective departments in accordance with the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities with districts may formulate rules and regulations in accordance with the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the PRC Constitution. The PRC laws rank higher than administrative regulations, local regulations and rules. The administrative regulations rank higher than local regulations and rules. The rules enacted by the people's governments of the provinces or autonomous regions rank higher than the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of such provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee, but which contravene the PRC Constitution or the PRC Legislation Law. The NPC Standing Committee has the power to annul any administrative regulations that contravene the PRC Constitution and laws, to annul any local regulations that contravene the PRC Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities, but which contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the NPC Standing Committee. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, issues related to the further clarification or supplement of laws should be interpreted or provided by the NPC Standing Committee, issues related to the specific application of laws and decrees in a court trial should be interpreted by the Supreme People's Court, issues related to the specific application of laws and decrees in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the legal issues other than the above-mentioned should be interpreted by the State Council and the competent authorities. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the NPC Standing Committee for interpretation or decision. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

The PRC Judicial System

Pursuant to the PRC Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) most recently revised on October 26, 2018 and taking effect on January 1, 2019, the people's courts are classified into the Supreme People's Court, the local people's courts at various local levels, and other special people's courts. The local people's courts at various local levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special tribunals, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorised to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorised to supervise the judgment and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgments or rulings of the first instance of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) adopted on April 9, 1991 and most recently amended on September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or ruling. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognise and execute the judgment or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgment or ruling may also be recognised and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The PRC Company Law, Overseas Listing Trial Measures and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law (《中華人民共和國公司法》) which was promulgated on December 29, 1993 by the SCNPC, last amended on December 29, 2023 and came into effect on July 1, 2024;

- The Overseas Listing Trial Measures and five relevant guidelines which were promulgated by the CSRC on February 17 2023 pursuant to the PRC Securities Law and are applicable to the direct and indirect overseas share offering or listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidance for Articles of Association") which was most recently amended on December 15, 2023 by the CSRC. The Articles of Association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix V — Summary of Articles of Association of the Company" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to the Company.

General

A joint stock limited company refers to a corporate legal person established in China under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or floatation. A company shall be incorporated by a minimum of two but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. For companies incorporated by floatation, the registered capital is the total paid-up capital as registered with the relevant registration authorities. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a board of supervisors shall be elected and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares must be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an inauguration meeting within thirty days of the subscription capital for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription capital so paid together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the status of a legal person after the registration with the relevant administration for market regulation has been completed and a business license has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind, intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares issued by a company shall be registered shares.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder registry which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) class and the number of shares subscribed for by each shareholder;

(iii) the serial numbers of shares if the shares are issued in paper form; and

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In light of its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, subject to the resolutions be passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of: (i) the class and amount of the new shares; (ii) the issue price of the new shares; (iii) the commencement and end dates for the issue of the new shares; (iv) when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.; (v) if any no par value share is issued, the proceeds from the issuance of the new shares shall be included into the registered capital.

To offer shares overseas, the domestic company shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or on the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts; and

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilising the shares for employee stock ownership plan or stock ownership incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company; and

(vi) where it is necessary for a listed company to maintain its corporate value and stockholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of associations or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (ii) or item (iv); and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders' general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, Shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office as determined when they assume the posts, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in compliance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend shareholders' general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, board resolutions, resolutions of the board of supervisors and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

Shareholders' General Meetings

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the board of supervisors or supervisors;

(iv) to review and approve the company's profit distribution proposals and loss recovery proposals;

(v) to decide on any increase or reduction of the company's registered capital;

(vi) to decide on the issue of corporate bonds;

(vii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(viii) to amend the company's articles of association; and

(ix) to exercise any other authority stipulated in the articles of association.

Pursuant to the PRC Company Law, an annual shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total paid in share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems necessary;

(v) the board of supervisors so proposes; or

(vi) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. If the board of supervisors fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Pursuant to the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a shareholders' general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall consist of three or more members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(ii) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system; and

(x) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors ten days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene the meeting within ten days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend the meetings of the board of directors in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorisation. The board of directors shall make minutes of the meeting's decisions on the matters discussed at the meeting, and the directors attending the meeting shall sign the minutes.

If a resolution of the board of directors violates any laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person without capacity or restricted capacity to undertake any civil liabilities;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order, or who has been deprived of his political rights due to his crimes, in each case where no more than five years have elapsed since the date of completion of the sentence, and if he has been pronounced to be on probation, the period of probation has not exceeded two years since the date of completion of the sentence;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where no more than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or

(v) a person listed by the People's Court as executors with no credibility because of large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Pursuant to the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director elected by more than half of the directors shall perform his/her duties.

Board of Supervisors

Pursuant to the PRC Company Law, a joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the board of supervisors shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors shall be elected by more than half of the supervisors. Directors and senior management shall not act concurrently as supervisors.

The chairman of the board of supervisors shall convene and preside over board of supervisors meetings. Where the chairman of the board of supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the board of supervisors shall convene and preside over supervisory board meetings. Where the vice chairman of the board of supervisors is incapable of performing or is not performing his/her duties, a supervisor nominated by more than half of the supervisors shall convene and preside over meetings of the board of supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or shareholders' resolutions;

(iii) when the acts of directors or senior management are detrimental to the company's interests, to require the director and senior management to correct these acts;

(iv) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(v) to submit proposals to the shareholders' general meetings;

(vi) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(vii) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The board of supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors.

The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Pursuant to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and shall be obliged to be faithful and diligent towards the Company.

Directors, supervisors and management personnel are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(i) misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(iv) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting;

(v) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(vi) accepting commissions paid by a third party for transactions conducted with the company for their own benefit;

(vii) unauthorised divulgence of confidential information of the company; and

(viii) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes any laws, regulations or the company's articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association provides that a company's directors and senior management shall have duties of diligence towards the company, for example, the directors shall be prudent, serious and diligent in exercising the authority conferred by the company to ensure that the business activities of the company comply with state's laws, administrative regulations and various economic policy requirements and that the business activities do not go beyond the scope of business activities specified in the company's business license; the directors shall treat all shareholders equally; the shareholders shall keep abreast of the company's business management status; both the directors and the senior management shall sign written statements confirming periodic reports of the company and ensure that the information disclosed by the company is true, accurate and complete; both the directors and the senior management shall provide accurate information and materials to the board of supervisors and shall not interfere with the performance of duties by the board of supervisors or individual supervisors; both the directors and the senior management shall have other diligence duties prescribed by laws, administrative regulations, departmental rules and the company's articles of association.

Finance and Accounting

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company twenty days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to the abovementioned reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company on issue and other income as required by relevant government authorities to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the statutory common fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

Appointment and Retirement of Auditors

The Guidance for Articles of Association provides that a company shall engage an accounting firm which is qualified with the PRC Securities Law to provide services including the audit of financial statements, the verification of net assets and other relevant consultancy services. The engagement term is one year and may be extended.

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by shareholders at a shareholders' general meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal, withholding or falsification of information. Furthermore, the Guidance for Articles of Association provides that the audit fee for the accounting firm shall also be determined by shareholders at a general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

Pursuant to the PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by more than two-thirds of the votes held by shareholders attending the meeting.

Pursuant to the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) where, after any amendment to the PRC Company Law or any other applicable law or administrative regulation, the provisions of the articles of association conflict with the law and/or administrative regulations amended;

(ii) where the company's circumstances change to such an extent that they are inconsistent with what is recorded in the articles of association; and

(iii) where the shareholders' general meeting decides to amend the articles of association.

The Guidance for Articles of Association further provides that where any amendment to the articles of association adopted by a shareholders' general meeting is subject to approval by the competent authorities, such amendment shall be submitted for approval; where any amendment involves the company's registration items, the company's registration with the authority shall also be amended. In addition, an announcement shall be made in accordance with the applicable provisions provided that the amendment to the articles of association is required to be disclosed by any law or regulation.

Dissolution and Liquidation

Pursuant to the PRC Company Law, a company shall be dissolved for any of the following reasons:

(i) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(ii) the shareholders have resolved at a shareholders' general meeting to dissolve the company;

(iii) the company is dissolved by reason of its merger or division;

(iv) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(v) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders' interests.

In the event of paragraph (i) and (ii) above, the company may carry on its existence by amending its articles of association by resolution of the shareholders' general meeting. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (i), (ii), (iv) or (v) above, it should establish a liquidation committee within fifteen days of the date on which the dissolution event occurs. The liquidation committee shall be composed of directors or any other persons determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court, requesting that the court appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(i) to dispose of the company's assets and to prepare a balance sheet and an inventory of assets;

(ii) to notify the company's creditors or publish announcements;

(iii) to deal with and settle any outstanding business related to the liquidation;

(iv) to pay any outstanding tax together with any tax arising during the liquidation process;

(v) to settle the company's claims and liabilities;

(vi) to handle the company's remaining assets after its debts have been paid off; and

(vii) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within ten days from its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within sixty days.

A creditor shall lodge his claim with the liquidation committee within thirty days of receipt of the notification or within forty-five days of the date of the announcement if he has not received any notification.

A creditor shall, in making his claim, state matters relevant to his creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining assets of the company, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot engage in operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to repay its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion, and to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and in compliance with relevant laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or material default.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

Overseas Listing

Pursuant to the Overseas Listing Trial Measures, both initial public offerings or listings in overseas markets shall be filed with the CSRC within three business days after the relevant application is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three business days after the offering is completed. Moreover, where the filing documents are complete and in compliance with stipulated requirements, the CSRC will, within twenty business days after receiving the filing documents, conclude the filing procedure and publish the filing results on the CSRC website. Where the filing documents are incomplete or do not conform to stipulated requirements, the CSRC shall request supplementation and amendment thereto within five business days after receiving the filing documents. The issuer shall then complete supplementation and amendment within thirty business days.

Merger and Demerger

Merger of companies may be conducted by absorption or consolidation. If companies adopt the method of absorption, the absorbed company shall be dissolved. If companies are incorporated in the form of consolidation, the parties to the merger shall be dissolved.

The parties to the merger shall enter into a merger agreement and prepare a balance sheet and a list of properties. Within ten days of the date on which the resolution on merger is made, the creditors shall be notified by the company and a public announcement shall be in the newspaper or on the National Enterprise Credit Information Publicity System within thirty days. The creditors may require the company to repay its debts or provide guarantees for covering the debts within thirty days of receipt of the notification or within forty-five days of the date of the announcement if the creditor has not received any notification; and in case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. Within ten days of the date on which the resolution on division is made, the creditors shall be notified by the company and a public announcement shall be made in the newspaper or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and the CSRC and reformed the CSRC.

The PRC Securities Law is the first national securities law in China, and the regulatory matters include the issuance and trading of securities, the acquisition of listed companies, information disclosure, obligations and responsibilities of stock exchanges, securities companies and securities regulatory authorities, etc. The PRC Securities Law comprehensively regulates activities in the PRC securities market.

Pursuant to the PRC Securities Law, domestic enterprises issuing securities overseas directly or indirectly or listing and trading their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of shares issued overseas is mainly regulated by rules and regulations issued by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The PRC Arbitration Law (《中華人民共和國仲裁法》) was enacted by the NPC Standing Committee on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 1 2017. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and the PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement.

If the respondent puts forward evidence to prove that the arbitral award is under any of the following circumstances, the award shall not be enforced upon examination and verification by an arbitration tribunal of the people's court:

(i) the parties have no arbitration clause in their contract, nor have subsequently reached a written agreement on arbitration;

(ii) the matter to be ruled does not fall within the scope of the arbitration agreement or the arbitration institution has no right to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violates the legal procedure;

(iv) the evidence on which the award is based is forged;

(v) the other party conceals evidence sufficient to influence the impartial award from the arbitration institution;

(vi) the arbitrators have committed acts of embezzlement, bribery, favoritism and malpractices, or perverting the law in arbitrating the case.

If the people's court determines that the enforcement of the award violates the public interest, the award shall not be enforced.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award.

Likewise, an arbitral award made by a foreign arbitration body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the NPC Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the NPC Standing Committee declared that (i) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state based on the principle of reciprocity; and (ii) the New York Convention will only apply to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) were passed at the Judicial Committee meetings of the Supreme People's Court on June 18, 1999, which went into effect on February 1, 2000. The Supplementary Arrangements of Supreme People's Court on Reciprocal Enforcement of Arbitration Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) were promulgated by the Supreme People's Court on 26 November 2020. Under these arrangements, if a party fails to perform the arbitral award rendered in the Mainland or the Hong Kong, the other party may apply for enforcement to the relevant court in the place where the respondent is domiciled or where the property is located.

Judicial Judgment and its Enforcement

On January 14, 2019, the Judicial Committee of the Supreme People's Court adopted the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China. The arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The arrangement further regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of judgement shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in mainland China and those in the Hong Kong. Upon implementation of this Arrangement, the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgements of Civil and Commercial Matters under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) which was adopted by the Judicial Committee of the Supreme People's Court on June 12, 2006 and took effect on August 1, 2008 has been repealed.

This Appendix summarizes the principal provisions of the Company's Articles of Association approved on June 12, 2024, which shall take effect on the date of the H-Shares being listed on the Stock Exchange. As the primary purpose of this appendix is to provide potential investors with an overview of the Company's Articles of Association, it does not necessarily contain all of the information that is important to potential investors.

SHARES

Issue of shares

Shares of the Company shall take the form of share certificates.

All shares issued by the Company shall be shares with par value, and each share shall have a par value of RMB1.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same rights.

The issuance conditions and price per share of the same class in the same issue shall be the same; and every share subscribed for by any entity or individual shall be paid at the same price.

The ordinary shares issued by the Company comprise domestic shares and overseas listed shares (H shares). Domestic shares and overseas listed shares have the same rights in respect of any distribution in the form of dividends (including distributions in cash and in kind) or otherwise.

INCREASE, DECREASE AND BUY-BACK OF SHARES

The Company may, based on its business and development needs and in accordance with the provisions of laws and regulations, increase its capital in the following ways, subject to separate resolutions of the general meeting:

(i) public offering of shares;

(ii) non-public offering of shares;

(iii) bonus issue of new shares to existing shareholders;

(iv) capitalisation of capital reserve;

(v) other means approved by laws, administrative regulations and relevant authorities such as the securities regulatory authorities under the State Council and the regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law, the Listing Rules and other relevant regulations and the Articles of Association.

The Company may not purchase its own shares. The Company may purchase its own share if:

(i) the Company reduces its registered capital;

(ii) the Company merges with another company that holds shares in the Company;

(iii) the shares are used for employee shareholding plans or for share incentives;

(iv) the Company is required to buy back shares of a shareholder who objects resolutions of the general meeting concerning merger or division of the Company;

(v) the shares are used for converting the convertible bonds issued by the Company;

(vi) such purchase is necessary to protect value of the Company and interests of shareholders;

(vii) other circumstances permitted by laws, administrative regulations, regulatory rules of the place where the company's shares are listed, etc.

Where the Company buy-back its shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, a resolution may be passed at a meeting of the Board of Directors with more than two-thirds of the directors present, in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting.

The Company shall obtain the prior approval of the general meeting in accordance with the Articles of Association for the buy-back of shares for the reasons set out in items (i) and (ii) above. Where the Company purchases its own shares for the reasons set out in items (iii), (v) and (vi) of the preceding paragraph, such purchase shall be subject to a resolution of a Board meeting attended by more than two-thirds of the directors.

Where laws, administrative regulations, departmental rules, the Articles of Association and the Hong Kong Stock Exchange have other provisions on the relevant matters involved in the aforesaid share buy-back, such provisions shall prevail.

TRANSFER OF SHARES

Shares of the Company may be transferred in accordance with the law.

All transfers of overseas listed foreign shares shall be effected by means of an instrument of transfer in writing in the usual or common form or in any other form acceptable to the Board (including the standard form of transfer or transfer form prescribed by the Stock Exchange of Hong Kong from time to time).

The Company shall not accept its own shares as the subject matter of pledge.

Shares issued by the Company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

Directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof, and shall not transfer more than twenty-five per cent of the total number of shares of the same class of the Company they hold each year during their term of office; and the shares they hold in the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded. None of the above persons shall transfer the shares of the Company held by them within half a year after they leave office.

Where the relevant regulations of the securities regulatory authorities of the place where the Company's shares are listed provide otherwise for restrictions on the transfer of shares listed overseas, such regulations shall apply.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

The Company shall establish a register of shareholders based on the evidence provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Any shareholder registered in the register of shareholders or any person requesting to have his/her name (name) registered in the register of shareholders may, if his/her share certificate has been lost, apply to the Company for a new certificate to be issued in respect of that share.

Shareholders of the Company shall enjoy the following rights:

(i) to receive dividends and other distributions in proportion to the number of shares held;

(ii) the right to request, convene, preside over, attend or appoint a proxy to attend general meetings and to exercise the corresponding voting rights in accordance with the law;

(iii) the right to understand the Company's business and financial situation and obtain the Company's business and financial information (including minutes of general meetings, resolutions of the board of directors' meetings and board of supervisors' meetings, and financial and accounting reports) in accordance with the law, and the Company has the obligation to provide necessary assistance to shareholders' right to information mentioned above;

(iv) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;

(v) to transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations, relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles of Association;

(vi) to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held in the event of the termination or liquidation of the Company;

(vii) other rights conferred by laws, administrative regulations, relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed or the Articles of Association.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. The Company shall provide such information at the request of the shareholders after verifying their identities.

If a resolution passed at the Company's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to initiate proceeding to the people's court to revoke it.

Shareholders of the Company shall assume the following obligations:

(i) to abide by the Articles of Association and attend the general meeting;

(ii) to pay subscription monies according to the number of shares subscribed for and the method of subscription;

(iii) except for the circumstances stipulated by laws and regulations, the shares shall not be withdrawn;

(iv) shall not abuse the rights of shareholders to the detriment of the interests of the company or other shareholders; shall not abuse the independent status of the company's legal person and the limited liability of shareholders to the detriment of the interests of the company's creditors;

(v) other obligations imposed by laws, administrative regulations, relevant regulations of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and cause losses to the Company or other shareholders shall be liable for compensation in accordance with the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

The controlling shareholder, de facto controllers, directors, supervisors and senior management of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated the provision and caused damage to the Company, they shall be liable for such damages.

The controlling shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public shareholders. The controlling shareholder shall exercise its rights as a contributor in strict compliance with the law. The controlling shareholder shall not do harm to the lawful interests of the Company and its public shareholders through profit distribution, asset restructuring, foreign investment, appropriation of capital, offering loan guarantees and shall not make use of its controlling status against the interests of the Company and public shareholders.

General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers:

(i) to decide the company's business policy and investment plan;

(ii) to elect and remove Directors and supervisors who are not employee representatives, and to fix the remuneration of the relevant Directors and supervisors;

(iii) to examine and approve the reports of the Board of Directors;

(iv) to consider and approve reports of the Board of Supervisors;

(v) to consider and approve of the Company's annual financial budget program and final accounts program;

(vi) to examine and approve the profit distribution plans and loss recovery plans of the Company;

(vii) to adopt resolutions on any increment or reduction of registered capital of the Company;

(viii) to adopt resolutions on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;

(ix) to amend the Articles of Association;

(x) to resolve on the issue of corporate bonds;

(xi) to approve the Company's major financial matters and major accounting policies, accounting estimates change program;

(xii) to audit the annual financial final accounts of the Company, conduct random checks on major matters of the Company, and carry out economic responsibility audits in accordance with the management authority of the person in charge of the Company;

(xiii) to consider and approve the Company's performance appraisal and major income distribution matters;

(xiv) to authorize the Board of Directors to issue shares in compliance with relevant laws and regulations and the rules of securities regulation of the place where the Company's shares are listed;

(xv) to review and approve major matters that need to be reviewed and approved by the shareholders meeting according to the listing rules;

(xvi) to consider other matters required by laws, administrative regulations, relevant requirements of the securities regulatory authorities of the place where the shares of the Company are listed and the Articles of Association to be decided by the general meeting.

General meetings held as either of annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(i) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;

(ii) the uncovered losses are in excess of one-third of the Company's total amount of paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the shares of the Company request to do so in writing (the number of shares held shall be calculated based on the number of shares held by the shareholders on the date of the request in writing);

(iv) the Board thinks necessary to convene such meeting;

(v) the Board of supervisors proposes to convene such meeting;

(vi) other circumstances stipulated by laws, administrative regulations and the Articles of Association.

Convening of General Meeting

General meeting shall be convened by the board of directors and presided over by the chairman of the board. If the chairman of the board is unable to perform his/her duties or fails to perform his duties, a director shall be jointly elected by more than half of the directors to preside over the meeting.

Independent non-executive directors, the board of supervisors and shareholders who individually or collectively hold more than 10% of the Company's shares have the right to request the Board of Directors to convene the general meeting.

Proposals And Notices Of General Meetings

When the Company convenes an annual general meeting, the Board of Directors, the Board of Supervisors and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to submit proposals to the Company.

Shareholders individually or jointly holding 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener ten days before a general meeting is convened. The convener shall issue a supplementary notice of the general meeting within two days after receipt thereof.

Written notice of the annual general meeting shall be given at least twenty-one days prior to the date of the meeting and written notice of the extraordinary general meeting shall be given fifteen days prior to the date of the meeting.

HOLDING OF GENERAL MEETINGS

The general meeting shall be presided over and chaired by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is unable or fails to perform his duties, the general meeting shall be presided over by a director nominated by more than half of the directors.

The general meeting convened by the Board of Supervisors on its own initiative shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, the general meeting shall be presided over by a supervisor nominated by more than half of the supervisors.

The general meeting convened by shareholders on their own initiative shall be presided over by the representative nominated by the convener.

If the chairperson of the general meeting breaches the procedural rules, which makes it unable to proceed the general meeting, subject to consents of more than half of shareholders with voting rights attending the general meeting, the general meeting may nominate a person to act as the chairperson of the meeting and such meeting may continue.

VOTING AND RESOLUTIONS AT GENERAL MEETING

Resolutions of general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the general meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the general meeting.

The following matters shall be resolved by a special resolution at a general meeting:

(i) the increase or reduction in registered capital of the Company;

(ii) the division, spin-off, merger, dissolution and change of corporate form of the Company;

(iii) the amendment of the Articles of Association;

(iv) if the company purchases or sells significant assets or guarantees more than 30% of the company's total audited assets for the most recent period within one year;

(v) equity incentive program;

(vi) any other matter as required by laws, administrative regulation, the requirements of listing rules of stock exchange(s) where shares of the Company are listed or the Articles of Association and to be of a nature which may have a material impact determined by ordinary resolution of general meetings on the Company and shall be adopted by a special resolution at the general meeting.

A shareholder (including proxy) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote, each share shall have one vote.

The shares held by the Company have no voting rights, and that part of the shareholding is not counted as the total number of shares with voting rights held by shareholders attending the meeting.

If any shareholders should give up the voting right for certain resolutions or are restricted to be only able to vote for or against certain resolutions according to the applicable laws, regulations and the listing rules of the stock exchange where the Company's shares are listed, the votes by those shareholders or their proxies shall not be counted in the voting results in case of any violation of the relevant provisions or restriction.

BOARD OF DIRECTORS

Composition and Powers of the Board of Directors

The Board of Directors shall consist of eight directors. All eight directors of the Board of Directors shall be elected by the shareholders' meeting. The proportion of independent non-executive directors to the board of directors shall not be less than one-third, and at least one of the independent non-executive directors shall have appropriate professional qualifications as required by the listing rules of the stock exchange on which the company's shares are listed, or have appropriate accounting or related financial management expertise.

The Board of Directors shall have a chairman, who shall be elected by the Board of Directors by a majority of all directors.

Directors shall be elected or replaced by the shareholders' meeting and may be removed by the shareholders' meeting before the expiration of their terms of office (without prejudice to any claim for damages made by such director under any contract).

A Director's term shall be three years, and may be renewed upon re-election when it expires. Independent non-executive director shall not serve more than two consecutive terms.

After expiry of a Director's term of office but before a new Director is elected and takes office, or if the resignation of a director during his or her term of office results in less than a quorum of the Board of Directors, the retiring Director shall continue to perform his duty as a Director pursuant to laws, administrative regulations, department rules and the Articles of Association.

The manager or other senior management members may concurrently serve as Directors, provided that the total number of Directors who concurrently serve as the manager or other senior management members and the total number of Directors who are served by employee representatives shall not exceed half of the total Directors of the Company.

Independent Non-Executive Directors

The Company has established a system of independent non-executive directors. Independent non-executive directors refer to directors who do not take up any position in the Company other than serving as directors and do not have any connection with the Company and its substantial shareholders (only provided under this section that substantial shareholders refer to shareholders who individually or jointly hold more than 5% of total voting shares of the Company) that is likely to affect their independent and objective judgment in compliance with the independent requirements of the listing rules where the shares of the Company are listed. Independent non-executive directors shall account for more than one-third of the members of the Board of Directors at least, in which shall include at least one financial or accounting professional.

Independent directors shall be appointed for a term of three years, which is renewable upon re-election. However, the term of office of an independent director shall not exceed a total of nine years, unless otherwise provided in relevant laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed.

If an independent non-executive director fails to meet the conditions of independence or other circumstance arises which makes it inappropriate for him or her to perform his or her duties and responsibilities as an independent non-executive director, thereby causing the failure of the Company to meet the requirements of the Articles of Association concerning the number of independent non-executive directors, the Company shall make up the number of independent non-executive directors in accordance with regulations.

Board of Directors

The Board of Directors shall report to the general meeting and exercise the following powers:

(i) to convene general meetings and report its work to the general meeting;

(ii) to implement the resolutions of general meetings;

(iii) to formulate the Company's strategic development plans;

(iv) to decide on the Company's business plans and investment plans, and the establishment or dissolution of a subsidiary;

(v) to formulate the company's annual financial budget program, final accounts program;

(vi) to formulate the Company's profit distribution proposal and loss recovery proposal;

(vii) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;

(viii) to formulate the plan for the merger, demerger, dissolution or change of corporate form of a company;

(ix) to establish the basic management system of the company;

(x) to decide on the establishment of the internal management body of the Company and the establishment or dissolution of a branch;

(xi) to decide on appointment or dismissal of the Company's general manager and decide on their remuneration and reward in accordance with the relevant regulations and procedures; to decide on the appointment or dismissal of the deputy general manager, chief financial officer, general counsel, chief quality officer, secretary to the Board of Directors, assistant to the general manager and other senior management based on the nomination of the general manager, and decide on their remuneration and rewards as well as implement tenure and contractual management for senior management members;

(xii) to formulate major income distribution programs of the Company, including the budget and liquidation program of the Company's total wages (if otherwise provided by the Beijing Municipal State-owned Assets Supervision and Administration Commission, it shall be governed by its own regulations); and approving the income distribution program of the Company's employees and the Company's annuity program;

(xiii) to consider matters such as investment, transfer of state-owned property rights, disposal of assets and listing of the Company in accordance with the provisions of the Company's "three major issues", investment management and asset management systems;

(xiv) to decide on matters related to major reforms and reorganizations within the Company or make resolutions on related matters in accordance with authorization;

(xv) to decide on the Company's risk management system, internal control system, accountability system for non-compliance of operation and investment, legal compliance management system, tracking and implementation of the Board's resolutions and post-evaluation system, formulate the Company's plan for changes in material accounting policies and accounting estimates, direct, inspect and evaluate the Company's internal audit work, consider the Company's internal audit report, decide on the head of the Company's internal audit organization and establish a mechanism for the audit department to be accountable to the Board of Directors. The Board of Directors shall approve the annual audit plan and important audit reports in accordance with the law, decide on the hiring or dismissal of the accounting firm responsible for the audit of the Company's financial and accounting reports as well as its remuneration, decide on the upper limit of the Company's gearing ratio, and carry out the overall monitoring and evaluation of the Company's risk management, internal control and legal compliance management systems as well as their effective implementation;

(xvi) to approve the financing program above a certain amount, asset disposal program and external donations or sponsorships, and decide on the specific amount of standards in accordance with the relevant system;

(xvii) to decide on the matters involved in the exercise of shareholders' rights of the Company's invested enterprises;

(xviii) to hear reporting from the Company's general manager and inspect the implementation of the resolutions of the board of directors by the general manager and other senior management members; to decide on matters such as the assessment of the business performance of senior management members in accordance with the relevant regulations, and establish and improve the accountability of senior management members; and

(xix) to exercise any other powers conferred by the laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the general meeting and the Articles of Association.

The Board of Directors shall establish a scientific, democratic, efficient, check-and-balance decision-making mechanism for major matters and formulate the rules of procedure of the board of directors. The Board of Directors shall formulate the rules of procedures of Board of Directors, which shall be approved by the general meeting.

The Board of Directors shall establish a working mechanism for contacting the supervisors and supervise and implement the problems and improvements requested by the supervisors.

The Board of Directors may delegate part of its authority to the chairman of the board or the general manager to exercise, except for the authority that must be exercised by the Board of Directors as stipulated by laws and administrative regulations.

The Board of Directors shall formulate rules for the delegation of authority and clarify the decision-making responsibilities in respect of authorized decision-making matters.

Rights and Obligations of Directors

Directors have the following rights during their term of office:

(i) to obtain information about the Company necessary for the performance of their duties as directors;

(ii) to attend meetings of the Board of Directors, fully express their opinions and exercise their voting rights on voting matters;

(iii) to make requests for supplementing and improving the documents and materials submitted to the Board of Directors' meetings;

(iv) to propose the convening of an interim meeting of the Board of Directors, the postponement of a meeting of the Board of Directors or the postponement of the discussion of the topics to be discussed at a meeting of the Board of Directors in accordance with the provisions of these Articles of Association;

(v) to attend and express opinions at the meetings of the specialized committees on which it serves;

(vi) to inspect the implementation of the resolutions of the Board of Directors as delegated by the Chairman of the Board of Directors and to request the cooperation of the relevant departments and personnel of the Company;

(vii) to conduct work research and learn from relevant personnel of the Company as required for the fulfillment of its duties;

(viii) to enjoy welfare benefits of office and business trips in accordance with relevant regulations in the performance of their duties;

(ix) to reflect and consult the general meeting and supervisors on relevant situations and opinions in written or oral form when necessary;

(x) other rights provided by conferred by the laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the general meeting and the Articles of Association.

The directors shall comply with the laws, administrative regulations and these Articles of Association, and shall have the following obligations of fidelity and diligence to the Company:

(i) to faithfully fulfill their duties, safeguard the legitimate rights and interests of shareholders and the Company, and keep state secrets and the Company's commercial and technical secrets known in the performance of their duties;

(ii) to comply with the provisions on honesty and integrity of the leading personnel of state-owned enterprises, and shall not violate the provisions and requirements of the shareholders on the faithfulness and diligence of the directors, shall not use his authority to accept bribes or other illegal income, shall not misappropriated the Company's property, and shall not provide guarantees for others with the Company's property without authorization, shall not misappropriate the Company's funds; shall not enter into contracts or transactions with the Company in violation of the provisions of these Articles of Association or without the consent of the shareholders' meeting; and shall not open and store the Company's assets or funds in his/her personal name or in the name of any other individual;

(iii) to abide by the principle of good faith, and shall not use the convenience of your position to seek business opportunities for yourself or others that should belong to the Company, engage in business of the same kind as the Company's on your own or for others, and do not illegally accept remuneration, work subsidies, commissions for transactions with the Company, welfare benefits and gifts;

(iv) shall not take advantage of the relationship to the detriment of the company's interests;

(v) to familiarize himself with and pay continuous attention to the Company's production, operation and reform and development, and to devote sufficient time and energy to conscientiously and diligently perform his duties as a director;

(vi) to attend meetings of the Board of Directors of the Company, meetings of the Special Committee of the Board of Directors on which they serve, and participate in other activities of the Board of Directors; to understand and grasp sufficient information in a timely manner, and vote or express opinions and recommendations independently and prudently;

(vii) to exercise the rights granted by the Company prudently, conscientiously and diligently, so as to ensure that the Company's business conduct complies with the requirements of national laws and administrative regulations as well as various national economic policies, and that its business activities do not exceed the scope of business stipulated in the business license;

(viii) to treat all shareholders fairly; truthfully provide relevant information and materials to the shareholders' meeting and ensure the objectivity and completeness of the information provided;

(ix) to sign a written confirmation of the Company's periodic reports. Ensure that the information disclosed by the Company is true, accurate and complete;

(x) to truthfully provide relevant information to the Supervisory Committee, and shall not impede the Supervisory Committee or Supervisors in the exercise of their powers;

(xi) other duties of loyalty and diligence as stipulated in laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the general meeting and the Articles of Association.

Chairman of the Board of Directors

The chairman of the Board of Directors is entitled to the following powers:

(i) to communicate to the Board of Directors in a timely manner the deployment of the BSASAC and higher-level units on the reform and development of the Company and the requirements of the relevant departments, and informing them of the problems of the Company pointed out in the relevant supervision and inspection;

(ii) to determine the plans for regular Board of Directors' meetings throughout the year in accordance with the provisions of the Articles of Association of the Company, including the number of meetings and the specific time for convening the meetings. When necessary, it has the right to decide to convene temporary board meetings individually;

(iii) to determine the topics of the Board of Directors' meetings, and conduct preliminary examination of the relevant motions to be submitted to the Board of Directors for discussion, and decide whether to submit them to the Board of Directors for discussion;

(iv) to convene and preside over the meetings of the Board of Directors, and implement the provisions of the rules of procedure of the Board of Directors, so as to enable each director to fully express his/her personal opinions and vote on the basis of full discussion;

(v) to organize the formulation and revision of the rules of procedure of the Board of Directors, the working rules of the specialized committees of the Board of Directors and other regulations for the operation of the Board of Directors, as well as the basic management system of the Company, and submit them to the Board of Directors for discussion and adoption;

(vi) to grasp the implementation of the resolutions of the Board of Directors in a timely manner, and to supervise and inspect the implementation of the resolutions; to put forward timely rectification requirements for the problems found; the results of the inspection and the major problems found should be reported at the next Board of Directors' meeting;

(vii) to organize the formulation of the Company's profit distribution plan and plan for making up losses, the Company's plan for increasing or decreasing its registered capital, the Company's plan for merger, demerger, dissolution or change of corporate form, as well as other plans authorized by the Board of Directors to be formulated by the Board of Directors and submitted to the Board of Directors for a vote;

(viii) in accordance with the resolution of the Board of Directors, to sign documents on the appointment and dismissal of senior management members of the Company; in accordance with the resolution of the Board of Directors, on behalf of the Board of Directors, to sign with senior management members the business performance contract and other documents; to sign other documents stipulated by laws and administrative regulations and authorized by the Board of Directors should be signed by the Chairman of the Board of Directors; and on behalf of the Company to sign important documents with legally binding effect;

(ix) to propose the setting up plan or adjustment proposal and candidate suggestion of each specialized committee, and submit them to the Board of Directors for discussion and vote;

(x) to organize the drafting of the report of the Board of Directors, convene and preside over the Board of Directors to discuss and adopt the report of the Board of Directors, and report the work to the general meeting on behalf of the Board of Directors;

(xi) in accordance with the relevant requirements of the General meeting, to organize the Board of Directors to provide timely information to the General meeting and Board of Supervisors, and organize the Board of Directors to regularly assess the effectiveness of the information control system, check the truthfulness, accuracy and completeness of the information, and request timely rectification of the problems found to ensure that the content of the information is true, accurate and complete;

(xii) to communicate with independent non-executive director, listen to the opinions of independent non-executive director, and provide all-round support and services to independent non-executive director in performing their duties;

(xiii) in the event of force majeure or major crisis situations that make it impossible to convene a board meeting in a timely manner in case of emergency, to exercise special adjudicative and dispositive powers over the affairs of the Company in accordance with laws, administrative regulations and the interests of the Company, and report to the Board of Directors afterwards;

(xiv) other powers and duties conferred by laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, and the Board of Directors.

Meetings of the Board of Directors

Meetings of the Board of Directors shall be classified into the regular meetings and extraordinary meetings. Regular meetings shall be convened at least fourth every year by the Board of Directors. The meetings shall be convened by the chairman of the Board of Directors.

When an extraordinary meeting of the Board of Directors is convened, the notice of the meeting and the required documents, information and other materials shall be delivered to all Directors, Supervisors and other attendees of the meeting three days prior to the convening of the meeting, and with the unanimous consent of all the Directors of the Company, the time limit for notification as stipulated in the aforesaid provision may be exempted. If the situation is urgent and a temporary meeting of the Board of Directors needs to be convened as soon as possible, the notice of the meeting may be given by telephone or other verbal means at any time, but the convenor shall make an explanation at the meeting.

Meetings of the Board of Directors shall be held with the presence of a majority of the directors. Voting on resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

Resolutions made by the Board of Directors shall be deemed to have been passed with the approval of a majority of all directors.

A Meeting of the Board of Directors shall be attended by the directors themselves; if a director is unable to attend for any reason, he/she may delegate in writing other directors to attend and exercise the voting right on his/her behalf.

Supervisors, secretary of the Discipline Inspection Committee of the Company and general counsel attend the Meetings of Board of Directors.

A director who is related to a matter resolved by the Board of Directors (including having a material interest in a transaction) shall not exercise his/her voting rights in respect of such resolution, nor shall he/she exercise his/her voting rights on behalf of other directors.

Office of the Board of Directors

The Board of Directors shall set up an office of the Board of Directors, which is responsible for affairs related to corporate governance, preparation of Board of Directors' meetings, guidance on the construction of the modern enterprise system of subsidiaries and the construction of the Board of Directors, and the provision of professional support and services to the Board of Directors.

SENIOR MANAGEMENT MEMBERS

The Company shall have one general manager, one chief financial officer, one secretary to the board of director, one chief quality officer and one general counsel, who shall be appointed or dismissed by the Board of Directors. General manager, deputy general manager, chief financial officer, one secretary to the board of director, chief quality officer, general counsel, assistant to the general manager to form the senior management, which shall fulfill the responsibilities of planning operation, grasping implementation, enhancing management.

The General Manager shall report to the Board of Directors and to the chairman of the Board of Directors when the Board is not in session.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management, and to organise the implementation of the resolutions of the Board of Directors;

(ii) to organise the implementation of the Company's annual business plan and investment proposals;

(iii) to draft plans for the establishment of the Company's internal management structure, and plans for the establishment or abolition of a branch of the Company;

(iv) to draft the Company's basic management system and formulate specific rules and regulations;

(v) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(vi) to decide on investment projects within a certain amount in accordance with the Company's system under the authorization of the Board of Directors;

(vii) to approve the expenditure of recurrent project expenses and long-term investment phase expenses in accordance with the Company's investment plan and investment program;

(viii) to formulate programs for the issuance of corporate bonds and other financing programs above a certain amount in accordance with the Company's system, and to approve other financing programs below a certain amount;

(ix) to formulate plans for external guarantees such as mortgages, pledges and guarantees of the Company's assets;

(x) to formulate the Company's asset disposal program above a certain amount, external donation or sponsorship program in accordance with the Company's system, and to approve the Company's asset disposal program below a certain amount, external donation or sponsorship;

(xi) to formulate the company's annual financial budget program, final account program, profit distribution program and make up for losses;

(xii) to formulate a plan to increase or reduce the registered capital of the company;

(xiii) to formulate the company's reform and reorganization program;

(xiv) to formulate the company's income distribution program;

(xv) to formulate the plan for the establishment of risk management system, internal control system, accountability system for illegal operation and investment and legal compliance management system of the Company, and organize and implement the plan after the approval of the Board of Directors;

(xvi) to establish the general manager office meeting system, convene and preside over the general manager office meeting of the Company;

(xvii) to coordinate, inspect and supervise the production and operation, reform and management of various departments, branches and subsidiaries;

(xviii) to put forward proposals involved in matters related to exercising the rights of the Company as a shareholder of the invested enterprises;

(xix) other powers conferred by laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the Company's Articles of Association or the Board of Directors.

If the general manager makes a decision on the above matters, which falls within the scope of the participation of the Party organization of the Company in the decision-making of major issues, he/she shall listen to the opinions and suggestions of the Party organization of the Company in advance.

The general manager shall attend meetings of the Board of Directors.

The senior management shall formulate the rules of procedure of the General Manager's Office Meeting, which shall be implemented after approval by the board of directors. The general manager shall exercise the authority conferred by the Board of Directors through the general manager's office meeting and other forms.

BOARD OF SUPERVISORS

The Company shall have a Board of Supervisors. The Board of Supervisors shall be composed of three supervisors, including one employee representative supervisor. The Board of Supervisors shall have one chairman, who shall be elected by more than half of all the supervisors.

The Directors and senior management members of the Company shall not act concurrently as supervisors.

Each supervisor shall serve for a term of three years, which term is renewable upon re-election upon expiry.

The Board of Supervisors shall be accountable to the general meeting, and shall exercise the following functions and powers in accordance with law:

(i) to review the Company's financial position;

(ii) to supervise the Directors and senior management members' acts in performing duties of the Company, propose a removal of any Director or senior officer in violation of any laws, administrative regulations, the Articles of Association or resolution adopted at the general meeting;

(iii) to demand any Director, general manager or senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;

(iv) to propose to convene a shareholders' extraordinary general meeting, and to convene and preside over general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(v) to submit proposals to general meetings;

(vi) to initiate legal proceedings against any Director or senior officer according to relevant provisions of the Company Law;

(vii) other functions and powers conferred by laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the Company's Articles of Association or the Board of Directors.

All reasonable fees incurred in the employment of professionals such as lawyers, certified public accountants or practicing auditors which are required by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company.

The meetings of the Board of Supervisors shall be convened at least once every six months and presided over and chaired by the chairman of the Board of Supervisors, and shall notify all supervisors in writing 5 days prior to the meeting.

The Board of Supervisors shall formulate procedural rules to be followed at meetings of the Board of Supervisors, specify the method for conducting business and the voting procedures of the Board of Supervisors, so as to ensure the working efficiency and scientific decision-making of the Board of Supervisors.

Resolutions of the Board of Supervisors shall be approved by the affirmative vote of at least half of the members of the Board of Supervisors.

The Board of Supervisors shall record all matters considered at the meeting into the meeting minutes. Participating supervisors shall sign the meeting minutes for confirmation.

DEMOCRATIC MANAGEMENT OF EMPLOYEES AND LABOR AND PERSONNEL SYSTEM

The Company shall, in accordance with the provisions of the law, improve the democratic management system with the staff congress as the basic form, promote the openness of factory affairs and business, guarantee the right of employees to know, participate, express and supervise, and safeguard the legitimate rights and interests of employees. Employees' opinions should be heard on major decisions, and major issues involving their immediate interests must be considered by the employees' congress or the employees' meeting. Employee representatives are guaranteed to participate in corporate governance in an orderly manner.

FINANCIAL, ACCOUNTING, AUDITING AND GENERAL COUNSEL SYSTEM

Financial and Accounting System

The Company shall establish its financial and accounting system and internal audit system in accordance with the laws, administrative regulations and the requirements of the relevant departments of the State.

The Company shall prepare a financial report at the end of each fiscal year, which shall be audited by an accounting firm in accordance with the law.

The financial report of the Company shall be made available for inspection by the shareholders at the Company not later than 21 days before the annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial report.

In addition to Chinese accounting standards and regulations, the company's financial statements should be prepared in accordance with international or overseas listed accounting standards. If there is any significant difference between the financial statements prepared in accordance with the two accounting standards, it shall be noted in the notes to the financial statements. When the Company distributes the after-tax profit of the relevant fiscal year, the lesser of the after-tax profit of the two aforementioned financial statements shall prevail.

When a company distributes its after-tax profit for the year, 10% of the profit should be withdrawn and included in the company's legal reserve. If the accumulated amount of the company's legal reserve is more than 50% of the company's registered capital, it may not be withdrawn.

If the Company's legal reserve is insufficient to make up for the losses of previous years, the Company shall make up for the losses with the current year's profits before withdrawing the legal reserve in accordance with the provisions of the preceding paragraph.

After the Company has withdrawn the legal reserve from the after-tax profit, it may also withdraw any reserve from the after-tax profit by resolution of the shareholders' meeting.

The after-tax profit remaining after the Company has made up for its losses and withdrawn its provident fund shall be distributed in proportion to the shares held by the shareholders. However, except for the provisions of these Articles of Association which stipulate that the profit shall not be distributed in accordance with the proportion of shares held.

If the shareholders' meeting violates the provisions of the preceding paragraph by distributing profits to shareholders before the Company makes up for its losses and withdraws its legal reserve, the shareholders must return to the Company the profits distributed in violation of the provisions.

The shares of the Company held by the Company shall not participate in the distribution of profits.

Internal Auditing

The internal audit department of the Company is responsible to the Board of Directors for carrying out internal audit work and auditing and supervising the financial income, expenditure and economic activities of the Company and its branches in accordance with the regulations of State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

The internal audit system of the Company and the duties of the auditors shall be implemented after approval by the Board of Directors. The person in charge of auditing shall be responsible to the Board of Directors and report on his/her work.

Appointment of Accounting Firm

The Company employs an independent accounting firm that complies with the relevant state regulations and the regulatory requirements of the place where the Company's shares are listed to carry out auditing of accounting statements, verification of net assets and other related consulting services, etc., for a term of one year commencing from the end of the Company's current annual shareholders' meeting to the end of the next annual shareholders' meeting, which may be renewed.

The Company's engagement of an accounting firm to provide regular auditing services for the Company must be decided by the shareholders' meeting, and the Board of Directors may not appoint an accounting firm before the decision is made at the shareholders' meeting.

General Counsel System

The General Counsel is appointed or dismissed by the Board of Directors.

The General Counsel is a senior management member, and is the specific leader of the company's legal work, responsible for coordinating and handling the company's legal affairs in decision-making, operation and management. The General Counsel reports directly to the General Manager or Chairman of the Board of Directors and is responsible to the Board of Directors.

ACCOUNTABILITY FOR NON-COMPLIANCE WITH BUSINESS INVESTMENT

If the relevant personnel of the Company violates laws and regulations, rules and regulations on state-owned assets supervision and internal management system of the Company, fails to perform their duties properly, and causes loss of state-owned assets or other serious adverse consequences in the operation and investment of the Company, the Company shall hold the relevant responsible persons accountable.

The accountability for irregular operation and investment includes but is not limited to the following areas: corporate control, risk management, project contracting, capital management, transfer of property rights (including equity, real estate and fixed assets), fixed asset investment, investment and M&A, restructuring and reorganization, and overseas operation and investment.

BRAND USE AND RELATED LIABILITY

The trademark "Tongrentang" and its name belong to Tongrentang Group. The company only uses them within the scope authorized by Tongrentang Group. Without the prior written consent of the Tongrentang Group, the Company shall not use the trademark and name of "Tongrentang" or use any name containing the word "Tongrentang" to set up other enterprises and branches, either alone or in cooperation with any other person, nor shall it transfer or license the use of the trademark and name of "Tongrentang" to any other person. "Tongrentang" trademark and name.

In the event that the proportion of shares of the Company directly or indirectly held by the Tongrentang Group is less than 33.4% or is not relatively controlling for any reason whatsoever, the right to use the trademark and trade name "Tongrentang" shall be unconditionally withdrawn by the Tongrentang Group, and the Company shall not continue to use the trademark and trade name.

NOTICE

Notices of the Company shall be given in the following forms:

(i) by hand;

(ii) by courier or express mail;

(iii) by e-mail;

(iv) by posting on the website designated by the Company and/or the Hong Kong Stock Exchange, subject to compliance with laws, administrative regulations, rules and regulations, and the rules of securities supervision of the place where the Company's shares are listed;

(v) in other forms as provided for in the laws, administrative regulations, rules and regulations, securities regulatory rules of the place where the Company's shares are listed or these Articles of Association.

Subject to the provisions of the securities regulatory rules of the place where the Company's shares are listed, notices issued by the Company by way of announcement shall be deemed to have been received by all relevant persons upon announcement.

MERGER, DIVISION, INCREASE AND DECREASE IN REGISTERED CAPITAL, DISSOLUTION AND LIQUIDATION OF THE COMPANY

Merger, Division, Capital Increase and Reduction

The merger of the Company may take the form of either merger by absorption or merger by consolidation. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies through the establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

In the event of merger of the Company, the parties to such merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of the date of the Company's resolution for merger and shall publish an announcement by registration authorities or newspapers or the national enterprise credit information publicity system within thirty days of the date of such resolution. A creditor has the right within thirty days of receipt of the notice from the Company or, in the case of creditor who does not receive such notice, within forty-five days of the date of announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

After merger, any rights in relation to debtors and any indebtedness of each of the merged parties shall be assumed by the Company which survives the merger or the newly established company.

In the event of a merger between the Company and a company in which it holds ninety percent or more of the shares, the Company shall not be required to pass a resolution at general meeting, but it shall notify the other shareholders, who shall have the right to request the Company to acquire their equity or shares at a reasonable price.

If the price to be paid by the Company for the merger does not exceed ten percent of the net assets of the Company, the resolution of the general meeting may be dispensed with; however, unless otherwise provided in the laws, regulations, the requirements of listing rules of exchange(s) where shares of the Company are listed, the Company's Articles of Association.

Where a company merges without a resolution of the general meeting in accordance with the provisions of the preceding two paragraphs, it shall be resolved by the board of directors.

Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the Company's division resolution and shall publish an announcement in a newspaper designated by the CSRC and on the websites of the Company and the stock exchange within 30 days of the date of the Company's division resolution.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, except for those which written agreement has been reached with the creditor in respect of repayment of the debts prior to the division.

The Company must prepare a balance sheet and an inventory list of its assets when it reduces its registered capital.

The Company's registered capital must not, after the reduction in capital, be less than the minimum amount required by law.

Dissolution and Liquidation

The Company may be dissolved in any of the following circumstances:

(i) Where the term of its operations set down in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;

(ii) Where the shareholders' general meeting has adopted a resolution for dissolution;

(iii) Where dissolution is required due to merger or division of the Company;

(iv) Where the business license of the Company is revoked, or the Company is ordered to close down;

(v) Where the Company runs deep into difficulties in operation and management, its continuous existence may cause heavy losses to shareholders' interests, and such difficulties cannot be dealt with in other ways, the shareholders holding over ten percent votes of all shareholders' of the Company may apply to the people's court to dissolve the Company.

In the circumstance item (i) (ii) above, if no property has been distributed to shareholders, the Company may continue to exist by amending the Articles of Association.

Where the Articles of Association are amended in accordance with the preceding paragraph, the amendment shall be adopted by two-thirds or more shareholders attending the general meeting.

Where the Company is dissolved in accordance with the items (i), (iv) and (v) above, a liquidation committee shall be established within fifteen days upon occurrence of the reason for dissolution to carry out liquidation. The liquidation committee shall be composed of the directors, unless the general meeting resolves to elect another person. In case no liquidation committee is established within the specified period to carry out liquidation, the interested parties may apply to the people's court to designate relevant persons to form a liquidation committee and carry out liquidation.

The liquidation committee shall notify creditors within 10 days from the date of its establishment and shall publish an announcement in a newspaper or the National Enterprise Credit Information Publication System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of receipt of the notice from the Company or, in the case of creditor who does not receive such notice, within 45 days of the date of announcement. When declaring their claims, creditors shall explain the matters related to their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay the creditors.

If the liquidation committee fails to fulfill its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

In any of the following circumstances, the Company shall amend the Articles of Association:

(i) The Articles of Association is contradictory to existing laws, administrative rules, regulations, normative documents and the listing rules of the stock exchange where the Company's shares are listed;

(ii) There is any change to the Company's situation and is inconsistent with any matter recorded in the Articles of Association;

(iii) A general meeting adopts a resolution for amendment of the Articles of Association.

The Board of Directors shall amend the Articles of Association according to the resolution of the shareholders' general meeting for amendments hereof and the approval opinions of relevant competent authority.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on March 17, 2015 and was converted into a joint stock limited liability company under the laws of the PRC on June 21, 2024. Our registered office is situated at No. 323-1982, Zhuxinzhuang, Shigezhuang Street, Changping District, Beijing, the PRC. As of the Latest Practicable Date, the registered capital of our Company was RMB357,208,549.

Our Company has established a principal place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wan Chai, Hong Kong, and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on September 9, 2024. Ms. Mak Po Man Cherie (麥寶文) has been appointed as the authorized representative of our Company for acceptance of service of process and notices required to be served on our Company in Hong Kong. The address for acceptance of service of process and notices is the same as our registered place of business in Hong Kong.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this prospectus. A summary of the Articles of Association is set out in Appendix V to this prospectus.

2. Changes in the Share Capital of Our Company

On March 17, 2015, our Company was established with a registered capital of RMB60.0 million and was subscribed for by TRT.

On September 20, 2019, the registered capital of our Company was increased from RMB60.0 million to RMB300.0 million, all of which was subscribed for by TRT.

On March 26, 2024, the registered capital of our Company was increased from RMB300.0 million to RMB357.2 million, all of which was subscribed for by our Pre-IPO Investors.

On June 21, 2024, our Company was converted into a joint stock limited company under the laws of the RPC with a registered share capital of RMB357,208,549, comprising 357,208,549 Unlisted Shares with a nominal value of RMB1.00 each, which was subscribed for by all the then existing shareholders.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

Immediately after the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming the Over-allotment Option is not exercised, our registered share capital will be RMB465,362,049, consisting of 247,069,525 Unlisted Shares and 218,292,524 H Shares, which represent approximately 53.1% and 46.9% of our registered share capital, respectively.

3. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. For details, please see "History, Reorganization and Corporate Structure — Reorganization."

4. Changes in the Share Capital of Our Subsidiaries

Particulars of our subsidiaries are included in Note 1 of Section II to the Accountants' Report set out in Appendix IA to this prospectus.

Save as disclosed in "History, Reorganization and Corporate Structure" and below, there has been no alteration in the registered share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

Shunyi TRT TCM Hospital

On March 21, 2025, Shunyi TRT TCM Hospital was established in the PRC with a registered capital of RMB36.0 million.

5. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the extraordinary general meeting of the Shareholders held on June 12, 2024, among others, the following resolutions were passed by our Shareholders:

(1) the Global Offering has been approved and the Board and its authorized representatives have been authorized to handle all matters relating to, among other thing, the Global Offering and the proposed listing of H Shares on the Main Board of the Stock Exchange;

(2) the issuance by our Company of the H Shares with a nominal value of RMB1.00 each up to 136,930,500 H Shares (including 17,860,500 H Shares that may be issued upon the full exercise of the Over-allotment Option) and such H Shares be listed on the Hong Kong Stock Exchange;

(3) subject to the CSRC's approval, upon completion of the Global Offering, 110,139,024 Unlisted Shares will be converted into H shares on a one-for-one basis;

(4) subject to the completion of the Global Offering, the granting of a general mandate to our Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as our Board in its absolute discretion deems fit, and to complete all necessary procedures, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue as of the Listing Date;

(5) subject to the completion of the Global Offering, the granting of a general mandate to our Board to exercise all the powers of our Company to repurchase H Shares listed on the Stock Exchange at any time within a period up to the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, and to complete all necessary procedures, provided that, the number of H Shares to be repurchased shall not exceed 10% of the number of H Shares in issue as of the Listing Date; and

(6) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date, and the Board has been authorized to revise and amend the Articles of Association, in accordance with the requirements of the laws, regulations and Listing Rules.

6. Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(1) Reasons for Repurchase

Our Directors believe that the repurchase of H Shares would be beneficial to and in the best interests of our Company and Shareholders as a whole. It can strengthen the investors' confidence in our Company and promote a positive effect on maintaining our Company's reputation in the capital market. Such repurchases will only be made when our Board believes that such repurchases will benefit our Company and Shareholders as a whole.

(2) Exercise of the General Mandate to Repurchase H Shares

Pursuant to the resolutions passed by the general meeting of our Shareholders held on June 12, 2024, our Board was granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the date of the conclusion of the next annual general meeting of our Shareholders or the date on which our Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier.

Furthermore, we need to complete necessary procedures with relevant government authorities for the actual grant of the general mandate to repurchase H Shares to our Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of 218,292,524 H Shares in issue as of the Listing Date) would result in a maximum of 21,829,252 H Shares being repurchased by our Company during the relevant period, being the maximum of 10% of the H Shares in issue as of the Listing Date.

(3) Source of Funds

In repurchasing H Shares, our Company intends to apply funds from our Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

Our Company is entitled under the Articles of Association to repurchase its Shares. Any repurchases by our Company may only be made out of either the funds of our Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose. Our Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the listing rules of the Stock Exchange from time to time.

(4) Suspension of Repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(5) Trading Restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

A listed company may not repurchase its shares if that repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to affect a repurchase of securities disclose to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(6) Close Associates and Core Connected Persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase H Shares is approved, to sell any Shares to our Company.

No core connected persons of our Company have notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase H Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(7) Status of Repurchased Shares

Subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations, the H Shares repurchased by our Company will be cancelled or transferred within certain period and the registered capital of our Company will be reduced by an amount equivalent to the aggregate nominal value of the H Shares if such H Shares were cancelled.

(8) Takeover Implications

If, as a result of any repurchase of H Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as disclosed above, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase H Shares.

(9) General

If the general mandate to repurchase H Shares was to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase H Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors will exercise the general mandate to repurchase H Shares in accordance with the Listing Rules and the applicable laws in the PRC.

7. Restriction on Share Repurchase

For details of the restrictions on the share repurchase by our Company, please see "Summary of Articles of Association of the Company" in Appendix V to this prospectus.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(1) the Non-Competition Undertaking;

(2) a cornerstone investment agreement dated March 18, 2026 entered into among our Company, AIRPORT TECHNOLOGY CAPITAL (HONG KONG) CO., LIMITED (航空港科技資本(香港)有限公司) and China International Capital Corporation Hong Kong Securities Limited, pursuant to which AIRPORT TECHNOLOGY CAPITAL (HONG KONG) CO., LIMITED agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$219,000,000.00;

(3) a cornerstone investment agreement dated March 18, 2026 entered into among our Company, AURORA SF and China International Capital Corporation Hong Kong Securities Limited, pursuant to which AURORA SF agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$170,329,670.33; and

(4) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(1) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Date	Expiry Date
1. .		PRC	15143570	SXT Pharmacies	5	November 28, 2015	November 27, 2035
2. .		PRC	21529322	SXT Pharmacies	10	November 28, 2017	November 27, 2027
3. .		PRC	11505775	SXT Pharmacies	20	July 7, 2014	July 6, 2034
4. .		PRC	48634107	SXT Pharmacies	29	May 21, 2021	May 20, 2031
5. .		PRC	48661401	SXT Pharmacies	31	May 21, 2021	May 20, 2031

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Registration Date	Expiry Date
6. .	三溪堂	PRC	11027718	SXT Pharmacies	44	October 14, 2013	October 13, 2033
7. .	三溪堂	PRC	48640611	SXT Pharmacies	30	June 7, 2021	June 6, 2031
8. .	三溪堂	PRC	8980671	SXT Pharmacies	3	January 21, 2012	January 20, 2032
9. .	三溪堂	PRC	6721161	SXT Pharmacies	5	June 28, 2010	June 27, 2030
10. .	三溪堂	PRC	15134599	SXT Pharmacies	5	November 28, 2015	November 27, 2035
11. .	三溪堂	PRC	48640578	SXT Pharmacies	29	May 21, 2021	May 20, 2031
12. .	三溪堂	PRC	8980669	SXT Pharmacies	29	June 7, 2012	June 6, 2032
13. .	三溪堂	PRC	6721162	SXT Pharmacies	30	June 21, 2010	June 20, 2030
14. .	三溪堂	PRC	48661371	SXT Pharmacies	30	June 7, 2021	June 6, 2031
15. .	三溪堂	PRC	8980668	SXT Pharmacies	30	February 7, 2012	February 6, 2032
16. .	三溪堂	PRC	48634462	SXT Pharmacies	31	May 21, 2021	May 20, 2031
17. .	三溪堂	PRC	8980667	SXT Pharmacies	31	September 21, 2012	September 20, 2032
18. .	三溪堂	PRC	8980664	SXT Pharmacies	43	April 21, 2012	April 20, 2032
19. .	三溪堂	PRC	6721163	SXT Pharmacies	44	May 14, 2010	May 13, 2030
20. .	三溪堂	PRC	15139161	SXT Pharmacies	5	November 28, 2015	November 27, 2035
21. .	三溪堂	PRC	48639699	SXT Pharmacies	29	May 21, 2021	May 20, 2031
22. .	三溪堂	PRC	48641017	SXT Pharmacies	30	June 7, 2021	June 6, 2031
23. .	三溪堂	PRC	48656122	SXT Pharmacies	31	May 21, 2021	May 20, 2031
24. .	三溪堂大师方	PRC	76618535	SXT Pharmacies	35	July 28, 2024	July 27, 2034
25. .	三溪堂大师方	PRC	76619854	SXT Pharmacies	10	August 7, 2024	August 6, 2034
26. .	三溪堂大师方	PRC	76619903	SXT Pharmacies	44	August 7, 2024	August 6, 2034
27. .	三溪堂大师方	PRC	76637588	SXT Pharmacies	3	August 7, 2024	August 6, 2034
28. .	三溪堂大师方	PRC	76639989	SXT Pharmacies	5	August 7, 2024	August 6, 2034

(ii) Trademarks Licensed to Our Group

As of the Latest Practicable Date, we were licensed to use the following trademarks, for which registration has been granted, that we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Registration Date	Expiry Date
1. .		Hong Kong	TRT	35,41,44	303069379	July 16, 2014	July 15, 2034
2. .	Tong Ren Tang	Hong Kong	TRT	5,35,44	304195323	July 4, 2017	July 3, 2027
3. .	同仁堂	Hong Kong	TRT	35,44	304195332	July 4, 2017	July 3, 2027
4. .	同仁堂	PRC	TRT	42	1779668	May 28, 2002	May 27, 2032
5. .	同仁堂	PRC	TRT	35	29621641	September 7, 2019	September 6, 2029
6. .		PRC	TRT	35	12203149	November 21, 2019	November 20, 2029
7. .	同仁堂	PRC	TRT	35	1956720	October 7, 2022	October 6, 2032
8. .		PRC	TRT	35	771059	November 7, 2024	November 6, 2034
9. .		PRC	TRT	44	4737755	December 7, 2019	December 6, 2029
10. .	同仁堂	PRC	TRT	44	17128714A	September 21, 2016	September 20, 2026
11. .	承志堂	PRC	CZT	32	67669768	April 14, 2023	April 13, 2033
12. .	承志堂	PRC	CZT	40	67660490	June 28, 2023	June 27, 2033
13. .	承志堂	PRC	CZT	29	67656304	June 21, 2023	June 20, 2033
14. .	承志堂	PRC	CZT	30	67082559	March 14, 2023	March 13, 2033

(2) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Patent Type	Registration Number	Registered Owner	Filing Date	Expiry Date
1. .	A managing method, device, apparatus and readable medium for the safety of medication in traditional Chinese medicine (一種中藥用藥安全的管理方法、裝置、設備及可讀介質)	Invention	ZL 202310907262.5	TRT Internet Hospital	July 24, 2023	July 23, 2043
2 . .	An auxiliary prescribing method, apparatus, device and readable medium for TCM decoction pieces (一種中藥飲片的輔助開立方法、裝置、設備及可讀介質)	Invention	ZL202311386197.2	TRT Internet Hospital	October 24, 2023	October 23, 2043

(3) Copyright

As of the Latest Practicable Date, we had registered the following copyright which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration Number	Place of Registration	Registration Date	Expiry Date
1..	Tongrentang Chinese Medicine App V1.0 (同仁堂中醫APP V1.0)	TRT Internet Hospital	2022SR1307460	PRC	August 26, 2022	December 31, 2072

(4) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1. . .	tongrentangcare.com	our Company	October 23, 2018	October 23, 2032
2. . .	tongrentangcare.com.cn	our Company	October 23, 2018	October 23, 2032
3. . .	tongrentangcare.cn	our Company	October 23, 2018	October 23, 2032
4. . .	tongrentangcare.net	our Company	October 23, 2018	October 23, 2032
5. . .	ywsxtzybjy.cn	SXT Hospital	June 28, 2021	June 28, 2026
6. . .	sxtdyf.com	SXT Pharmacies	November 28, 2016	November 28, 2026

No.	Domain Name	Registrant	Date of Registration	Expiry Date
7. . .	tongrentanghospital.com	TRT Internet Hospital	July 20, 2022	July 20, 2027

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(1) Interests and Short Positions of the Directors and Chief Executive of Our Company in the Shares, Underlying Shares or Debentures of Our Company and Our Associated Corporation

Immediately following the completion of the Global Offering, none of our Directors or chief executive has any interest and/or short position in the Shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), will be required to be notified to our Company and the Hong Kong Stock Exchange (a) pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register required to be kept therein once the H Shares are listed; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the H Shares are listed on the Hong Kong Stock Exchange.

(2) Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

(i) Interests of Substantial Shareholders in Our Company

Save as disclosed in "Substantial Shareholders" of this prospectus, our Directors are not aware of any other person who will, immediately following the Global Offering, have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)

So far as the Directors are aware, as of the Latest Practicable Date, the following persons were interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of the members of our Group (except our Company).

Our subsidiary	Parties with 10% or more equity interest	Approximate percentage of shareholding
Beijing TRT Second TCM Hospital	TRT Technologies	49%
Taiyuan Healthcare Management	TRT Shanxi Pharmacy	49%
Anshan TRT TCM Hospital	Anshan Iron and Steel Group Corporation General Hospital (鞍鋼集團公司總醫院)	49%
Qiqihar TRT TCM Hospital	Jianhua Hospital	49%

Our subsidiary	Parties with 10% or more equity interest	Approximate percentage of shareholding
TRT Baoding	Mr. Zhang Wentong (張文童)	49%
Shanghai CZT	Hangzhou CZT	30%
Shanghai ZHT	Shanghai Zhongyou Health Technology Group Co., Ltd. (上海中優健康科技集團有限公司)	30%
Shanghai ZHT	Mr. Yuan Chongqing (袁重慶)	10%
SXT Hospital	Mr. Zhu	13.75%
	Ms. Pan	11.25%
SXT Pharmacies	Mr. Zhu	13.75%
	Ms. Pan	11.25%

2. Particulars of Service Contracts and Letters of Appointment

Each of our Directors has entered into a service contract or a letter of appointment with our Company. The principal particulars of these service contracts and letters of appointment comprise, among other things, (a) the term of the service or appointment; (b) a termination provision; and (c) a dispute resolution provision. The service contracts and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Compensation of Directors

Save as disclosed in "Directors and Senior Management" and Note 9 of Section II to the Accountants' Report as set out in Appendix IA to this prospectus, none of our Directors received other remuneration or benefits in kind from our Company in respect of each of the three financial years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

4. Agency Fees or Commissions Received

Save as disclosed in the section headed "Underwriting" in this prospectus, none of our Directors or any of the persons whose names are listed under the sub-section headed "— D. Other Information — 9. Consents of Experts" below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Disclaimers

(1) None of our Directors or experts referred to under "— D. Other Information — 8. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(2) None of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.

(3) Save as disclosed in "— 1. Disclosure of Interests" in this section, taking no account of Shares which may be taken up under the Global Offering, none of our Directors or chief executive is aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

(4) Save as disclosed in the section headed "Business," so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the sections headed "Risk Factors" and "Business" in this prospectus and so far as our Directors are aware, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions, taken as a whole.

3. Sponsor

The Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules. The Sponsor's fee in relation to the Listing is HK$3.0 million.

The Sponsor has made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the H Shares to be admitted into CCASS.

4. Compliance Advisor

We appointed Rainbow Capital (HK) Limited as our compliance advisor effective upon the Listing in compliance with Rules 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses.

6. Promoter

The promoters of our Company are TRT, TRT Senior Fund, Tongqing Fund, Tongkang Fund, TRT Medical Fund Management, Mr. Zhu Zhibiao, Ms. Pan Songqin, Bozhou Yipinde, Jining Yinling and Bingrong Investment. Save as disclosed in the section headed "History, Reorganization and Corporate Structure" in the prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

8. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities under the SFO
Tian Yuan Law Firm	PRC Legal Advisors to the Company as to PRC law
Commerce & Finance Law Offices	PRC legal advisors to the Company as to PRC law in respect of data compliance
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc.	Industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property Valuer
Shanxi Yonghong Automatic Fire-Fighting Facility Inspection & Testing Co., Ltd. (山西永宏自動消防設施檢測有限公司)	Taiyuan Fire Safety Consultant
Zhongtai Yunchuang (Beijing) Construction Engineering Co., Ltd. (中泰雲創(北京)建設工程有限公司)	Beijing Fire Safety Consultant

9. Consents of Experts

Each of China International Capital Corporation Hong Kong Securities Limited, Tian Yuan Law Firm, Commerce & Finance Law Offices, Ernst & Young, Frost & Sullivan (Beijing) Inc., Jones Lang LaSalle Corporate Appraisal and Advisory Limited, Shanxi Yonghong Automatic Fire-Fighting Facility Inspection & Testing Co., Ltd. (山西永宏自動消防設施檢測有限公司) and Zhongtai Yunchuang (Beijing) Construction Engineering Co., Ltd. (中泰雲創(北

京)建設工程有限公司) has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or certificates and/or legal opinion (as the case may be), which is made as of the date of this prospectus, and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided under Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

(1) Save as disclosed in the sections headed "History, Reorganization and Corporate Structure," "Underwriting" and "Structure of the Global Offering" in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(2) Save as disclosed in the section headed "Structure of the Global Offering," no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option.

(3) Our Company has no outstanding convertible debt securities or debentures.

(4) There is no restriction affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong.

(5) There are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries.

(6) Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since September 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were made up).

(7) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(8) All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

(9) No company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange.

(10) Our Company is a joint stock limited company and is subject to the PRC Company Law.

(11) There is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 9. Consents of Experts" in Appendix VI to this prospectus; and

(b) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **yiyang.tongrentang.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report of our Group, from Ernst & Young, the text of which is set out in Appendix IA to this prospectus;

(c) the Accountants' Report of SXT Pharmacies and its subsidiaries from Ernst & Young, the text of which is set out in Appendix IB to this prospectus;

(d) the Accountants' Report of SXT Hospital from Ernst & Young, the text of which is set out in Appendix IC to this prospectus;

(e) the report on unaudited pro forma financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(f) the audited consolidated financial statements of our Group for the financial years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025;

(g) the legal opinion issued by Tian Yuan Law Firm, our PRC Legal Advisors, in respect of certain aspects of our Group's business operations and property interests in the PRC;

(h) the legal opinion issued by Commerce & Finance Law Offices, our Data Compliance Advisor, in respect of PRC data compliance law;

(i) the industry report issued by Frost & Sullivan (Beijing) Inc., from which information in the section headed "Industry Overview" of this prospectus is extracted;

(j) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which are set out in Appendix III to this prospectus;

(k) the report issued by Shanxi Yonghong Automatic Fire-Fighting Facility Inspection & Testing Co., Ltd. (山西永宏自動消防設施檢測有限公司), the Fire Safety Consultant for Taiyuan TRT TCM Hospital, in respect of its findings on the fire safety inspection on Taiyuan TRT TCM Hospital;

(l) the report issued by Zhongtai Yunchuang (Beijing) Construction Engineering Co., Ltd. (中泰雲創(北京)建設工程有限公司), the Fire Safety Consultant for Beijing TRT Second TCM Hospital, in respect of its findings on the fire safety inspection on Beijing TRT Second TCM Hospital;

(m) the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VI to this prospectus;

(n) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 2. Particulars of Service Contracts and Letters of Appointment" in Appendix VI to this prospectus;

(o) the written consents referred to in the section headed "Statutory and General Information — D. Other Information — 9. Consents of Experts" in Appendix VI to this prospectus; and

(p) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures together with their unofficial English translation.

北京同仁堂醫養投資股份有限公司
Beijing Tong Ren Tang Healthcare Investment Co., Ltd.