YSB Inc.
藥師幫股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9885)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of YSB Inc. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") hereby announces the annual results of the Group for the year ended 31 December 2024 (the "**Reporting Period**"). The consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the Company's auditor, Deloitte Touche Tohmatsu (the "**Auditor**").

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus dated 15 June 2023 (the "**Prospectus**") of the Company.

HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Change (%)
	(in RMB thousands, except specified otherwise or percentages)		
Revenue	**17,903,608**	16,972,276	5.5
– Self-operation Business	**16,972,895**	16,036,245	5.8
– Online Marketplace	**881,075**	873,119	0.9
– Other Businesses	**49,638**	62,912	(21.1)
Gross profit	**1,813,451**	1,740,923	4.2
Profit (loss) attributable to the owners of the Company	**30,013**	(3,189,212)	N/A
Non-IFRS: Adjusted Net Profit[(1)]	**156,734**	130,542	20.1
Earnings/(loss) per share (RMB)	**0.05**	(8.26)	N/A
Dividend per share for the year (RMB)	**0.075**	–	N/A

(1) The adjusted net profit (the "**Adjusted Net Profit**") represents profit/loss for the year adding back (i) changes in fair value of financial liabilities at fair value through profit or loss; (ii) equity-settled share-based payment expenses; (iii) listing expenses; and (iv) acquisition-related expenses.

CHAIRMAN'S STATEMENT

First of all, on behalf of YSB Inc. and the Board, I would like to express my heartfelt gratitude to our shareholders, partners and all sectors of the community for their kind attention and tremendous support over the years.

There were both opportunities and challenges in China's pharmaceutical and healthcare industry in 2024. On one hand, the Government accelerated the advancement of the "Healthy China" initiative, promoting the accessibility of medical and healthcare services to all, and driving the industry toward innovative and quality development. The increasingly prominent trend of aging population, evolving health consumption concepts of residents, and the broadening application of technologies, including AI and big data, facilitated participants in the pharmaceutical and healthcare industry to innovate their service models in order to offer diverse and differentiated health products and services, which has further expanded the boundaries of the pharmaceutical and healthcare market. On the other hand, the pharmaceutical and healthcare industry experienced a slow growth stage as a result of the impact of cyclical economic downturns, adjustments in medical insurance policies and other factors. For all participants in the pharmaceutical and healthcare industry, the importance of enhancing quality and efficiency has become increasingly significant, undoubtedly imposing stricter requirements on us.

During the year, YSB Inc. forged ahead in a challenging market environment and firmly seized market opportunities. Leveraging its industry-leading omni-channel layout strategy, the Company carried out business innovation and service upgrades along the upstream and downstream of the pharmaceutical industry chain. By deepening collaborative partnerships with upstream and downstream partners, we reached a broader and more diverse user base, providing more convenient, efficient, professional and comprehensive digital solutions to over 820,000 downstream users. Through advancing user experience upgrades and promoting cost reduction and efficiency improvement in the industry, we continuously stimulated and released the potential of the industry chain with value co-creation and win-win collaboration, which injected new momentum into the growth of the outside-of-hospital pharmaceutical and healthcare industry and further solidified the Company's leading position in the outside-of-hospital pharmaceutical and healthcare industry.

Consolidating the Leading Position in Online Marketplace and Self-operation Businesses, Continuously Exploring Business Growth Points

In 2024, leveraging user-oriented digital operational capabilities, we continued to gain insights into the demands of downstream users on our platform. By collaborating with merchants on the platform to enhance the diversity of products from suppliers, we have become the most preferred platform for third-party merchant partnership and downstream user procurement. Through continuous upgrades of our refined operational management system, we assisted merchants in refining their operational strategies, achieving win-win growth. During the Reporting Period, our "Supporting Programme for Helping A Thousand of Third-Party Merchants to Realise Monthly Sales More than One Million" has supported hundreds of small and medium-sized merchants. Meanwhile, suppliers on the platform have achieved product matrix diversity and quality improvement, precisely meeting the diverse demands of downstream users and driving continuous value enhancement of the platform. During the

Reporting Period, the number of SKUs for non-pharmaceutical products on the platform increased by approximately 50%, and the procurement user base continued to expand. Significant achievements were also realised in category development, quality standardisation management, and market expansion of traditional Chinese medicine ("TCM") decoction pieces on the platform. As of 31 December 2024, we have successfully introduced approximately 600 TCM decoction piece manufacturers, committing to strict quality control at the supply chain source. Moreover, we have established a new benchmark for TCM decoction piece delivery in the outside-of-hospital pharmaceutical market (i.e. the "Jinfang standards"), driving continuous record-breaking growth in the number of procurement users for TCM decoction pieces, a sufficient proof of the market's high recognition and trust in our platform's TCM decoction piece products.

During the Reporting Period, stronger supply chain management capabilities, a more efficient warehouse and logistics system as well as smarter digitalised operational models collectively formed a solid foundation for the development of our Self-operation Business. We have established close cooperation relationships with numerous renowned pharmaceutical brands and manufacturers, such as CR Sanjiu (華潤三九), Kenvue (China) (科赴中國) and Hengrui Pharmaceuticals (恒瑞醫藥), which not only guarantees the stable and quality supply of pharmaceutical and healthcare products, but also allows all parties to share growth in performance, achieving multi-win situation. In terms of warehousing and logistics, we continuously optimised our fulfillment service capabilities. During the Reporting Period, the proportion of half-day delivery orders increased to 68.9% from 58.6% for the same period of last year. While ensuring continuous improvement in delivery efficiency, we further optimised logistics fulfillment costs. Through ongoing iteration of our intelligent operational system, we are able to perform real-time monitoring more accurately on inventory data, sales data and market dynamics, enabling more refined management and optimisation of each section, thereby enhancing operational efficiency and reducing operating costs.

The Targeted Product Launch Business has propelled our Self-operation Business to a new level of high-quality development. Our exclusive strategic partnership brands together with our own brands (including "Leyaoshi (樂藥師)" and the own brands of Yikuai Pharmaceutical) have formed a key driving force for our Targeted Product Launch Business. During the Reporting Period, the number of SKUs for the products under our exclusive strategic partnership brands and own brands increased by approximately 700 from last year, with the corresponding transaction amounts increased by approximately 220% from last year, both achieving explosive growth. The breakthrough growth of this business has effectively enhanced the differentiated competitiveness and sustained profitability of YSB.

In addition, to accelerate the advancement of our own brand business, we successfully completed the main settlement for the 100% equity acquisition of "Yikuai Pharmaceutical" during the Reporting Period, with a total consideration of approximately RMB1.035 billion, of which the cash consideration was RMB420 million and share consideration was RMB615 million (valued at HK$12 per share). We believe that through this acquisition, YSB will further strengthen its own brand channels, deeply explore the establishment and expansion of its own brands and enrich its product and service offerings. This will provide downstream users with products that have differentiated competitive advantages to meet their diverse and personalised needs, thereby improving downstream users' operational efficiency and profitability, and securing a leading position in the intensively competitive and ever-changing market. Furthermore, the complementary downstream user bases of both parties, once being deeply integrated and shared, will accelerate the coverage and penetration of YSB in the small and medium-sized pharmacy chain market, injecting a strong catalyst into the expansion of our market share.

Building a New Ecosystem of Co-Prosperity between Commercial and Social Value with Digital Technology as the Engine

In 2024, we achieved deeper progress in our strategic layout for digital transformation and comprehensive empowerment of the outside-of-hospital pharmaceutical services sector. We continuously refined and upgraded our SaaS solutions tailored for pharmaceutical companies, merchants, pharmacies and primary healthcare institutions. By integrating artificial intelligence, big data analytics and other technologies, we significantly enhanced the intelligent performance of our systems and user satisfaction. We continued to focus on the needs of primary healthcare and made a strong debut in the POCT auxiliary diagnosis market. We launched several point-of-care testing equipments suitable for the usage scenarios of primary healthcare institutions and continued to create overall solutions for "ClouMinihouse (光譜小屋)" primary smart healthcare system. The overall solutions for "ClouMinihouse (光譜小屋)" primary smart healthcare system integrate "FutureClou (未來光譜)", the point-of-care testing and monitoring devices, "Cloud Consultation (光譜雲診)", a SaaS digital clinic management system, and "ClouWiseDoctor (光譜智醫)", an AI doctors-aid system, fully empowering primary healthcare institutions and their doctors from hardware, software and intelligent assistance perspectives, enabling rapid screening and diagnosis of common and chronic diseases, greatly improving the efficiency and quality of primary healthcare services, facilitating the downward allocation of high-quality medical resources, and contributing to a more balanced and efficient distribution of medical resources.

We continued to deepen our efforts in public welfare and social responsibilities, actively exploring ESG practices to promote the high-quality development of the industry. Externally, we collaborated with industry partners to jointly develop the "First-tier Electronic Data Exchange Standard (首營電子資料交換數據標準)", contributing wisdom and effort to advancing industry standardisation and digitisation. We made sustained investments in improving primary healthcare levels, educating primary pharmaceutical workers and supporting public welfare education, working hand-in-hand with various parties to fulfill social responsibilities with solid actions. Internally, we significantly reduced carbon emissions and resource consumption in our operations by optimising the pharmaceutical supply chain, promoting green packaging and adopting energy-saving technologies. At the same time, we further enhanced our employee care programmes and implemented diversity and inclusion policies, providing employees with more career development opportunities and training resources, ensuring their ample room for growth within the Company. Based on these outstanding practices, we received various honors and awards during the Reporting Period, including "2024 Annual Capital Power Awards – Industry Influence Award (2024資本力量年度評選－行業影響力獎)", "2024 Most Socially Responsible Listed Company (2024最具社會責任上市公司)" and "2024 ESG Best Practice Enterprise in Social Responsibility (2024年度ESG最佳社會責任實踐企業)".

Looking ahead to 2025, in the context of China's accelerated efforts to build "Healthy China" and promote accessible healthcare, YSB will continue to strengthen and solidify the foundation of our existing Online Marketplace and Self-operation Business in the outside-of-hospital pharmaceutical industry. Meanwhile, we will persistently advance the widespread adoption and deep application of AI technology along the upstream and downstream of the pharmaceutical industry chain, striving to achieve a leap in service quality and fully empower our users, further unlocking potential growth drivers and expanding our development horizons. Leveraging our outstanding digital technologies and operational power, we will remain committed to delivering accessible, convenient and efficient healthcare service experiences to millions of merchants, pharmacies and primary healthcare institutions.

While the dream may appear to be far beyond reach, it is still attainable with ceaseless endeavours. We would like to express our gratitude to our shareholders, partners, users, and various sectors of the community who have been accompanying the Company all the way with their long-term trust and support to YSB. It is your steadfast companionship and valuable suggestions that have enabled us to move forward in a challenging market environment. Going forward, we will continue to uphold the mission of "To make quality medical care and good medicine accessible to all (讓好醫好藥普惠可及)", leveraging innovative technology to build new momentum for the high-quality development of the Company, creating greater value for shareholders and contributing more to society.

Buzhen Zhang
Chairman and Chief Executive Officer

17 March 2025

BUSINESS OUTLOOK AND REVIEW

In 2024, Chinese government continued to promote the "Healthy China 2030 (健康中國2030)" strategy and the 14th Five-Year Plan, introducing a number of supporting policies to encourage the digital and intelligent transformation of the outside-of-hospital pharmaceutical and healthcare industry. The promulgation of policies such as the "Guideline to Advance High-quality Development of Service Consumption(《關於促進服務消費高質量發展的意見》)" has clarified the functional positioning of retail pharmacies in health promotion, nutrition and health care. Consumers' demand for high-quality, personalised pharmaceutical products and services in chronic disease management, health and beauty management continued to increase, creating new growth opportunities for the industry. In addition, policies are driving the allocation of high-quality medical resources to grassroots levels, making the primary healthcare market a new growth area for the outside-of-hospital pharmaceutical and healthcare industry. Meanwhile, the strengthening of the overall medical insurance policy and the enhanced supervision of the retail market are accelerating the industry reform. Against this backdrop, the Company has closely followed the policy guidance, increased investment in technological innovation, and deepened digital transformation. By continuously leveraging digital and intelligent procurement to reduce costs and increase efficiency, accelerating digital and intelligent logistics, and iteratively optimising digital and intelligent marketing, the Company has driven comprehensive business upgrades and built a more complete service ecosystem for outside-of-hospital pharmaceutical and healthcare.

During the Reporting Period, although we were challenged by the slowdown in the overall growth of the pharmaceutical retail market, our business achieved steady growth. We have consistently enhanced user experience, strengthened user loyalty and driven business growth by accurately understanding user needs, building a comprehensive service ecosystem and continuously optimising through digital empowerment. As of 31 December 2024, our cumulative number of registered buyers was over 827,000, including 491,000 pharmacies and 330,000 primary healthcare institutions. During the Reporting Period, we had an average number of monthly active buyers ("MAB") of 433,000, representing a year-on-year increase of 18.0%. The average number of monthly paying buyers ("MPB") reached 401,000, representing a year-on-year increase of 17.2%. Our paying ratio, i.e. the proportion of average number of MPB to average number of MAB, reached 92.7%, and the average number of orders per paying buyer per month was around 28.5.

Online Marketplace

As a leading digital service platform for the outside-of-hospital pharmaceutical industry in China, we continued to strengthen the construction of our digital capabilities, optimise user experience, and solidify the platform's service offerings, further improving user satisfaction and market competitiveness.

During the Reporting Period, we comprehensively improved the diversity of products on our platform to cover a wider range of customer needs and scenarios. Through big data analysis and user needs insight, our platform meticulously curated product selections, optimised and expanded categories to ensure that listed products are aligned with market demands. During the Reporting Period, the average monthly SKUs on the platform continued to grow by approximately 400,000 to more than 3,900,000, greatly meeting the diverse needs of users. In response to the consumption upgrading trend of traditional Chinese medicine ("TCM") decoction pieces, our platform has comprehensively improved the scale and quality of the TCM decoction pieces business by optimising suppliers, promoting Jinfang standards, and strengthening user education and coverage. During the Reporting Period, we provided over 130,000 SKUs of TCM decoction pieces to our downstream customers with sales amounting to approximately RMB2,073 million, representing a year-on-year increase of approximately 62.8%. During the Reporting Period, our platform established profound cooperative relationships with a number of well-known TCM decoction pieces manufacturers to ensure stable product quality and supply continuity. By directly connecting with TCM decoction pieces manufacturers, our platform reduced intermediate links, lowered costs, and simultaneously guaranteed the high quality of products. The platform rigorously adheres to stringent quality control standards for TCM decoction pieces, and has completed the formulation of a total of 271 Jinfang standards as of 31 December 2024.

At the same time, we are always committed to building a more prosperous and diverse user ecosystem. On one hand, we have successfully attracted a large number of high-quality third-party sellers to join the platform through operational strategy support, technical empowerment and ecological co-construction, and helped them achieve business growth through a complete service system. On the other hand, we have enhanced user experience across all dimensions by optimising platform functions and conducting diverse marketing activities. The influence of the platform among downstream user groups continues to rise, and user activity and loyalty have increased significantly. As of the end of 2024, we attracted 15,000 upstream sellers and over 820,000 downstream buyers to transact on our platform.

We charge upstream sellers a commission based on a certain percentage of their sales on our Online Marketplace. The average Online Marketplace commission rate we charged was 3.2% and 3.3% for 2023 and 2024, respectively. Accordingly, our Online Marketplace provides subsidies in the form of coupon to our downstream buyers. Our Online Marketplace subsidy ratio was 0.6% for 2024, which was on a par with 2023, without compromising platform retention rate and transaction level.

General Self-Operation Business

During the Reporting Period, we focused on comprehensive advancement in the four core dimensions of "more, quicker, better, and economical", continuously enhancing the operating capabilities of our Self-operation Business and achieving steady development in this segment. The business is conducted through our self-operated online digital stores, which is committed to providing convenient, efficient and high-quality medical and health services to downstream users.

In the dimension of "more", we further refined the overall category layout of our Self-operation Business during the Reporting Period. Based on the transaction history on our Online Marketplace and underpinned by our big data analysis of buyers' demand and transaction preference, we are able to make procurement decisions based on downstream demand, select SKUs with higher frequencies of purchase and better quality, and exercise a higher level of quality control over products on our own. We not only further introduced treatment drugs for various common diseases, but also enriched related categories such as medical devices and tonics to meet the diversified health procurement needs of downstream users. By establishing partnerships with more high-quality suppliers, we have continuously expanded our product categories, offering users a broader selection. As of 31 December 2024, the number of suppliers of our Self-operation Business amounted to 11,600, representing an increase of over 1,100 suppliers as compared to the same period of last year. During the Reporting Period, our Self-operation Business provided an average monthly SKUs of 350,000 to downstream buyers, representing an increase of 9,000 as compared to the same period of last year.

"Quicker" is reflected in the continuous optimisation of our smart supply chain system during the Reporting Period. We have established efficient procurement, warehousing and logistics and distribution systems to achieve rapid performance in relation to medical and health products. We have further improved logistics efficiency and achieved faster order processing and distribution, especially in remote areas and grassroots markets, which has significantly improved distribution efficiency and met the immediate needs of end users. During the Reporting Period, we achieved an average warehouse dispatch time of around 3 hours, with inter-provincial delivery of around 38 hours for cities and around 49 hours for towns. As the intra-city delivery business became increasingly mature, we have launched intra-city delivery services in certain cities where our main warehouses are located and in surrounding cities. We established a logistics platform to organise vehicles and monitor the services and efficiency of the entire process covering loading, transportation and delivery. As of 31 December 2024, we had opened a total of over 146 logistics routes across 15 cities nationwide, and achieved half-day delivery and same-day delivery for intra-city orders. Thanks to the optimised route planning and improved delivery efficiency, the per-unit fulfilment costs of our self-operation warehouses for intra-city (equal to the sum of the total delivery charges per delivery shift/ the number of users in a single delivery shift) has dropped by 12.87%. In terms of delivery efficiency, the proportion of orders were delivered within only half a day from placement of orders to delivery has increased from 58.6% for 2023 to 68.9% for 2024. Such fast and fabulous procurement experience significantly increased the variety and frequency of purchases from our downstream customers. Moreover, we have also piloted the delivery services via medical cold chains in Guangzhou and Foshan, where 93.5% of orders were delivered within only half a day from placement of orders to delivery, further increasing the coverage and speed of our supply to downstream users.

"Better" is the bottom line of quality that we always adhere to. Starting from the source of pharmaceutical and health product procurement, we rigorously control quality by partnering with suppliers that have comprehensive qualifications and good reputation. During the Reporting Period, we further upgraded our supplier service platform and successfully achieved data interaction with the internal systems of the Company, ensuring real-time updates and sharing of key data such as supplier information, order information, and order status. The platform promoted the flow and sharing of information among various nodes in the supply chain, and improved the response speed and flexibility of the overall supply chain. Meanwhile, we have optimised the service efficiency of the flow management system and achieved full traceability of pharmaceutical and healthcare product sales channels to ensure their safety and compliance. Thanks to this stringent control of quality, our product return rate continued to decline during the Reporting Period, representing a decrease from 0.5% for the same period of last year to 0.4%.

"Economical" is an important manifestation of the value we create for users. During the Reporting Period, we further strengthened the direct supply model from manufacturers. By purchasing directly with manufacturers, we continued to optimise procurement channels and reduce operating costs, enabling us to provide pharmaceutical and healthcare products to downstream users at more competitive prices. During the Reporting Period, we carried out official group cooperation with leading pharmaceutical manufacturers such as CR Sanjiu (華潤三九), Huahai Pharmaceutical (華海藥業), and Hengrui Pharmaceuticals to shorten the supply chain from pharmaceutical manufacturers directly to the extensive outside-of-hospital market. Through cooperation with CR Sanjiu (華潤三九), we provided users with more cost-effective and channel-focused exclusive products. By deepening our partnership with Qilu Pharmaceutical (齊魯製藥), we have introduced more high-quality medications from Qilu Pharmaceutical, opening up a high-efficiency and cost-effective channel from pharmaceutical companies to end users. In addition, we have also launched a series of promotional activities such as free shipping for single items and subsidies from pharmaceutical companies, and a membership system, allowing downstream users to enjoy premium services at a more affordable price.

Targeted Product Launch Business

Leveraging years of deep experience and keen insight in both Online Marketplace and General Self-operation Business, we are able to accurately identify products with broad market demand prospects. Based on such insight, on one hand, we actively sought to establish in-depth cooperation with pharmaceutical companies, aiming to promote their products customised for downstream needs to a broader market, thereby turning potential market opportunities into sales performance. On the other hand, leveraging the brand influence and channel advantages we have built, we strategically promoted the expansion of our own brand "Leyaoshi" products, and committed to launching our own brand products with high-quality and diverse categories that closely meet the market demand in order to meet the diversified needs of a wider range of downstream users. Through this dual-drive approach, we not only created value for our partners, but also provided downstream users with higher quality and more diverse pharmaceutical and health product options, continuously driving the Company's business growth. With the accelerated coverage of the products of our exclusive strategic partnership brands and our own brand "Leyaoshi" in the outside-of-hospital pharmaceutical market, we significantly enhanced our brand influence, strengthened our market competitiveness and further expanded our market share. During the Reporting Period, the financial results of Yikuai Pharmaceutical in December 2024 had been consolidated, and its core business had been included in the Targeted Product Launch Business. The transaction amounts of our Targeted Product Launch Business totaled to RMB1,157 million, representing a year-on-year increase of 5.8%.

In the process of synergistic development with the partner pharmaceutical companies which carried out our Targeted Product Launch Business, we developed a comprehensive, refined and professional service system with our profound industry insight and professional ability. We integrated online and offline resources and planned comprehensive promotional activities to rapidly increase product awareness and market popularity. Meanwhile, we have set up an efficient market feedback mechanism to continuously track product performance and gather feedback from end users. Based on the market dynamics and competitive situation, we promptly adjusted our marketing strategies, providing comprehensive strategic support to our partner pharmaceutical companies from brand communication and channel expansion to promotion planning. During the Reporting Period, we collaborated with approximately 500 pharmaceutical companies to launch promotion campaigns, covering 11 products each with sales exceeding RMB10 million.

During the Reporting Period, we focused the strategic layout of our Targeted Product Launch Business on expanding the coverage of our exclusive strategic partnership brands and our own brands (including "Leyaoshi" and the own brands of Yikuai Pharmaceutical) in downstream pharmacies and primary healthcare institutions, driving deep penetration of our brand influence. As of 31 December 2024, the number of SKUs for the products under our exclusive strategic partnership brands and own brands was more than 830, with a growth of over 720 in 2024. In 2024, the transaction amounts of our exclusive strategic partnership brands and own brands amounted to RMB651 million, representing a year-on-year growth of approximately 152% and an increase from approximately 24% for 2023 to approximately 56% of the transaction amounts of our Targeted Product Launch Business.

In terms of the expansion of our own brands, by upholding quality and safety and based on the actual needs of downstream pharmacies and primary healthcare institutions, we are committed to continuously identifying products with the potential to become channel bestsellers and comprehensively enhancing the product coverage of our own brands and use these measures as the key to differentiating ourselves from competition and enhancing profitability. Meanwhile, we utilise digital marketing to promote the brand concept and product advantages of our own brands through channels such as targeted advertising, social media platforms, and collaboration with benchmark offline image stores. As of 31 December 2024, the number of products under our own brands exceeded 760, which signifies a better product ecosystem with our efforts. We has successfully become a new force in terminal pharmaceutical sales with an accumulated number of over 370,000 purchasing customers. During the Reporting Period, the transaction amounts of our brand products soared by approximately 220% year-on-year, and accounted for approximately 44% of the transaction amounts of our Targeted Product Launch Business. Among which, the key single product "Leyaoshi Huoxiang Zhengqi Kou Fu Ye (樂藥師藿香正氣口服液)" launched in 2024 had covered 115,000 end users and achieved annual sales of more than RMB38 million.

In order to accelerate the business development of our own brands, we entered into a transaction agreement for the acquisition of 100% equity interest in "Yikuai Pharmaceutical" at a total consideration of RMB1,035 million by way of shares issuance and partial cash payment and completed the main settlement for the acquisition during the Reporting Period. For details, please refer to the announcements of the Company dated 15 October 2024, 28 October 2024 and 26 November 2024 (collectively the "**2024 Announcements**"). This acquisition marked a key step towards the Company's "Go Upstream (向上走)" strategy aiming at the efficient resource integration and strength complementarity of both parties, which further enriched the Company's product and service portfolio, particularly the significant improvement in the synergies in drug categories, supply chain capabilities, and market coverage. As of 31 December 2024, "Yikuai Pharmaceutical" had a total of 8 sub-brands, comprising Yuandian (元典), Antaibang (安泰邦), Futai (輔太), Peitong (培彤), Duoweijia (多維佳), Shizhenling (時珍令), BoWei (博為), XinglinTai (杏林泰) and its major purchasers are chain pharmacies, which has effectively injected new vitality into the development of our Targeted Product Launch Business and accelerated the breakthrough of our Targeted Product Launch Business in terms of product development, marketing and channel penetration. This not only deepened the layout of our pharmaceutical industry chain, but also significantly enhanced our core competitiveness in the industry, facilitating the Company's moves in tapping into higher value-added sectors and driving its high-quality growth and construction of a closed-loop industry ecosystem.

Other Businesses

ClouMinihouse (光譜小屋)

In the context of the digital revolution transforming the healthcare industry, we have continued to strive to improve the diagnosis and treatment capability of primary care doctors, assist them in expanding their service offerings, and enhance their comprehensive service capabilities. During the Reporting Period, we launched comprehensive solutions for "ClouMinihouse (光譜小屋)" primary smart healthcare system, which integrated "FutureClou (未來光譜)" series products, the advanced point-of-care testing and monitoring devices, "Cloud Consultation Saas (光譜雲診SaaS)", a digital clinic management system, and "ClouWiseDoctor (光譜智醫)", a smart AI doctors-aid system. By focusing on equipment upgrades, management efficiency improvements, as well as diagnosis and treatment empowerment, we aim to comprehensively improve the operational standards of primary healthcare institutions and the professional skills of primary care doctors.

Leveraging our platform's vast user base and extensive market data, we have accurately identified potential demands within common and critical application scenarios in primary healthcare, such as disease prevention, acute disease treatment, chronic disease rehabilitation, severe disease screening, as well as epidemic monitoring and treatment. Based on these precise insights, we launched three "FutureClou (未來光譜)" series point-of-care testing devices in August 2024, namely Clou Immuno Cube (光譜免疫小方盒), Clou Chronic Disease Analyzer (光譜慢病檢測儀), and Clou Micro Hematology Analyzer (光譜微型血球儀). These devices feature immediate testing, multi-parameter analysis, compact size, and ease of operation, significantly enhancing the efficiency of primary healthcare testing and quickly gaining market recognition. Within just about four months from their launches to 31 December 2024, these three devices covered more than 11,000 end users and have more than 14,000 units being put into use with their powerful functions and excellent performance. They played a crucial role in various diagnostic and treatment scenarios, such as chronic disease monitoring, acute infection diagnosis, and respiratory pathogen diagnosis, effectively empowering primary healthcare services. By providing more comprehensive and accurate diagnostic information, these devices facilitated precise medication use by primary care doctors, thereby improving the quality and effectiveness of primary healthcare services and safeguarding the health of general grass-roots patients.

We continued to optimise and upgrade the "Cloud Consultation (光譜雲診)" SaaS service for primary healthcare institutions. Focusing on intelligence and convenience, the service integrated features such as quick clinical reception, consultation and prescription, patient management, and pharmaceuticals management, and connected to the local medical insurance system, providing a comprehensive digital solution for primary healthcare institutions and enhancing the operational and management efficiency of primary healthcare institutions. Such services have been well received by many clients including Western medical clinics, Chinese medical clinics and combined medical clinics. As of 31 December 2024, there were more than 660 paying users of "Cloud Consultation". During the Reporting Period, we accelerated the integration and development of the medical insurance and healthcare inspection system in our pilot cities, and completed the integration with the medical insurance system in Guangdong, Shandong and Jilin provinces, and the integration with the healthcare inspection system in Guangzhou, Shenzhen and Foshan.

Other SaaS solutions

During the Reporting Period, we always focused on enhancing operational efficiency of the upstream and downstream participants in the outside-of-hospital pharmaceutical industry chain, and continued to optimise the synergy effect of the outside-of-hospital pharmaceutical ecosystem through digital empowerment and innovative services.

We constantly upgraded the "CloudComm" SaaS service for upstream sellers to digitally upgrade their inventory management, order processing, market analysis, etc., and improved operational efficiency and market responsiveness. Supported by accurate data insights and smart supply chain, we helped our upstream partners reduce their operating costs and expand market coverage. As of 31 December 2024, we provided the service to over 8,400 sellers, representing an increase of approximately 1,400 sellers during the Reporting Period.

We continued to refine our "ePalm" SaaS service for downstream buyers, providing pharmacies and primary healthcare institutions with one-stop purchasing, inventory management, sales analysis and other tools to achieve efficient operations and accurate decision-making. Through in-depth application of digital tools, we empowered downstream users to improve operational efficiency and optimise service quality. As of 31 December 2024, ePalm provided the service to approximately 60,000 buyers, representing an increase of over 10,000 buyers during the Reporting Period. ePalm also assisted buyers from 231 cities in connecting to social security departments. In addition, the "PHDS Pharmacy Health Diagnosis System (PHDS藥房健康診斷系統)", which was specially designed for chain pharmacies by "Yikuai Pharmaceutical" under the Group, had been connected to more than 1,000 chain headquarters. On the basis of data and algorithms, the "PHDS Pharmacy Health Diagnosis System" can accurately target and identify problems through efficient multi-dimensional analysis and give optimisation suggestions based on the analysis report, improving the operational efficiency and effectiveness of chain pharmacies.

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During the Reporting Period, we continued to make efforts in improving the service capability of pharmacists to better meet the needs of end customers. Since 2015, we had innovatively introduced mobile pharmaceutical training classrooms, aiming to strengthen the professional knowledge and practical skills of pharmacists through systematic training. We offer comprehensive online training sessions covering pharmaceutical theory, clinical practice and regulatory knowledge to help prospective pharmacists prepare for the Pharmacist Licensure Examination efficiently. Meanwhile, we actively facilitated the communication among pharmaceutical companies and pharmacists, and regularly invited well-known pharmaceutical companies to hold online introductory sessions to help pharmacists gain an in-depth understanding of the latest pharmaceuticals information, clinical application and market dynamics, which in turn enhances their professional judgment and services in practice. As of 31 December 2024, we provided online training to approximately 299,000 pharmacists and prospective pharmacists.

Supply Chain Management

Our self-developed smart supply chain management system is an integral key player in the continuous expansion of business scale. Relying on advanced algorithm technology and the profound insights accumulated from extensive transacting on our Self-operation Business and Online Marketplace, we have successfully realised the in-depth integration and comprehensive consolidation of the front and back ends of the supply chain, which covers the whole process of procurement, warehousing and delivery, driving the intelligent upgrading and substantial enhancement of the efficiency throughout the supply chain system. During the Reporting Period, we were able to guarantee an order can be processed and completed for delivery with approximately 3 hours on average, much faster than the industry level. During the Reporting Period, by leveraging on smart supply chain management, we maintained payable turnover days at around 66.1 days, inventory turnover days at around 33.4 days and receivable turnover days at around 1.3 days. Accordingly, our cash conversion cycle was around –31.5 days, and the operating cash flow remained net inflow in the long run. The quick turnover business model not only significantly improves our cash management efficiency, but also brings considerable idle cash to the platform, which greatly improves our liquidity and provides a solid guarantee for us to safely and quickly scale up our business. Meanwhile, the availability of idle cash also brings us extra revenue streams in addition to higher gross profit, further improving the overall profitability and driving the sustainable development of our business.

In terms of payment, our platform offers innovative supply chain financial services to downstream buyers. We use advanced digital technology to efficiently integrate business, logistics, information flow and capital, through which we have built a full-chain financial service ecosystem linking up upstream and downstream enterprises. With the support of our platform, third-party financial institutions offer tailor-made order financing products to downstream users, which ensures that loan funds are utilised according to their specific purposes and used only for the procurement on our platform, thereby enhancing the funds utilisation of downstream users and further promoting the value co-creation in the supply chain. During the Reporting Period, the number of downstream active users for order financing products was over 9,500; the cumulative lending amount was approximately RMB8,275 million, representing a year-on-year increase of 40.0%, of which the cumulative lending amount of order financing products from downstream chain pharmacy customers was approximately RMB6,516 million, representing a year-on-year increase of 42.8%. The supply chain financial business significantly relieved the pressure on capital turnover of downstream users by optimising their capital flow management, while boosting the willingness of chain pharmacies in purchasing on our platform. During the Reporting Period, the number of MPB from chain headquarters was over 4,800, and the purchases amount recorded a year-on-year increase of approximately 19%.

Business Development

Through years of dedication in the outside-of-hospital pharmaceutical sector, we have accumulated extensive industry experience and developed precise market insights, efficient resource deployment and excellent customer service capabilities. Based on such core strengths, we have tailored our business development strategies in line with our own development and market needs. We have been closely monitoring the immense potential and opportunities in the market, while keeping track on regulatory policy changes to continuously optimise our strategic layout, in order to comply with the dual guidance of policy and market. This flexible and forward-looking strategy not only enables us to respond quickly to market changes, but also serves as a strong support for us to consistently expand our market share and consolidate our leading position in the industry. As of 31 December 2024, our business development team consisted of around 2,600 members, and we saw a further increase in staff efficiency of this team as compared to the same period of last year. Each member can manage approximately over 180 pharmacies on average, representing an increase of over 50 pharmacies as compared to the same period of last year. This development strategy is extremely effective. As of 31 December 2024, we covered 330,000 primary healthcare institution users, representing an increase of over 80,000 users as compared to the number of such users as of 31 December 2023. Moreover, our registered buyers covered 98.9% of counties and 91.2% of towns in China.

Public Welfare and Social Responsibility

We have always incorporated the concept of sustainable development into our corporate DNA, and been active in fulfilling corporate social responsibility and committed to creating long-term value for society. During the Reporting Period, with the joint efforts from all departments, we officially established "Sudao Technology Welfare Association (速道科技公益社團)" as a concrete action to give back to society by making continuous endeavours in environmental protection, education and public welfare.

In terms of environmental protection, we actively responded to the voluntary tree-planting activities of the Ecological Construction of Green Beauty Guangdong (綠美廣東生態建設), we donated bundles of osmanthus fragrans saplings as a solid action of "greening the world by tree-planting (植樹護綠)", making contribution to the Ecological Construction of Green Beauty Guangdong.

In terms of charity activities for education, we initiated a book donation activity where staff from all departments of the Company were invited to deliver warmth through Mutian Charity (幕天公益) by sending books to children from villages. We participated in the public welfare project of "One Kilogram Box (一公斤盒子)" organised by Liepin to provide diverse teaching toolkits to the schools and students in need. We also made donations to the Green & Shine Foundation (桂馨基金會) on a quarterly basis to support the improvement of China's rural education environment, helping education welfare and improving the educational conditions for rural teachers and students.

In terms of public welfare activities, we donated funds to sponsor rural revitalisation activities and continued to explore diversified paths for assistance. We joined hands with our partners to initiate promotional activities for agriculture charity, making practical initiatives to contribute to rural revitalisation. We also provide "Leyaoshi Huoxiang Zhengqi Kou Fu Ye" and refreshing drinks to social workers who work under high temperature to safeguard their health.

Outlook

As a leader in the digital ecosystem construction of the outside-of-hospital pharmaceutical industry, we will navigate amidst the waves of digital transformation of outside-of-hospital pharmaceutical by virtue of our profound industry accumulation as well as our outstanding technological innovation capability. We will further deepen the synergistic cooperation with all participants in the industry chain, comprehensively improve the operational efficiency of all participants in the industry chain, and promote digital and intelligent upgrading in the outside-of-hospital pharmaceutical industry, with a view to making the pharmaceutical resources accessible to all and the sustainable development of the industry ecosystem.

In terms of Online Marketplace, we will shoulder the responsibility of promoting the development of the industry and fostering the growth of our partners, aiming to build a more comprehensive and efficient digital operation system for upstream sellers. We will empower merchants from all aspects, from accurate market trend insights, efficient inventory management to customised marketing and promotional strategy development, to support them in achieving solid growth in a highly competitive market. In addition, we will continuously strive to optimise our product supply system, enrich product categories and introduce more quality and innovative pharmaceutical products and health services to meet user needs in a one-stop manner. In terms of TCM decoction pieces, a key sector for expansion, we will actively strengthen in-depth strategic cooperation with leading enterprises in production areas to jointly deliver authentic medicinal decoction pieces with ultimate cost-effective prices. With respect to quality control, we adhere to the principle of "authenticity + superiority over ordinary goods (保真 + 優於統貨)", and collaborate with third-party merchants to launch Jinfang standards, together create a system of Jinfang graded products, and construct a comprehensive product gradient.

In terms of General Self-operation Business, we are committed to further maximising the advantages of our smart supply chain management system, continuously optimising our warehousing network and logistics distribution system, in order to enhance the overall operational efficiency and user experience. We will continue to strengthen collaboration with key pharmaceutical leading enterprises to enrich product matrix and enhance cooperation results. Meanwhile, we will gradually carry out the piloting of local self-operation models to create self-operation exclusive areas and half-day speedy delivery experience for local downstream users so as to continuously improve user satisfaction.

In terms of Targeted Product Launch Business, we will establish a stronger upstream cooperation ecosystem through in-depth cooperation with upstream pharmaceutical enterprises and suppliers to create the distinctive advantages of Targeted Product Launch Business for a win-win situation for all parties concerned. At the same time, we will also keep on expanding the product mix of our own brand "Leyaoshi" and the own brand of "Yikuai Pharmaceutical" under the Group to facilitate brand growth. We build a brand benchmark by focusing on market demand to create key single products under our Targeted Product Launch Business with high growth potential; promote scale sales of best-selling products by developing cost-effective best-selling products; and forge differentiated competitive edges by launching quality and high value-added exclusive products. We will progressively build a product matrix covering multiple categories and scenarios, thereby continuously expanding the footprint and influence of our own brands.

In terms of other businesses, taking technology investment as the core driving force, we will promote full release of the potential of digitalisation and AI technology application through the in-depth integration of advanced AI capabilities with our SaaS product matrix, thereby further optimising supply chain management, enhancing the operational efficiency of pharmacies and clinics, and promoting primary smart healthcare services, to create a smarter, more efficient and user-friendly business ecosystem. Meanwhile, in order to accelerate the improvement in primary medical testing level, we will continue to upgrade "FutureClou (未來光譜)" series diagnostic-aid devices according to the actual primary healthcare needs. By constantly establishing testing projects and device iterative feedback mechanism, we will optimise testing projects and device functions, and continue to enrich testing projects in different diagnosis and treatment scenarios.

In the longer term, we will maintain a strategic vision and prudent attitude to actively promote industry chain investments and merger and acquisition deployment in order to bring new momentum to the Company's long-term development, achieve strategic upgrading towards ecology and diversification, and build a comprehensive and synergistic pharmaceutical and healthcare industrial ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the year ended 31 December 2024, the Group recorded a revenue of RMB17,903.6 million, representing an increase of 5.5% as compared with RMB16,972.3 million for the year ended 31 December 2023. The increase in revenue was mainly attributable to the continued steady development of the Self-operation Business during the Reporting Period.

The Group's revenue from the Self-operation Business increased from RMB16,036.2 million for the year ended 31 December 2023 to RMB16,972.9 million for the year ended 31 December 2024, primarily attributable to enlarged buyer base and the continuous optimization of buyers' experience such as logistics and customer services. The number of MPB of our Self-operation Business recorded a continuous and stable increase as compared with the same period of last year.

The Group's revenue from the Online Marketplace increased slightly from RMB873.1 million for the year ended 31 December 2023 to RMB881.1 million for the year ended 31 December 2024, primarily attributable to the increased commission rate. During the Reporting Period, the commission rate applied to third-party sellers increased slightly from 3.2% to 3.3% as compared with the same period of last year due to the increase in the percentage of high-fee businesses of the Online Marketplace.

The Group's revenue from the other businesses decreased by 21.1% from RMB62.9 million for the year ended 31 December 2023 to RMB49.6 million for the year ended 31 December 2024, mainly attributable to the adjustment of the operation/service model of ClouDiagnos.

Cost of sales

The Group's cost of sales increased by 5.6% from RMB15,231.4 million for the year ended 31 December 2023 to RMB16,090.2 million for the year ended 31 December 2024, primarily due to the increase in sales of our Self-operation Business.

The cost of sales of the Group's Self-operation Business increased by 5.8% from RMB15,054.1 million for the year ended 31 December 2023 to RMB15,929.1 million for the year ended 31 December 2024. The increase in cost of sales for the year ended 31 December 2024 was primarily due to the growth of purchase demand from buyers, as a result of which we increased the procurement of pharmaceutical products accordingly.

The cost of sales of the Group's Online Marketplace slightly decreased by 0.4% from RMB146.6 million for the year ended 31 December 2023 to RMB146.0 million for the year ended 31 December 2024, mainly due to a lower average overall transaction processing fee rate.

The cost of sales of the Group's other businesses decreased significantly by 50.7% from RMB30.6 million for the year ended 31 December 2023 to RMB15.1 million for the year ended 31 December 2024, mainly due to the decrease in costs in relation to ClouDiagnos.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased steadily by 4.2% from RMB1,740.9 million for the year ended 31 December 2023 to RMB1,813.5 million for the year ended 31 December 2024. The Group's gross profit margin decreased from 10.3% for the year ended 31 December 2023 to 10.1% for the year ended 31 December 2024, mainly due to the increased proportion of the revenue of Self-operation Business, which generally has a lower gross profit margin than other businesses.

The gross profit margin for the Group's Self-operation Business recorded an increase from 6.1% for the year ended 31 December 2023 to 6.2% for the year ended 31 December 2024, primarily due to the implementation of the "Go Upstream" (向上走) strategy by gradually increasing the percentages of the exclusive strategic partnership brands and our own brand in our product pipeline, both of which have much higher gross margin than other products.

The gross profit margin for the Group's Online Marketplace increased from 83.2% for the year ended 31 December 2023 to 83.4% for the year ended 31 December 2024, mainly attributable to (i) the increase in usage of the low-fee transaction channels; and (ii) the slightly increase in the commission rate.

The gross profit margin for the Group's other businesses increased from 51.3% for the year ended 31 December 2023 to 69.6% for the year ended 31 December 2024, mainly due to the year-on-year growth of revenue of our SaaS solution, which has a higher gross profit, and the corresponding increase of its proportion of revenue.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 5.3% from RMB1,387.3 million for the year ended 31 December 2023 to RMB1,461.2 million for the year ended 31 December 2024, mainly due to the increase in salaries and welfare benefits as we continue to expand our business operations. Fulfillment expenses decreased slightly by 0.8% from RMB314.8 million for the year ended 31 December 2023 to RMB312.3 million for the year ended 31 December 2024, among which logistics expenses decreased from RMB234.2 million for the year ended 31 December 2023 to RMB232.7 million for the year ended 31 December 2024. Although the Group's selling and marketing expenses had increased during the Reporting Period, due to the corresponding growth in the Group's overall revenue, the selling and marketing expenses as a percentage of the Group's revenue remained stable.

General and administrative expenses

The Group's administrative expenses increased by 6.4% from RMB332.6 million for the year ended 31 December 2023 to RMB354.0 million for the year ended 31 December 2024, mainly due to the increase in general corporate expenses, which includes professional services fees incurred in connection with our compliance with the Listing Rules, and acquisition-related expenses incurred in relation to our acquisition of Yikuai Pharmaceutical. Although general and administrative expenses had increased during the Reporting Period, it remained stable as a percentage of the Group's revenue.

Research and development expenses

The Group's research and development expenses increased by 0.6% from RMB93.6 million for the year ended 31 December 2023 to RMB94.2 million for the year ended 31 December 2024, primarily attributable to the increase in equity-settled share-based payment expenses.

Other income

The Group's other income increased from RMB87.7 million for the year ended 31 December 2023 to RMB91.2 million for the year ended 31 December 2024. The increase was primarily attributable to the increase in bank interest income and investment income from financial assets at fair value through profit or loss, but offset by the decrease in government grants.

Other gains/losses (net)

The Group recorded net other gains of RMB30.2 million for the year ended 31 December 2024 as compared to net other gains of RMB0.9 million for the year ended 31 December 2023. The increase was primarily due to the gains from changes in fair value of financial assets at fair value through profit or loss.

Changes in fair value of financial liabilities at fair value through profit and loss

The Group's changes in fair value of financial liabilities at fair value through profit or loss resulted in a loss of RMB3,171.9 million for the year ended 31 December 2023 and nil for the year ended 31 December 2024. After the completion of the Global Offering in 2023, all of such redeemable convertible preferred shares had been automatically converted to our shares, and we will no longer recognize any further change in fair value in respect of them. The fair value of each of redeemable convertible preferred share on the conversion date is the offer price in the Global Offering.

Finance costs

Finance costs increased by 13.0% from RMB10.0 million for the year ended 31 December 2023 to RMB11.3 million for the corresponding period in 2024 due to the increase in interest expense on discounted note receivables.

Profit/(loss) for the year

As a result of the foregoing, the Group's profit for the year amounted to RMB15.1 million for the year ended 31 December 2024, as compared with a loss of RMB3,206.5 million for the year ended 31 December 2023. We, for the first time, have achieved profitability for the year ended 31 December 2024.

Non-IFRS Measure

In evaluating our business, we consider and use (i) Adjusted Net Profit; and (ii) Adjusted Net Profit margin as supplemental measures to review and assess our operating performance. The presentation of these non-IFRS financial measures is not intended to be considered in isolation or as substitutes for the financial information prepared and presented in accordance with IFRS. We define Adjusted Net Profit as profit/loss for the year adding back (i) changes in fair value of financial liabilities at fair value through profit or loss; (ii) equity-settled share-based payment expenses; (iii) listing expenses; and (iv) acquisition-related expenses. We define Adjusted Net Profit margin as adjusted net profit divided by revenue. We present these non-IFRS financial measures because they are used by our management to evaluate our operating performance and formulate business plans. Accordingly, we believe that the use of these non-IFRS financial measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board. These non-IFRS financial measures are not defined under IFRS and are not presented in accordance with IFRS. These non-IFRS financial measures have limitations as an analytical tool. Further, these non-IFRS measures may differ from the non-IFRS information used by other companies, including peer companies, and therefore its comparability may be limited. These non-IFRS financial measures should not be considered in isolation or construed as alternatives to profit/loss or any other measure of performance. Investors are encouraged to review our historical non-IFRS financial measures in light of the most directly comparable IFRS measures, as shown below. The non-IFRS financial measures presented here may not be comparable to similarly titled measure presented by other companies. Other companies may calculate similarly titled measures differently, limiting the usefulness of such measures when analysing our data comparatively. We encourage you to review our financial information in its entirety and not rely on a single financial measure.

The Adjusted Net Profit, which is unaudited, represents profit/loss for the year adding back (i) changes in fair value of financial liabilities at fair value through profit or loss; (ii) equity-settled share-based payment expenses; (iii) listing expenses; and (iv) acquisition-related expenses.The Adjusted Net Profit of the Group increased from RMB130.5 million for the year ended 31 December 2023 to RMB156.7 million for the year ended 31 December 2024, representing a year-on-year growth of 20.1%.

The following table reconciles our Adjusted Net Profit from the most directly comparable financial measure calculated and presented in accordance with IFRS (profit/loss for the year).

	Year ended 31 December	
	2024	2023
	(RMB'000)	*(RMB'000)*
Profit/(loss) for the year	**15,081**	(3,206,507)
Add back:		
Changes in fair value of financial liabilities at fair value through profit or loss	**–**	3,171,903
Equity-settled shared-based payment expenses	**137,692**	118,278
Listing expenses	**–**	46,868
Acquisition-related expenses	**3,961**	–
Adjusted Net Profit, a non-IFRS measure	**156,734**	130,542
Adjusted Net Profit margin, a non-IFRS measure	**0.9%**	0.8%

Adjusted Net Profit is not a measure of performance under IFRS. The use of the Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our profit/loss for the relevant period.

Liquidity and source of funding and borrowing

The Group financed its operating and investing activities mainly through cash generated from capital contribution from shareholders and operating activities. Our cash and cash equivalents are represented by cash and bank balances and time deposits with original maturity of three months or less.

As at 31 December 2024, the Group's cash and cash equivalents increased significantly by 39.6% from RMB745.7 million as at 31 December 2023 to RMB1,041.2 million. The increase of cash and cash equivalents for the year ended 31 December 2024 primarily resulted from a higher turnover efficiency of working capital.

The following table sets forth our cash flows for the year indicated:

	Year ended 31 December	
	2024	2023
	(RMB'000)	*(RMB'000)*
Net cash generated from operating activities	**655,858**	451,202
Net cash used in investing activities	**(253,579)**	(792,946)
Net cash (used in)/generated from financing activities	**(109,805)**	255,343
Net increase/(decrease) in cash and cash equivalents	**292,474**	(86,401)
Cash and cash equivalents at the beginning of the year	**745,693**	835,394
Effect of foreign exchange rate changes	**3,061**	(3,300)
Cash and cash equivalents at the end of the year	**1,041,228**	745,693

The Group adopts a prudent financial management approach for its cash management policy to ensure that the Group's liquidity structure, comprising assets, liabilities and other commitments, is able to always meet its capital requirements. Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from operating activities, external borrowings, net proceeds from the Global Offering and other funds raised from the capital markets from time to time.

Net cash generated from operating activities

For the year ended 31 December 2024, net cash generated from operating activities was RMB655.9 million, mainly attributable to our profit before tax of RMB14.4 million for the period, as adjusted by (i) non-cash and non-operating items, which primarily comprised equity-settled share-based payment expenses of RMB137.7 million; and (ii) changes in working capital, which were mainly due to the increase in trade and other payables of RMB374.0 million and decrease in inventories of RMB150.1 million.

Net cash used in investing activities

For the year ended 31 December 2024, net cash used in investing activities was RMB253.6 million. It was mainly due to proceeds from disposal of financial assets at fair value through profit or loss of RMB12,269.6 million and the withdrawal of time deposits of RMB1,020.8 million during the Reporting Period. This was offset by the purchase of financial assets at fair value through profit or loss of RMB12,075.0 million, the placement of time deposits of RMB1,266.4 million and net cash outflow on the acquisition of subsidiaries of RMB263.0 million.

Net cash used in financing activities

For the year ended 31 December 2024, net cash used in financing activities was RMB109.8 million, which was mainly attributable to (i) repayment of lease liabilities; and (ii) net increase of bank borrowings on discounted note receivables during the Reporting Period.

Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at 31 December 2024) for the year ended 31 December 2024.

Material acquisitions and disposals

On 15 October 2024 (after trading hours of the Stock Exchange), (i) the Company, (ii) GD Venture Ltd., Paul Sprint Ltd, JFC Venture Ltd, Cenova China Healthcare Fund V, L.P., Cherubic Ventures Fund IV, L.P., CVP INTERNATIONAL INC., Cherubic Ventures SSG XIV Ltd., Jianqiao OneK Investment Limited* (康橋資本), I-Bridge II Investment OneK Limited, Atum Ventures Limited, HSG Seed I Holdco, Ltd., D Healthcare 1 Limited, Xiamen Meihua Shengshi Equity Investment Limited Partnership* (廈門梅花盛世股權投資合夥企業(有限合夥)), Yikuaiyiyao Jiuhe Holdings Limited, HT Darwin Capital, G.P., Chan Chiu Fan Wesleyjack (陳昭帆) and YK United Limited (collectively, the "**Sellers**"), (iii) Gao Bo (高博), Ouyang Peng (歐陽鵬) and He Yu (何雨), (iv) Folding Space (Cayman) Ltd. (the "**Target Company**"), the Hunan Folding Space Pharmaceutical Co., Ltd.* (湖南空間折疊醫藥有限責任公司), Hunan Folding Space Internet Technology Co., Ltd.* (湖南空間折疊互聯網科技有限公司) and Hunan Yikuai Pharmaceutical Technology Co., Ltd.* (湖南一塊醫藥科技有限公司), (v) Ningbo Dade Hongyi Investment Center (Limited Partnership)* (寧波大得宏毅投資中心(有限合夥)) and (vi) Shenzhen Dezhiqing Investment Co., Ltd.* (深圳市德之青投資有限公司) entered into a share purchase agreement, pursuant to which the Sellers have agreed to sell, and the Company has agreed to purchase the sale shares, collectively representing 100% of the issued and outstanding share capital of the Target Company, at a consideration of approximately RMB1,034.85 million. Further details of the aforementioned matter are set out in the 2024 Announcements.

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the year ended 31 December 2024.

Pledge of assets

As at 31 December 2024, the Group's interest-bearing deposits of RMB1,490.2 million were used as pledge for the issuance of bank acceptance notes.

Future plans for material investments and capital assets

The Group did not have detailed future plans for material investments or capital assets as at 31 December 2024.

Gearing ratio

The Group's gearing ratio is calculated as total interest-bearing borrowings divided by total equity. As of 31 December 2024, as the Group had bank borrowings advance from discounted notes, its gearing ratio was 0.9% (as of 31 December 2023: 3.1%).

Significant events after the Reporting Period

Save as disclosed in this announcement and/or other announcements of the Company, there is no other significant events that might affect the Group since the end of the Reporting Period and up to the date of this announcement.

Employees and Remuneration

After the acquisition of Yikuai Pharmaceutical, the Group added some employees. As at 31 December 2024, the Group had 6,763 employees. The following table sets forth the total number of employees by function as at 31 December 2024:

Function	**Number of employees**
General and Administrative	1,045
Selling and Marketing	3,014
Operations	2,322
Research and Development	382
Total	6,763

The Group believes in the importance of attraction, recruitment and retention of quality employees in achieving the Group's success. Employees' remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experience and performance. The remuneration policy and package of the Group's employees are periodically reviewed.

The remuneration of the employees of the Group comprises competitive salaries, performance-based sales commissions, performance-based cash bonuses and certain other incentives. In accordance with applicable PRC regulations, the Group has made contributions to housing fund and various employee social security plans that are organised by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, at specified percentages of the salaries of our employees. Bonuses and sales commissions are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

The Company also has adopted two share incentive plans, the 2019 Share Incentive Plan and the 2023 Share Incentive Plan to provide incentives for the Group's employees. Please refer to the section headed "Statutory and General Information — Share Incentive Plans" in Appendix IV to the Prospectus for further details of the share incentive plans.

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB1,120.4 million, as compared to RMB1,064.3 million for the year ended 31 December 2023.

For the year ended 31 December 2024, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

Foreign exchange exposure

For the year ended 31 December 2024, the Group mainly operated in China and the majority of the transactions were settled in Renminbi ("**RMB**"), the Company's primary consolidated affiliated entities' functional currency. We are exposed to foreign exchange risk arising mainly from bank balances and financial assets at fair value through profit or loss denominated in foreign currency of certain entities of the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure and foreign exchange risk management strategies closely and will consider hedging significant foreign currency exposure should the need arises to minimise its foreign exchange risk.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2024.

CORPORATE GOVERNANCE

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

Compliance with the Code on Corporate Governance Practices

Save as disclosed below, we have complied with the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Listing Rules during the Reporting Period.

Code provision C.2.1 of the CG Code recommends, but does not require, that the roles of chairperson and chief executive to be separate and not to be performed by the same person. Our Company deviates from this provision as Mr. Buzhen Zhang performs both the roles of chairman of our Board and the chief executive officer of our Company. Mr. Zhang is the founder of the Company and a substantial shareholder, and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of both chairman and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of our Board, including the relevant board committees, and our three independent non-executive Directors. Our Board will reassess the division of the roles of chairman and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Code provision C.3.2 of the CG Code recommends, but does not require, that the functions reserved to the board and those delegated to management should be formalised. These arrangements should also be reviewed periodically to ensure that they remain appropriate to the issuer's needs. The Company did not review periodically the arrangement regarding the functions reserved to the board and those delegated to management. However, when a matter arise that requires decision, the Board will determine whether it should be reserved for the Board or delegate to the management to deal with.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period.

Audit Committee

The Company has established the Audit Committee, in compliance with Rule 3.21 of the Listing Rules and the CG Code (as amended from time to time), comprising of three members, being Ms. Rong Shao, Mr. Sam Hanhui Sun and Mr. Hongqiang Zhao, with Mr. Zhao (being the Company's independent non-executive Director with the appropriate professional qualifications) as chairman of the Audit Committee, among other things, to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and has met with the independent Auditor, Deloitte Touche Tohmatsu. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

OTHER INFORMATION

2023 Share Incentive Plan

Pursuant to the rules of the 2023 Share Incentive Plan, the Company has entered into the trust arrangement with the trust institution (the "**Trustee**") for the purposes of, among others, implementing and administering the 2023 Share Incentive Plan.

During the Reporting Period, the Trustee has purchased a total of 300,000 ordinary shares of the Company ("**Share(s)**") on the Stock Exchange.

Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including any sale of treasury shares (as defined under the Listing Rules)). As at 31 December 2024, the Company did not hold any treasury shares.

Material litigation

The Company was not involved in any material litigation or arbitration for the year ended 31 December 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Use of proceeds from Global Offering

The shares of the Company were listed on the Stock Exchange on 28 June 2023. The net proceeds raised from the Global Offering were approximately HK$242.2 million (including the additional proceeds received upon the partial exercise of the Over-allotment Option (as defined in the Prospectus)).

As of 31 December 2024, HK$242.2 million out of the net proceeds have been utilized in the manner consistent with that disclosed in the Prospectus under the section headed "Future Plans and Use of Proceeds" and the announcement of the Company dated 15 October 2024. Set out below is the status of use of proceeds from the Global Offering as of 31 December 2024.

	Net proceeds from the Global Offering *(HK$ million)*	**Unutilised amount as of 1 January 2024** *(HK$ million)*	**Revised allocation of unutilised amount as of 1 January 2024[1]** *(HK$ million)*	**Utilisation during the Reporting Period** *(HK$ million)*	**Unutilised net proceeds as of 31 December 2024** *(HK$ million)*
Pharmaceutical circulation business	**109.0**	**99.0**	**23.9**	**23.9**	**–**
• leveraging market insights accumulated through our platform to engage more qualified upstream participants and diversify our SKU offerings, making our platform a more attractive go-to platform for our buyers	48.4	46.6	8.3	8.3	–
• improving our BD capabilities and efficiencies with our dedicated digital tools	48.4	42.5	10.4	10.4	–
• strengthening our supply chain capability	12.2	9.9	5.2	5.2	–
Further developing our other businesses	**60.5**	**52.9**	**9.8**	**9.8**	**–**
• expanding the geographical coverage of our ClouDiagnos services	36.3	31.7	9.0	9.0	–
• promoting market awareness and popularity of our wePharmacy	24.2	21.2	0.8	0.8	–
Research and development	**53.3**	**49.6**	**15.2**	**15.2**	**–**
Working capital and general corporate purposes	**19.4**	**16.7**	**1.9**	**1.9**	**–**
Investing in or acquiring projects related to key business of the Company in order to better expand the Company's operations	–	–	167.4	167.4	–
Total	**242.2**	**218.2**	**218.2**	**218.2**	**–**

Note:

1. As disclosed in the 2024 Announcements, in order to better utilise the financial resources of the Group and to capture favourable investment opportunities, the Company has decided to change the use of all of the unutilised net proceeds of HK$167.4 million to invest in or acquire projects related to key business of the Company in order to better expand the Company's operations. For further details, please refer to the 2024 Announcements.

Final dividend

The Board recommended the payment of a final dividend of RMB0.075 (equivalent to HK$0.081, which is based on the rate of HK$1 to RMB0.92298, being the average of central parity rates of Hong Kong dollars against RMB announced by the China Foreign Exchange Trade System under the authorisation of the People's Bank of China on 12 March, 13 March and 14 March 2025) per share for the year ended 31 December 2024. The final dividend is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "**AGM**") to be held on 21 May 2025 and the final dividend will be paid in Hong Kong dollars at HK$0.081 per share. The final dividend will be paid on or around 18 June 2025 to the shareholders whose names appear on the register of members of the Company on 30 May 2025. It is expected that the Company will adopt a long-term stable cash dividend policy in case of sustained profitability in the future.

Annual General Meeting and closure of register of members

The AGM is scheduled to be held on Wednesday, 21 May 2025. A notice convening the AGM will be published and dispatched to our shareholders in accordance with the requirements of the Listing Rules in due course.

The register of members of the Company will be closed for the purpose of determining the identity of members who are entitled to attend and vote at the AGM from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on Thursday, 15 May 2025.

The register of members of the Company will also be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, in order to determine the entitlement of the shareholders to receive the final dividend (subject to approval by the shareholders at the AGM), during which period no share transfers will be registered. To qualify for the final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 26 May 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	4	**17,903,608**	16,972,276
Cost of sales		**(16,090,157)**	(15,231,353)
Gross profit		**1,813,451**	1,740,923
Other income	5	**91,182**	87,730
Other gains and losses	6	**30,232**	901
Changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")		**–**	(3,171,903)
Impairment losses reversed under expected credit loss model, net		**265**	2,540
Selling and marketing expenses		**(1,461,240)**	(1,387,290)
Research and development expenses		**(94,195)**	(93,601)
General and administrative expenses		**(353,989)**	(332,597)
Finance costs	7	**(11,338)**	(10,032)
Listing expenses		**–**	(46,868)
Profit (loss) before tax		**14,368**	(3,210,197)
Income tax credit	8	**713**	3,690
Profit (loss) for the year	9	**15,081**	(3,206,507)
Other comprehensive expense for the year		**–**	–
Profit (loss) and total comprehensive income (expense) for the year		**15,081**	(3,206,507)
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**30,013**	(3,189,212)
Non-controlling interests		**(14,932)**	(17,295)
		15,081	(3,206,507)
Earnings (loss) per share			
Basic and diluted *(RMB)*	11	**0.05**	(8.26)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	As at 31 December	
		2024	2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment, net		**66,852**	69,586
Right-of-use assets		**201,970**	140,130
Intangible assets		**526,498**	85,311
Goodwill		**273,290**	9,252
Deferred tax assets		**4,066**	4,524
Time deposits		**254,000**	40,000
		1,326,676	348,803
Current assets			
Inventories		**1,464,548**	1,470,293
Trade and other receivables	12	**582,657**	457,715
Financial assets at FVTPL		**695,949**	865,493
Time deposits		**281,574**	289,673
Restricted bank deposits		**1,134,621**	1,105,992
Bank balances and cash		**1,009,082**	673,874
		5,168,431	4,863,040
Current liabilities			
Trade and other payables	13	**(3,739,673)**	(3,105,738)
Contract liabilities		**(29,608)**	(10,308)
Lease liabilities		**(82,271)**	(62,550)
Bank borrowings		**(21,207)**	(57,508)
		(3,872,759)	(3,236,104)
Net current assets		**1,295,672**	1,626,936
Total assets less current liabilities		**2,622,348**	1,975,739

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued
AS AT 31 DECEMBER 2024

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current liabilities		
Lease liabilities	**(130,036)**	(89,603)
Deferred tax liabilities	**(114,977)**	(2,598)
Contingent consideration payables	**(108,691)**	–
	(353,704)	(92,201)
Net assets	**2,268,644**	1,883,538
Capital and reserves		
Share capital	**12**	11
Reserves	**2,319,051**	1,919,751
Equities attributable to owners of the Company	**2,319,063**	1,919,762
Non-controlling interests	**(50,419)**	(36,224)
Total equities	**2,268,644**	1,883,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 27 August 2018 under the Company laws of the Cayman Islands. Its immediate holding company is MIYT Holdings Limited, a company incorporated in the British Virgin Islands (the "**BVI**"). The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 June 2023 (the "**Listing**").

The Company is an investment holding company. The Group mainly operates online platform that provide wholesale and retail of pharmaceutical and healthcare products and online marketplace service to the pharmaceutical and healthcare manufacturers. The Group's principal operations and geographic markets are in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRSs Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards-Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

4. REVENUE AND SEGMENT INFORMATION

The Group mainly engaged in i) wholesales of pharmaceutical and healthcare products offline or online through its online platform; ii) retail of pharmaceutical and healthcare products through its retail shops; iii) operating online platform that enable the pharmaceutical distributors and vendors to sell their own pharmaceutical and healthcare products using the Group's online platform; iv) providing SaaS solution to downstream pharmacies to streamline their inventory management; and v) providing medical testing services to primary healthcare institutions.

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Type of goods or services:		
Self-operation business *(Note (i))*	**16,972,895**	16,036,245
Online marketplace services *(Note (ii))*	**881,075**	873,119
Others *(Note (iii))*	**49,638**	62,912
Total	**17,903,608**	16,972,276
Timing of revenue recognition:		
At a point in time	**17,885,843**	16,960,080
Over-time	**17,765**	12,196
Total	**17,903,608**	16,972,276

Notes:

i) The Group sells pharmaceutical and healthcare products mainly to pharmacies and primary healthcare institutions.

ii) The marketplace services revenue represents the commission received by the Group from distributors and vendors using the Group's online platform, which is recognised upon end customers' acceptance and is charged based on a certain percentage of sales, net of discounts and return allowances made by the distributors and vendors through the Group's online platform.

iii) Others mainly includes

1) The Group collects one-time usage fee and service fee for the inventory management related to the SaaS solution provided to the downstream pharmacies, which helps pharmacies to streamline their inventory management.

2) The Group provides diagnostic testing services and generates testing results to primary healthcare institutions.

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

All contracts with customers are for period of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(c) Segment information

Information is reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies. No other analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures are presented in accordance with IFRS 8 *Operating Segments*.

(d) Geographic information

The Group principally operates in the PRC, which is also the place of domicile. The Group's revenue is all derived from operations in the PRC for both years and the Group's non-current assets are all located in the PRC.

(e) Information about major customers

There was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue for both years.

5. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Government grants *(Note)*	**12,143**	21,090
Bank interest income	**52,763**	49,139
Investment income from financial assets at FVTPL	**21,596**	15,717
Others	**4,680**	1,784
	91,182	87,730

Note: It represented cash received from unconditional grants by the local government to encourage the business operations in the PRC. Government grants are recognised in profit and loss when received.

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment	**(2,295)**	(329)
Donations	**(1,439)**	(485)
Net foreign exchange gains (losses)	**3,061**	(3,300)
Gains from changes in fair value of financial assets at FVTPL	**24,983**	5,015
Gains from changes in fair value of contingent consideration payables	**5,922**	–
	30,232	901

7. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest expense on lease liabilities	**8,889**	8,536
Interest expense on discounted note receivables	**2,449**	1,496
	11,338	10,032

8. INCOME TAX CREDIT

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**"):		
Current tax	**–**	–
Deferred tax	**(713)**	(3,690)
	(713)	(3,690)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is exempted from the Cayman Islands income tax.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for both years.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25% for both years.

Certain PRC subsidiaries of the Group are subject to "small and thin-profit enterprises" will benefit from a preferential tax rate of 20% under the EIT Law. For both years, the qualifying group entities enjoyed 75% reduction on annual taxable income on first RMB3,000,000. As a result, such PRC subsidiaries were eligible for a preferential enterprise EIT for their respective tax holiday.

Certified high and new technology enterprises ("**HNTE**") are entitled to a preferential tax rate of 15%. Guangzhou Sudaoyi Information Technology Co., Ltd. ("**Guangzhou Sudaoyi**") and Hunan Folding Space Internet Technology Co., Ltd. ("**Folding Space Internet**") has been qualified as a HNTE and enjoyed a preferential income tax rate of 15%, which is subjected to review and renewal every three years. The HNTE Certificate of Guangzhou Sudaoyi remains valid for 3 years since 2021, and has been renewed for next three years in 2024. The HNTE Certificate of Folding Space Internet remains valid for 3 years since 2022, and will be renewed for next three years in 2025. In addition, Guangzhou Sudao Information Technology Co., Ltd. ("**Guangzhou Sudao**"), Guangzhou Sudaoyi, Guangzhou Yaobang Information Technology Co., Ltd. ("**Guangzhou Yaobang**"), Guangzhou Xiaoweicang Smart Drug Store Technology Co., Ltd., Guangzhou Spectrum Health Technology Co., Ltd., Hunan Yizheng Biotechnology R&D Co., Ltd. and Folding Space Internet enjoyed super deduction of 200% of qualifying research and development expenses as tax deductible expenses for both years, pursuant to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC.

9. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**15,926,813**	15,054,203
Depreciation of property, plant and equipment	**34,542**	41,449
Depreciation of right-of-use assets	**77,843**	78,685
Amortisation of intangible assets	**16,201**	13,936
Write down (reversal of write down) for obsolete inventories	**2,243**	(99)
Auditors' remunerations	**4,280**	3,900
Listing expenses	**–**	46,868
Staff costs:		
Directors' emoluments	**11,190**	23,647
Other staff costs		
– Salaries and other allowances	**921,830**	891,617
– Contributions to retirement benefits scheme	**55,820**	49,233
– Equity-settled share-based payment expenses	**131,545**	99,818
Total staff costs	**1,120,385**	1,064,315

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 (2023: nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.075 (2023: nil) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

11. EARNINGS (LOSS) PER SHARE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit (loss) for the year attributable to the owners of the Company for the purpose of calculating basic and diluted earnings (loss) per share	**30,013**	(3,189,212)

	No. of shares	
	2024	2023
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**645,209,615**	386,102,900
Effect of dilutive potential ordinary shares: Share options and restricted share units ("**RSUs**")	**12,137,852**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**657,347,467**	386,102,900
Basic and diluted earnings/(loss) per share attributable to owners of the Company *(RMB per share)*	**0.05**	(8.26)

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share has been determined on the assumption that the share subdivision had been effected since 1 January 2023.

The computation of diluted loss per share for the years ended 31 December 2023 does not assume the vest of RSUs, exercise of share options or the conversion of preferred shares since their assumed exercise or conversion would result in a decrease in loss per share. There were no preferred shares for the year ended 31 December 2024.

The computation of diluted loss per share for the year ended 31 December 2023 does not assume the exercise of the over-allotment option since their assumed exercise would result in a decrease in loss per share. There was no over-allotment option for the year ended 31 December 2024.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**34,952**	32,821
Less: allowance for credit losses	**(794)**	(1,059)
	34,158	31,762
Note receivables	**52,111**	7,306
Total trade and note receivables	**86,269**	39,068
Advance to suppliers	**287,698**	135,544
Other tax recoverable	**1,911**	5,688
Prepaid expense	**16,912**	10,798
Receivables in custodian *(Note)*	**74,760**	176,196
Other receivables	**115,099**	76,772
Receivables from exercise of share options	**8**	13,649
Total trade and other receivables	**582,657**	457,715

Note: The amounts represented the payments received from online customers of Self-operation business which would deposit in escrow account and subsequently withdraw by the Group upon the customers' acceptance of product delivery.

Trade receivables

The Group requires full payment in advance for its online product sales, certain offline product sales and retail sales. For other customers, the Group primarily allows a credit period from 15 to 30 days. Trade receivables are settled in accordance with the terms of the respective contracts. Aging analysis of trade receivables, net of allowance for credit losses, based on invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**26,856**	28,005
3 to 6 months	**1,895**	778
6 to 12 months	**3,125**	195
Over 12 months	**3,076**	3,843
	34,952	32,821
Less: allowance for credit losses	**(794)**	(1,059)
	34,158	31,762

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,456,784**	1,474,431
Note payables	**1,702,051**	1,181,242
Salary and welfare payables	**155,931**	154,899
Other tax payables	**27,571**	17,215
Consideration payable on acquisition of subsidiaries	**42,721**	–
Other payables	**353,767**	277,286
Deposits received	**848**	665
	3,739,673	3,105,738

Trade payables

The credit period of trade payables is ranging from 30 to 90 days. An ageing analysis of the trade payables based on the invoice date at the end of each reporting period is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
0-30 days	**1,050,288**	910,330
31-90 days	**334,464**	461,413
Over 90 days	**72,032**	102,688
	1,456,784	1,474,431

Note payables

All note payables issued by the Group are with a maturity period of less than six months.

14. SUBSEQUENT EVENTS

There have been no material subsequent events identified subsequent to 31 December 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ysbang.cn). The annual report for the year ended 31 December 2024 will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
YSB Inc.
Mr. Buzhen Zhang
Chairman and executive Director

Hong Kong, 17 March 2025

As at the date of this announcement, the Board comprises Mr. Buzhen Zhang and Mr. Fei Chen as executive Directors, Mr. Ziyang Zhu as non-executive Director, and Ms. Rong Shao, Mr. Sam Hanhui Sun and Mr. Hongqiang Zhao as independent non-executive Directors.