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Application Proof of

Jiangxi Institute of Biological Products Inc.
江西生物製品研究所股份有限公司

(the "**Company**")

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

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江西生物
JIANGXI BIOLOGY

Jiangxi Institute of Biological Products Inc.
江西生物製品研究所股份有限公司

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

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Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
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[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [REDACTED] decision. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are the largest provider and exporter of human tetanus antitoxins ("**Human TAT**") in China and a fully integrated antiserum platform company. With over 50 years of expertise in the R&D, manufacturing and sales of antiserum products, we have established a strong market presence both domestically and internationally. Antiserum refers to a class of biological products that contain immunoglobulins (also known as antibodies) or immunoglobulin $F(ab')_2$ fragments and are prepared from immunized plasma. It is used to provide immediate protection and treatment against various critical infectious diseases, including tetanus, snakebite envenoming and rabies, which require immediate intervention to neutralize toxins and save lives. These diseases continue to pose significant public health challenges, especially in developing countries and regions where healthcare resources are relatively limited. The Chinese and global human antiserum markets are enormous with significant growth potential. According to Frost & Sullivan, the global human antiserum market increased from US$320.9 million in 2019 to US$408.6 million in 2024, representing a CAGR of 4.9%, and is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively. The human antiserum market in China increased from US$48.0 million in 2019 to US$64.1million in 2024, representing a CAGR of 5.9%, and is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively.

We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan. Tetanus antitoxin is an antiserum that provides immediate protection and treatment against tetanus infection by neutralizing the toxin produced by *Clostridium tetani*, the bacterium responsible for tetanus. Our total sales volume of Human TAT in 2024 was 25.4 million units, with 13.2 million units sold in China and 12.2 million units exported to overseas markets. We have consistently dominated the Human TAT market in China, maintaining a market share of above 50% for 18 consecutive years, according to Frost & Sullivan. During the Track Record Period, our Human TAT has been exported to more than 30 countries and regions in Asia and Africa, accounting for nearly 100% of China's export volume. We are the largest Human TAT provider in the Philippines and Egypt, with market shares of around 90% in terms of sales volume in 2024, according to Frost & Sullivan.

We have built a portfolio of human and veterinary pharmaceutical products, which will serve as dual flywheels driving rapid growth in our business. In addition to Human TAT, our existing products include veterinary tetanus antitoxin, pregnant mare serum gonadotropin ("**PMSG**") and certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments which are poised for market launch upon completion of re-registration of marketing approvals. We have also built an innovative pipeline targeting highly promising market segments, including a series of human snake antivenoms, equine rabies immunoglobulin $F(ab')_2$, and a variety of veterinary anti-infective drugs, positioning us as a potential front-runner in relevant market segments. The following chart summarizes the development status of our major existing products and product candidates as of the Latest Practicable Date:

	Product	Type	Indication	Internally developed/ Licensed-in	Process Research	Preclinical/ IND	Clinical[1]	Application/ Reregistration for Marketing Approval	Marketing Approval	Upcoming Milestone
For Human Use	Human tetanus antitoxin	Antiserum product	Tetanus infection	Internally-developed						/
	Agkistrodon halys antivenom	Antiserum product	Agkistrodon halys venom infection	Internally-developed						Initiate phase I clinical trial in Q2 2025
	Agkistrodon acutus antivenom	Antiserum product	Agkistrodon acutus venom infection	Internally-developed						Initiate phase I clinical trial in early 2026
	Polyvalent snake antivenom	Antiserum product	Multiple types of snake venom infections	Internally-developed						Complete process research in 2027
	Equine rabies immunoglobulin $F(ab')_2$	Antiserum product	Rabies virus infection	Internally-developed						Complete process research in 2027
For Veterinary Use	Veterinary tetanus antitoxin[2]	Antiserum product	Animal tetanus infection	Internally-developed						Submit re-registration application in Q3 2025
	PMSG[2]	Serum-derived product	Promotion of livestock follicular development and breeding management	Internally-developed						Submit re-registration application in Q3 2026
	Bursal peptide injection[3]	Anti-infective drug	Enhancement of humoral immune function in pigs and chickens	Licensed-in						Obtain new veterinary drug certificate in Q2 2025
	Pig spleen transfer factor[3]	Anti-infective drug	Enhancement of cellular immune function in pigs	Licensed-in						Obtain new veterinary drug certificate in Q2 2025
	Recombinant porcine interferon α[3]	Anti-infective drug	Porcine Transmissible gastroenteritis	Licensed-in						Submit new veterinary drug application in Q4 2025

For Human Use For Veterinary Use

Notes:

(1) Development of human pharmaceutical products typically progresses through multiple phases of clinical trials before new drug application ("**NDA**") submissions, while the clinical development process of veterinary pharmaceutical products is generally more flexible.

(2) Our veterinary TAT and PMSG, as well as certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments, are poised for market launch upon completion of re-registration of marketing approvals.

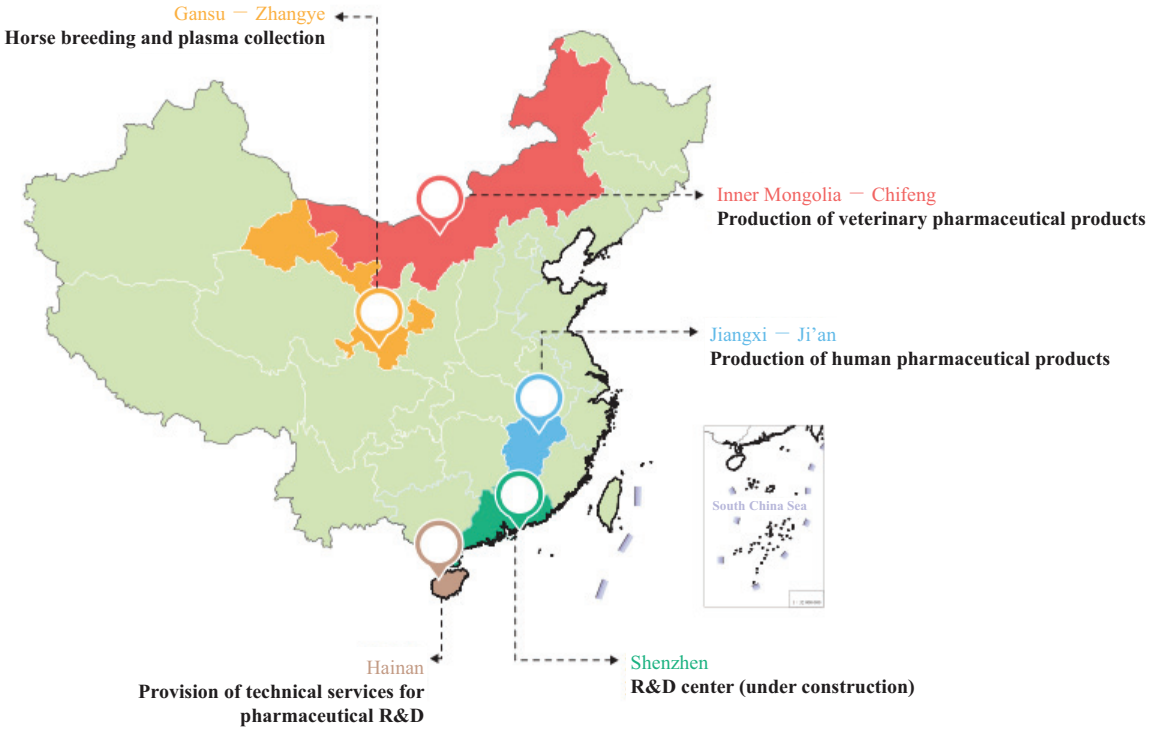
(3) We have in-licensed the manufacturing and commercialization rights to these product candidates on a non-exclusive basis.

SUMMARY

We are one of the few antiserum companies in China and globally to achieve full-industry-chain integration, according to Frost & Sullivan, with end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation. Our animal immunization and antiserum preparation processes are underscored by a comprehensive, robust and world-class proprietary technology platform, which integrates advanced purification and formulation technologies and allows us to maintain high technical barriers and ensures the quality and efficacy of our products. According to Frost & Sullivan, we are the only company globally to use recombinant protein, mRNA and serum-free antigens to develop antiserum products. On the forefront of quality improvement and technological upgrade of the antiserum industry, we are the first and only company in China to introduce preservative-free packaging and Pasteur virus removal/inactivation technology for Human TAT, according to Frost & Sullivan.

We have the largest equine breeding and immunized plasma collection facility operated in accordance with the GMP standard in China, ensuring a stable supply of high-quality raw materials for our antiserum and serum-derived products. We have established in-house manufacturing facilities for human and veterinary pharmaceutical products to ensure scalability, quality, and cost efficiency.

The following map illustrates the geographical distribution of our key production facilities and operational bases as of December 31, 2024:



We maintain a global sales and distribution network, including a comprehensive distribution network in China that spans provincial, city, and county levels. This network ensures broad market coverage and efficient delivery of our products to over 23,500 medical institutions, including over 1,500 tertiary medical institutions. In addition, our Human TAT, as included in Part A of the NRDL (國家甲類醫保品種), the National Essential Drug List (國家基本藥目錄) and National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), enjoys high market recognition, benefiting from the advantage of full medical insurance reimbursement.

During the Track Record Period, our business experienced strong growth. Our total revenue increased significantly from RMB142.0 million in 2022 to RMB220.8 million in 2024, representing a CAGR of 24.7%. Our profit for the year also surged from RMB26.5 million in 2022 to RMB75.1 million in 2024, representing a remarkable CAGR of 68.5%.We plan to further solidify our leadership position in the Human TAT market, rapidly advance the development of our human antiserum product pipeline, accelerate the development and market penetration of our veterinary pharmaceutical products, further optimize our technologies and processes to enhance product quality and efficacy, and further enhance our full-industry-chain capabilities, maximizing our potential for growth and innovation. Leveraging our extensive technological advantages across the entire industry chain, we aspire to position ourselves as a globally leading antiserum platform company, continuously delivering innovative products to address unmet needs worldwide.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- The largest provider and exporter of Human TAT in China and a fully integrated antiserum platform company, driven by the dual flywheels of human and veterinary pharmaceutical product portfolio and well-positioned to capture significant global market opportunities

- A rich and differentiated pipeline of innovative human and veterinary pharmaceutical products targeting highly promising market segments, fueling significant opportunities for revenue growth

- A comprehensive, robust and world-class proprietary technology platform, empowering continuous optimization and innovation of animal immunization and antiserum preparation processes

- Well-established commercial capabilities with global sales and distribution network

- Distinct full-industry-chain capabilities with rigorous quality control system, ensuring stable supply and cost efficiency

- Experienced management team with profound industry insight

OUR BUSINESS STRATEGIES

We plan to implement the following strategies:

- Further solidify our leadership position in the Human TAT market
- Rapidly advance the development of human antiserum product pipeline
- Accelerate the development and market penetration of our veterinary pharmaceutical product offering
- Further optimize our technologies and processes to enhance product quality and efficacy
- Further enhance our full-industry-chain capabilities

OUR PRODUCTS AND SERVICES

During the Track Record Period, our principal source of revenue was the sales of Human TAT, which accounted for 93.9%, 93.0% and 93.3% of our total revenue in 2022, 2023 and 2024, respectively. In addition to the sales of Human TAT, we generated revenue from the sales of other products, and from technical services provided by one of our subsidiaries, Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司) ("**Hainan Pharmaceutical Research Institute**"). The revenue from the sales of other products represented 1.1%, 1.5% and 3.4% of our total revenue in 2022, 2023 and 2024, respectively, while the revenue from technical services accounted for 5.0%, 5.6% and 3.3% of our total revenue in 2022, 2023 and 2024, respectively.

Our Existing Product Portfolio

Human TAT

Human TAT is an antiserum product containing antibodies to prevent and treat tetanus, an acute infection caused by *Clostridium tetani*. It is primarily used for tetanus prophylaxis in high-risk individuals and treatment of patients with tetanus symptoms. Our Human TAT is listed in Part A of the NRDL (國家甲類醫保品種), the National Essential Drug List (國家基本藥目錄) and National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), and is well recognized for its stable quality, reliability, and ease of administration. With its proven efficacy and affordable pricing, it has gained widespread acceptance in clinical practice.

In 1997, Jiangxi Institute of Biological Products (江西生物製品研究所) obtained the marketing approval for Human TAT from the relevant government authority in China. In 2022, 2023 and 2024, the sales revenue of our Human TAT amounted to RMB133.2 million, RMB184.1 million and RMB205.9 million, respectively, representing a CAGR of 24.3% from 2022 to 2024, and accounting for 93.9%, 93.0%, and 93.3% of our total revenue during the same periods, respectively. In 2024, our total sales volume of Human TAT was 25.4 million units, comprising 13.2 million units sold in China and 12.2 million units exported to overseas markets through domestic and overseas distributors.

Our Human TAT is administered via intramuscular or subcutaneous injection, with a protective period of approximately two weeks. During the Track Record Period, we generated revenue from sales of Human TAT injection in four ready-to-use formats: mainly 0.75 ml ampoules containing 1,500 IU packaged in boxes of 10 ampoules. We plan to launch a new packaging in the third quarter of 2025, namely, 0.75 ml vials containing 1,500 IU. Additionally, we sold Human TAT bulk, a semi-finished product available in two concentrations, namely, 2,500 IU/ml and 3,000 IU/ml.

The Chinese and global markets for human tetanus prevention and treatment are enormous, and are expected to exhibit stable, long-term growth. The market operates under a dual mechanism of active and passive immunization. Clinical pathways reveal complementary roles between the two approaches: The active immunization sector is dominated by vaccines, which involve the injection of immunity-stimulating antigens to trigger the body's immune responses to produce antibodies. Active immunization require time to trigger antibody production and may not be effective for everyone. Passive immunization, which directly administers specific antibodies, offers immediate protection, countering these limitations, and provides immediate neutralization for trauma exposure cases. Integrating both tetanus immunization approaches enhances infection prevention and protects vulnerable populations.

The tetanus passive immunity market has exhibited robust growth momentum. According to Frost & Sullivan, the global tetanus passive immunity market increased from US$233.5 million in 2019 to US$293.5 million in 2024, and is expected to continue to increase to US$483.7 million in 2028 and US$793.7 million in 2033 with a CAGR of 13.3% and 10.4% from 2024 to 2028 and from 2028 to 2033, respectively. The tetanus passive immunity market in China increased from US$156.6 million in 2019 to US$205.4 million in 2024, and is forecasted to continue to increase to US$259.9 million in 2033. The tetanus passive immunity market is segmented into polyclonal antibodies and monoclonal antibodies, while polyclonal antibodies can be further categorized into equine plasma-derived polyclonal antibodies (namely, Human TAT and Equine Tetanus Immunoglobulin $F(ab')_2$) and human plasma-derived polyclonal antibodies (namely, HTIG). Polyclonal antibodies contain a mixture of antibodies that bind multiple epitopes on an antigen, and monoclonal antibodies contain identical antibodies that bind a single, specific epitope on an antigen, and are produced by a single clone of B-cells. Human TAT is the most widely utilized tetanus passive immunity product and occupies a significant share of the market. According to Frost & Sullivan, the global Human TAT market increased from US$60.9 million in 2019 to US$84.6 million in 2024 with a CAGR of 6.8%, and is expected to continue to increase to US$199.9 million in 2028 and US$386.1 million in 2033 with a CAGR of 24.0% and 14.1% from 2024 to 2028 and from 2028 to 2033, respectively. The Human TAT market in China increased from US$21.6 million in 2019 to US$33.5 million in 2024 with a CAGR of 9.1%, and is expected to continue to increase to US$66.2 million in 2028 and US$87.5 million in 2033 with a CAGR of 18.6% and 5.7% from 2024 to 2028 and from 2028 to 2033, respectively.

The Human TAT market exhibits high market concentration, and we have maintained undisputed leadership. We have consistently dominated the Human TAT market in China, maintaining a market share of above 50% for 18 consecutive years, according to Frost & Sullivan. We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan. We are also the largest provider of human tetanus passive immunity products in China, with our sales volume of Human TAT in 2024 accounting for 41.1% of the human tetanus passive immunity market, according to Frost & Sullivan.

Other Existing Products

Our existing products also include a number of veterinary pharmaceutical products, including veterinary tetanus antitoxin and PMSG, as well as certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments. During the Track Record Period, we focused on technological upgrades and process improvements for veterinary tetanus antitoxin and PMSG, which temporarily halted sales of all these products. These products are poised for market launch upon completion of re-registration of marketing approvals. Additionally, we sold certain veterinary pharmaceutical products sourced from third-party suppliers during the Track Record Period.

Veterinary Tetanus Antitoxin

Our veterinary tetanus antitoxin is designed to prevent and treat tetanus infections in animals, particularly in cases of trauma or surgery where the risk of tetanus infection is higher. By neutralizing the tetanus toxin and preventing its impact on the animal's nervous system, our veterinary tetanus antitoxin provides rapid passive immune protection.

According to Frost & Sullivan, the veterinary tetanus antitoxin market is expected to grow with a CAGR of 42.8% and 26.3% from US$2.2 million in China and US$30.2 million globally in 2024 to US$9.1 million and US$76.8 million in 2028, which is further forecasted to reach US$24.9 million in China and US$103.2 million globally in 2033, with a CAGR of 22.3% and 6.1%, respectively. As of the Latest Practicable Date, only four companies had obtained marketing approvals from the Ministry of Agriculture in China for veterinary tetanus antitoxin.

We previously obtained marketing approval for veterinary tetanus antitoxin in China in 2018, which expired in 2023. We have established a new production line for veterinary tetanus antitoxin with technological upgrades and process improvements and plan to submit an application for re-registration of marketing approval in China in the third quarter of 2025. Leveraging our long-standing heritage and deep expertise in human antiserum products and our full-industry-chain capabilities, we will pursue rapid commercialization and sales expansion of our veterinary tetanus antitoxin.

PMSG

PMSG is a complex glycoprotein hormone derived from the serum of pregnant mares. It is a serum-derived product which has been widely used to enhance reproductive performance and management of livestock.

The PMSG market is essential for the livestock breeding industry, with a large and stably growing demand. According to Frost & Sullivan, the global veterinary PMSG market is expected to increase from US$253.0 million in 2024 to US$306.4 million in 2028 and US$377.2 million in 2033 with a CAGR of 4.9% and 4.2% from 2024 to 2028 and from 2028 to 2033, respectively. The veterinary PMSG market in China is expected to increase from US$71.3 million in 2024 to US$89.9 million in 2028 and US$128.3 million in 2033 with a CAGR of 6.0% and 7.4% from 2024 to 2028 and from 2028 to 2033, respectively.

We previously obtained marketing approvals for PMSG active pharmaceutical ingredients ("**API**") and injection in China in 2019 and 2018, respectively, which expired in 2024 and 2023. We will establish a new production line for PMSG with technological upgrades and process improvements to ensure compliance with EU GMP standards. We plan to submit an application for re-registration of marketing approval in China in the third quarter of 2026. We aim to launch our PMSG in China in the fourth quarter of 2026 and will also explore various export markets.

Our Pipeline Products Under Development

We are expanding our portfolio of human antiserum products and are developing snakebite antivenoms and equine rabies immunoglobulin $F(ab')_2$. In addition, we have in-licensed the manufacturing and commercialization rights to a pipeline of veterinary anti-infective drugs.

Snake Antivenom Candidates

Snake venom contains neurotoxins, cytotoxins and hemotoxins which can cause severe local tissue damage and systemic poisoning symptoms. Snake antivenom works by neutralizing the toxins in snake venom to mitigate and prevent the progression of poisoning symptoms, thereby effectively reducing morbidity and mortality. According to Frost & Sullivan, the incidence of venomous snakebites globally and in China in 2024 was 2.7 million and 0.28 million, respectively. Bites by venomous snakes have severe negative consequences as it may cause permanent disfigurement and/or disabilities, including limb amputations, and even deaths, according to Frost & Sullivan. The antivenom market in China is significantly underserved, presenting substantial opportunities for our product candidates to make a meaningful impact. If calculated based on the WHO's recommended dosage of four to six vials per person, the overall annual market demand in China ranges from 1.2 to 1.8 million vials and there is a market gap of over 1 million vials.

Our pipeline of snake antivenom products includes agkistrodon halys antivenom, agkistrodon acutus antivenom, and polyvalent snake antivenom.

- Agkistrodon Halys Antivenom: This product is a specific treatment for poisoning caused by agkistrodon halys bites. We plan to commence a Phase I clinical trial in the second quarter of 2025, and expect to submit an application for marketing approval in early 2027.

- Agkistrodon Acutus Antivenom: This product targets poisoning caused by agkistrodon acutus bites. We expect to commence a Phase I clinical trial in early 2026, and submit an application for marketing approval in early 2028.

- Polyvalent Snake Antivenom: This product is designed to neutralize toxins from various snake venoms, making it valuable in clinical settings where the type of snake is unknown. We plan to complete its process research in 2027, followed by preclinical studies, and file an IND application in 2029.

Equine Rabies Immunoglobulin F(ab')$_2$ Candidate

Our equine rabies immunoglobulin F(ab')$_2$ is currently under process research. We have designed our equine rabies immunoglobulin F(ab')$_2$ to target novel antigens, which improves the purity of antibodies produced in host horses while minimizing the formation of non-specific antibodies, thereby enhancing therapeutic efficacy and safety. In addition, we leverage advanced purification and formulation technologies to enhance the purity and quality of our equine rabies immunoglobulin F(ab')$_2$. According to Frost & Sullivan, nearly 50 million people are exposed to rabies annually in China. According to WHO guidelines, patients with Grade III rabies exposure are recommended to use passive immunity products as there may not be sufficient time before the vaccine-induced immune responses develop. According to Frost & Sullivan, the incidence of Grade III rabies exposure in China increased from 14.2 million in 2019 to 15.5 million in 2024 and is expected to continue to increase to 17.1 million in 2033. In 2024, among these 15.5 million high-risk individuals, only 11.9%, or about 1.5 million, received passive immunization treatment, indicating significant unmet clinical needs. We anticipate to complete process research for our equine rabies immunoglobulin F(ab')$_2$ in 2027, followed by preclinical studies, and aim to file an IND application for this product candidate in 2029.

Veterinary Drugs Under Development

In addition to our human pharmaceuticals, we have in-licensed the manufacturing and commercialization rights to a pipeline of veterinary anti-infective drugs, including bursal peptide injection, pig spleen transfer factor, and recombinant porcine interferon-α ("**rPoIFN-α**"). For details, see "Business — Collaboration and License Arrangement." These in-licensed products are designed to enhance animal immunity and prevent and treat infectious diseases.

- Bursal Peptide Injection: Bursal peptide injection is an immunomodulator extracted from the bursa of chickens and is indicated for enhancement of the humoral immune function in pigs and chicken. It has submitted a new veterinary drug application ("**NVDA**"), with the new veterinary drug registration certificate anticipated to be obtained in the second quarter of 2025. Bursal peptide injection is a category I new veterinary drug.

- Pig Spleen Transfer Factor: Pig spleen transfer factor is an immunomodulator extracted from pig spleen and is indicated for the enhancement of the cellular immune function in pigs. It has submitted a NVDA, with the new veterinary drug registration certificate anticipated to be obtained in the second quarter of 2025. Pig spleen transfer factor is a category III new veterinary drug.

- rPoIFN-α: rPoIFNα is an anti-infective therapeutics indicated for porcine transmissible gastroenteritis. It has completed clinical studies, with a NVDA expected to be submitted in the fourth quarter of 2025. PoIFNα is a category I new veterinary drug.

With the increasing global demands for safe and effective alternatives to traditional antibiotics for livestock and poultry, combined with our early-mover advantage, we believe that our in-licensed veterinary anti-infective drug candidates are well-positioned to seize significant market opportunities.

Technical Services

In addition to the sales of pharmaceutical products, we also generated revenue through technical services provided by our subsidiary, Hainan Pharmaceutical Research Institute. These services include pharmaceutical testing and inspection, pharmaceutical R&D, drug safety evaluations, and related technical services. Our revenue from these technical services amounted to RMB7.1 million, RMB11.1 million, and RMB7.4 million in 2022, 2023, and 2024, respectively, accounting for 5.0%, 5.6% and 3.3% of total revenue during the same periods.

SALES, MARKETING AND DISTRIBUTION

In line with industry practice, we adopt a distributorship model and we generally do not sell our products directly to hospitals or other medical institutions. As of December 31, 2024, we have a total of 505 distributors, who are our direct customers, and are responsible for on-selling and delivering our products to hospitals and other medical institutions.

During the Track Record Period, we primarily sold our products to domestic distributors in China, who are pharmaceutical commercial companies based in China and subsequently distributed our products to hospitals and other medical institutions in China. As of December 31, 2024, we have established a comprehensive distribution network in China, spanning provincial, city, and county levels. This network ensures broad market coverage and efficient delivery of our products to over 23,500 medical institutions, including over 1,500 tertiary medical institutions in China. During the Track Record Period, our revenue from these domestic sales of Human TAT amounted to RMB102.0 million, RMB135.0 million and RMB161.9 million in 2022, 2023 and 2024, respectively, accounting for 76.5%, 73.3%, and 78.6% of our total revenue from sales of Human TAT for the same periods, respectively.

In addition, we also sold products to domestic distributors for export sales and directly export products to overseas distributors, primarily targeting Southeast Asian and African markets, such as Philippine, Egypt and India. During the Track Record Period, our revenue from these export sales of Human TAT amounted to RMB31.3 million, RMB49.1 million and RMB44.0 million in 2022, 2023 and 2024, respectively, accounting for 23.5%, 26.7% and 21.4% of our total revenue from sales of Human TAT for the same periods, respectively.

OUR CUSTOMERS

During the Track Record Period, substantially all of our revenue was derived from the sales of Human TAT. Our customers for Human TAT were distributors. End customers primarily comprised public hospitals, private hospitals, clinics and other medical institutions. During the Track Record Period, our five largest customers generated RMB44.7 million, RMB58.0 million and RMB64.4 million of revenue in 2022, 2023 and 2024, respectively, accounting for 31.5%, 29.3% and 29.2% of our total revenue for the same years, respectively. To the best knowledge of our Directors, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective close associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS

The key material used in the manufacturing of Human TAT is immunized equine plasma, which we primarily produced in house. During the Track Record Period, we primarily procured horses, fodder, and pharmaceutical packaging materials from suppliers in China. Additionally, we engaged third-party promoters and CROs to support our operations. During the Track Record Period, purchases from our largest supplier amounted to RMB18.1 million, RMB26.2 million and RMB15.1 million in 2022, 2023 and 2024, respectively, accounting for 31.7%, 35.7% and 22.8% of our total purchases for the same years, respectively. For 2022 and 2023, one of our five largest suppliers is a group of entities controlled by Ms. Jing and/or her associates. Save as disclosed above, to the best knowledge of our Directors, all of our five largest suppliers during the Track Record Period are Independent Third Parties, and none of our Directors, their respective close associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

PRICING

We have developed and implemented a reasonable pricing strategy for our marketed product, Human TAT, to maintain its competitiveness and profitability. In determining pricing, we consider multiple factors, primarily including our R&D, manufacturing, and marketing costs, the value of the product, our market share, and the competitive landscape. During the Track Record Period, the selling price of our Human TAT for domestic sales was also influenced by regulations and policies in the pharmaceutical industry, including the introduction of the volume-based procurement ("**VBP**") program. We closely monitor new policies affecting the pricing of pharmaceutical products in China and continuously update our pricing strategy to navigate the evolving regulatory environment and respond to local policies and competition in different provinces. The selling pricing of Human TAT for export sales, as well as the sales of veterinary pharmaceutical products, was more market-driven and influenced by factors including local purchasing power, competitive dynamics, and regional healthcare policies. For details of the average selling prices of our

products, see "Financial Information — Description of Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue Breakdown by Business Segment."

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report as set forth in Appendix I to this document.

Summary of Our Consolidated Statements of Profit or Loss

	Year Ended December 31,								
	2022			2023			2024		
	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	141,956	—	141,956	198,021	—	198,021	220,755	—	220,755
Cost of sales	(28,844)	(6,105)*	(34,949)	(49,027)	(14,689)*	(63,716)	(52,634)	(12,981)*	(65,615)
Gross profit	**113,112**	**(6,105)**	**107,007**	**148,994**	**(14,689)**	**134,305**	**168,121**	**(12,981)**	**155,140**
Other income	4,897	—	4,897	2,144	—	2,144	3,538	—	3,538
Impairment losses under expected credit loss model, net of reversal	706	—	706	333	—	333	118	—	118
Other gains and losses	(462)	—	(462)	393	—	393	114	—	114
Research and development expenses	(16,392)	—	(16,392)	(24,231)	—	(24,231)	(13,681)	—	(13,681)
Distribution costs	(34,735)	—	(34,735)	(33,028)	—	(33,028)	(26,860)	—	(26,860)
Administrative expenses	(28,886)	—	(28,886)	(29,158)	—	(29,158)	(32,346)	—	(32,346)
Finance costs	(1,379)	—	(1,379)	(667)	—	(667)	(2,226)	—	(2,226)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	—	3,829	3,829	—	16,474	16,474	—	17,954	17,954
Loss arising from changes in fair value less costs to sell of biological assets	—	(2,832)	(2,832)	—	(2,971)	(2,971)	—	(6,326)	(6,326)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxation	**36,861**	**(5,108)**	**31,753**	**64,780**	**(1,186)**	**63,594**	**93,118**	**(1,353)**	**91,765**
Income tax expense	(5,285)	—	(5,285)	(8,113)	—	(8,113)	(16,625)	—	(16,625)
Profit for the period	**31,576**	**(5,108)**	**26,468**	**56,667**	**(1,186)**	**55,481**	**76,493**	**(1,353)**	**75,140**

Note:

* Primarily includes the effect of agricultural produce fair value adjustments, which arise from the difference between the fair value less costs to sell at the point of harvest of agricultural produce, such as equine plasma, and the actual costs incurred and allocated to it during production.

Revenue

During the Track Record Period, we generated revenue primarily from the sale of pharmaceutical and other products and the provision of technical services. Our total revenue increased from RMB142.0 million in 2022 to RMB198.0 million in 2023, and further to RMB220.8 million in 2024. This growth was primarily driven by the increase in revenue from the sales of Human TAT, which increased from RMB133.2 million in 2022 to RMB184.1 million in 2023 and further to RMB205.9 million in 2024. Additionally, revenue from other products increased from RMB1.6 million in 2022 to RMB2.9 million in 2023, and further to RMB7.5 million in 2024.

We also offer technical services for pharmaceutical and biotech companies, including pharmaceutical testing and inspection, pharmaceutical R&D, drug safety evaluations, and related technical services with revenue from technical services increasing from RMB7.1 million in 2022 to RMB11.1 million in 2023, before decreasing to RMB7.4 million in 2024 due to variations in service demand. The following table sets forth a breakdown of our revenue by business segment, in absolute amount and as a percentage of our total revenue, for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale of pharmaceutical and other products						
Human TAT	133,231	93.9	184,069	93.0	205,901	93.3
Others*	1,609	1.1	2,888	1.5	7,487	3.4
Subtotal	**134,840**	**95.0**	**186,957**	**94.4**	**213,388**	**96.7**
Technical service income	**7,116**	**5.0**	**11,064**	**5.6**	**7,367**	**3.3**
Total	**141,956**	**100.0**	**198,021**	**100.0**	**220,755**	**100.0**

Note:

* Primarily includes certain veterinary pharmaceutical products we sourced from third-party suppliers

During the Track Record Period, revenue generated from sale of pharmaceutical and other products was primarily derived from the sales of Human TAT.

During the Track Record Period, we also generate revenue from sales of other products, mainly certain veterinary pharmaceutical products we sourced from third-party suppliers. For a detailed description of other products, see "Business — Our Existing Product Portfolio — Other Products" of this document. In 2022, 2023 and 2024, revenue from the sales of other products amounted to RMB1.6 million, RMB2.9 million, and RMB7.5 million, respectively, accounting for 1.1%, 1.5%, and 3.4% of our total revenue, respectively.

Sales of Human TAT

Domestic sales ("**Domestic Sales**") refer to sales to domestic distributors who subsequently distribute our products to hospitals and other medical institutions in China. In addition to Domestic Sales, we sell Human TAT to domestic distributors for Export Sales and directly export products to overseas distributors. In addition to domestic Sales, we sell products to domestic distributors for export sales ("**Indirect Export Sales**") and directly export products to overseas distributors ("**Direct Export Sales**", together with Indirect Export Sales, "**Export Sales**"). For Export Sales, our distributors are generally responsible for managing customs clearance procedures in the target importing countries. The following table sets forth a breakdown of our revenue from sale of Human TAT by geographical markets for the years indicated.

	2022			2023			2024		
	Revenue	Sales volume[1]	Average selling price	Revenue	Sales volume[1]	Average selling price	Revenue	Sales volume[1]	Average selling price
	RMB'000	*Units '000*	*RMB/Unit*	*RMB'000*	*Units '000*	*RMB/Unit*	*RMB'000*	*Units '000*	*RMB/Unit*
Domestic Sales	**101,952**	**9,293**	**11.0**	**134,951**	**13,218**	**10.2**	**161,912**	**13,209**	**12.3**
Export Sales									
Indirect Export Sales	29,544	8,720	3.4	46,099	13,155	3.5	35,966	9,836	3.7
Direct Export Sales	1,735	560	3.1	3,019	848	3.6	8,023	2,406	3.3
Export Sales, Subtotal/ Sub-average	**31,279**	**9,280**	**3.4**	**49,118**	**14,003**	**3.5**	**43,989**	**12,242**	**3.6**
Total	**133,231**	**18,573**	**N/M[2]**	**184,069**	**27,221**	**N/M[2]**	**205,901**	**25,451**	**N/M[2]**

Notes:

(1) Unless stated otherwise, sales volume of Human TAT product with different specifications are calculated based on the assumption that one unit contains 1,500 IU of active ingredient of antitoxin.

(2) The average selling price of Human TAT, when considering both Domestic Sales and Export Sales, is not meaningful because it is merely a weighted average of total revenue and total sales volume of Human TAT.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB107.0 million, RMB134.3 million, and RMB155.1 million in 2022, 2023, and 2024, respectively, while our gross profit margin amounted to 75.4%, 67.8% and 70.3% during the same year. During the Track Record Period, we primarily derived gross profit from sales of Human TAT, which amounted to RMB108.8 million, RMB134.4 million and RMB163.2 million in 2022, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by business segment for the years indicated:

	2022		2023		2024	
	Gross profit/ (loss) *RMB'000*	Gross profit/ (loss) margin *%*	Gross profit/ (loss) *RMB'000*	Gross profit/ (loss) margin *%*	Gross profit/ (loss) *RMB'000*	Gross profit/ (loss) margin *%*
Sales of Human TAT						
Domestic Sales	90,428	88.7	110,351	81.8	136,450	84.3
Export Sales	18,333	58.6	24,081	49.0	26,758	60.8
Subtotal, sales of Human TAT	**108,761**	**81.6**	**134,432**	**73.0**	**163,208**	**79.3**
Other products*	**(1,646)**	**(102.4)**	**(1,993)**	**(69.0)**	**(9,537)**	**(127.4)**
Subtotal, sales of pharmaceutical and other products	**107,115**	**79.4**	**132,439**	**70.8**	**153,671**	**72.0**
Technical services	**(108)**	**(1.5)**	**1,866**	**16.9**	**1,469**	**19.9**
Total/Average	**107,007**	**75.4**	**134,305**	**67.8**	**155,140**	**70.3**

Note:

* Primarily includes certain veterinary pharmaceutical products we sourced from third-party suppliers

During the Track Record Period, our gross profit increased significantly, which were in line with our revenue growth.

Our gross profit for sales of Human TAT amounted to RMB108.8 million, RMB134.4 million and RMB163.2 million in 2022, 2023 and 2024, respectively. Our gross profit margin for sales of Human TAT was 81.6%, 73.0% and 79.3% for the same years, respectively. Gross profit from Domestic Sales of Human TAT increased from RMB90.4 million in 2022 to RMB110.4 million in 2023 and further to RMB136.5 million in 2024. This growth was primarily driven by change in sales volume and average selling price of Human TAT. Change in sales volume was primarily supported by the expansion of our distribution network in China and the stabilization of baseline volume through the centralized VBP scheme. Average selling price of Human TAT for Domestic Sales decreased from RMB11.0 per unit in 2022 to RMB10.2 per unit in 2023, due to our competitive pricing strategies aimed at capturing greater market share. Average selling price of our Human TAT increased to RMB12.3 per unit in 2024, following the implementation of VBP scheme, as the pricing dynamic under the VBP scheme has positively impacted product pricing. Gross profit margin for Domestic Sales decreased from 88.7% in 2022 to 81.8% in 2023 due to the decrease in average selling price of Human TAT for Domestic Sales, as well as the relatively higher cost in relation to horse plasma used for production in 2023. Gross profit margin for

Domestic Sales increased to 84.3% in 2024, due to the increase in average selling price of Human TAT for Domestic Sales, as well as the horse plasma used for production in 2024 with lower cost.

Gross profit from Export Sales increased from RMB18.3 million in 2022 to RMB24.1 million in 2023 and further increased to RMB26.8 million in 2024. The gross profit margin for Export Sales decreased from 58.6% in 2022 to 49.0% in 2023 but improved to 60.8% in 2024, primarily due to the fluctuation in cost of sales as a result of the fluctuation of the cost in relation to horse plasma used for production in the respective year. Average selling price of Human TAT in Export Sales remained generally stable during the Track Record Period.

Summary of Our Consolidated Balance Sheets

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	303,414	308,091	295,441
Current assets	215,454	194,179	192,081
Current liabilities	124,809	139,271	83,364
Net current assets	90,645	54,908	108,717
Total assets less current liabilities	394,059	362,999	404,158
Total equity	392,624	361,924	403,223
Non-current liabilities	1,435	1,075	935

Summary of Our Statements of Cash Flows

Our use of cash primarily related to investing activities, financing activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operating activities and bank borrowings.

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	70,188	68,606	104,055
Net cash flows (used in)/from investing activities	(115,111)	(1,039)	(16,298)
Net cash flows from/(used in) financing activities	38,308	(63,293)	(91,350)
Net (decrease) increase in cash and cash equivalents	**(6,615)**	**4,274**	**(3,593)**
Cash and cash equivalents as of January 1	60,253	53,831	58,199
Effect of foreign exchange rate changes, net	193	94	67
Cash and cash equivalents as of December 31	**53,831**	**58,199**	**54,673**

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years/as of the dates indicated:

	As of/Year Ended December 31,		
	2022	**2023**	**2024**
Gross profit margin[(1)] (%)	75.4	67.8	70.3
Net profit margin[(2)] (%)	18.6	28.0	34.0
Return on equity[(3)] (%)	7.4	14.7	19.6
Current ratio[(4)]	1.7	1.4	2.3
Quick ratio[(5)]	1.2	1.0	1.6
Gearing ratio[(6)] (%)	10.4	17.5	2.7
Debt to equity ratio[(7)] (%)	—	1.4	—

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.

(3) Return on equity was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(5) Quick ratio was calculated based on the total current assets less inventories and divided by the total current liabilities as of the relevant dates.

(6) Gearing ratio was calculated based on total borrowings, including bank borrowings, loan from a related party and lease liabilities divided by total equity as of the relevant dates and multiplied by 100%.

(7) Debt to equity ratio was calculated based on total borrowings, including bank borrowings, loan from a related party and lease liabilities less cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%. As of December 31, 2022 and 2024, the debt to equity ratio is not meaningful because total borrowings, including bank borrowings, loan from a related party, and lease liabilities less cash and cash equivalents, resulted in a negative value.

COMPETITIVE LANDSCAPE

The pharmaceutical and biopharmaceutical industries are characterized by rapidly advancing technologies and competition. We face competition from other pharmaceutical companies, including large, established pharmaceutical companies as well as some smaller emerging pharmaceutical companies.

Our products and product candidates currently mainly focus on antiserum and anti-infective areas, and we primarily compete with products that are indicated for similar conditions as our products on the basis of efficacy, safety, pricing, general market acceptance and recognition. The identities of our key competitors vary by product and, in certain cases, our competitors may have greater financial and research and development resources than us, may elect to focus these resources on developing, importing or in-licensing and marketing products that are substitutes for our products and may have broader sales and marketing infrastructure with which to do so. See "Industry Overview" for more details about the major competitors of our products.

We believe our continued success will depend on our following capabilities: the end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation; the capability to develop innovative products and advanced technologies; the capability to attract, retain and cultivate talent; the capability to maintain high quality standards; the capability to obtain and maintain regulatory approvals; the capability to effectively market and promote products; and the capability to extend our reach into overseas market.

SUMMARY

RISK FACTORS

There are certain risks relating to an [REDACTED] in our Shares. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors." A summary of key risk factors is set forth below. Any of the following developments may have a material and adverse effect on our business, financial condition, results of operations and prospects:

- Our Human TAT generates substantially all of our revenue and profit during the Track Record Period. If we are unable to maintain or increase the sales volume, pricing level and profit margin of our Human TAT, and diversify our product offering structure effectively, our business, financial condition, results of operations and prospects may be adversely affected.

- We operate in a competitive environment and if we are unable to compete effectively against current and future competitors, or if our competitors develop products that are more advanced and effective than ours, our business, financial condition, results of operations and prospects could be materially and adversely affected.

- If our products are excluded or removed from national, provincial, or other government-sponsored medical insurance programs, our sales, profitability and business prospects could be materially and adversely affected.

- If our products are not manufactured to the necessary quality standards, it could harm our business and reputation, and our revenue and profitability could be adversely affected.

- If we are not able to obtain sufficient quantities of raw materials and biological assets of required quality at a commercially acceptable cost, our business could be harmed.

- If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

- All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. If we or our business partners fail to comply with the laws and regulations related to the development, production, promotion, sales and distribution of our products and product candidates, our ability to conduct our business could be materially impaired.

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us and our ability to successfully commercialize any product candidates we may develop may be adversely affected.

You should read the entire section headed "Risk Factors" in this document before you decide to [REDACTED] in the [REDACTED].

DIVIDEND

In May 2023 and October 2023, we declared a dividend of RMB10.0 million and RMB76.0 million to the existing shareholders based on the consolidated retained profits as of December 31, 2022. In September 2024, we declared a dividend of RMB40.1 million to the existing shareholders based on the consolidated retained profits as of December 31, 2023. As of the Latest Practicable Date, our declared dividends have been paid in full.

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. As of the Latest Practicable Date, we did not have any dividend policy.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. We will pay dividends according to the applicable PRC laws and our Articles of Association.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Jing, an executive Director and the chairperson of our Board, was able to exercise approximately 76.64% voting rights in our Company, through (i) 4,875,000 Shares held by Hainan Zhizheng, which is a limited liability company established under the laws of the PRC and is held as to 99% by Ms. Jing, and (ii) 203,687,250 Shares held by Qianhai Tianzheng, which is a limited liability company established under the laws of the PRC and is wholly owned by Hainan Zhizheng.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ms. Jing will be entitled to exercise approximately [REDACTED]% voting rights in our Company. Therefore, Ms. Jing, Hainan Zhizheng and Qianhai Tianzheng will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

For further details, see "Relationship with Our Controlling Shareholders" in this document.

PRE-[REDACTED] INVESTMENTS

Our Company obtained several rounds of investments from the Pre-[REDACTED] Investors through subscriptions for increased share capital of our Company and raised approximately RMB90 million in total.

For details, see "History, Development and Corporate Structure — The Pre-[REDACTED] Investments — (1) Principal Terms of the Pre-[REDACTED] Investments" in this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute fully exempt continuing connected transactions under Chapter 14A of the Listing Rules upon [REDACTED]. Further particulars of such transactions are set out in the section headed "Connected Transactions" in this document.

[REDACTED]

[REDACTED]

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	**Based on the [REDACTED] of HK$[REDACTED]**
[REDACTED] of our Shares[(1)]	HK$[REDACTED]	HK$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share[(2)]	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of the [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised).

(2) The number of shares used for the calculation of unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on [REDACTED] Shares were in issue assuming the [REDACTED] had been completed on December 31, 2024. It does not take into account any Shares which may be [REDACTED] and [REDACTED] upon the exercise of the [REDACTED].

For further details, please refer to "Appendix II — Unaudited [REDACTED] Financial Information — A. Unaudited [REDACTED] Statement of Adjusted Consolidated Net Tangible Assets of The Group Attributable to Owners of the Company" to this document.

USE OF [REDACTED]

We estimate the net [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document), will be approximately HK$[REDACTED], after deduction of [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

- Approximately [REDACTED]% (or HK$[REDACTED]) will be used for the research and development of our product candidates.
- Approximately [REDACTED]% (or HK$[REDACTED]) will be used for construction and expansion of new facilities and production lines.
- Approximately [REDACTED]% (or HK$[REDACTED]) will be used for the optimization of our technologies and processes.
- Approximately [REDACTED]% (or HK$[REDACTED]) will be used for the reinforcement of our sales and marketing capabilities.
- Approximately [REDACTED]% (or HK$[REDACTED]) will be used for general working capital and general corporate purposes.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] (HK$[REDACTED]) (including [REDACTED]), at the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document), and assuming the [REDACTED] is not exercised, among which (i) [REDACTED], including [REDACTED] and other expenses are approximately RMB[REDACTED] (HK$[REDACTED]) and (ii) [REDACTED] expenses are approximately RMB[REDACTED] (HK$[REDACTED]), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] (HK$[REDACTED]) and (b) other fees and expenses of approximately RMB[REDACTED] (HK$[REDACTED]). As of December 31, 2024, we incurred a total of RMB[REDACTED] (HK$[REDACTED]) in [REDACTED], among which RMB[REDACTED] (HK$[REDACTED]) were recognized in our statement of profit or loss, and RMB[REDACTED] (HK$[REDACTED]) were capitalized.

We estimate that additional [REDACTED] of approximately RMB[REDACTED] (HK$[REDACTED]) (including [REDACTED] of approximately RMB[REDACTED] (HK$[REDACTED]), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document)) will be incurred by our Company, approximately RMB[REDACTED] (HK$[REDACTED]) of which is expected to be charged to our statements of profit or loss, and approximately RMB[REDACTED] (HK$[REDACTED]) of which is expected to be capitalized. Our [REDACTED] as a percentage of gross [REDACTED] is [REDACTED]%, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document) and that the [REDACTED] is not exercised. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2024 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since December 31, 2024 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report of our Company from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person(s)
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on March 20, 2025 with effect upon the [REDACTED] (as amended from time to time), a summary of which is set out in Appendix VI to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
[REDACTED]	[REDACTED]
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and "PRC" do not apply to Taiwan, the Macau Special Administrative Region and Hong Kong
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Jiangxi Institute of Biological Products Inc. (江西生物製品研究所股份有限公司), a joint stock company with limited liability established in the PRC, the predecessor of which was Jiangxi Institute of Biological Products (江西生物製品研究所), a limited liability company established in the PRC on July 5, 2002, and if the context requires, includes its predecessor
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and in this context, refers to Ms. Jing, Hainan Zhizheng and Qianhai Tianzheng, further details of which are set out in the section headed "Relationship with Our Controlling Shareholders" in this document
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"COVID-19"	a newly identified coronavirus known to cause contagious respiratory illness
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)
"Employee Shareholding Platform(s)"	Gangyuanhao Investment and Huafengming Investment, or any one of them as the context may require

[REDACTED]	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this document
"Gangyuanhao Investment"	Hainan Gangyuanhao Investment Partnership (Limited Partnership) (海南罡沅澔投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 3, 2020 and one of our Employee Shareholding Platforms
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
[REDACTED]	[REDACTED]
"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas [REDACTED] foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED] and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the [REDACTED]
[REDACTED]	[REDACTED]
"Hainan Zhizheng"	Hainan Zhizheng Biotechnology Development Co., Ltd. (海南至正生物科技發展有限公司) (formerly known as Ji'an Tianzheng Industrial Development Co., Ltd. (吉安市天正實業發展有限公司)), a limited liability company established under the laws of the PRC on July 6, 2012 and one of our Controlling Shareholders upon [REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
[REDACTED]	[REDACTED]
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of the HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Huafengming Investment"	Hainan Huafengming Investment Partnership (Limited Partnership) (海南華楓茗投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on November 3, 2020 and one of our Employee Shareholding Platforms
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Joint Sponsors", [REDACTED]	the joint sponsors, [REDACTED] as named in the section headed "Directors and Parties Involved in the [REDACTED]" in this document
"Latest Practicable Date"	April 7, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange
[REDACTED]	[REDACTED]
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MOA"	Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Ms. Jing"	Ms. JING Yue (敬玥), our executive Director and the chairperson of our Board, and one of our Controlling Shareholders upon [REDACTED]

"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	Beijing Kangda Law Firm, the legal adviser to our Company as to the PRC laws
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"Pre-[REDACTED] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[REDACTED] Investors pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-[REDACTED] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Qianhai Tianzheng"	Shenzhen Qianhai Tianzheng Biotechnology Co., Ltd. (深圳前海天正生物科技有限公司), a limited liability company established under the laws of the PRC on April 23, 2015 and one of our Controlling Shareholders upon [REDACTED]
[REDACTED]	[REDACTED]
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act

"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"sq.m."	square meters
[REDACTED]	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy and Investment Committee"	the strategy and investment committee of our Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sustainability Committee"	the sustainability committee of our Board
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three financial years ended December 31, 2022, 2023 and 2024
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

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

"active immunity"	the body's ability to develop an immune response to pathogens, thereby controlling pathogen growth and limiting tissue damage. This type of immunity can be acquired through natural infection or by injecting a substance, such as a vaccine, that stimulates the immune system to produce protective antibodies and immune memory.
"API"	active pharmaceutical ingredient, the substance in a pharmaceutical product that is biologically active
"antibiotics"	a substance produced by or derived from certain fungi, bacteria and other microorganisms, or produced by chemical processes that can destroy or inhibit the growth of other microorganisms; widely used in the prevention and treatment of infectious diseases
"antibody"	an immunoglobulin produced mainly by plasma cells that is used by the immune system to identify and neutralize pathogens such as bacteria and viruses
"antibody titer"	the measurement of the amount or concentration of antibodies. It is used to determine the level of immune response to a particular antigen
"antigen"	Any substance that can induce an immune response. Foreign molecules can be recognized by B cell immunoglobulins or processed by antigen-presenting cells and combined with major histocompatibility complex to activate T cells, triggering an immune response
"antiserum"	a class of biological produces containing immunoglobulin or immunoglobulin $F(ab')_2$ fragments derived from animal or human immunized with a specific kind of antigen
"antitoxin"	an antiserum product containing antibodies that can neutralize a specific toxin, which is used for protection and treatment of diseases
"bursal peptide injection"	an immunomodulatory substance extracted from the bursa of chickens, which functions to inhibit viral replication, clear viruses, enhance immune responses, and boost vaccine efficacy

GLOSSARY OF TECHNICAL TERMS

"CAGR"	compound annual growth rate calculated as $(\frac{V_{(tn)}}{V_{(t0)}})^{\frac{1}{tn-t0}} - 1$, $V_{(t0)}$: start value, $V_{(tn)}$: finish value, tn–t0: number of years
"category I new drug"	a new pharmaceutical that has never been marketed worldwide
"category I new veterinary drug"	a new veterinary drug that has never been marketed worldwide
"category III new veterinary drug"	a new veterinary drug that has fundamental improvements in aspects such as safety and efficacy compared to similar products that have already been approved for sale in China
"*Clostridium Tetani*"	The pathogen causing tetanus, commonly found in soil, manure and intestines of humans and animals. It enters the human or animal. It infects humans and animals through wounds
"CRO"	contracted research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"Equine Tetanus Immunoglobulin $F(ab')_2$"	a liquid immunoglobulin ($F(ab')_2$) preparation derived from the plasma of horses immunized with tetanus toxoid, purified through ammonium sulfate precipitation, ultrafiltration, and column chromatography. It is used for the prevention and treatment of infections caused by *Clostridium tetani*
"$F(ab')_2$"	a type of antibody fragment that retains the ability to bind to antigens but lacks the Fc region, reducing the risk of immune system reactions. It is commonly used in antivenoms and immunotherapy to neutralize toxins and pathogens while minimizing side effects.
"GFA"	gross floor area
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Human TAT"	human tetanus antitoxin, namely the tetanus antitoxin used for the prevention and treatment of infections caused by *Clostridium tetani* in humans

GLOSSARY OF TECHNICAL TERMS

"human tetanus immunoglobulin" or "HTIG"	a preparation made from the plasma of healthy individuals with high titers of tetanus antibodies, purified through low-temperature ethanol protein separation or other approved methods, and treated for virus removal and inactivation. It is used for the prevention and treatment of infections caused by *Clostridium tetani*
"immunoglobulin"	also known as antibody, a kind of glycoprotein molecule produced by plasma cell in the body in response to immune stimulation. It is composed of $F(ab')_2$ and Fc fragments
"incidence"	the number of new cases occurring in a specified population per year
"IND"	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
"KOLs"	key opinion leaders, refers to renowned physicians that influence their peers' medical practice
"National Essential Medicines List"	the National Essential Medicines List (《國家基本藥物目錄》) promulgated by the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), as amended, supplemented or otherwise modified from time to time
"NDA"	new drug application
"new veterinary drug monitoring period"	a period established by the Ministry of Agriculture and Rural Affairs of the PRC when issuing the approval number for new veterinary drugs. This period lasts up to five years, during which no additional enterprise is approved to produce or import this new veterinary drug
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NRDL"	China's National Reimbursement Drug List
"passive immunity"	The specific immune ability acquired by the body through the passive acceptance of antibodies, sensitized lymphocytes, or their products. Unlike active immunity, it is characterized by a rapid effect without a latent period, providing immediate immunity upon administration, but with a shorter duration
"phase I clinical trials"	phase I clinical trials aim to test the safety of a new drug candidate

GLOSSARY OF TECHNICAL TERMS

"phase II clinical trials"	phase II clinical trials test the new drug candidate on a larger group of patients, to gather information about whether it works and how well it works in the short-term
"phase III clinical trials"	phase III clinical trials are for a new drug candidate that has already passed phases I and II which test the new drug candidate in larger groups of patients, to observe its safety and efficacy or compare the new drug candidate against an existing treatment or a placebo to see if it works better in practice and if it has important side effects
"pig spleen transfer factor"	an immunomodulatory substance extracted from pig spleen, which activates the animal body's immune response mainly by enhancing the function of specific immune cells, such as T cells and macrophages
"plasma"	a major component of blood, appearing as a pale yellow liquid due to the presence of bilirubin, which primarily functions to transport blood cells, nutrients, and waste products necessary for maintaining life activities
"pregnant mare serum gonadotropin" or "PMSG"	glycoprotein hormone derived from the serum of pregnant mares, which is used to induce estrus, promote follicle development, and superovulation in animals
"prevalence"	the number of disease cases present in a particular population at a given time
"rabies antiserum"	preparation containing the specific globulin obtained by purification of hyper-immune serum or plasma of healthy equines having specific activity of neutralizing the rabies virus
"recombinant porcine interferon-α" or "rPoIFN-α"	engineered antiviral proteins specifically designed for swine to enhance antiviral immunity and combat viral infections in intensive farming systems
"R&D"	research and development
"serum"	the clear, yellowish fluid that remains after blood has clotted, or plasma from which fibrinogen has been removed. It provides essential nutrients, hormones, growth factors, binding proteins, and protective factors for cells in culture
"snake antivenom"	an antiserum product containing specific antibodies that neutralize corresponding snake venom
"sq.m."	square meter, a unit of area

GLOSSARY OF TECHNICAL TERMS

"tetanus antitoxin" or "TAT"	a liquid antitoxin globulin preparation containing anti-tetanus immunoglobulin $F(ab')_2$ fragments, which is derived from the plasma of horses immunized with tetanus toxoid. It is used for the prevention and treatment of infections caused by *Clostridium tetani*
"toxin"	a poisonous substance produced by living organisms, typically proteins that interfere with the function of other molecules in the body, such as tetanus toxin
"toxoid"	a detoxified product of certain bacterial exotoxins treated with formaldehyde or other agents. Although the toxicity is eliminated, the immunogenicity remains, allowing the body to produce antitoxins and achieve immunity against specific diseases
"Two-Invoice System"	a system that requires one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributions companies and the other invoice to be issued from pharmaceutical distributions companies to medical institutions
"vaccine"	a vaccine is a biological preparation that provides active acquired immunity by inoculating tested antigen into humans or animals to stimulate immune response against a particular disease
"volume-based procurement" or "VBP"	a series of policies in China under which public medical institutions collectively purchase drugs and medical products in bulk through centralized bidding

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our ability to complete the development and obtain the relevant requisite regulatory approvals of our products and product candidates;
- our product candidates under development or planning;
- our ability to attract customers and further enhance our brand recognition;
- our future debt levels and capital needs;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance; and
- changes or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

FORWARD-LOOKING STATEMENTS

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (a) risks relating to our business and industry; (ii) risks relating to our financial position; and (iii) risks relating to the [REDACTED]. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to Sales and Distribution of Our Products and the Commercialization of Our Product Candidates

Our Human TAT generates substantially all of our revenue and profit during the Track Record Period. If we are unable to maintain or increase the sales volume, pricing level and profit margin of our Human TAT, and diversify our product offering structure effectively, our business, financial condition, results of operations and prospects may be adversely affected.

During the Track Record Period, we primarily manufactured Human TAT and we generated substantial revenue from Human TAT. Revenue from sales of Human TAT accounted for 93.9%, 93.0% and 93.3% of our total revenue in 2022, 2023 and 2024, respectively. Sales of our Human TAT may continue to generate a significant portion of our revenues in future periods. Any decrease in the demand or pricing for our Human TAT could cause our revenue and profitability to decline, which may adversely affect our business, financial condition, results of operations and prospects. Factors that could lead to such decline include, for example, the following, most of which we have very limited or no control:

- new comparative or compelling product introductions by market newcomers or our competitors;
- results of public tenders determining whether we would be permitted to sell in designated markets;

- the market acceptability of our products;
- new stringent regulatory requirements on licensing and qualifications;
- disruptions in manufacturing or sales;
- failure to renew our permits to sell Human TAT as required by regulatory authorities;
- PRC pricing guidance;
- media coverage and public opinion on potential side effect of Human TAT or discovery of previously unknown adverse reactions; and
- newly discovered safety issues, such as issues relating to product quality or quality control.

We are actively diversifying our product portfolio. However, we cannot guarantee that such efforts will be successful, nor can we ensure that we will reduce our dependence on Human TAT in a timely or competitive manner, or at all.

We operate in a competitive environment and if we are unable to compete effectively against current and future competitors, or if our competitors develop products that are more advanced and effective than ours, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We operate in a competitive environment. For the reasons discussed in this section below and other possible reasons, we may not be able to compete effectively against current and future competitors. Our inability to compete effectively could result in decrease of sales, reduction of price and loss of market share, any of which could have a material adverse effect on our results of operations and profit margins.

The biotechnology and pharmaceutical industries are characterized by rapid changes in technology, constant enhancement of industrial know-how and frequent emergence of new products. Future technological improvements and continual product developments in these industries may render our existing products obsolete or decrease our viability and competitiveness. Therefore, our future success will largely depend on our ability to improve our existing products and develop new and competitively priced products which meet the requirements of the constantly changing market. If we fail to introduce new or improved products, or if our new or improved products do not achieve adequate market acceptance, our business prospects may be materially and adversely affected.

Our current and future competitors may have substantially greater clinical, research, regulatory, manufacturing, marketing, financial and human resources than we have. Certain of our competitors may be actively engaged in research and development in areas where we have products or where we are developing product candidates. Other companies may discover, develop, acquire or commercialize products more quickly or more successfully than we do. Our competitors may succeed in developing competing products and product candidates and obtaining regulatory approvals before us or achieve better acceptance in the markets in which we operate or have established a competitive position. There may also be significant consolidation in the pharmaceutical industry among our competitors, or alliances developed among competitors that may rapidly acquire significant market share. If we fail to effectively compete with our competitors or adjust to structural changes in the biotechnology and pharmaceutical industries, our operations and profitability may be materially and adversely affected.

If our products are excluded or removed from national, provincial, or other government-sponsored medical insurance programs, our sales, profitability and business prospects could be materially and adversely affected.

The level of reimbursement available from PRC government health administration authorities will affect how successfully we can commercialize our products and product candidates. For example, if our Human TAT is removed from the NRDL or relevant provincial medical insurance catalogs, or if any of our future approved product candidates are not covered by the NRDL or relevant provincial medical insurance catalogs, our sales, profitability and business prospects could be materially and adversely affected.

In the past, PRC government authorities have attempted to control costs by limiting coverage and the amount of reimbursement for particular products. Therefore, we cannot be sure that reimbursement will be available for any approved products candidate that we commercialize in the future and, if reimbursement is available, what the level of reimbursement will be. Obtaining or maintaining reimbursement for approved products may be particularly difficult. Meanwhile, there may be delays in obtaining reimbursement for approved products, and coverage may be more limited than our expectation.

Moreover, eligibility for reimbursement does not imply that any products will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, and sales. Payment rates may vary according to the use of the products and the clinical setting in which it is used, may be based on payments allowed for lower-cost products that are already reimbursed, and may be incorporated into existing payments for other services. Our inability to promptly obtain coverage and profitable payment rates from government-funded for any future approved product candidates that we develop could have a material adverse effect on our business, our operating results, and our overall financial condition.

We are subject to risks concerning VBP schemes.

During the Track Record Period, our Human TAT was subject to the VBP schemes. The VBP schemes operate on the principle of purchasing larger quantities of pharmaceutical products at lower prices. This not only allows us to sell our products in larger volumes, it also strengthens our bargaining power with distributors, enabling us to reduce expenses related to market expansion and promotion. However, there are uncertainties with respect to future drug coverage of centralized VBP schemes. As a result, our product or product candidates may not be maintained or added to such schemes in the future, which may result in decreased sales volume and increased sales and marketing expenses and adversely affect our revenue and profitability. If our competitors win the bid in such schemes while we fail to do so for our products, demands for our products may decrease and our revenue, profitability and market share could be adversely affected. Moreover, even if we win the bid for our products, there may be discrepancies between the estimated procurement volumes set out in the tender documents and the actual procurement volumes. Consequently, there are uncertainties with respect to the impact of the implementation of centralized VBP schemes on the sales volume as well as the revenue of the winning products.

Failure to achieve or maintain widespread market acceptance for our products and future approved product candidates in the medical community may have an adverse impact on our operations, profitability and prospects.

The commercial success of our products, including existing or future products, is highly dependent on their continued market acceptance among healthcare practitioners and patients. We believe that the market acceptance of our products depends on many factors, including:

- the perceived advantages of our products over competing products and the availability and success of competing products;
- the safety and efficacy of our products and the prevalence and severity of side effects, if any;
- the public recognition towards the importance of passive immunity;
- the public awareness towards infectious diseases;
- the pricing and cost effectiveness of our products;
- the effectiveness of our sales and marketing efforts; and
- academic publicity concerning our products or competing products.

In addition, market acceptance of a product is also affected by whether it is included in the NRDL or provincial medical insurance catalogs. Please see "— If our products are excluded or removed from national, provincial, or other government-sponsored medical insurance programs, our sales, profitability and business prospects could be materially and adversely affected." If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are perceived more favorably by healthcare practitioners and patients, are more cost-effective or otherwise render our products obsolete, the demand for our products may decline and our business and profitability may be materially and adversely affected.

If we fail to conduct effective promotion or maintain a qualified sales force, our sales and business prospects could be adversely affected.

Successful sales and marketing are crucial for us to increase the market penetration of our launched products, expand our coverage of hospitals and other medical institutions and promote new products in the future. If we are unable to increase or maintain the effectiveness and efficiency of our sales and marketing activities, our sales volumes and business prospects could be adversely affected.

In particular, our sales and marketing strategies consist of raising awareness and knowledge of our products and product candidates among medical professionals, hospitals and other medical institutions throughout China. Therefore, our sales and marketing force must possess a relatively high level of technical knowledge, up-to-date understanding of industry trends, necessary expertise in the relevant therapeutic areas and products, as well as sufficient promotion and communication skills. If we are unable to effectively train our in-house sales representatives and evaluate their academic marketing performances, our sales and marketing may be less successful than desired. Please refer to "Business — Sales, Marketing and Distribution" for details.

Moreover, our ability to maintain and continue to build out our sales and marketing capabilities, either on our own or in partnership with third parties, is especially important. The continued development of our sales and marketing team will be expensive and time-consuming and could delay any product launch. We compete with other companies that currently have extensive, experienced and well-funded marketing and sales operations to recruit, hire, train and retain marketing and sales personnel, and will have to compete with those companies to recruit, hire, train and retain any of our own marketing and sales personnel. If we are unable to sustain and expand our sales and marketing team, we may be unable to compete successfully against our competitors. On the other hand, for our collaboration with third-party marketing partners, we need to negotiate and enter into arrangements with them. If we are unable to enter into such arrangements, on acceptable terms, or at all, we may not be able to successfully commercialize our products and product candidates in a timely manner.

If we fail to maintain and optimize an effective distribution network for our products and future approved product candidates, our sales and business prospects could be adversely affected.

We primarily rely on our network of distributors to distribute our products. Our ability to maintain and grow our business will depend on our ability to maintain and manage a distribution network that timely delivers our products to our current and potential markets through our sales and marketing activities. To the best knowledge of our Directors, all of our distributors during the Track Record Period and as of the Latest Practicable Date were Independent Third Parties. Therefore, our ability to manage the activities of our distributors is relatively limited. We enter into distribution agreements with our distributors and mainly rely on these distribution agreements to govern our relationships with distributors, including their compliance with laws, rules, regulations and our policies. Our distributors may take one or more of the following actions, any of which could have a material adverse effect on our business, prospects and reputation:

- failing to distribute our products in the manner we contemplate, impairing the effectiveness of our distribution network;
- failing to distribute our products pursuant to product safety requirements, causing safety issues and ineffectiveness of the products;
- breaching our agreements with them, including by selling products that have expired, or by selling products outside their designated territories or to medical institutions other than their designated medical institutions;
- failing to maintain the requisite licenses or otherwise failing to comply with applicable regulatory requirements when selling our products; and
- violating anti-corruption, anti-bribery, competition or other relevant laws and regulations.

Any violation or alleged violation by distributors of our distribution agreements or any applicable laws and regulations could result in the erosion of our goodwill, expose us to liabilities, disrupt our distribution network and create an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business, financial condition, results of operations and prospects. Since not all of our distributors may sell our products on an exclusive basis, our products may also compete with similar products from our competitors sold by our distributors.

Our distributors typically enter into agreements with us for a term of about one year, which requires us to continually renew distribution agreements across our distribution network to maintain such business relationships. Our distributors might terminate their business relationship with us, electing not to make new orders with us or not to renew their agreements with us for various reasons. In addition, we may not be able to establish business relationships with additional distributors to support the continued growth of our business. If any of our major distributors, or a significant number of our distributors, voluntarily or involuntarily suspend or terminate their relationships with us, or we are otherwise unable to maintain and expand our distribution network effectively, our sales volumes and business prospects could be adversely affected. Any disruption to our distribution network, including our failure to maintain relationships, form new relationships, get new orders or renew our existing distribution agreements could negatively affect our ability to effectively sell our products and would materially and adversely affect our business, results of operations, financial condition and prospects. In addition, a decline in our distributors' performance would lead to a decline in the productivity of our distribution network and could have a negative effect on our revenue.

During the Track Record Period, some of our distributors may engage sub-distributors to reach markets within their designated distribution areas. We generally do not have direct contractual relationships with these sub-distributors, which limits our ability to enforce compliance with our sales requirements and quality standards. See "Business — Sales, Marketing and Distribution — Our Sales and Distribution Arrangements." We cannot guarantee that sub-distributors will consistently adhere to our agreement terms with distributors or avoid competition amongst themselves. In the event that any sub-distributor fails to comply with our agreements, sales requirements or meet their obligations to their customers, there could be a negative impact on the sales of our products, which could result in material and adverse effect on our business and results of operations.

Counterfeits of our products could negatively affect our sales, damage our reputation and the brand names for the relevant products and expose us to liability claims.

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or are fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our products. Since counterfeit pharmaceutical products in many cases have very similar appearances compared with the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products can quickly erode our sales volume of the relevant products. Moreover, counterfeit products may or may not have the same composition as our products, which may make them less effective than our products, entirely ineffective or even cause severe adverse side effects. This could expose us to negative publicity, reputational damage, fines and other administrative penalties, and may even result in litigation against us. The existence and prevalence of counterfeit pharmaceutical products, products of inferior quality and other unqualified products in the healthcare markets in recent years from time to time may reinforce the negative image in general of all pharmaceutical products manufactured in the PRC or other relevant markets among consumers, and may harm the reputation and brand names of companies like us, particularly in overseas markets. As a result of these factors, the continued proliferation of counterfeit pharmaceutical products in the market could affect our sales, damage our reputation and the brand names for the relevant products and expose us to liability claims.

We are subject to risks relating to the sales of our veterinary products.

During the Track Record Period, certain of our revenue was derived from the sales of veterinary products produced by third-party manufacturers, such as veterinary tetanus antitoxin. Besides, we plan to continue to invest in development of veterinary products, and expand our production and sales of our veterinary products to diversify our product portfolio in the future. For further details, please see "Business — Our Strategies" in this document. Our veterinary products are primarily used for the prevention and treatment of diseases in livestock such as chickens and pigs. These products play a critical role in livestock health, safe agricultural production, livestock product quality, food safety, and human health. However, any quality issues with our veterinary product, caused by, among others, manufacturing errors or improper transportation and storage conditions, or any inferior veterinary counterfeit products bearing our brand could result in adverse reactions in treated livestock and may even lead to death of livestock, causing economic losses for end

consumers. Such incidents may not be predictable or within our control, and could adversely and materially affect our reputation, business operations, financial position, and business prospects.

The market opportunities for our product candidates may be smaller than we anticipate, which could render some product candidates ultimately unprofitable even if commercialized.

We estimate the target patient populations based on various third-party sources, such as scientific literature, surveys of clinics, patient foundations or market research, as well as internally generated analysis, and we use such estimates in making decisions regarding our product development strategy, including determining on which candidates to focus our resources for preclinical or clinical trials. These estimates may be inaccurate or based on imprecise data. The total addressable market opportunity will depend on, among other things, acceptance of the products by the medical community and patient access, product pricing and reimbursement. The number of patients in the addressable markets may turn out to be lower than expected, patients may not be amenable to treatment with our products, or new patients may become increasingly difficult to identify or access. As a result, even if we obtain market approval for our product candidates, we may not achieve the anticipated market size, revenue and profitability. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with export and international sales.

We export into various overseas regions, such as Southeast Asia, Africa and other regions or countries, and we are planning to expand our footprint in the overseas markets. Our international sales and operations are subject to various risks related to economic or political uncertainties including among others:

- general economic and political conditions;
- imposition of tariffs, quotas, trade barriers and other trade protection measures imposed by foreign countries;
- import or export licensing and certification requirements imposed by various foreign countries;
- different regulatory requirements regarding pharmaceutical products registration and clinical data imposed by various foreign countries;
- the closing of borders by foreign countries to the import of products;
- difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties and regulations;
- different regulatory structures and unexpected changes in regulatory environments;

- failure to obtain or renew required sales approval in current and future sales regions;
- fluctuations in exchange rates;
- fluctuations in international logistics costs;
- earnings that may be subject to withholding requirements, higher tax rates and incremental taxes upon repatriation; and
- potentially negative consequences from changes in tax laws.

Negative consequences relating to these risks and uncertainties could jeopardize or limit our ability to transact business in one or more of the markets where we operate or in other developing markets and could materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various risks relating to third-party payments.

During the Track Record Period, some of our customers (the "**Relevant Customer(s)**") settled their outstanding payments (the "**Third-Party Payment**") to us through third parties other than contractual counterparties under relevant sales and purchase agreements or orders (the "**Third-Party Payor(s)**"). The aggregate amount that were settled through Third-Party Payments by the Relevant Customers were approximately RMB0.9 million, RMB2.2 million and RMB8.2 million for the years ended December 31, 2022, 2023 and 2024, respectively, representing approximately 0.6%, 1.1% and 3.7% of our total revenue for the corresponding periods.

Third-Party Payments may subject us to various legal risks. We are exposed to possible money laundering risks as we only possess limited background knowledge of the parties involved in the Third-Party Payment arrangement and the source of the Third-Party Payments. In addition, we may be subject to potential claims from the Third-Party Payors or their liquidators to return the Third-Party Payments. For more details, please refer to "Business — Third-party Payment Arrangement" in this document.

If we were involved in legal proceedings on money laundering charges, we may need to spend significant time and financial and managerial resources in response to such proceedings. Even If we have good defenses to the allegations and the court rules in our favor, our reputation as a trustworthy business may still be tarnished by our mere presence in the proceedings, which may in turn result in difficulty in maintaining good business relationship with our existing customers or attracting new customers. Moreover, if there is any claim brought by a Third-Party Payor or its liquidators against us demanding the return of the relevant Third-Party Payment, we may be forced to comply with the court ruling and return the payment which was paid for the products that we sold. We cannot assure you that our business, financial condition, results of operations and prospects will not be materially and adversely affected by a claim or prosecution against us.

The Relevant Customers opted for settling their payables with us through the Third-Party Payors due to various reasons. Starting from April 1, 2025, we stopped allowing our customers to settle their payments through Third-Party Payments. As a result of our cessation of allowing Third-Party Payment, the Relevant Customers may be unable or reluctant to continue conducting business with us. If a significant number of the Relevant Customers cease to place orders or reduce their orders with us, and we are unable to make up the shortfall through other means, including but not limited to securing additional orders from our existing customers or expanding our customer base, our business, financial condition and results of operations may be adversely affected.

Risks Relating to Manufacture and Supply of Our Products and Product Candidates

If our products are not manufactured to the necessary quality standards, it could harm our business and reputation, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality standards. We have established a quality control management system and standard operating procedures to help prevent quality issues in respect of our products. Please refer to "Business — Quality Control" for further details of our quality control management system and standard operating procedures. Despite our quality control system and procedures, we cannot eliminate the risk of errors, defects or failure. We may fail to detect or cure quality defects as a result of a number of factors, some of which are outside our control, including:

- manufacturing errors;
- technical or mechanical malfunctions in the manufacture process;
- human error or malfeasance by our quality control personnel;
- tampering by third parties; and
- quality issues with the raw materials we purchase or produce.

In addition, when we expand our manufacturing capacity in the future, we may not be able to ensure consistent quality between products manufactured in the existing and new facilities, or need to incur substantial costs for doing so.

Failure to detect quality defects in our products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product recalls or withdrawals, license revocation or regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and adversely affect our revenues and profitability.

If we are not able to obtain sufficient quantities of raw materials and biological assets of required quality at a commercially acceptable cost, our business could be harmed.

We purchase horses and fodder for horse breeding. Plasma is collected after horse immunization process and used in our production of Human TAT. During the Track Record Period, we mainly procured horses and fodder externally to support our production.

The prices of these supplies we source from third parties are susceptible to fluctuations due to supply and demand trends in the commodities markets, transportation costs, government regulations, the economic climate and other unforeseen circumstances. Our results of operations may be adversely affected if we are unable to obtain adequate supplies of high quality horses or raw materials in a timely manner at reasonable prices or make alternative arrangements for such supplies, or if there are significant increases in the costs of horses or raw materials that we could not pass on in full.

Furthermore, we heavily rely on our horse breeding and plasma collection base for the supply of immune horse plasma. In the event of unforeseen circumstances, including but not limited to natural disasters such as extreme weather, fires, earthquakes and epidemic among horses that cause injury or death to the horses at our facility, we may be unable to procure a sufficient number of reasonably priced horses in a short time. This could result in an inability to secure adequate immune horse plasma at a reasonable cost, significantly and adversely affecting our production and sales of our products, our business operations and financial prospects. Moreover, unforeseen events such as epidemics among horses could lead to fatalities of horses or even the shutdown or rectification of breeding base, potentially compromising product quality, causing significant asset losses, and disrupting the supply chain, which could materially and negatively impact our business operations and financial position.

Real or perceived incidents of severe side effects caused by our products could materially and adversely affect our reputation, results of operations and financial conditions, and subject us to regulatory actions and contractual liabilities.

Our products may cause undesirable or unintended side effects as a result of a number of factors, many of which are outside our control. These factors include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system, misuse of our products by end-users or use of our product for an indication that is not in accordance with regulatory approved usage and labeling. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable.

Further, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar active pharmaceutical ingredients as our products cause or are perceived to have caused severe side effects, or if one or more regulators, such as the NMPA, the MOA, or an international institution, such as the WHO, determine that products containing the same or similar ingredients as our products' could cause or lead to severe side effects. Such incidences may cause negative publicity and have material adverse impact on the industry and therefore affect our business and results of operations.

If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including, but not limited to:

- injury or death of patients;
- a severe decrease in the demand for, and sales of, the relevant products;
- recall or withdrawal of the relevant products;
- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our products and the reputation of our Company;
- stricter and more frequent regulatory inspections of our production facilities and products;
- removal of relevant products from any medical insurance catalogs or provincial lists of special medications related to the severe diseases insurance;
- inability to participate in the centralized tender process;
- exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties; and
- breach of contract with our major customers.

As a result of these potential consequences, our revenue and profitability could be adversely affected.

If we fail to increase our production capacity, our business prospects could be adversely affected.

We manufacture a significant portion of our products at our production facilities located in Ji'an, Jiangxi Province and we plan to expand our production capacity in Ji'an, Jiangxi Province and build new production lines in Chifeng, Inner Mongolia. Our ability to expand our manufacturing capacity is subject to a number of risks and uncertainties, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new production facilities and production lines, the risk of construction delays and delays in equipment procurement, as well as our ability to timely recruit sufficient qualified staff to support the increase in our production capacity. Consequently, there can be no assurance that we will be able to increase our production capacities in the manner we contemplate, or at all. In the event we fail to increase our production capacities, we may not be able to capture the expected growth in demand for our existing products, or to successfully commercialize additional products, each of which could adversely affect our business prospects. Moreover, our plans to increase our production capacities require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could adversely affect the return on our expenditure.

The manufacturing of pharmaceutical products is a highly exacting and complex process, and if we encounter problems in manufacturing our products, our business could suffer.

The manufacturing of pharmaceutical products is a highly exacting and complex process, particularly because the complexity of biological mechanisms leads to variability in industrial yields, and also because the biological materials being manufactured are very vulnerable to contamination. The manufacturing of pharmaceutical products is also heavily regulated by the NMPA, the MOA, and other regulatory authorities in China. Problems may arise during the manufacturing for a variety of reasons, including but not limited to:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- problems with raw materials;
- deterioration of horse plasma due to improper storage;
- failure to comply with strictly enforced regulatory requirements and GMP;
- changes in the types of products produced; and
- human-made or natural disasters and environmental factors.

If problems arise during the production of a batch of products, that batch of product may have to be discarded and we may experience product shortages or incur extra expenses. This could, among other things, lead to increased costs, decreased revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred. In addition, if we fail to timely improve and optimize our manufacturing processes or techniques or only make insufficient improvement, we may not be able to meet the clinical demand on better safety and efficacy of antitoxins, nor the market demand on larger and faster supply, which would impair our competitiveness, interfere with our current sales and future regulatory submissions and/or commercialization of new products, and in turn our business and results of operations would suffer.

Failure to establish and maintain an effective cold-chain network may subject our products, reputation and business to incalculable risk of damage.

Antitoxin, antiserum products and immune horse plasma are sensitive biological products. Even slight changes to temperature and lighting conditions may affect their potency. To maintain quality and potency, these products must be stored in strictly controlled environments through cold-chain logistics providers. Cold-chain transportation and storage in the entire delivery process of these products is required in order to ensure constant monitoring and control of temperature, with a tracking system implemented to keep proper records of the temperature during transportation and storage. To fully comply with these requirements, we have engaged logistic companies with cold-chain capabilities to transport our products. Our agreements with such logistic companies require them to provide cold-chain transportation services with tracking systems that are suitable for these products. Upon delivery, the logistic companies are required to provide the temperature monitor records for the entire delivery process, and we are entitled to inspect their compliance with all applicable requirements. The logistic companies are also obligated to deliver our products on time and are responsible for losses and damages in transportation. In addition to engaging cold chain logistic companies, we also owned and leased properties that are suitable for cold-chain storage. If we or third parties we cooperate with, or our distributors and sub-distributors fail to strictly adhere to any of the requirements when transporting our products through cold-chain, our products may be exposed to inappropriate temperatures or other improper storage conditions and subject to potency diminishment or even potency loss. In this case, all the products that are transported in the same batch are subject to quality damage and may need to be destroyed. As a result, our reputation and business may be materially and adversely affected.

We deal with potentially harmful biological materials and other hazardous materials that may cause environmental contamination or injury to others.

Our manufacturing operations and R&D activities involve the controlled use of potentially harmful biological materials and other hazardous materials. In particular, the risk of accidental contamination to the environment or injury to our employees or others from the use, manufacture, storage, handling or disposal of these materials may not be completely eliminated. For example, the virus and bacteria used for our production, if leaked, may pose risks on the environment or public health. In the event of contamination or injury, we could be held liable for any resulting damages, which could exceed any applicable insurance coverage we may have. Furthermore, governmental agencies could initiate investigations against us, which may result in fines, sanctions, revocations of operating permits, suspension of our operations, closure of our facilities or other penalties. Our reputation may be harmed as well. Laws and regulations regarding handling of harmful biological materials and other hazardous materials, or more stringent environmental regulations that may be adopted in the future, may mandate additional protective and other measures against potential contamination or injury caused by these materials, compliance with which could be costly, and our financial condition may be affected as a result.

Risks Relating to the Research and Development of Our Product Candidates

If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business prospect is influenced by the successful development, regulatory approval and commercialization of our product candidates. We have invested efforts and financial resources in the development and licensing of our existing product candidates. The success of our product candidates will depend on several factors, including:

- successful completion of preclinical studies, enrollment of patients in, and completion of clinical trials;
- favorable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- construction of and expanding commercial manufacturing capabilities, when needed;
- the performance by contract research organizations, or CROs, or other third parties to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;

- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our product candidates; ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties; and

- obtaining sufficient supplies of any competitor products that may be necessary for use in clinical trials for evaluation of our product candidates.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays in our ability or be unable to obtain approval for and/or to successfully commercialize our product candidates, which would render us fail to achieve our milestones as planned, and materially harm our product development efforts. These factors present uncertainty and material risks to our commercial success and may cause potential [REDACTED] to lose a substantial amount or substantially all of their [REDACTED] in our business.

We invest substantial resources in research and development in order to develop, enhance or adapt to new technologies and methodologies, which may not be successful attempts.

The pharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. In 2022, 2023 and 2024, our R&D expenses amounted to RMB16.4 million, RMB24.2 million and RMB13.7 million, respectively. We expect to continue to invest significant amounts of human and capital resources to develop our product candidates and enhance our technologies that will allow us to advance our pipeline products. We intend to continue to strengthen our technical capabilities in product development and manufacturing by, among others, recruiting more research and development professionals and updating our production equipment, which are capital and time intensive. We cannot assure you that we, our CRO or our R&D collaboration partners will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, develop and bring new or enhanced products to market, obtain sufficient or any patent or other intellectual property protection for such new or enhanced products or obtain the necessary regulatory approvals in a timely and cost effective manner, or, if such products are introduced, that those products will achieve market acceptance. Any failure to do so may render our efforts obsolete, which could significantly reduce demand for our products and harm our business and prospects.

Clinical development involves a lengthy and expensive process with uncertain outcomes, and we may encounter unexpected difficulties executing our clinical trials and commercializing our product candidates on a timely basis.

Clinical testing is expensive and can take multiple years to complete, and its outcome is inherently uncertain. There can be no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded indication. Failure to successfully complete these trials or procedures in a timely and cost-effective manner could have a material adverse effect on our prospects. Clinical trials or procedures may experience significant setbacks even after earlier trials have shown promising results.

Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials, and initial or interim results of a trial may not be predictive of the final results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. In addition, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, including differences in physical conditions, and the rate of dropout among clinical trial participants.

If we encounter difficulties enrolling patients in the clinical trials of our product candidates, the clinical development activities of such product candidates could be delayed or otherwise adversely affected.

Our ability to enroll a sufficient number of subjects that remain in the trial until its conclusion is a key factor in determining whether we can complete a clinical trial in a timely manner. We may experience difficulties in subject enrollment in our clinical trials for a variety of reasons, including:

- the size of the study population required for analysis of the trial's primary endpoints;
- design and eligibility criteria for the clinical trial in question;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the risk that subjects enrolled in clinical trials will not complete a clinical trial;
- our ability to obtain and maintain subject consents; and
- the availability of approved products that are non-inferior to our product candidates.

In addition, our clinical trials may compete with our competitors' clinical trials for subjects that are in the same preventive or treatment areas as our product candidates. Such competition will reduce the number and types of subjects available to us, as some subjects might opt to enroll in a trial being conducted by our competitors instead of ours. Even if we are able to enroll a sufficient number of subjects in our clinical trials, delays in subject enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates.

We rely on third parties to monitor, support and/or conduct pre-clinical studies and clinical trials of our product candidates. If these third parties do not successfully carry out their contractual obligations or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We rely on third parties, including but not limited to contracting research organizations, hospitals, clinics and academic institutions who are beyond our control to monitor, support, and/or conduct pre-clinical studies and clinical trials of our product candidates. As a result, we have less control over the quality, timing and cost of these studies and the ability to recruit trial subjects than if we conducted these trials wholly by ourselves. If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated, we may be unable to enroll patients on a timely basis or otherwise conduct our trials in the manner we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our studies or perform as required by a contract or in accordance with regulatory requirements. If these third parties fail to meet expected deadlines, fail to timely transfer to us any regulatory information, fail to adhere to protocols or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality and/or accuracy of their activities and/or the data they obtain, then pre-clinical studies and clinical trials of our product candidates may be extended, delayed or terminated, or our data may be rejected by the NMPA, the MOA, or other applicable regulatory agencies.

If we fail to achieve product development milestones as disclosed in this document or subsequent public disclosures, our business prospects could be adversely affected.

We disclose in this document our expectations or targets for the timing of certain milestones associated with our product development programs, including the anticipated regulatory approval for the manufacture and sales of a product. After [REDACTED], as a [REDACTED] company we may continue to make such disclosures of our expectations in this respect. However, the successful implementation of our product development programs is subject to significant business, economic and competitive uncertainties and contingencies, including, product development risk, the availability of funds, competition, grants of relevant approvals and permits, which we will re-evaluate from time to time based on the government regulations and policies as well as the continued growth of the pharmaceutical market.

The actual timing for achieving product development milestones could vary significantly from our expectations due to a number of factors, many of which are outside our control. There can be no assurance that our preclinical studies or clinical trials will be completed as planned or at all or that we will make regulatory submissions or receive regulatory approvals as planned or that we will be able to adhere to our current schedule for the launch of any of our products candidates. If we fail to achieve one or more of these milestones as planned, it could adversely affect the [REDACTED] of our Shares and our business prospects.

We may allocate our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

As we have limited human and financial resources, we must limit our research and development programs to specific product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. In addition, if we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements when it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate. Such developments could have a material adverse effect on our business, financial condition and results of operations.

The data and information that we gather in our research and development process could be inaccurate or incomplete, which could harm our business, reputation, financial condition and results of operations.

We collect, aggregate, process, and analyze data and information from our preclinical studies and clinical trials. We also engage in substantial information gathering following the identification of a promising product candidate. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and often incomplete, the overall quality of data collected or accessed in the healthcare industry is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and we often discover data issues and errors when monitoring and auditing the quality of our data. If we make mistakes in the capture, input, or analysis of these data, our ability to advance the development of our product candidates may be materially harmed and our business, prospects and reputation may suffer.

We also engage in the procurement of regulatory approvals necessary for the development and commercialization of our product candidates, for which we manage and submit data to governmental authorities. These processes and submissions are governed by complex data processing and validation policies and regulations. Notwithstanding such policies and regulations, interim, top-line or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data, in which case we may be exposed to liability to a patient, court or government agency that concludes that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous. The insurance coverage for clinical trials may prove to be inadequate or could cease to be available to us on acceptable terms, or at all. Even unsuccessful claims could result in substantial costs and diversion of management time, attention, and resources. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations.

In addition, we rely on certain third parties to monitor and manage data for some of our ongoing preclinical studies and clinical trials and control only certain aspects of their activities. If any of third parties do not perform to our standards in terms of data accuracy or completeness, data from those pre-clinical and clinical trials may be compromised as a result, and our reliance on these parties does not relieve us of our regulatory responsibilities. For a detailed discussion, please see "— We rely on third parties to monitor, support and/or conduct pre-clinical studies and clinical trials of our product candidates. If these third parties do not successfully carry out their contractual obligations or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed."

Risks Relating to Governmental Regulations

All material aspects of the research, development and commercialization of pharmaceutical products are heavily regulated. If we or our business partners fail to comply with the laws and regulations related to the development, production, promotion, sales and distribution of our products and product candidates, our ability to conduct our business could be materially impaired.

All jurisdictions in which we intend to develop and commercialize our product candidates regulate these activities in great depth and detail. We intend to focus our activities in China while pursuing global opportunities. Most of these places strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of the development, approval, manufacturing, marketing, sales and distribution of products. However, there are differences in the regulatory regimes that make for a complex and costly regulatory compliance burden for a company like us that plans to export to multiple regions.

The process of obtaining regulatory approvals with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure of us or our business partners to comply with the applicable requirements at any time during the product development process or approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include but are not limited to a regulator's refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any occurrence of the foregoing could therefore materially adversely affect our business, financial condition, results of operations and prospects.

Adverse events caused by our product candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approval.

Adverse events caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, the MOA, or other applicable regulatory authority, or could result in limitations or withdrawal following approvals. If results of our trials reveal a high and unacceptable severity or prevalence of adverse events, our trials could be suspended or terminated and the NMPA, the MOA, or other applicable regulatory authorities could order us to cease further development of, or deny approval of, our product candidates.

Any reported adverse events in our clinical trials could affect patient recruitment or the ability of enrolled subjects to complete the trial, and could result in potential product liability claims. Any of these occurrences may harm our reputation, business, financial condition and prospects significantly. In this document and from time to time, we disclose clinical results for our product candidates, including the occurrence of adverse events and serious adverse events. Each such document speaks only as of the date of the data cutoff used in such document, and we undertake no duty to update such information unless required by applicable law.

Our products and any future approved product candidates will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products and/or future approved product candidates.

Our products and any additional product candidates that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy, and other post-market information, and other requirements of regulatory authorities in China and/or other countries.

Manufacturers and manufacturers' facilities are required to comply with extensive regulatory requirements from the NMPA, the MOA, and/or other applicable authorities. As such, we are and will be subject to continual review and inspections by the regulators in order to assess our compliance with applicable laws and requirements and adherence to commitments we made in any application materials with the NMPA, the MOA, or other applicable authorities. Accordingly, we must continue to devote time, money and effort in all areas of regulatory compliance.

The regulatory approvals for our products and any approvals that we receive for our product candidates are and may be subject to limitations on the indicated uses for which our product may be marketed. The approvals we obtain may also be subject to other conditions which may require potentially costly post-marketing testing and surveillance to monitor the safety and efficacy of our products or product candidates. Such limitations and conditions could adversely affect the commercial potential of our products.

The NMPA, the MOA, or other applicable regulatory authorities may seek to impose a consent decree or withdraw marketing approval if we fail to maintain compliance with these ongoing regulatory requirements or if problems occur after the product reaches the market. Later discovery of previously unknown problems with our products or product candidates or with our manufacturing processes may result in revisions to the approved labeling or requirements to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of our products, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- fines, untitled or warning letters, or holds on clinical trials;
- refusal by the NMPA, the MOA, or other applicable regulatory authorities to approve pending applications or supplements to approved applications filed by us or suspension or revocation of license approvals or withdrawal of approvals; and
- product seizure or detention, or refusal to permit the import or export of our products and product candidates; and/or injunctions or the imposition of civil or criminal penalties.

The NMPA, the MOA, and other applicable regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products placed on the market. Products may be promoted only for their approved indications and for use in accordance with the provisions of the approved label. The policies of the NMPA, the MOA, and other applicable regulatory authorities may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in China or abroad, where the regulatory environment is constantly evolving. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are unable to maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability.

Changes in government regulations or in practices relating to the healthcare industry, including healthcare reform and compliance with new regulations may result in additional costs.

The healthcare industry is heavily regulated globally. Changes in government regulation or in practices relating to the healthcare industry, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures which will lower the entry barrier for potential competitors, or an increase in regulatory requirements which may increase the difficulty for us to satisfy such requirements, may have a material adverse impact on our business, financial condition, results of operations and prospects.

In China and some other jurisdictions, a number of legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we fix for any approved product. Any reduction in reimbursement from government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products.

We are subject to risks concerning Two-Invoice System.

As one of the measures of the PRC healthcare system reform, the State Council together with seven other central government departments (including the NHC and the NMPA) jointly issued the Notice of Publishing Opinions on Implementing Two-Invoice System in Drug Procurement Among Public Medical Institutions (For Trial Implementation) (《印發關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)的通知》) on December 26, 2016. See "Regulatory Overview — Other Law and Regulations in Relation to Medical Industry — Drug Circulation and Two-Invoice System." The "Two-Invoice System" means one invoice between the pharmaceutical manufacturer and the pharmaceutical distributor, and one invoice between the pharmaceutical distributor and the hospital, and thereby only allows a single level of distributor for the sale of pharmaceutical products from the pharmaceutical manufacturer to the public hospital. Public medical institutions are generally required in the Two-Invoice System for drug procurement, while other medical institutions are encouraged but not required to follow. Violations of the Two-Invoice System may result in disqualification from the bidding and procurement process, blacklisting from engaging in sales to public hospitals, or inclusion in adverse records of pharmaceutical procurement.

If we or our business partners fail to maintain the necessary licenses for the development, production, promotion, sales and distribution of our products, our ability to conduct our business could be materially impaired and our revenue and profitability could be adversely affected.

We are required to obtain, maintain and renew various permits, licenses, approvals and certificates in order to develop, produce, promote and sell our products, and the third parties on whom we may rely on to develop, produce, promote, sell and distribute our products may be subject to similar requirements. For more details, see "Business — Licenses and Permits." We and the parties on whom we rely, such as distributors and suppliers, may be subject to regular inspections, examinations, inquiries and audits by the regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries and audits may result in the loss or non-renewal of the relevant permits, licenses, approvals and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licenses, approvals and certificates may change from time to time, and there can be no assurance we or the parties on whom we rely on will be able to meet new criteria that may be imposed in order to obtain or renew the necessary permits, licenses, approvals and certificates. Many of such permits, licenses, approvals and certificates are material to the operation of our business, and if we or parties on whom we rely on fail to maintain or renew material permits, licenses, approvals and certificates, it could materially impair our ability to conduct our business. While we have been able to maintain and renew our material permits, licenses, approvals and certificates, there is no assurance that we will be able to continue doing so in the future.

Any changes in the standards used by governmental authorities in considering whether to renew or reassess our licenses, permits, approvals and certificates, as well as any enactment of new regulations that may restrict the conduct of our business, may also decrease our revenue and increase our costs, which in turn could materially and adversely affect our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new regulations come into effect, so as to require us or parties upon whom we rely to obtain any additional permits, licenses, approvals or certificates that were previously not required to operate our business, there can be no assurances that we or parties upon whom we rely will successfully obtain such permits, licenses, approvals or certificates.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

Currently, the conversion and remittance of foreign currencies from RMB are subject to certain laws and regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange ("**SAFE**"), but we are required to present documentary evidence of such transactions and conduct such

transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

Changes in international trade policies, barriers and tariffs or the emergence of a trade war may have an adverse effect on our business and expansion plans.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs of the jurisdictions in which we export to, or the perception that these changes could occur, could adversely affect the financial and economic conditions of the jurisdictions in which we operate, as well as our overseas expansion, our financial condition and results of operations. Specifically, imposition or increase of tariffs may lead to increase of our sales prices to end-customers, undermining the demand for our products in overseas regions, negatively impact our export to foreign regions.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous chemicals in the process of our business operations. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with these laws and regulations. If we fail to comply with environmental protection, and health and safety laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. As a result, any failure by us to control the use or discharge of hazardous substances could have a material and adverse impact on our business, financial condition, results of operations and prospects.

In addition, we cannot guarantee that we can fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facility during the process of discovery, testing, development and manufacturing of our products and product candidates. In the event of such accident, we could be held liable for damages and clean-up

costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to close or suspend operations at certain of our affected facility temporarily, or permanently. As a result, any accidental contamination, biological or chemical hazards or personal injury could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

Certain of our practices with respect to social insurance and housing provident fund contribution may subject us to penalties.

We are required by PRC labor laws and regulations to pay various statutory employee benefits, including pensions insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing fund, to designated government agencies for the benefit of our employees. Companies registered and operating in China are required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Regulations on Management of Housing Fund (《住房公積金管理條例》) to apply for social insurance registration and housing fund deposit registration within 30 days of their establishment and to pay for their employees different social insurance including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and housing provident fund to the extent required by law.

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for some of our employees. For details, see "Business — Employees — Social Insurance and Housing Provident Fund" in this document. As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

As advised by our PRC Legal Adviser, the relevant PRC authorities may demand us to pay the outstanding social insurance funds within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable for a fine of one to three times the amount of the outstanding contributions. In respect of the outstanding housing provident fund contributions, we may be demanded by the relevant PRC authorities to pay the underpaid amount to the housing provident fund within a prescribed time limit, failing which we may be subject to the compulsory enforcement by the People's Court.

As of the Latest Practicable Date, we had not been subject to any administrative penalties for the aforementioned matters, nor were we aware of any material employee complaint or dispute with respect to social insurance or housing provident fund contribution. However, we cannot assure you that we will not receive any complaint, penalty or enforcement action for our historical practices with respect to social insurance and housing provident fund contributions and we cannot assure you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our financial condition and results of operations could be adversely affected. For details, see "Business — Employees — Social Insurance and Housing Provident Fund" in this document.

We may be directly or indirectly subject to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could, in the event of non-compliance, expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain approval from the NMPA, the MOA or other applicable regulatory authorities approval for any of our product candidates and begin commercializing those products in China and our other target markets, our operations may be subject to various fraud and abuse laws in China and other jurisdictions, including, without limitation, the PRC Anti-Unfair Competition Law (《反不正當競爭法》) and PRC Criminal Law (《刑法》). These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we are subject to similar healthcare laws in other jurisdictions, some of which may be broader in scope than others and may apply to healthcare services reimbursed by any source, which may include not only governmental payers, but also private insurers. There are ambiguities as to what is required to comply with any of these requirements, and if we fail to comply with any such requirement, we could be subject to penalties.

Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Government authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and if we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational

harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and have a significant impact on our businesses and results of operations.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs, which may also adversely affect our business.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.

We are incorporated under the laws of the PRC, and all of our assets are located in the PRC. In addition, a majority of our Directors and senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or our Directors and senior management personnel.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**") which was taken into effect on August 1, 2008. Pursuant to the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective, it may be difficult to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

We are subject to risks concerning certain of our properties in China.

We have not yet obtained title certificates for several buildings used as laboratories and administrative offices or currently vacant in Haikou, Hainan. According to the relevant PRC laws and regulations and as advised by our PRC Legal Adviser, we may be subject to a fine ranging from RMB50,000 to RMB405,000 as a consequence. In such event, our operations and financial condition may be adversely affected.

Risks Relating to Our Intellectual Property Rights

If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us and our ability to successfully commercialize any product candidates we may develop may be adversely affected.

Our success depends in large part on our ability to protect our proprietary technology, products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the technology, products and product candidates that we consider commercially important by filing patent applications in the PRC and other countries, relying on trade secrets or medical regulatory protection or employing a combination of these methods. This process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may also fail to identify patentable aspects of our R&D output before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. We may also fail to identify patentable aspects of our R&D output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements or include such provisions in our relevant agreements with parties who have access to confidential or patentable aspects of our R&D output, such as our employees, consultants, advisors and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries. Patent applications in China and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all.

Under the Patent Law of the PRC (中華人民共和國專利法) promulgated by the Standing Committee of the NPC, as amended, patent applications are maintained in confidence until their publication at the end of 18 months from the filing date. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and the

date on which patent applications were filed. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications or that we were the first to file for patent protection of such inventions.

Furthermore, the PRC have adopted the "first-to-file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file system, even after reasonable investigation we may be unable to determine with certainty whether any of our products, processes, technologies, inventions, improvement and other related matters have infringed upon the intellectual property rights of others, because such third party may have filed a patent application while we are still developing that product, and the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, the validity of issued patents, patentability of pending patent applications and applicability of any of them to our programs may be lower in priority than third-party patents issued on a later date if the application for such patents was filed prior to ours and the technologies underlying such patents are the same or substantially similar to ours. In addition, under PRC patent law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA, for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future are to be issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the PRC and other countries. We may be subject to a third-party pre-issuance submission of prior art to the CNIPA or other related intellectual property offices, or become involved in post-grant proceedings such as opposition, derivation, revocation and re-examination, or inter partes review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology, products or product candidates and compete directly with us without payment to us. Moreover, we may have to participate in interference proceedings declared by the CNIPA or other related intellectual property offices to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our invention or other features of patentability of our patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others

from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology, products and product candidates. Such proceedings also may result in substantial costs and require significant time from our skilled and qualified employees and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technologies, products or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner.

Even if we are able to obtain patent protection for our products and product candidates, the life of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.

Although various adjustments and extensions may be available, the term of a patent, and the protection it affords, is limited. Even if we successfully obtain patent protection for an approved product candidate, such product candidate may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar products may challenge the scope, validity or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively, which would have a material adverse effect on any potential sales of that product. The issued patents and pending patent applications, if issued, for our products and product candidates are expected to expire on various dates as described in the paragraph headed "Statutory and General Information — 2. Further Information about Our Business — B. Our Material Intellectual Property Rights" in Appendix VII to this document. Upon the expiration of our issued patents or patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors and our business and results of operations may be adversely affected.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our owned and licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third-party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming and unsuccessful. Our patent rights relating to our products and product candidates could be found invalid or unenforceable if being challenged in court or before the CNIPA or courts or related intellectual property agencies in other jurisdictions.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure during this type of litigation.

Defendant counterclaims alleging invalidity or unenforceability are commonplace, a third party can assert invalidity or unenforceability of a patent on numerous grounds. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity of our patents, for example, we, our patent counsel, and the patent examiner could be unaware of invalidating prior art during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our products or product candidates. Such a loss of patent protection could have a material adverse impact on our business.

If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.

Our commercial success depends in part on our avoiding infringement of the patents and other intellectual property rights of third parties. We are aware of numerous issued patents and pending patent applications belonging to third parties that exist in fields in which we are developing our product candidates. We may also be unaware of third-party patents or patent applications, and given the dynamic area in which we operate, additional patents are likely to be issued that relate to aspects of our business. There are a substantial amount of litigation and other claims and proceedings involving patent and other

intellectual property rights in the pharmaceutical industry generally. As the pharmaceutical industry expands and more patents are issued, the risk increases that our product candidates may give rise to claims of infringement of the patent rights of others.

Third parties may assert that we are using technology in violation of their patent or other proprietary rights. Defense of these claims, regardless of their merit, could involve substantial litigation expense and divert our technical personnel, management personnel, or both from their normal responsibilities. Even in the absence of litigation, we may seek to obtain licenses from third parties to avoid the risks of litigation, and if a license is available, it could impose costly royalty and other fees and expenses on us.

If third parties bring successful claims against us for infringement of their intellectual property rights, we may be subject to injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would substantially divert diversion of employee resources from our business. In the event of a successful claim against us of infringement or misappropriation, or a settlement by us of any such claims, we may have to pay substantial damages, including treble damages and attorneys' fees in the case of willful infringement, pay royalties or redesign our infringing product candidates, which may be impossible or require substantial time and cost. In the event of an adverse result in any such litigation, or even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates. Any such license might not be available on reasonable terms or at all. In the event that we are unable to obtain such a license, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We may also elect to enter into license agreements in order to settle patent infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could significantly harm our business.

Even if litigation or other proceedings are resolved in our favor, there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and if [REDACTED] or [REDACTED] perceive these results to be negative, this could have a substantial adverse effect on the market price of our Shares. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the [REDACTED] and the [REDACTED] of our H Shares.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the CNIPA and other patent agencies in several stages over the lifetime of the patent. The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process.

Although an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material adverse effect on our business.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products and product candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisors and other third parties. We also enter into employment agreement or consulting agreement with our employees and consultants that includes undertakings regarding assignment of inventions and discoveries. However, any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, certain of our employees were previously employed at other pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. We are not aware of any material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while we typically require our employees, consultants and contractors involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

We own issued trademark registrations and have trademark applications pending as of the Latest Practicable Date, any of which may be the subject of a governmental or third-party opposition or objection, which could prevent the registration or maintenance of the same. We cannot assure you that any currently pending trademark applications or any trademark applications we may file in the future will be approved. In addition, in proceedings before some governmental agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceeding may be filed against our trademarks and our trademarks may not survive such proceedings. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially and adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially and adversely affected.

Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. If we attempt to enforce our trademarks and assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In the event that our trademarks or trade names are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

We will not seek to protect our intellectual property rights in all jurisdictions throughout the world, and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Filing, prosecuting, and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and the laws of some countries may not protect our rights to the same extent as the laws of China. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside China, or from selling or importing products made using our inventions in and into China or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in China. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to

enforce our intellectual property and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

Risks Relating to Our General Operations

Our success depends on our key senior management members and our ability to attract, train, motivate and retain highly skilled and qualified employees.

We are dependent on our senior management to manage our business and operations, and on our key research and development personnel to develop new products, technologies and applications and to enhance our existing products. Our success also depends on our team of skilled and qualified employees and their ability to keep pace with cutting-edge technologies and developments in pharmaceutical industry and develop new products.

We compete for qualified personnel with other pharmaceutical companies, universities and research institutions. The pool of suitable candidates is limited, and we may face challenges in attracting and retaining skilled and qualified employees. We may not be able to hire and retain enough skilled and qualified employees at the current level of wages. To compete effectively, we may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations. In addition, we may not be successful in training our professionals to keep pace with changes in customer needs and technological and regulatory standards. Any inability to attract, motivate, train or retain skilled and qualified employees may have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may be subject to product liability claims, which could expose us to costs and liabilities and adversely affect our reputation, revenue and profitability.

The development and commercialization of pharmaceutical products entail inherent risks of harm to patients and we are therefore exposed to risks associated with product liability claims as a result of developing, producing, marketing, promoting and selling pharmaceutical products in the jurisdictions in which our pharmaceutical products are marketed and sold. Such claims may arise if any of our products are deemed or proven to be unsafe, ineffective, defective or contaminated or if we are alleged to have engaged in practices such as improper, insufficient or improper labeling of products or providing inadequate warnings or insufficient or misleading disclosures of side effects. Although we are currently not aware of any existing or anticipated product liability claims with respect

to our products, there can be no assurances that we will not become subject to product liabilities claims or that we will be able to successfully defend ourselves against any such claims.

If a product liability claim is brought against us, it may, regardless of merit or outcome, result in damage to our reputation, breach of contract with our customers, decreased demand for our products, costly litigation, product recalls, loss of revenue and the inability to commercialize our products. If we are unable to defend ourselves against such claims, among other things, we may be subject to civil liability for physical injury, death or other losses caused by our products and to criminal liability and the revocation of our business licenses if our pharmaceutical products are found to be defective. In addition, we may be required to recall the relevant pharmaceutical products, suspend sales or cease sales. Other jurisdictions in which our products are, or may in the future be, sold, may have similar or more onerous product liability and pharmaceutical product regulatory regimes, as well as more litigious environments that may further expose us to the risk of product liability claims. Moreover, even the allegation that our pharmaceutical products are harmful, whether or not ultimately proven, may adversely affect our reputation and sales volumes.

Any product liability insurance may be prohibitively expensive, or may not fully cover our potential liabilities. Any business disruption, litigation or natural disaster might result in substantial costs and diversion of resources. Any product liability insurance for clinical trials, when obtained, may be prohibitively expensive, or may not fully cover our potential liabilities. The inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could have a material and adverse effect on our business and results of operations.

If we become a party or are subject to litigation, legal disputes, claims, administrative proceedings or other administrative measures, such involvement may divert our management's attention and result in costs and liabilities.

We may from time to time become a party to various litigation, legal disputes, claims, administrative proceedings or other administrative measures arising in the ordinary course of our business. Any litigation, legal disputes, claims, administrative proceedings or other administrative measures may divert our management's attention and consume their time and our other resources.

Furthermore, any litigation, legal disputes, claims, administrative proceedings or other administrative measures which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. Negative publicity arising from litigation, legal disputes, claims, administrative proceedings or other administrative measures may damage our reputation and adversely affect the image of our brands and products. In addition, if any verdict or award is rendered against us or we are imposed any fines or penalties, we could be required to pay significant monetary

damages, assume other liabilities and even to suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

If we, our employees, or our commercial partners engage, or are perceived to engage, in misconduct or other improper activities, including non-compliance with regulatory standards and requirements, our business or reputation could be harmed and we could be exposed to regulatory investigations, costs and liabilities.

We are subject to risks in relation to actions taken by us, our employees, commercial partners and independent contractors that constitute violations of anti-corruption and other related laws in jurisdictions where we conduct business. There have been several instances of corrupt practices in the pharmaceutical industry, including, among other things, receipt of kickbacks, bribes or other illegal gains or benefits by pharmacies hospitals and medical practitioners from manufacturers, distributors, third-party promoters in connection with the prescription of pharmaceutical products. Any allegations of such behavior against us, our employees, distributors, agents or affiliates or the pharmaceutical industry in general could generate negative publicity and materially and adversely affect our reputation and business prospects.

We do not and cannot fully control the conduct of our employees, commercial partners and independent contractors. Our employees, independent contractors or commercial partners may, in their interactions with hospitals, medical institutions and medical professionals, attempt to increase the sales volume of our products through means that constitute violations of applicable anti-corruption and other related laws. If our employees, independent contractors or commercial partners engage in corrupt or other improper conduct that result in violation of applicable anti-corruption laws in respective jurisdictions, our reputation could be harmed. While we have implemented specific measures against corruption and bribery, there can be no assurance that we were or are able to entirely prevent our employees, commercial partners from engaging in such activities in the past or in the future. We may be held liable for actions taken by our employees or distributors, which could expose us to regulatory investigations and penalties. Actions taken by relevant regulatory authorities or courts that provide an interpretation of laws and regulations that differs from our interpretation or that adopt additional anti-bribery, anti-corruption laws and regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we, our employees, distributors or independent contractor fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, distributors or independent contractor, which may in turn have a material adverse effect on our results of operations and prospects.

For example, pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Purchase and Sales of Medicines (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the NHFPC and came into effect on March 1, 2014, if we are involved in criminal, investigational or administrative procedures for commercial bribery, we will be listed in the adverse records of commercial briberies by the relevant government authorities, as a result of which our products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies within a specific territorial scope for two years; and if we are listed in the adverse records of commercial briberies twice within five years, our products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years. Please refer to "Regulatory Overview" for further details of relevant PRC regulations on commercial briberies.

We plan to expand our international business. If we are unsuccessful in our plans, it could have an adverse effect on our business prospects.

We sell our products to certain overseas markets including Southeast Asia, Africa and plan to further expand our international business. For further information, see "Business — Sales, Marketing and Distribution". However, further expansion in overseas markets may expose us to risks and uncertainties, including but not limited to:

- risks associated with dealing with regulatory regimes, regulatory bodies and government policies with which we might be unfamiliar, in order to obtain and renew overseas permits, licenses and approvals necessary to manufacture or import, market and sell products in or to overseas jurisdictions;

- risks associated with commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure;

- risks associated with local unions and employment disputes;

- risks associated with higher costs for new product development and relying on potential overseas partners and/or their distribution network for the development, commercialization, marketing and distribution of our products;

- increased risk of product liability litigation and regulatory scrutiny arising from the marketing and sale of pharmaceutical products in overseas markets and the costs incurred dealing with such procedures, as well as our ability to obtain insurance to adequately protect us from any resulting liabilities; and

- risks associated with compliance with local tax laws and regulations including but not limited to timely filing of tax returns and tax payment, and disputes or disagreements with local tax authorities with respect to matters including but not limited to calculation of tax liabilities and preferential tax treatments.

Our international expansion plans may require significant investment but may fail to generate the level of returns we expected. If we are unable to expand our international business effectively or at all, our business prospects may be adversely affected.

If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

Our growth strategies include but not limited to increasing our penetration into the global market and expanding our product development. For more information, see "Business — Our Strategies". Pursuing our growth strategies has resulted in, and will continue to result in, substantial demands on capital and other resources. In addition, managing our growth and executing our growth strategies will require, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive global pharmaceutical market, effective coordination and integration of our facilities and teams across different sites, successful hiring and training of personnel, effective cost control, sufficient liquidity, effective and efficient financial and management control, increased marketing and customer support activities, effective quality control, and management of our suppliers to leverage our purchasing power. Any failure to execute our growth strategies or realize our anticipated growth could adversely affect our business, financial condition, results of operations and prospects.

Increased labor costs could negatively affect our ability to operate efficiently and have a material and adverse impact on our revenues and profitability.

The cost of labor in the PRC has been steadily increasing over the past years as a result of inflation, government-mandated wage increases and other changes in PRC labor laws, as well as competition for talents and qualified employees among pharmaceutical companies. Unless we are able to pass on these increased labor costs to our customers by increasing the prices of our products, our financial condition and results of operations may be adversely affected. Many aspects of our strategies and business growth may require us to have additional employees. We may also have additional employees as a result of organic growth of our business. If we implement such strategies but fail to realize the benefits and efficiencies we anticipate, we may be unable to offset the corresponding increases in our staff costs, which adversely affect our revenues and profitability.

If our internal risk management and control system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

We have an internal control system in place to monitor and control potential risk areas relevant to our business operations. In connection with the [REDACTED], we have examined our internal control system and made certain enhancements where appropriate, in order to satisfy our internal control requirements after the completion of the [REDACTED]. However, due to the inherent limitations in the design and implementation of our internal control system, our internal control system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Further, integration of various business operations from potential future acquisitions may give rise to additional internal control risks that are currently unknown to us, despite our efforts to anticipate such issues. If our internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management and internal controls also depend on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended, or such implementation will not be subject to human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by the relevant authorities.

If our brands fail to maintain a positive reputation, many aspects of our business and our business prospects could be adversely affected.

We believe that market awareness and recognition of our brands, particularly Jiangxi Institute of Biological Products, have contributed significantly to the success of our business. We also believe that maintaining and enhancing these brands is critical to maintaining our competitive advantage. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may expand our network of distributors and third-party promoters to increase our marketing efforts. It may be difficult to effectively manage our brand reputation as we have relatively limited control over these third parties. If we are unable to maintain or enhance our brand recognition and increase awareness of our products, or if we incur excessive marketing and promotion expenses to do so, our business and results of operations may be materially and adversely affected.

If we suffer failure or disruption in our information systems, our ability to effectively manage our business operations could be adversely affected.

We make use of information systems to obtain, process, analyze and manage data. We use these systems to, among other things, monitor the daily operations of our business, maintain operating and financial data, manage our customer documentation as well as manage our production operations and quality monitoring systems. Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could disrupt our normal operations. There can be no assurance that we will be able to effectively handle a failure of our information systems, or that we will be able to restore our operational capacity in a timely manner to avoid disruption to our business. The occurrence of any of these events could adversely affect our ability to effectively manage our business operations. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Any negative publicity concerning us, our Shareholders, Directors, officers, employees and business partners, even if untrue, could adversely affect our reputation and business prospects, which could damage our brand image or have a material adverse effect on our business, results of operations and financial condition. Damage to our reputation could be difficult, expensive and time-consuming to restore and could make potential or existing customers reluctant to select us for new engagements, resulting in a loss of business and could adversely affect our recruitment and retention efforts. Damage to our reputation could also reduce the value and effectiveness of our brand name and could reduce [REDACTED] confidence in us, adversely affecting the [REDACTED] of our Shares.

Our business may be impacted by political events, war, terrorism, public health issues, natural disasters and other outbreaks of contagious diseases or business interruptions.

War, terrorism, geopolitical uncertainties, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our suppliers, logistics service providers, and customers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes, and other events beyond our control. Such events could decrease demand for our products, making it difficult or impossible for us to make and deliver products to our customers, or to receive raw materials from our suppliers, and create delays and inefficiencies in our supply chain. While our suppliers are required to maintain safe working environments and operations, an industrial accident could occur and could result in disruption to our business and harm to our reputation. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs.

Our insurance coverage may not be sufficient to cover all potential claims arising from product liability, damage to our assets, including our plants and equipment, or injuries sustained by our employees in the course of their work. While we maintain certain insurance policies to mitigate these risks, there can be no assurance that our coverage will be adequate to address all possible incidents. In the event that a liability claim, property damage, or

employee injury exceeds the limits of our insurance policies or falls outside their scope, we may be required to bear significant financial costs. This could lead to an adverse impact on our financial condition and overall business operations. Furthermore, addressing such liabilities may divert critical resources, including management attention and company funds, which could otherwise be allocated to strategic initiatives, expansion efforts, or daily business operations.

- the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals;
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and
- deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

We may not be able to identify attractive targets, and we have limited experience in acquisitions. In addition, we may not be able to successfully acquire the targets identified despite spending a significant amount of time and resources on pursuing such acquisition. Furthermore, integration of an acquired company, its intellectual property or technology into our own operations is a complex, time-consuming and expensive process. The successful integration of an acquisition may require, among other things, that we integrate and retain key management, sales and other personnel, integrate the acquired technologies or services from both an engineering and a sales and marketing perspective, integrate and support preexisting supplier, distribution and customer relationships, coordinate research and development efforts, and consolidate duplicate facilities and functions. The geographic distance between companies, the complexity of the technologies and operations being integrated, and the disparate corporate cultures being combined may increase the difficulties of integrating an acquired company or technology. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

RISKS RELATING TO OUR FINANCIAL POSITION

We are subject to credit risks of our customers. If we experience delays in collecting or if we are unable to collect payments from customers, our cash flows and operations could be adversely affected.

The average turnover days of our trade and bills receivables for the years ended December 31, 2022, 2023 and 2024, were 161.1 days, 124.5 days and 116.6 days, respectively. As of December 31, 2022, 2023 and 2024, our trade and bills receivables were RMB61.9 million, RMB73.3 million and RMB67.8 million, respectively. As a result, we may be exposed to credit risks. We cannot assure you that we can properly assess and respond in a timely manner to changes in their credit profile.

If our customers' cash flows, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and we could be required to terminate our relationships with our customers in a manner that may adversely and materially affect our cash flows and operations.

Failure to maintain optimal inventory levels could increase our operating costs or lead to unfulfilled customer orders, either of which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are required to maintain optimal inventory levels in order to successfully meet our customers' demand. However, we are exposed to inventory risk as a result of rapid changing market demands, and fluctuation in the supply market as well as the volatile economic environment globally. There can be no assurance that we can accurately predict these trends and events and avoid overstocking or under-stocking our products. Demand for products could change significantly between the time when we prepare to manufacture and the time when they are ready for delivery, which may lead to overstocking and under-stocking. Besides, given that antiserum products typically have a short shelf life, failing to sell them within this period could negatively impact our business operations and financial position. For details, see "Business — Inventory Management".

We maintain certain inventory levels for our products for sales into our distribution network. Inventory write-downs are primarily influenced by decrease of fair value. Inventory levels in excess of demand may result in inventory write-downs, expiration of our products or an increase in inventory holding costs and a potential negative effect on our liquidity. In 2022, 2023 and 2024, we incurred write-down of inventories of approximately RMB2.1 million, RMB3.3 million and RMB16.5 million respectively. If we underestimate demand for our products, we may experience inventory shortages which may, in turn, result in unfulfilled customer orders, leading to a negative impact on our customer relationships. There can be no assurance that we will be able to maintain proper inventory levels of our products, and any such failure may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business benefits from certain preferential tax treatment and government subsidies, the expiration of or changes to which could adversely affect our profitability.

We enjoy certain tax incentives and government subsidies pursuant to relevant law and regulations, including reduced enterprise income tax rates. For example, under the EIT Law and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. Our Company and certain of our subsidiaries were subject to a preferential income tax rate of 15%, as they were qualified as High-New Technology Enterprises (the "HNTE") during Track Record Period. We recognized government grants of RMB3.9 million, RMB1.1 million and RMB2.2 million during the Track Record Period, which were awarded by the local governments to support our operations. Any increase in the enterprise income tax rate applicable to us, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by us, could adversely affect our business, financial condition and results of operations.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgement is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if the PRC tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

Our results of operations are subject to biological asset fair value adjustments, which are non-cash in nature and can be highly volatile and are subject to a number of factors.

We have biological assets, primarily consisting of horses hosted at our Zhangye facilities primarily for research, development and production. We measure biological assets upon initial recognition and at the end of each reporting period at their fair value less costs of disposal. Fair value gains or losses with respect to our biological assets are attributable to changes in the market-determined prices, and professional valuation.

The fair values of our biological assets at each reporting date during the Track Record Period were assessed by an independent professional valuer. The fair value measurements of our biological assets fall into level II of the fair value hierarchy. In valuing our biological assets, the independent valuer has relied on a number of major parameters and assumptions which may vary from time to time, such as classification, quantity, recent transaction price, stage of plasma collection, disposal prices and costs of biological assets, estimated productive lifespan as well as economy conditions affecting the biological assets. See "Financial Information — Assets — Valuation of Biological Assets" for details.

The fair value of our biological assets could be affected by factors including the accuracy of those parameters, reasonableness of assumptions, as well as the quality of our biological assets and changes in the pharmaceutical industry. Therefore, the resulting adjustments can be highly volatile. While these assumptions as adopted in the valuation process have been in line with the actual results, we cannot assure you that there will be no

significant deviation in the future. In addition, market prices for our biological assets are highly volatile and susceptible to significant fluctuations from period to period. As a result of revaluations of our biological assets from period to period, our financial position and results of operations may be affected from period to period. In addition, an increase or decrease in market prices for biological assets will, among others, increase or reduce our total cost of products and gains or losses arising from changes in fair value which makes our reported profit more volatile.

For details on the valuation and the application of various assumptions, see the subsection headed "Financial Information — Assets — Valuation of Biological Assets" in this document. In particular, upward adjustments and gains so recognized do not generate any cash inflow for our operations. As a result, when evaluating our results of operations and profitability, you should consider our profit and margins without taking into account the effects of these biological asset fair value adjustments.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial positions in the future.

As of December 31, 2022, 2023 and 2024, our deferred tax assets amounted to RMB2.9 million, RMB2.7 million and RMB2.2 million, which primarily consist of losses available for offsetting against future taxable profits. For details of the movement of our deferred tax assets during the Track Record Period, please see Note 21 to the Accountants' Report in Appendix I to this document.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. As such, this requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial position in the future.

We may need to obtain additional financing to fund our operations and expansion. If we do not have access to sufficient funding, our business prospects could be affected.

In order to further expand our presence, develop new product candidates, construct and renovate production facilities and remain competitive, we may require additional capital. We expect to satisfy such capital commitments using part of the net [REDACTED] from the [REDACTED], cash from operations and bank facilities available to us. Financing may be unavailable in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities, and economic, political and other conditions in China and other jurisdictions where we operate. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants restricting

our operations or our ability to make acquisitions or pay dividends. Any failure to raise sufficient additional capital to meet our capital requirements may materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate [REDACTED] will develop and be sustained following the completion of [REDACTED]. In addition, the [REDACTED] of our H Shares may not be indicative of the [REDACTED] of our H Shares following the completion of the [REDACTED]. If an [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and [REDACTED] of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the [REDACTED] and [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we [REDACTED] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that

time. In addition, [REDACTED] of our H Shares may experience further dilution of their interest if the [REDACTED] exercise the [REDACTED] or if we [REDACTED] additional shares in the future to raise additional capital.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

Our historical dividends may not be indicative of our future dividend policy. There can be no assurance that future dividends will be declared or paid. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our business and financial performance, cash requirements and availability, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend."

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [REDACTED] of our H Shares could decline as a result of future [REDACTED] of a substantial number of our H Shares or other securities relating to our H Shares in the [REDACTED], or the [REDACTED] of new shares or other securities, or the perception that such [REDACTED] or [REDACTED] may occur. Future [REDACTED], or anticipated [REDACTED], of substantial amounts of our securities, including any future [REDACTED], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we [REDACTED] more securities in the future. New shares or shares-linked securities [REDACTED] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Gains on the [REDACTED] of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of shares ("non-resident individual holders"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the [REDACTED] or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("non-resident enterprise holders") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) dated August 21, 2006, any non-resident enterprise registered in

Hong Kong that holds directly at least 25% of the shares of our Company shall pay enterprise income tax for the dividends declared and paid by us at a tax rate of 5% if the Hong Kong non-resident enterprise is the beneficial owner of the equity and certain other conditions are met.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (財政部、國家税務總局關於個人所得税若干政策問題的通知), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the SAT (關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

Therefore, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through [REDACTED] or transfers of the H Shares.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders have significant influence over our operations and business strategies, and may have the ability to require our Group to effect corporate actions according to their own desires by virtue of their shareholding in our Group. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders' interests may be adversely affected as a result.

In addition, there is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. We cannot predict the effect, if any, of any future [REDACTED] of the Shares by any of its Controlling Shareholders, or that the availability of the Shares [REDACTED] by any of the Controlling Shareholders for [REDACTED] may have on the [REDACTED] of the Shares. [REDACTED] of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such [REDACTED] may occur could materially and adversely affect the prevailing [REDACTED] of the Shares.

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

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate," "believe," "could," "estimate," "expect," "may," "ought to," "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Company's growth strategy and expectations concerning our future operations, liquidity and capital resources. [REDACTED] of the H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Company's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and [REDACTED] should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking Statements" in this document for further details.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed "Industry Overview," the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, or any other persons or parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or

with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. For further details, see "Future Plans and Use of [REDACTED]." However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the [REDACTED] from this [REDACTED].

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] of our Shares may decline.

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

You should read this document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our Shares. We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or media regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and substantially all of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the place where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Ms. JING Ruihua (敬瑞華) and Ms. CHU Cheuk Ting (朱卓婷) as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile (if applicable) and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the Authorized Representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Patrons Capital Limited as our compliance adviser upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through the Authorized Representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. JING Ruihua (敬瑞華), our executive Director, as one of our joint company secretaries. She has experience in management but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. CHU Cheuk Ting (朱卓婷) ("**Ms. Chu**"), an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. JING Ruihua for an initial period of three years from the [REDACTED] to enable her to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

Given Ms. Chu's professional qualification and experience, she will be able to explain to both Ms. JING Ruihua and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Chu will also assist Ms. JING Ruihua in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Chu is expected to work closely with Ms. JING Ruihua and will maintain regular contact with Ms. JING Ruihua, our Directors and the senior management of our Company. In addition, Ms. JING Ruihua will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [REDACTED]. She will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. JING Ruihua does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. JING Ruihua may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [REDACTED] on the conditions that (a) Ms. JING Ruihua must be assisted by Ms. Chu, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the [REDACTED], and will be revoked immediately if and when Ms. Chu ceases to provide such assistance to Ms. JING Ruihua as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. JING Ruihua will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange before the expiration of the three-year period to enable it to assess whether Ms. JING Ruihua, having benefited from the assistance of Ms. Chu for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ms. JING Yue (敬玥)	Room 4507, Unit A, West Block, North Area Shenye Shangcheng Huanggang Road, Futian District Shenzhen, Guangdong PRC	Chinese
Mr. YAO Xiaodong (姚曉東)	Room 602, Unit 2, Building 3 Zhonghuan Mingcheng No. 8 Shaoshan West Road, Jizhou District Ji'an, Jiangxi PRC	Chinese
Mr. LI Changqing (李長青)	No. 1228 Guanlan Guanguang Road, Longhua District Shenzhen, Guangdong PRC	Chinese
Ms. JING Ruihua (敬瑞華)	Room 104, Building 7, Xingui Block Wuye Shidai Xinju No. 3010 Fuqiang Road, Futian District Shenzhen, Guangdong PRC	Chinese
Non-executive Directors		
Ms. YU Ailian (于愛蓮)	No. 1106, Building 4 Huixin Yuan Huixin West Street, Chaoyang District Beijing PRC	Chinese
Mr. XIAO Changqing (肖長清)	Room 1906, Area D Xinghe Dandi Garden, Meilinguan Minzhi Street Shenzhen, Guangdong PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Dr. ZOU Pingxue (鄒平學)	Room 1003, Building D Jinyun Pavilion, Jinlong Garden Qinxue Road, Nanshan District Shenzhen, Guangdong PRC	Chinese
Dr. TSANG Hiu Leong (曾曉亮)	Flat 3719, 37/F, Chun Yi House Chun Yeung Estate Fo Tan, New Territories Hong Kong	Chinese (Hong Kong)
Mr. WU Di (吳迪)	Room 14D, Building 2, Phase 2 Hengyu Bincheng Nanshan District Shenzhen, Guangdong PRC	Chinese

For details with respect to our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors and [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **China Merchants Securities (HK) Co., Limited** 48/F, One Exchange Square 8 Connaught Place Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Legal Advisers to our Company	*As to Hong Kong and U.S. laws:*
	O'Melveny & Myers 31/F, AIA Central 1 Connaught Road Central Hong Kong
	As to PRC laws:
	Beijing Kangda Law Firm 8/F, 9/F and 11/F, Emperor's Group Center No. 12 Jianwai Avenue (D), Chaoyang District Beijing PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Central Hong Kong *As to PRC laws:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road, Chaoyang District Beijing PRC
Auditors and Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 PRC
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place No. 979 King's Road, Quarry Bay Hong Kong
Independent Biological Asset Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place No. 979 King's Road, Quarry Bay Hong Kong
Compliance Adviser	**Patrons Capital Limited** Unit 3214, 32/F, Cosco Tower 183 Queen's Road Central, Sheung Wan Hong Kong
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 198 Huoju Avenue Jinggangshan Economic and Technological Development Zone Ji'an, Jiangxi PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.jxswzp.cn** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Ms. JING Ruihua (敬瑞華)** Room 104, Building 7, Xingui Block Wuye Shidai Xinju No. 3010 Fuqiang Road, Futian District Shenzhen, Guangdong PRC **Ms. CHU Cheuk Ting (朱卓婷)** 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Ms. JING Ruihua (敬瑞華)** Room 104, Building 7, Xingui Block Wuye Shidai Xinju No. 3010 Fuqiang Road, Futian District Shenzhen, Guangdong PRC **Ms. CHU Cheuk Ting (朱卓婷)** 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. WU Di (吳迪) *(Chairperson)* Dr. TSANG Hiu Leong (曾曉亮) Dr. ZOU Pingxue (鄒平學) Ms. YU Ailian (于愛蓮) Mr. XIAO Changqing (肖長清)

CORPORATE INFORMATION

Remuneration and Appraisal Committee	Mr. WU Di (吳迪) *(Chairperson)* Dr. TSANG Hiu Leong (曾曉亮) Ms. JING Ruihua (敬瑞華)
Nomination Committee	Ms. JING Yue (敬玥) *(Chairperson)* Ms. JING Ruihua (敬瑞華) Mr. WU Di (吳迪) Dr. ZOU Pingxue (鄒平學) Dr. TSANG Hiu Leong (曾曉亮)
Strategy and Investment Committee	Ms. JING Yue (敬玥) *(Chairperson)* Mr. YAO Xiaodong (姚曉東) Mr. LI Changqing (李長青) Ms. JING Ruihua (敬瑞華) Ms. YU Ailian (于愛蓮) Mr. XIAO Changqing (肖長清) Mr. WU Di (吳迪)
Sustainability Committee	Dr. TSANG Hiu Leong (曾曉亮) *(Co-chairperson)* Dr. ZOU Pingxue (鄒平學) *(Co-chairperson)* Ms. JING Ruihua (敬瑞華) Mr. YAO Xiaodong (姚曉東) Mr. LI Changqing (李長青)
[REDACTED]	[REDACTED]
Principal Bankers	**Agricultural Bank of China Limited, Ji'an Longhu Branch** No. 25 Luling Avenue Dunhou Town, Ji'an County Ji'an, Jiangxi PRC **China Construction Bank Corporation, Ji'an High-tech Branch** No. 247–8 Junshan Avenue Ji'an County Ji'an, Jiangxi PRC **Bank of China Limited, Ji'an Development Zone Branch** No. 16–21 Jinggang Spring Shops, Industrial Park Junshan Avenue Ji'an County Ji'an, Jiangxi PRC

The information and statistics set out in this section and other sections of this Document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Joint Sponsors, [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

ANTISERUM MARKET

Definition

Antiserum is a class of biological products that contain immunoglobulins (also known as antibodies) or immunoglobulins $F(ab')_2$ fragments and are prepared from immunized plasma. It is used to provide antibodies that can directly neutralize pathogens or toxins, offering treatment and timely protection.

The production of antiserum involves repeated immunization of large animals (such as horses or sheep) or humans to stimulate antibody production. After months of immunization, blood is collected, and antibodies are extracted by removing blood cells. The antibodies are then purified by eliminating other serum proteins and formulated for stability, ensuring long-term storage before being administered to patients.

Active and Passive Immunity

Immunity against pathogens can be acquired through active or passive immunity. Active immunity involves stimulating the immune system to develop a response, either through infection or vaccination, leading to long-term protection and immune memory. Passive immunity, on the other hand, involves directly administering pre-formed antibodies from immune individuals or cells to neutralize antigens, offering immediate treatment and timely protection.

Most of the active immunity provides longer-lasting defense but may be ineffective for individuals with weak immune responses, those allergic to vaccines, or against rapidly mutating pathogens. Besides, it take some time for vaccines to trigger immune responses and thus active immunity may not provide immediate protection to patients who have relevant symptoms or are likely to be infected. Passive immunity offers instant protection, making it essential to protect high-risk patients and patients with infectious symptoms during the vaccine window period, but it does not induce immune memory and lasts only weeks to months. Therefore, combining active and passive immunity is optimal for disease prevention and patient protection.

The following table compares active and passive immunity:

	Active Immunity	Passive Immunity
Definition	The resistance to pathogens acquired during an adaptive immune response within an individual	Arising from the transfer of antibodies to an individual without requiring them to mount their own active immune response
Natural Acquired Methods	Adaptive immune response	Trans-placental antibodies or breastfeeding
Artificial Acquired Methods	Vaccine response	Immunoglobulin or other antibody injections
Antibodies	Mediated by the antibodies produced by the persons' own cells	Mediated by the antibodies produced by outside the body
Response Period	Slow	Rapid
Last Period	Long, months to years, some are life-long	Weeks to months
Immunological Memory	Yes	No
Applications	Prophylaxis	Prophylaxis and treatment

Source: Literature Review, Frost & Sullivan Analysis

Application Scenarios and Clinical Advantages of Antiserum

There are various applications of human antiserum products given its characteristics:

- ***Viral infections:*** Antiserum provides immediate immune protection through polyclonal antibodies (a mixture of antibodies produced by different B cell clones, targeting multiple epitopes on an antigen), which bind to multiple targets on a pathogen's surface, reducing immune escape. For example, the duration of immune protection against rapidly mutating pathogens like influenza typically lasts around six to eight months. Approved products like rabies antiserum products provide such immediate immune protection. In 2021, China approved COVID-19 antiserum products, also expanding treatment options.

- ***Bacterial and bacterial toxin infections:*** Antiserum products are also widely used against bacterial and bacterial toxin-mediated infections like tetanus. Antiserum neutralizes bacteria or bacterial toxins, enhances phagocytosis, and blocks bacterial functions with high specificity, unlike antibiotics that target general bacterial processes. Diseases like tetanus and diphtheria benefit from targeted antibody therapy.

- ***Bio-toxicosis:*** Bio-toxicosis, caused by biological toxins such as snake venom, is effectively treated with antiserum products that neutralize harmful molecules. Bio-toxicosis results from exposure to biological toxins, and antiserum products prevent their interaction with cellular receptors, mitigating harmful effects. Research continues to expand its applications, including anti-viper and anti-bee venom serums.

- ***Autoimmune disease:*** In autoimmune diseases, where autoantibodies attack the body's own tissues, antiserum products can introduce neutralizing antibodies to counteract these harmful responses, reducing inflammation and tissue damage. Polyclonal antibodies can modulate immune responses and reduces tissue damage by neutralizing pathogenic autoantibodies or inflammatory mediators. Equine anti-thymocyte immunoglobulins, approved in the U.S. in 1981, are used to treat organ transplant rejection and autoimmune disorders, highlighting the clinical significance of antiserum products in immune modulation.

Inclusion in the NRDL and NEDL significantly enhances a drug's accessibility and affordability by ensuring partial or full reimbursement under China's national healthcare system. This not only reduces the financial burden on patients but also drives broader adoption in clinical practice, expands market penetration, and incentivizes pharmaceutical companies to invest in research, production, and supply chain improvements. Below table sets forth the human antiserum products included in the NRDL and NEDL:

Name	Category	1st NRDL Inclusion	NEDL Inclusion
Tetanus Antitoxin	**list A**	**2000**	√
Equine Rabies Antiserum	**list A**	**2000**	√
Diphtheria Antitoxin	list A	2000	/
Equine Tetanus Immunoglobulin $F(ab')_2$	list B	2017	/
Rabbit Anti-Human Thymocyte Globulin	list B	2017	/
Bungarus Multicinctus Antivenom	**list A**	**2017**	√
Naja Antivenom	**list A**	**2017**	√
Agkistrodon Acutus Antivenom	**list A**	**2017**	√
Agkistrodon Halys Antivenom	**list A**	**2017**	√
Anti-human T Lymphocyte Porcine Immunoglobulin	list B	2019	/

Clinical advantages of antiserum products:

The application of antiserum products exhibits the following clinical advantages:

- ***Broad spectrum and rapid action:*** Polyclonal antibodies in antiserum products can bind to multiple targets on a pathogen's surface, providing strong neutralizing and anti-escape capabilities. Their broad-spectrum effectiveness is crucial for combating pathogens with multiple subtypes, rapid mutations, or complex structures, especially when the pathogen's mechanisms are not fully understood or mutates quickly. This reduces the risk of delayed intervention in life-threatening situations while also helping extend the drug's life cycle and mitigate resistance. Unlike vaccines, which require time to stimulate immune responses, direct deliveries of pre-formed antibodies into patients allow for immediate neutralization, which is particularly effective in acute medical emergencies.

- ***Vast and economic production:*** The economic viability of animal-derived antiserum products is a key factor in their continued use. While initial investments in antigen development, animal breeding, immunization, and antibody production are substantial, an established industrial system enables high-output production, making long-term manufacturing more cost-effective.

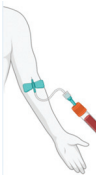
- ***Rapid development during emergencies:*** One of the most significant advantages of animal-derived antiserum products is their rapid development and scalability during emergencies. This capability is particularly critical in situations where no pre-existing treatment options are available or where time and technology constraints preclude the development of alternative therapies such as chemical drugs, monoclonal antibodies or vaccines. Among the arsenal of medical countermeasures available, animal-derived antisera have long played a pivotal role in mitigating the effects of toxins and pathogens. Animals such as horses and sheep can generate robust immune responses within weeks to months of immunization with an antigen. This rapid antibody production allows for the timely harvesting of plasma and subsequent formulation of antiserum products, enabling their availability during acute crises.

Different Technology Pathways for Antiserum Preparations

Immunoglobulins, or antibodies, are essential for recognizing and neutralizing pathogens. While human plasma-derived immunoglobulins are widely used in clinical practice, animal-derived immunoglobulins have also played a crucial role in medicine for over 130 years. Since Emil von Behring and Kitasato Shibasaburo's groundbreaking use of horse antiserum to treat diphtheria and tetanus in 1890, equine antiserum products have been employed to combat various diseases, evolving alongside advancements in purification technology. Today, antibodies derived from horses, sheep, rabbits, and goats offer distinct advantages, including broad-spectrum activity, cost-effectiveness, rapid development, and immunological diversity, making them invaluable in specific clinical applications.

The table below compares animal-derived polyclonal antibodies, human plasma-derived polyclonal antibodies and monoclonal antibodies:

	Advantages	Disadvantages
Animal-derived Polyclonal Antibody (Immunoglobulin) 	Broad spectrum: • Contain more than one type of neutralizing antibody, which can react with multiple target epitopes on the same or different viral proteins. • High neutralizing activity combined with low susceptibility to drug resistance. Vast, High-throughput, and Cost-effectiveness: • After antigen identification, animal immunization begins rapidly, yielding antibodies within weeks to months, which is critical for responding to emerging diseases and emergencies. • Low development cost once the development and manufacturing facilities have been constructed, which is suitable for cost-effective drug production Rapid development during emergencies: • Once an antigen is identified, animals can be immunized, and antibodies can be harvested within weeks to months — a critical timeframe during emergencies • Low risk of zoonotic diseases (infectious diseases that can be transmitted between animals and humans) and no human ethics risks	Heterogeneity: • The Fc fragments of certain antibodies from different species can sometimes cause a phenomenon called antibody-dependent enhancement (ADE). This means that instead of fighting the virus, the antibodies may actually help it enter cells and multiply, which can make the infection worse. • Donor animals must be screened for pathogen safety.

	Advantages	Disadvantages
Human Plasma-derived Polyclonal Antibody (Immunoglobulin) 	Broad spectrum: • As a polyclonal antibody, it can bind different sites on the antigen, so that the antigen can hardly escape from immunity through mutation. Higher homogeneity and enhanced safety: • Reduces the risk of immunogenic reactions, which occurs when the immune system recognizes foreign proteins as threats and initiates an attack against them, compared to animal plasma-derived polyclonal antibody.	Lower titer and specific activity: • Human donors receive lower vaccine doses with longer intervals due to ethical and safety concerns. This results in human plasma-derived immunoglobulin products often having lower titer and potency. Hard and expensive to innovate: • Ethical and safety rules limit development of human plasma-derived polyclonal antibody. • Expensive, limited production, difficult to meet the large demand for economic drugs.
Monoclonal Antibody 	Homogeneity and large-scale production: • Can be manufactured and released using cell platform strategies, which allow high clarity and purity of product and possibly reduce adverse effect if well designed. • Batch-to-batch consistency. • Highly specific for a single well-defined epitope.	Immune escape: • Susceptible to be ineffective immune escape if the antigen mutates significantly. Expensive: • The development and production of monoclonal antibodies are expensive. Risk of adverse reactions • mAbs can still trigger anti-drug antibodies (ADA), especially with long-term use. • Allergic reactions to mAb drugs vary by drug. For example, skin reactions occur in over 80% of cetuximab users.

Source: Literature Review, Frost & Sullivan Analysis

Industry Chain and Key Techniques of Antiserum

The production of antiserum products is complicated and involves several phases and techniques barriers. The production of antiserum products begins with animal plasma containing antibodies, with horses or other large mammals commonly used due to their high antibody yields. Research and development play a crucial role, involving toxin antigen development and testing, antibodies extraction, purification, and formulation. This phase demands substantial investment in infrastructure, talent, and clinical trials. Efficient distribution, including cold chain logistics, is essential to maintaining product stability during transport. Finally, healthcare professionals administer antiserum products in hospitals, clinics, and emergency settings to treat patients effectively. The following chart illustrates the industry chain of antiserum market:

Source: Literature Review, Frost & Sullivan Analysis

Key techniques in the production of antiserum products include, among other:

- ***Development and Testing of Antigen:*** The target antigens, whether typically inactivated micro-organisms, toxins, or surface protein/molecule of pathogens, or specific protein, is modified to retain immunogenicity while ensuring safety. Methods include attenuation, recombinant protein use, and adjuvant combination to enhance immune response while reducing adverse effects. Advances in DNA and mRNA antigens further expand antigen design. Selecting the right antigen is crucial for specificity, minimizing off-target effects and cross-reactivity. Innovations in recombinant and nucleic acid-based antigens, along with carefully chosen adjuvants, optimize immune response without excessive inflammation or adverse reactions while reducing host burden.

- ***Immunization of Host Animals:*** Common host species, such as horses, are selected for their ability to produce large quantities of high-affinity antibodies (antibodies that bind strongly and specifically to their target antigen, enhancing immune response effectiveness). Immunization with the prepared antigen stimulates the immune system to generate the desired antibodies, which are later harvested and processed for medical use.

- ***Purification of Antibodies:*** Ensuring the safety and efficacy of antiserum products requires purification through various techniques. Salt participation exploits the solubility differences between antibodies and other serum proteins in high salt concentrations. It is a basic purification method and requires additional downstream purification for higher purity. Enzymatic digestion with papain and pepsin is frequently used to cleave immunoglobulins into $F(ab')_2$ and Fc fragments. $F(ab')_2$ binds antigens while Fc fragments mediate immune responses. Fc fragments are removed in certain antiserum products via further purification to reduce immune response and lower the risk of adverse effects. Chromatography, such as gel filtration, ion exchange, or affinity chromatography, is an effective method for producing highly purified antibody preparations. Besides, viral inactivation, sterile filtration, and quality control are essential to meet quality standards and GMP requirements.

HUMAN ANTISERUM PRODUCTS MARKET

Market Size of Human Antiserum Products Market

The market size of global human antiserum products increased from US$320.9 million in 2019 to US$408.6 million in 2024 with a CAGR of 4.9%. It is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively.

The market size of China's human antiserum products increased from US$48.0 million in 2019 to US$64.1 million in 2024 with a CAGR of 5.9%. It is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively.

Competitive Landscape of Human Antiserum Products Market

The manufacturing of antiserum products consists of three critical stages: antigen development and testing, immunization of host animals, and antibody purification and development. Mastery of these stages is essential for ensuring product efficacy, safety, and scalability. There were ten manufacturers of animal-derived antiserum products in China as of the Latest Practicable Date, among which three were capable of independent full-industry-chain integration, including us, being the largest manufacturer among all companies with full-industry-chain integration capability.

Specifically, we have mastered complex technologies such as pasteurization, octanoic acid purification, ion exchange chromatography, and specific affinity chromatography. Additionally, we operate our own horse breeding facility, which is the largest among the three companies with full-industry-chain integration capacility.

Drivers, Future Trends and Entry Barriers of Human Antiserum Products Market

Drivers of Human Antiserum Products Market

The drivers of human antiserum products include the following:

- ***Enlarging patient pool:*** The rising incidence of infectious diseases, driven by viral and bacterial pathogens, is a key factor fueling the antiserum market. The global spread of COVID-19 and frequent influenza mutations highlight the demand for antiserum products, given the limitations of existing treatments. The emergence of antibiotic-resistant bacteria like MRSA further underscores the need for alternative therapies. Additionally, diseases such as diphtheria, tetanus, and snakebite envenomation remain major public health threats, particularly in developing regions, where antiserum products provide life-saving intervention. Moreover, emerging zoonotic diseases and rare infections continue to highlight the critical role of antiserum products in global health preparedness.

- ***Technological advancements:*** Technological advancements in biotechnology have revolutionized the production of antiserum products. Compared to human plasma-derived immunoglobulin and monoclonal antibodies, the production capacity of antitoxin antiserum products is not limited, and there are obvious cost and price advantages. When antiserum products first emerged, unremoved blood components and ineffective proteins in the anti-serum preparations sometimes lead to allergic reactions, which is worsened by the heterogeneity of equine proteins. Modern anti-serum products have undergone over 100 years of improvements from traditional products, going through stages of crude, concentrated, purified and refined purified products. Enzyme digestion approach has also been adopted to remove the Fc fragments of equine immunoglobulin, which is the main cause of heterogeneous proteins' adverse effects for certain diseases. The development of modern purification techniques continuously improve the safety, efficacy, and scalability of anti-serum products. For instance, the specific activity of proteins (which measures the potency and purity of antibodies) of the latest-generation tetanus antitoxin can reach up to 90,000 IU/gp, almost a 100% increase from the Pharmacopedia requirement of traditional tetanus antitoxin. Research into novel delivery mechanisms and formulations (i.e. freeze-dried or aerosol inhalation) will also make the treatments more accessible and convenient, which would further expand its application scenarios.

- ***Favorable policies:*** The antiserum market is experiencing significant growth, driven by favorable policies targeting infectious diseases. As passive immunity treatments, antiserum products have demonstrated strong clinical potential, particularly for infectious diseases. Governments and global health organizations are implementing policies to combat rising infection rates and enhance public health. In China, the "14th Five-Year Plan period (2021–2025)" (《「十四五」國民健康規劃》) prioritizes the prevention and control of infectious, parasitic, and endemic diseases. Similarly, global initiatives are fueling market expansion. For

instance, under the 2024 Political Declaration on AMR, WHO has committed US$100 million in catalytic funding to support national action plans, aiming to reduce antimicrobial resistance (AMR)-related deaths by 10% by 2030. These efforts, alongside policies addressing drug-resistant bacterial infections, are propelling sustained market growth.

Future Trends of Human Antiserum Products Market

- ***Rapid expanding among developing countries:*** Developing countries, particularly in Southeast Asia, Africa, and Latin America, bear a disproportionate burden of toxin-related health challenges. Diseases such as tetanus, diphtheria, and envenomation from snakebites and scorpion stings remain major public health threats due to limited access to vaccines and timely treatment. While high-income nations have virtually eradicated tetanus through immunization and public health protection, low-income countries continue to struggle. According to WHO, over 60% of recent tetanus cases and related deaths occur in Southeast Asia and Africa. Limited access to effective treatments in rural and underserved regions exacerbates the crisis. Antiserum products are crucial for mitigating these threats, yet availability and affordability remain significant barriers. To bridge this gap, pharmaceutical companies can expand into underserved markets by adopting cost-effective pricing models, offering smaller packaging sizes for rural clinics, and developing multi-dose vials to enhance cost efficiency.

- ***Product variety research drives expansion of indication areas:*** A key trend shaping the future of the antiserum market is the expansion of product variety, enabling broader therapeutic applications and addressing unmet medical needs. Traditionally focused on diphtheria and tetanus, research has now extended to new indications, including antivenoms for snake, wasp, and scorpion envenomation, anti-thymocyte globulin (ATG) for autoimmune diseases, and antiserum products for viral and bacterial infections. These advancements promise more effective treatment options for patients suffering from biotoxin poisoning. Diversifying the antiserum products portfolio is a crucial strategy for manufacturers, allowing them to target a wider range of medical conditions that can benefit from polyclonal antibody therapy. This expansion ensures healthcare providers have access to specialized treatments tailored to diverse clinical needs.

- ***Opportunities and challenges coexist for Chinese manufacturers:*** As global clinical demand for antiserum products continues to rise, manufacturers are expected to intensify R&D efforts, expand indications for antiserum products, and enhance their role in disease prevention and treatment. Advancements in production processes will further improve product efficacy and safety, strengthening their clinical advantages. For Chinese antiserum manufacturers, globalization presents both opportunities and challenges. The industry's technology and resource-intensive nature create a unique opportunity for China to establish itself as a key player in the global market, leveraging its expanding expertise and industrial capacity.

Entry Barriers of Human Antiserum Products Market

- ***High technical and production requirements:*** The antiserum industry imposes high entry barriers due to its integration of three specialized domains. First, companies must develop or source high-quality antigens to immunize large animals like horses. Second, large-scale animal husbandry expertise is required to maintain herd health and elicit strong immune responses. Third, advanced purification and antibody manufacturing capabilities are essential. Each stage demands specialized knowledge, infrastructure, and operational expertise, making the industry highly resource-intensive and technology-intensive. Unlike traditional laboratory-based drug development, antiserum development and production requires seamless coordination across these complex processes, significantly restricting new market entrants.

- ***High cost of production and storage:*** The production of antisera is highly complex, requiring specialized facilities, strict quality control, GMP compliance, regulatory approvals, and skilled professionals. High storage and shipping costs drive up prices, making these treatments unaffordable in low-income regions, while low profit margins deter investment in resource-limited markets. Additionally, maintaining a cold chain is essential for efficacy, yet unreliable infrastructure in these regions limits distribution, often restricting access to urban centers and leaving rural populations underserved.

- ***Need for industry chain collaboration:*** The production and distribution of antiserum products require coordination among pharmaceutical companies, raw material providers, regulators, and healthcare providers. It takes many years and significant capital investments in infrastructure, technology and compliance to establish collaboration and good relationship with suppliers, distributors, regulators and other third parties. While this process demands high industry coordination, it also presents an opportunity to build a sustainable supply chain. By investing in biotechnology, improving animal management, and strengthening supply chains, stakeholders can overcome challenges and ensure the continued availability of these vital medical products.

Human TAT Market

Overview of Tetanus

Tetanus is a severe infectious disease caused by the tetanus toxin from *Clostridium tetani*. Early symptoms include muscle stiffness and difficulty swallowing, which can progress to generalized muscle spasms, opisthotonus, and painful convulsions. In severe cases, patients may experience respiratory distress, fractures, and pneumonia. Tetanus affects both children and adults, with common causes including trauma-related infection, surgical infections, neonatal tetanus, underimmunization and unhygienic childbirth in resource-limited settings. Individuals working or engaging in outdoor activities are at higher risk, particularly in areas with inadequate immunization coverage and limited access to clean medical care.

The infection mortality rate of tetanus is approximately 41.4% globally, and tetanus especially affects regions where sanitation is lacking and vaccination rates are low.

Global cases of tetanus-prone wounds increased from 570 million in 2019 to 614 million in 2024 globally, reflecting a CAGR of 1.5%. This trend is expected to continue, reaching 646.2 million in 2028 and 686.7 million in 2033, with a CAGR of 1.3% from 2024 to 2028 and 1.2% from 2028 to 2033. In China, cases of tetanus-prone wounds rose from 88.8 million in 2019 to 94.3 million in 2024, with a CAGR of 1.2%. This is projected to increase to 95.4 million in 2028 and 96.8 million in 2033, with a CAGR of 0.3% from 2024 to 2028 and 0.3% from 2028 to 2033.

Overview of Human TAT

Tetanus prevention primarily involves two approaches: active and passive immunization. Active immunization, or primary prevention, involves administering a tetanus toxoid vaccine to induce acquired immunity. Passive immunization, or secondary prevention, provides immediate protection and treatment through the administration of tetanus antitoxin, offering immediate and timely protection for those exposed to tetanus infections or potential tetanus infections.

While immunization with tetanus-toxoid-containing vaccines is effective for preventing tetanus. However, immunity from vaccination does not last life-long and people who recover from tetanus do not have natural immunity and can be infected again. Tetanus vaccination is part of routine global immunization programs, and those with tetanus-prone wounds should receive tetanus antitoxin or tetanus immunoglobulin for immediate protection. The below chart compares active and passive immunity for tetanus:

	Category	Recommend Use	Response Period	Lasting Period	Clinical Application Status
Active Immunity	Tetanus toxoid vaccine Combination vaccine include DTwP, DTaP, Tdap, DT	Routine vaccination for people across the life span	One to two weeks	5–10 years	Low coverage among adults
Passive Immunity	TAT Equine Tetanus Immunoglobulin $F(ab')_2$ HTIG	Prophylaxis against tetanus following injury in patients whose immunization is incomplete or uncertain	Immediately	10–28 days	Low coverage among developing countries

Note: DT = Diphtheria and tetanus toxoids, DTwP = Diphrheria and tetanus toxoids with whole cell pertussis vaccine, DTaP = Diphtheria and tetanus toxoids with acellular Pertussis, Tdap = Tetanus toxoid, reduced diphtheria toxoid and acellular pertussis vaccine.

Source: Literature Reviews, Frost & Sullivan Analysis

TAT, Equine Tetanus Immunoglobulin F(ab')$_2$ and HTIG are commonly used passive immunization products for tetanus. Compared with other products, TAT demonstrates rapid efficacy, high cost-effectiveness and high productivity. The following table shows the characteristics of various passive immunization products:

Product Name	**TAT (by Jiangxi Institute of Biological Products)**	**TAT (traditional)**	**Equine Tetanus Immunoglobulin F(ab')$_2$**	**HTIG**
Mechanism	Equine tetanus immunoglobulin F(ab')$_2$	Equine tetanus immunoglobulin F(ab')$_2$	Equine tetanus immunoglobulin F(ab')$_2$	Human tetanus immunoglobulin
Protection Period	10 days	10 days	10 days	28 days
Standard F(ab')$_2$ Value[(1)]	65–90%	Prophylaxis: ≥60%; Treatment: ≥70%	≥70%	≥90%
Specific Activity[(2)]	Standard: 50,000～90,000IU/g protein Company avg: ≥75,000 IU/g protein	Prophylaxis: ≥45,000 IU/g protein Treatment: ≥55,000 IU/g protein	≥75,000IU/g protein	/[(4)]
Sensitivity Test	√	√	√	X
Recommended Dosage	1–2 doses	1–2 doses	1–2 doses	1–2 doses
Cost Per Dose (RMB)[(3)]	~15.1	~15.1	~28.0	~300.0
Productivity	High	High	Relatively low	Low

Note:

(1) A measure of the purity and potency of F(ab')$_2$ antibody fragments. Higher levels indicate better antibody activity with fewer impurities.

(2) Specific activity is a measure of protein purity, expressed as the activity per unit of total protein. It indicates the efficiency of a biologically active substance, with higher values signifying greater purity and potency.

(3) Bid price.

(4) Not publicly available.

Source: Public information, Frost & Sullivan Analysis

Market Size of Human TAT

The global market for tetanus passive immunity products grew from US$233.5 million in 2019 to US$293.5 million in 2024, with a CAGR of 4.7%. It is expected to continue rising to US$483.7 million in 2028 and US$793.7 million in 2033, with CAGRs of 13.3% and 10.4% from 2024 to 2028 and from 2028 to 2033, respectively. In China, the market size for tetanus passive immunity products increased from US$156.6 million in 2019 to US$205.4 million in 2024, with a CAGR of 5.6%. This is expected to grow to US$243.1 million in 2028 and US$259.9 million in 2033, with CAGRs of 4.3% and 1.3% from 2024 to 2028 and from 2028 to 2033, respectively.

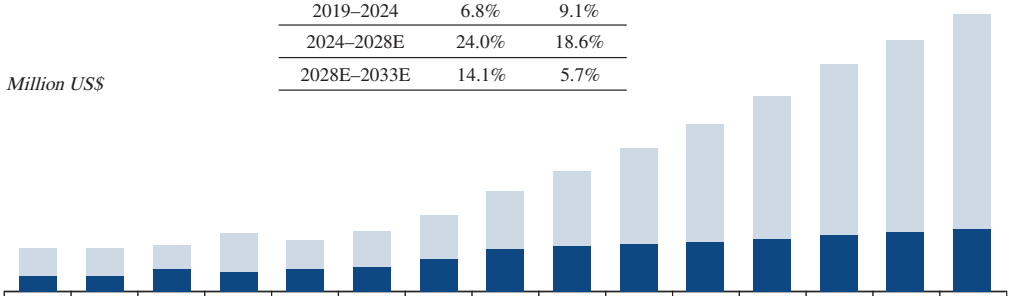
Tetanus antitoxin is the most widely used product in tetanus passive immunity. In China, it accounts for around 60% of national clinical demand for tetanus passive immunization products in terms of sales volume, with annual consumption exceeding 20 million doses. Its popularity is driven by rapid efficacy, scalable production capacity, and significant cost advantages. Tetanus antitoxin is priced approximately ten times lower than HTIG, making it the preferred choice in cost-sensitive markets. Consequently, tetanus antitoxin also has significant market opportunities in Southeast Asia, Africa, and Latin America.

Given its advantages, the market size of global tetanus antitoxin increased from US$60.9 million in 2019 to US$84.6 million in 2024 with a CAGR of 6.8%. It is expected to continue to increase to US$199.9 million in 2028 and US$386.1 million in 2033 with a CAGR of 24.0% and 14.1% from 2024 to 2028 and from 2028 to 2033 respectively.

The market size of Chinese tetanus antitoxin increased from US$21.6 million in 2019 to US$33.5 million in 2024 with a CAGR of 9.1%. It is expected to continue to increase to US$66.2 million in 2028 and US$87.5 million in 2033 with a CAGR of 18.6% and 5.7% from 2024 to 2028 and from 2028 to 2033 respectively.

Historical and Forecasted Market Size of Global and Chinese Tetanus Antitoxin, 2019–2033E

	CAGR	
Period	Global	China
2019–2024	6.8%	9.1%
2024–2028E	24.0%	18.6%
2028E–2033E	14.1%	5.7%



	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Global	60.9	60.1	64.7	81.4	71.8	84.6	105.8	139.3	166.9	199.9	232.8	272.6	316.6	349.5	386.1
RoW	39.3	38.2	33.0	53.6	41.1	51.1	60.2	79.8	103.2	133.7	163.4	199.7	238.3	266.8	298.6
China	21.6	21.8	31.7	27.7	30.7	33.5	45.7	59.6	63.7	66.2	69.4	72.9	78.3	82.8	87.5

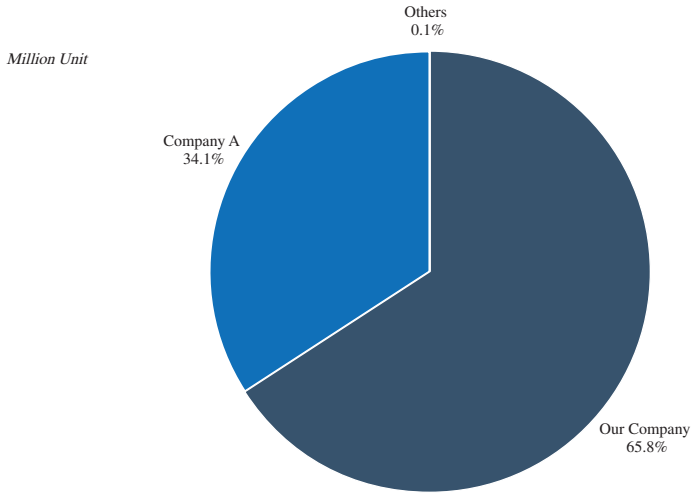
Source: Public Information, Expert Interview, Frost & Sullivan Analysis

Competitive Landscape of Human TAT

As of the Latest Practicable Date, four Human TAT manufacturers had obtained marketing approvals and only two of them were still manufacturing and selling Human TAT in large scale.

In 2024, domestic sales volume of Human TAT manufactured by our Group reached 13.2 million, accounting for 65.8% of total market in China. The following chart sets forth the top two companies in China Human TAT market in terms of sales volume in 2024:

Sales Volume Breakdown of Chinese Human TAT Market by Manufacturer, 2024



Source: Public information, Expert Interview, Frost & Sullivan Analysis

- Company A, headquartered in Lanzhou, China, was founded in 1949. It focuses on the research, development, production, and sales of vaccines and biologics. The institute is a leading player in Chinese vaccine market, with products covering a wide range of infectious diseases, including tetanus and rabies.

Future Trends of Human TAT Market

The projected future trends for the Human TAT market in China include the following:

- ***Mitigating global disparities in tetanus control:*** While tetanus is preventable through vaccination and proper wound care, global disparities persist, particularly in developing countries and low-income regions. In high-income countries, tetanus is rare due to strong immunization programs. However, Southeast Asia and Africa account for over 60% of new infections, exacerbated by limitations of labor protection and medical and health environment, poverty, conflict, and weak healthcare systems. To bridge these gaps, sustained efforts from governments, international organizations, and pharmaceutical companies are crucial.

- ***Addressing low coverage of tetanus protection among adults through passive immunity products:*** People of all ages are susceptible to tetanus infection. Immunity from childhood tetanus vaccines wanes over time, and regular boosters are needed. However, adults often miss these due to lack of awareness or access to healthcare or economic factors. Governments should promote awareness campaigns on the importance of boosters, while passive immunity products like Human TAT can help protect individuals with incomplete or unknown vaccination status.

- ***Enhancing accessibility and affordability by technical innovation:*** Despite effective vaccines and antiserum therapies, access to tetanus immunization remains uneven. Innovation in TAT could improve its effectiveness, reduce side effects, and lower costs, making it more accessible to low-income regions. Pharmaceutical companies should be incentivized to develop affordable tetanus immunization products, crucial for achieving global health equity.

- ***Combining active and passive immunity to strengthen disease control and patient protection:*** The combination of active and passive immunization enhances disease prevention and patient protection. While vaccines are effective, they have limitations: they require time to trigger antibody production (a immune response window period), and some individuals, particularly those with low immunity, may not respond adequately. Passive immunization, which directly administers specific antibodies, provides immediate protection, addressing these limitations. For tetanus, integrating both immunization methods improves infection prevention and offers additional protection for vulnerable populations.

Snakebite Antivenoms Market

Overview of Snakebite Envenoming and Snakebite Antivenoms

There are over four thousand snake species worldwide, with venomous species making up about 20% (over 800 species). Snake bites are a significant public health issue, especially in warm regions like Southeast Asia, sub-Saharan Africa, and Latin America. According to the WHO, 95% of snake bites occur in developing countries. China is home to more than 60 venomous snake species, with the highest number of bites occurring in provinces south of the Yangtze River during summer and autumn.

The clinical effects of snake bites vary due to differences in venom composition and mechanisms. Elapidae family snakes primarily cause neurotoxic effects, while Viperidae family snakes typically induce local tissue damage, bleeding, coagulopathies, and kidney failure. Venomous bites can result in severe paralysis, bleeding disorders, kidney failure, and tissue destruction, sometimes leading to disability or amputation. Children are more vulnerable due to their smaller body mass.

The incidence of venomous snakebites globally and in China in 2024 was 2.7 million and 0.28 million, respectively. Bites by venomous snakes have severe negative consequences as it may cause permanent disfigurement and/or disabilities, including limb amputations, and even deaths, according to Frost & Sullivan.

High-quality snake antivenoms are the most effective treatment for preventing or reversing the effects of venomous snake bites and remain the only safe and effective antidote against snake venom. Recognized by the WHO as essential medicines, they are a critical component of primary healthcare in regions where snake bites are prevalent.

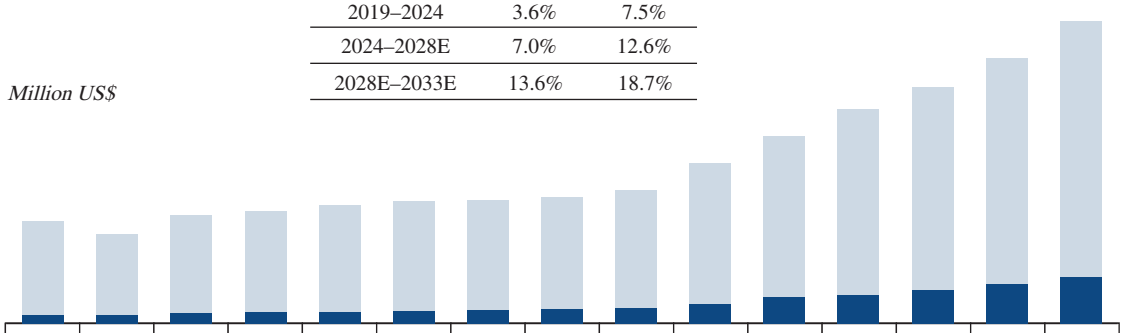
Market Size of Snakebite Antivenoms

The global market for snake antivenom grew from US$192.5 million in 2019 to US$230.1 million in 2024, with a CAGR of 3.6%. It is projected to continue rising to US$301.2 million in 2028 and US$569.0 million in 2033, with CAGRs of 7.0% from 2024 to 2028 and 13.6% from 2028 to 2033.

The market size of Chinese snake antivenom increased from US$16.2 million in 2019 to US$23.2 million in 2024 with a CAGR of 7.5%. It is expected to continue to increase to US$37.3 million in 2028 and US$87.9 million in 2033 with a CAGR of 12.6% and 18.7% from 2024 to 2028 and from 2028 to 2033, respectively.

Historical and Forecasted Market Size of Global and Chinese Snake Antivenom, 2019–2033E

	CAGR	
Period	Global	China
2019–2024	3.6%	7.5%
2024–2028E	7.0%	12.6%
2028E–2033E	13.6%	18.7%



	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Global	192.5	167.1	203.9	211.2	221.3	230.1	231.5	237.4	250.5	301.2	352.4	402.5	444.5	498.8	569.0
RoW	176.3	150.8	184.9	190.4	199.3	206.9	206.5	210.8	220.8	263.9	303.1	348.1	381.6	425.0	481.0
China	16.2	16.3	19.0	20.8	22.0	23.2	25.0	26.6	29.7	37.3	49.2	54.4	62.9	73.8	87.9

Source: Public Information, Expert Interview, Frost & Sullivan Analysis

Competitive Landscape of Snakebite Antivenoms

As of the Latest Practicable Date, there were four marketed snakebite antivenoms and one snakebite antivenoms candidate under clinical development in China. Below are the marketed snakebite antivenoms and snakebite antivenoms candidate in China:

Snake Type	Manufacturer	First Approval Date
Bungarus multicinctus antivenom 抗銀環蛇毒血清	Shanghai Serum Biological Technology Co.,Ltd.	1982-01-01
Agkistrodon halys antivenom 抗蝮蛇毒血清		
Agkistrodon acutus antivenom 抗五步蛇毒血清		
Naja naja atra antivenom 抗眼鏡蛇毒血清		1981-01-01

Source: NMPA, Frost & Sullivan

Snake Type	Drug Name	Manufacturer	Clinical Stage	First Posted Date
Antivenom Against Vipera Russelli Siamensis (抗蝰蛇毒血清)	/	Shanghai Serum Biological Technology Co.,Ltd.	Phase II	2024-02-02

Source: CDE, Frost & Sullivan

Future Trends of Snakebite Antivenoms Market

The projected future trends, outlining current limitations and market opportunities for the snakebite antivenoms market in China, include the following:

- ***Mitigating global disparities in venomous snake bite control:*** Snakebite envenoming is a major public health issue, particularly in tropical and subtropical regions where agricultural and rural communities are most affected. Despite its recognition by the WHO as a neglected tropical disease, a gap exists between the number of patients and the availability of effective treatments. Antivenom administration is the cornerstone of treatment, but accessibility and efficacy remain challenges. Increased funding for researcher towards new snake antivenoms and universal treatments could improve outcomes.

- ***Development of affordable and accessible antivenoms:*** Animal-derived antivenoms are critical for treating snakebite envenoming, but rising costs and limited production have made them increasingly unavailable and unaffordable. The process of producing antivenoms is resource-intensive and technology-intensive, requiring specialized facilities, which contributes to high costs. There is a significant opportunity for pharmaceutical companies to develop affordable, scalable antivenoms, making life-saving treatments accessible to underserved populations.

- ***Investment in the development of polyspecific antivenoms:*** Limited availability of antivenoms in regions with diverse venomous snake species remains a key barrier to effective treatment. In China, for example, only four types of antivenom are approved, which does not meet the needs of many patients. Investing in polyspecific antivenoms capable of neutralizing venom from multiple species could address these limitations, particularly in areas with diverse snake populations, reducing the need for precise species identification before treatment.

- ***Insufficient coverage of drugs for snakebite poisoning treatment:*** Numerous patients miss timely antivenom treatment due to geographic isolation, limited resources, or financial constraints. Some turn to unproven herbal medicine remedies, which can lead to severe consequences like amputations, tissue necrosis, and multi-organ failure. Snakebites cause about three times as many amputations and disabilities as deaths each year. To reduce global snakebite mortality and disability rates by 50% by 2030, the WHO plans to invest US$137 million from 2019 to 2030, focusing on education, expanding snake antivenom reserves, lowering treatment costs, and strengthening healthcare systems in developing countries.

Rabies Antiserum Market

Overview of Rabies

Rabies is a viral zoonotic disease that causes progressive and fatal inflammation of the brain and spinal cord. It is transmitted through direct contact with the saliva or nervous system tissue of an infected animal, typically via bites or scratches, though rare cases also occur through aerosol exposure or organ transplants. Rabies manifests in two symptoms: furious rabies, marked by confusion, spasms, and autonomic dysfunction, and paralytic rabies, which causes progressive paralysis while the patient remains conscious. Once clinical symptoms appear, rabies is nearly always fatal.

Rabies remains a serious public health issue in over 150 countries, particularly in Asia and Africa. In 2024, rabies deaths are projected to reach 10,351 globally, with mortality rate of almost 100% when clinical symptoms appear.

Overview of Rabies Antiserum

Rabies is nearly always fatal once symptoms appear, making its prevention crucial. This includes ensuring access to prompt post-exposure prophylaxis, vaccinating of dogs, and empowering communities. Pre-exposure prophylaxis is recommended for individuals at high risk of exposure due to their occupation or location, with periodic booster shots advised for those with frequent or continuous exposure. If available, antibody monitoring is preferred over routine boosters for at-risk personnel.

All cases of suspected rabies exposure, especially Grade III exposure, should be treated immediately to prevent the onset of symptoms and death. Post-exposure prophylaxis includes thorough wound treatment, administration of WHO-approved rabies vaccines, and, when necessary, rabies antiserum. The following table outlines post-exposure prophylaxis recommendations based on exposure category and immune status.

Category	Type of Animal Contact	Recommended Treatment	Application of Rabies Passive Immunization
I	Intact skin contact with animal secretions or excretions	Clean the exposed area, no other medical treatment is needed	/
II	Meet one of the following conditions: • Bites or scratches without significant bleeding • Wounds without significant bleeding or closed but not fully healed wounds that come into contact with animal secretions or excretions	1. Wound clean, Administer rabies vaccine 2. Use rabies passive immunizing agents when necessary	1. Unvaccinated individuals, those receiving their first vaccination, or exposed cases with concurrent immunodeficiency
III	Meet one of the following conditions: • Penetrating skin bites or scratches with clinical presentation of significant bleeding • Open wounds or mucous membranes that come into contact with animal secretions or excretions • Exposure to bats	1. Wound clean 2. Use rabies passive immunizing agents 3. Administer rabies vaccine	1. First-time Category III exposure cases 2. First-time Category III exposure cases who did not receive passive immunization and experience re-exposure within 7 days 3. Re-exposure cases (Category II/III) in HIV clinical-stage patients or hematopoietic stem cell transplant recipients

Note: Rabies passive immunization should also be given to class II exposed persons when its is judged that there are factors affecting the effectiveness of the vaccine, such as severe immunodeficiency.

Rabies antiserum provides immediate and timely protection by neutralizing the rabies virus until the vaccine takes effect. It is derived from immunized human donors or horses. Advances in rabies treatment have led to development of monoclonal antibodies ("**mAbs**"), which offer a promising choice. Among all the therapies, ERIG exhibits great cost performance. High quality and affordable ERIG has significant market potential. Below table shows the costs of HRIG, ERIG and mAb:

	HRIG	ERIG	mAb
Recommended Dosage *(IU/kg*[(1)])	Post-exposure prophylaxis 20	Post-exposure prophylaxis 40	Post-exposure prophylaxis –20
Cost Per Dose *(RMB)*[(2)]	~282.34 500IU/unit	~55 400IU/unit	~600 200IU/unit

Notes:

(1) Amount of IU a patient needs per kg of body weight.

(2) Bid price.

For individuals who have never been vaccinated against rabies, post-exposure prophylaxis should always include both passive immunity products and rabies vaccine, regardless of whether the exposure is through a bite or non-bite injury, as long as no clinical symptoms of rabies are present.

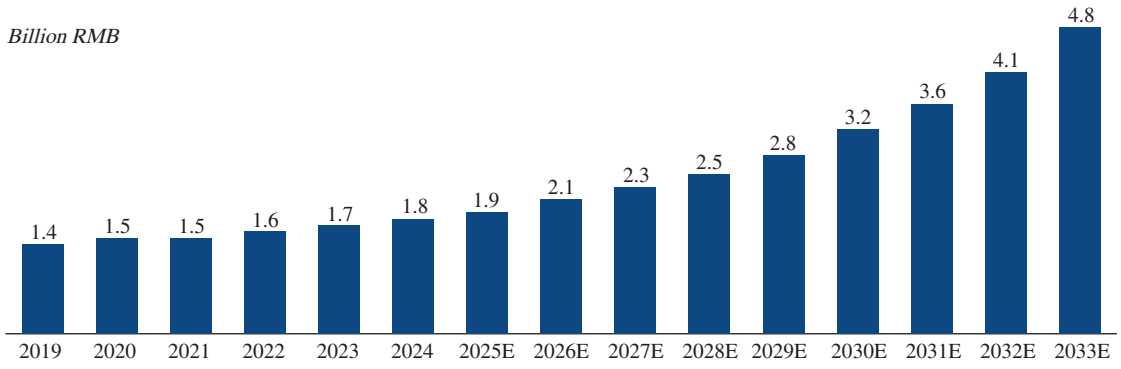
Market Size of Rabies Antiserum

In China, the incidence of Grade III rabies exposure increased from 14.2 million in 2019 to 15.5 million in 2024, with a CAGR of 1.8%. It is projected to reach 16.3 million in 2028 and 17.1 million in 2033, with a CAGR of 1.2% and 1.0%, respectively. Further, among the 15.5 million people experiencing Grade III exposure in 2024, only 11.9% (about 1.5 million) received passive immunization, leaving nearly 14 million unprotected. The market for high-quality rabies antiserum products remains underdeveloped, with an insufficient supply of HRIG to meet demand.

The market of rabies passive immunity products in China grew from RMB1.4 billion in 2019 to RMB1.8 billion in 2024, with a CAGR of 5.4%. It is projected to reach RMB2.5 billion in 2028 and RMB4.8 billion in 2033, with a CAGR of 8.8% from 2024 to 2028 and 13.9% from 2028 to 2033.

Historical and Forecasted Market Size of Chinese Rabies Passive Immunity Products, 2019–2033E

Period	CAGR
2019–2024	5.4%
2024–2028E	8.8%
2028E–2033E	13.9%



Competitive Landscape of Rabies Antiserum

Although three manufacturers in China were approved to produce ERIG, all of them have discontinued commercialization. For HRIG, 20 manufacturers have obtained approval, with six companies accounting for approximately 80% of the total batch release volume in 2024. Below are the marketed passive immunity products and product candidates for rabies in China:

Technical Paths	Manufacturer	NMPA First Approval Date	Commercializing Status
Equine Rabies Antiserum	Lanzhou Biological Products Research Institute Limited Liability Company.	1982-01-01	X
	Wuhan Biological Products Research Institute Co., Ltd.	1982-01-01	X
	Shanghai Serum Biological Technology Co.,Ltd.	2004-09-10	X
HRIG	National Drug Group Wuhan Blood Products Co., Ltd.	1994-01-01	√
	Shenzhen Weiguang Biological Products Co.,Ltd.	2003-01-01	√
	Sichuan Yuanda Shuyang Pharmaceutical Co., Ltd	2005-02-08	√
	Boya Bio-pharmaceutical Group Co.,Ltd.	2005-05-13	√
	Wuhan Zhong Yuan Rui De Biological Products Co.,Ltd	2005-07-08	X
	Shandong Taibang Biologic Group	2005-10-18	√
	Guizhou Taibang Biological Products Co.,Ltd.	2005-12-27	√
	Guangdong Shuanglin Bio-Pharmacy Co,Ltd.	2006-03-24	√
	Guangdong Baiyi Pharmaceutical Co., Ltd	2006-05-10	X
	Guangdong Weilun Biological Pharmaceutical Co., Ltd.	2006-12-12	√
	Emerging pharmaceutical co., LTD., Shanghai	2006-12-30	X
	Hualan Biological Engineering,Inc.	2008-02-22	√
	Shanxi Kangbao Biological Product Co.,Ltd.	2008-12-09	X
	Hunan Ziguang Huhan Nanyue Pharmaceutical Co.,Ltd.	2009-01-01	√
	Tonrol Bio-Pharmaceutical Co.,Limited	2011-07-18	√
	Harbin Pacific Biopharmaceutical Co.,Ltd	2011-08-04	√
	China Pharmaceutical Group Shanghai Blood Products Co., Ltd.	2015-02-10	X
	Hebei Daan Pharmaceutical Co Ltd	2018-05-08	√
	Chengdu Ronsen Pharmaceutical Co., Ltd.	2019-01-09	X
	Hualan Biological Engineering Chongqing Co.,Ltd.	2022-03-29	X

Technical Paths	Generic Name	Manufacturer	NMPA First Approval Date	Commercializing Status
mAb	Ormutivimab	NCPC Genetech Biotechnology Co.,Ltd.	2022-01-25	√
	Zamerovimab and Mazorelvimab	Synermore Biopharmaceutical (Suzhou) Co., Ltd	2024-06-04	√

Technical Paths	Drug Name	Manufacturer	Clinical Stage	First Posted Date
mAbs	GR1801	Genrixbio (Shanghai) Pharmaceutical Technology Co., Ltd	Phase III	2022-09-27
	CBB1	Changchun Bcht Biotechnology Co.	Phase II	2024-07-26
	NM57S/NC08	North China Pharmaceutical Group New Drug R&D Co.,Ltd.	Phase I/II	2020-06-02
	/	Lanzhou Biological Products Research Institute Limited Liability Company.	Phase I	2025-01-10
Equine Rabies Antiserum	/	Yuxi Jozo Biotechnology Co., Ltd	Phase I	2018-07-10

Future Trends of Rabies Antiserum

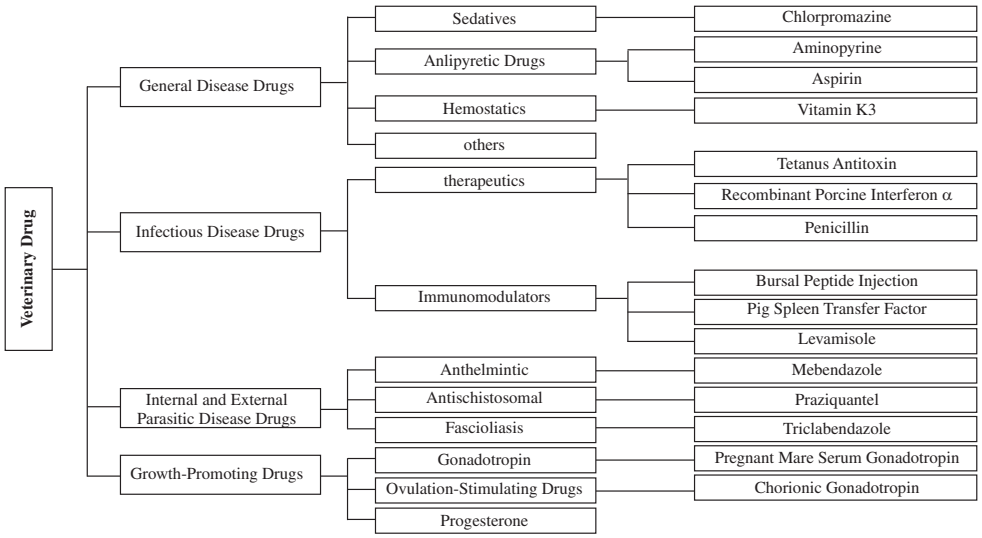
Rabies continues to be a significant global health challenge, imposing an estimated annual economic burden of US$8.6 billion. Despite the availability of effective vaccines and treatments for over a century, the disease remains widespread, particularly in Africa and Asia, where 95% of rabies-related deaths occur due to limited access to vaccines and the high cost of treatment. In response, WHO has launched the "Zero Rabies Deaths by 2030" initiative, emphasizing the need for coordinated global efforts to eliminate disparities in rabies prevention and control. Given that rabies is almost always fatal once symptoms appear, rapid intervention is essential. Unlike vaccines, which take time to trigger an immune response, passive immunity products provide immediate virus-neutralizing protection, making them indispensable in high-risk cases, particularly after severe bites or scratches. However, barriers such as the high cost of HRIG and mAb, inadequate local vaccine production, and the vulnerability of immunocompromised patients to weaker vaccine responses continue to hinder effective treatment. To address these challenges, expanding vaccine production, enhancing accessibility, and optimizing passive immunity products, such as ERIG, are crucial, particularly in resource-limited regions where the burden of rabies remains highest.

VETERINARY PHARMACEUTICAL PRODUCTS MARKET

Definition and Classification

Veterinary pharmaceutical products are used for diagnosing, curing, mitigating, treating, or preventing diseases in animals. The market is primarily divided into biologics and chemical drugs. Veterinary biologics, derived from living organisms, are used across livestock, pets, fish, birds, and wildlife, serving various functions.

By usage, veterinary drugs fall into four categories: general disease drugs, infectious disease prevention and treatment drugs, internal and external parasitic disease drugs, and growth-promotion drugs, as outlined in the chart below:

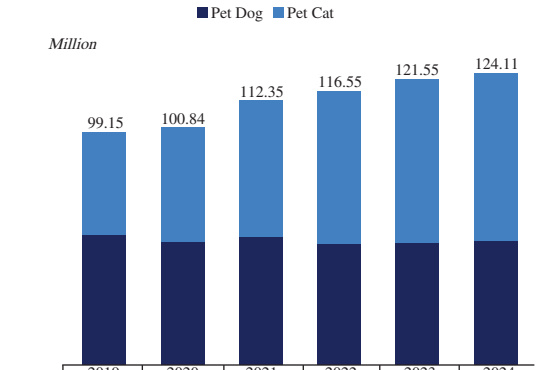


Manufacturing of veterinary disease drugs includes two part, manufacturing of API and formulation, respectively. API production requires high technical standard while formulations are typically manufactured by combining API with excipients and canning and are less technically demanding.

Market Size of Veterinary Pharmaceutical Products

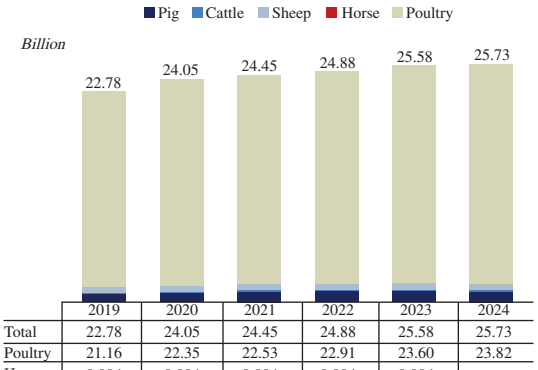
Pet ownership in China has grown significantly, with 71.53 million pet cats and 52.58 million pet dogs in 2024. In terms of livestock, China had 1.13 billion pigs, 150 million cattle, 620 million sheep, and 23.82 billion poultry in 2024. Below set forth number of pets and livestock in China from 2019 to 2024:

Number of Pets in China, 2019–2024



	2019	2020	2021	2022	2023	2024
Total	99.15	100.84	112.35	116.55	121.55	124.11
Pet Cat	44.12	48.62	58.06	65.36	69.80	71.53
Pet Dog	55.03	52.22	54.29	51.19	51.75	52.58

Number of Livestock in China, 2019–2024



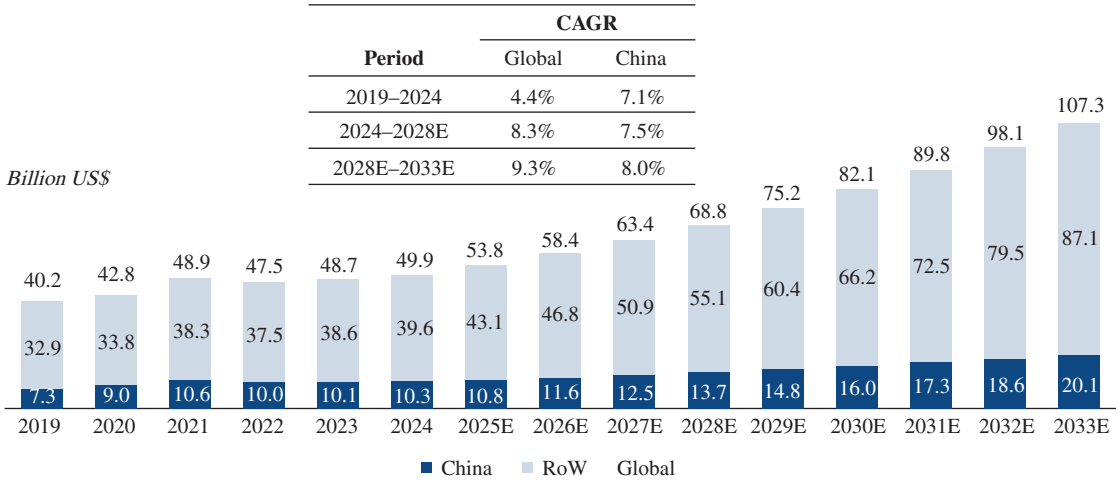
	2019	2020	2021	2022	2023	2024
Total	22.78	24.05	24.45	24.88	25.58	25.73
Poultry	21.16	22.35	22.53	22.91	23.60	23.82
Horse	0.004	0.004	0.004	0.004	0.004	
Sheep	0.62	0.63	0.65	0.66	0.66	0.62
Cattle	0.14	0.14	0.15	0.15	0.16	0.15
Pig	0.85	0.93	1.12	1.15	1.16	1.13

Source: Chinese Veterinary Medical Association, National Bureau of Statistics, Frost & Sullivan Analysis

The global veterinary drug market grew from US$40.2 billion in 2019 to US$49.9 billion in 2024, with a CAGR of 4.4%. It is estimated to further reach US$68.8 billion in 2028, with a CAGR 8.3%, and US$107.3 billion in 2033, with a CAGR 9.3%.

China's veterinary drug market expanded from US$7.3 billion in 2019 to US$10.3 billion in 2024 at a CAGR 7.1%. It is expected to reach US$13.7 billion in 2028 with a CAGR of 7.5% and US$20.1 billion in 2033 with a CAGR 8.0%.

Historical and Forecasted Market Size of Global and China Veterinary Drug, 2019–2033E



Source: Public Information, Expert Interview, Frost & Sullivan Analysis

Application Scenarios of Veterinary Anti-infective Preparations

Veterinary anti-infective preparations, including antiserum and immunomodulators, are pivotal in addressing diverse veterinary challenges through targeted immune modulation and rapid therapeutic action. Their core advantages lie in precision, immediate efficacy, and circumvention of antimicrobial resistance, making them essential for treating viral and bacterial infections and immune modulation.

Market Drivers and Market Trends of Veterinary Pharmaceutical Products

Market Drivers of Veterinary Pharmaceutical Products

- ***Expansion of Husbandry and Companion Animal Industry:*** The growth of livestock and pet industries is driving the global and Chinese veterinary drug markets. In China, annual disposable income surged from RMB30,733 in 2019 to RMB41,314 in 2024, with a CAGR of 7.1%. Rising disposable incomes and changing diets have increased demand for animal products like meat, milk, and eggs, alongside pet ownership expansion.

- ***Technical Advancement and Innovation:*** The overuse of antibiotics has accelerated resistance, posing risks to public health and animal welfare. Veterinary anti-infective and immune-boosting and therapeutic drugs offer a promising alternative, providing the potential for targeted, immune-boosting drugs that reduce infection rate in animals without the indiscriminate use of antibiotics and reduce reliance on traditional antibiotics while maintaining animal health and productivity. Advances in biotechnology have improved potency, safety, and scalability of veterinary pharmaceutical products.

- ***Favorable Policies:*** A number of policies have been adopted in the veterinary pharmaceutical industry to promote healthy industry development. In 2017, WHO recommended that farmers and the food industry stop using antibiotics routinely to promote growth and prevent disease in healthy animals. In China, the Ministry of Agriculture and Rural Affairs has introduced the "National Veterinary Antimicrobial Usage Reduction Action Plan (2021–2025)"《全國獸用抗菌藥使用減量化行動方案 (2021–2025年)》. In 2023, the Bureau of Animal Husbandry and Veterinary Medicine issued the "Notice on Strengthening the Dynamic Management of Compliance Farms for the Reduction of Antimicrobial Use in Veterinary Drugs"《關於加強獸用抗菌藥使用減量化達標養殖場動態管理的通知》, emphasizing the need to strengthen monitoring and conduct re-evaluation of antimicrobial reduction effectiveness in compliant farms. Stricter regulations on veterinary pharmaceutical products, particularly antibiotics, are driving the need for alternative antimicrobial solutions such as immune factor biological products. The updated Veterinary Drug Production Quality Management Standard (GMP) imposes tighter controls on factory construction, personnel qualifications, and quality management, increasing production costs and technical barriers. This has raised production costs and technical thresholds, accelerating the exit of small — scale enterprises and enhancing industry concentration.

Future Trends of Veterinary Pharmaceutical Products

- ***Expansion of Non-Mandatory Immunization Product:*** Non-mandatory immunization products are vaccines and biological agents that are not required under national veterinary immunization programs but are highly recommended for specific diseases or conditions. These products provide additional layers of protection against pathogens that may not be covered by mandatory vaccines. With the diversified demands from the husbandry and companion animal industries, the application of non-mandatory immunization products, such as veterinary tetanus antitoxin and pig spleen transfer factor, will become increasingly common and is expected to experience a rising market trend.

- ***Integration of Industry Chain:*** Rising regulations, sustainability concerns, and emerging diseases are driving greater integration in the veterinary drug industry. China's "14th Five-Year Plan for the Development of the National Livestock and Veterinary Industry" 《「十四五」全國畜牧獸醫行業發展規劃》 encourages collaboration among raw material suppliers, manufacturers, veterinarians, and livestock producers to enhance competitiveness. Strengthening industry partnerships, streamlining operations, and fostering innovation will help address key challenges and unlock new growth opportunities.

- ***More Efficient and Safer Veterinary Biological Products:*** Technological advancements are pushing biological products to the forefront of veterinary medicine as alternatives to antibiotics. With antimicrobial resistance on the rise, vaccines, antisera, immunomodulators and other anti-infective bioproducts are gaining traction for effective disease control. Sustainability is also a focus, leading to innovations such as biodegradable delivery systems and environmentally friendly manufacturing processes.

Veterinary Tetanus Antitoxins Market

Overview of Veterinary Tetanus Antitoxins

Veterinary tetanus antitoxin neutralizes tetanospasmin, the toxin produced by Clostridium tetani, protecting neurological function. Its key applications include:

- ***After-surgery prevention:*** Prevents tetanus infection in animals after surgery, trauma, or birth.

- ***First aid treatment:*** Reduces mortality and complications in infected animals such as horses, cattle, sheep, and dogs.

- ***Periodic protection:*** Recommended for animals in high-risk areas exposed to contaminated environments, among others soil and feces.

Competitive Landscape of Veterinary Tetanus Antitoxins Market

The veterinary tetanus antitoxin market has great potential. The market size of China veterinary tetanus antitoxin increased from USD2.1 million in 2019 to USD2.2 million in 2024 with a CAGR of 1.0%. It is expected to continue to increase to USD9.1 million in 2028 and 24.9 million in 2033 with a CAGR of 42.8% and 22.3% from 2024 to 2028 and from 2028 to 2033 respectively. With increasing sales and marketing and popularity of veterinary tetanus antitoxins, it demonstrates great market potential.

As of the Latest Practicable Date, there were four marketed veterinary antitoxins in China as set in the below table:

Manufacturer	Approved Date	Application
Boenmall Pharmaceutical Co., Ltd	2018–06–15	Prophylactic use to reduce the risk of tetanus infection, as a result of accidental injury or as a preoperative precaution.
Baicheng Zhongmu Veterinary Drugs Co., Ltd.	2023–04–28	
Jilin Wuxing Animal Health Co., Ltd.	2023–11–17	Therapeutic use to enhance recovery rates in animals showing clinical signs of tetanus, when combined with other treatments.
Jilin Heyuan Bioengineering Co., Ltd.	2024–01–18	

Pregnant Mare Serum Gonadotropin (PMSG) Market

PMSG is a glycoprotein hormone secreted by goblet cells in the placenta of pregnant horses, exhibiting dual effects of follicle-stimulating hormone and luteinizing hormone, primarily used to induce estrus, promote follicle development, and superovulation in animals like swine, cattle, sheep, and other animals. Its applications include:

- ***Reproductive management:*** Synchronizes estrus, improves conception rates, and increases the likelihood of multiple births.

- ***Treatment of reproductive disorders:*** Addresses ovarian dysfunction, assists ovulation, and enhances fertility.

The global veterinary PMSG market is expected to increase from US$253.0 million in 2024 to US$306.4 million in 2028 and US$377.2 million in 2033 with a CAGR of 4.9% and 4.2% from 2024 to 2028 and from 2028 to 2033, respectively. The veterinary PMSG market in China is expected to increase from US$71.3 million in 2024 to US$89.9 million in 2028 and US$128.3 million in 2033 with a CAGR of 6.0% and 7.4% from 2024 to 2028 and from 2028 to 2033, respectively.

PMSG API production requires relatively higher technical standard while formulations are typically manufactured by combining PMSG API with excipients and are less technically demanding. As of the Latest Practicable Date, there were eight approved manufacturers of PMSG API in China.

Veterinary Immune-enhancing Pharmaceutical Products Market

Pig Spleen Transfer Factor (TF)

Pig spleen transfer factor is an immunomodulatory substance extracted from pig spleen that is used to enhance the immune function of animals and improve the immune effect of vaccine. It plays a key role in regulating immune tolerance by preventing excessive immune responses that could lead to autoimmune diseases. Its applications include:

- ***Infectious disease prevention:*** Strengthens immunity against common pig diseases like swine fever, swine flu, and circovirus, reducing disease occurrence and spread.

- ***Immunodeficiency treatment:*** Helps restore normal immune function in pigs with weakened immune systems.

- ***Vaccine assistance:*** Serves as an immunostimulant, increasing vaccine effectiveness and antibody levels.

- ***Immunity management:*** Used in large-scale farming to enhance herd immunity, reduce antibiotic use, and improve overall animal health.

As of the Latest Practicable Date, only one company had obtained marketing approval from the Ministry of Agriculture in China for pig spleen transfer factor.

Bursal Peptide Injection

Bursal peptide injection is an immunomodulatory substance derived from the bursa of chickens, a specialized avian lymphoid organ. It enhances innate immunity, promotes cytokine production, inhibits viral replication, clears viruses, and boosts vaccine efficacy. This treatment is applicable to all mammals, including pigs, cattle, and sheep, as well as poultry like chickens.

As of the Latest Practicable Date, there was no bursal peptide injection approved for sale in China and globally.

Recombinant Porcine Interferon-α ("rPoLFN-α")

rPoIFN-α is engineered antiviral proteins that enhance immunity in poultry and swine. rPoIFN-α targets porcine transmissible gastroenteritis.

Over 200 animal infectious diseases and 150 parasitic diseases can spread to humans globally. In China, more than half of the livestock and poultry infectious diseases are zoonotic. While vaccines and antibiotics remain primary treatments, their effectiveness is diminishing due to viral mutations and antibiotic resistance. As innovative antiviral biologics, rPoIFN-α offers strong antiviral efficacy, antitumor properties, and immune regulation. Its safety and residue-free characteristics, together with supporting policies limiting antibiotic use, make it highly promising in the market.

As of the Latest Practicable Date, there was no rPoIFN-α approved for sale in China and globally.

MAJOR RAW MATERIALS AND FUTURE PRICE TREND

Biological specimens such as animal plasma are the raw materials primarily used in the production of antiserum products. Horses and other large mammals are traditionally used due to their ability to produce high volumes of antibodies. Fluctuations in prices of major raw materials such as horses and fodder affect the cost structure and profitability of products. The price of horses has been decreasing since 2019, from around RMB15,000 per unit in 2019 to RMB10,000 per unit in 2024. The primary fodder in China include legumes, bran, grains, and forage grasses. Prices of these materials are currently subject to subtle volatility, influenced by market supply-demand dynamics and climatic conditions, but are projected to remain relatively stable from 2024 to 2029. There are currently no signs of significant fluctuations in horse and feed prices in the foreseeable future.

INDUSTRY OVERVIEW

REPORT COMMISSIONED BY FROST AND SULLIVAN

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the antiserum and veterinary pharmaceutical products market. Frost & Sullivan is an independent global market research and consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking and strategic and market planning for a variety of industries. The contract sum to Frost & Sullivan is RMB780,000 for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the [REDACTED]. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

Regulatory Authorities

The regulatory authorities of the drug industry in the PRC include: NMPA, NHC and NHSA.

The NMPA is an authority under the SAMR and is the primary regulator for medical products. It is primarily responsible for the supervision and management of drugs, medical devices and cosmetics, including drafting relevant regulations and policies; undertaking standard management, registration regulation, quality management and postmarket risk management for drugs, medical devices and cosmetics; and organizing and guiding the supervision and inspection of drugs, medical devices and cosmetics; and undertaking management of qualifications for licensed pharmacists.

The NHC is the primary national regulator for public health. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practice of medical personnel.

The NHSA is an authority directly under the State Council responsible for the management of the healthcare security system. It is primarily responsible for drafting and implementing policies and standards on medical insurance, maternity insurance and medical assistance; supervising and administering the healthcare security funds; organizing the formulation of a uniform medical insurance catalogue and payment standards on drugs, medical disposables and healthcare services; and formulating and supervising the implementation of the bidding and tendering policies for drugs and medical disposables.

The Veterinary Bureau of the Ministry of Agriculture (MOA) and its subordinate veterinary administrative organs at all levels are the competent departments for the industry of veterinary biologicals.

The China Institute of Veterinary Drug Control is responsible for the national supervision and management of veterinary biologicals, which is a business unit directly subordinate to the MOA, while the veterinary drug control agencies of governments at all levels are responsible for the supervision and management of the veterinary biologicals in their own jurisdictions.

The main responsibilities of the China Veterinary Drug Association are to establish an industrial self-disciplinary mechanism, to provide support to governments in refining industrial management, to participate in the revision and publicity of industrial laws, regulations and standards, so as to play a supervisory role in such industry, and among other things.

The Chinese Center for Animal Disease Prevention and Control is responsible for the analysis and handling of nationwide animal epidemics, the prevention and control of major animal diseases, the quality and safety inspection for livestock and poultry products, and the supervision of national animal hygiene, etc.

The China Animal Health and Epidemiology Center is responsible for epidemiological investigation, diagnosis and testing on major animal diseases, veterinary hygiene assessment for animals and animal products, and research on animal health regulations, standards and techniques for disease prevention and control and other work.

Drug research, development and manufacturing enterprises provide pre-clinical research services, including the research on the safety evaluation of drugs. Due to the professionalism and particularity of their service areas, they have a close connection with the development of the pharmaceutical industry. All links such as the research and development, production, distribution and use of drugs are strictly regulated by relevant government departments. The drug regulatory department of the State Council takes charge of the supervision and administration of drugs nationwide. Relevant departments of the State Council are responsible for the supervision and administration of drugs within the scope of their respective functions. The National Medical Products Administration (NMPA) is currently the institution responsible for the full-process supervision and administration of drug research, development, production, distribution, and use. The drug regulatory departments of people's governments of all provinces, autonomous regions and municipalities are responsible for drug supervision and administration within their respective administrative regions.

In 2017, the China Food and Drug Administration (CFDA) revised and issued the Good Laboratory Practice for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) (currently in effect). In 2020, the NMPA revised and issued the Good Clinical Practice (GCP) (《藥物臨床試驗質量管理規範》). These regulations have standardized the non-clinical studies and clinical trials of drugs in China. As institutions involved in drug research, their practice processes must strictly comply with the regulatory requirements set by the NMPA.

As a professional organization engaged in pharmaceutical research and development services, the primary regulatory authority is the NMPA. At the same time, the company mainly provides preclinical research services for drugs, which are primarily conducted through animal experiments. The main regulation applicable to animal experiments is the Regulations for the Administration of Experimental Animals (《實驗動物管理條例》). Therefore, the Ministry of Science and Technology and local science and technology administrative departments are also responsible for relevant regulatory work.

LAWS AND REGULATIONS IN RELATION TO NEW DRUG

Application for New Drug Registration

Drug registration refers to an approval process where the NMPA conducts review of the safety, efficacy and quality controllability of the drugs intended for marketing according to the application for drug registration made by an applicant, and decides whether to approve the application. Pursuant to the provisions of the Measures for the Administration of Drug Registration(《藥品註冊管理辦法》(2020)), promulgated by the SAMR in January 22, 2020 and came into effect in July 1, 2020, the Measures for the Administration of Drug Registration (2020) shall apply to the development, registration, supervision and management activities carried out in the territory of the PRC for marketing of drugs. In accordance with the Measures for the Administration of Drug Registration (2020), drug registration refers to activities where a drug registration applicant files an application and other supplementary applications for clinical drug trial, approval for drug marketing, and re-registration, among others, under the legal procedures and according to the relevant requirements, and that the medical products administrative department examines the safety, effectiveness, and quality controllability based on the laws and regulations, and the existing scientific cognitions, to decide whether to agree with the activities applied for. A drug registration certificate shall be valid for five years. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

Non-Clinical Research and Animal Testing

The non-clinical safety assessment of drugs for marketing approval shall be conducted in accordance with the Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) promulgated by the State Food and Drug Administration (the "**SFDA**") in August 2003 and last amended by SFDA in July 2017 and came into effect on September 1, 2017. The SFDA promulgated the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範認證管理辦法》) in April 2007, which specified the requirements for institutions applying for Good Laboratory Practices for Non-clinical Laboratory Studies (GLP). On January 19, 2023, the NMPA revised the Administrative Measures for the Certification of Good Laboratory Practices for Non-clinical Laboratory Studies, which has been in effect since July 1, 2023.

According to the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) promulgated by the State Science and Technology Commission in November 1988 and lastly amended in March 2017 by the State Council, the Administration Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision in December 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) (《實驗動物許可證管理辦法(試行)》) promulgated by the Ministry of Science and Technology and other regulatory authorities in December 2001 and came into effect in January 2002,

experimental animals and related products requires a Certificate for Production of Laboratory Animals. A Certificate for Production of Laboratory Animals shall be valid for five years, and the holder shall apply for renewal six months prior to the expiry of the validity period. The Certificate for Production of Laboratory Animals shall be subject to annual inspection by the local Science & Technology Department (Commission, Bureau).

Application for Clinical Trial

After completing the pre-clinical studies, the applicant must obtain approval for drug clinical trials from the NMPA before the conduction of new clinical drug trials. According to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA on March 17, 2017 and came into effect on May 1, 2017, the decision on the approval of clinical trials of drugs enacted by the CFDA can be made by the Center for Drug Evaluation from May 1, 2017. Pursuant to the Drug Administration Law of the PRC (the "**Drug Administration Law**") (《中華人民共和國藥品管理法》), the dossier on a new drug research and development, including the manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, information and the samples, shall, in accordance with the regulations of the drug regulatory authority under the State Council be truthfully submitted to the said department for approval before clinical drug trial is conducted.

The drug regulatory authority under the State Council shall decide whether to approve the clinical trial application and notify the decision to the clinical trial applicant within sixty (60) business days from the date of accepting the clinical trial application. If the drug regulatory authority under the State Council fails to do so, the clinical trial application shall be deemed approval, and if the bioequivalence test is conducted, it shall be reported to the drug regulatory authority under the State Council for filing.

Before conducting the clinical trial, the applicant shall file a series of detailed documents with the NMPA. According to the Announcement on Drug Clinical Trial Information Platform (《關於藥物臨床試驗信息平台的公告》), which came into effect in September 2013, and the Standard for the Management of Drug Clinical Trial Registration and Information Disclosure (Trial) (《藥物臨床試驗登記與信息公示管理規範(試行)》), which came into effect in July 2020, all clinical trials approved by the NMPA and conducted in the PRC shall complete the clinical trial registration and information disclosure on the Drug Clinical Trial Information Platform. The applicant must complete the initial registration of the trial within one month after obtaining the approval of the clinical trial to obtain the unique registration number of the trial; and complete the subsequent data registration before the first subject is enrolled and submit it for initial disclosure.

After obtaining clinical trial approval, the applicant shall choose institutions qualified for clinical trials of the drug to conduct clinical trials. Pursuant to the Administrative Regulations for Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect in December 2019, if engaging in drug development activities and conducting clinical trials of drugs (including bioequivalence test conducted after filing) approved by the NMPA within the territory of the PRC, they shall be conducted in the Drug Clinical Trial Institutions. Drug clinical trial institutions shall be subject to filing administration. Institutions that only engage in analysis of biological samples related to drug clinical trials shall not be subject to filing. The national drug regulatory authority is responsible for setting up a filing management information platform for drug clinical trial institutions for registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information on supervision and inspection of the drug regulatory authority and competent healthcare authority.

Conduct Clinical Trial

In compliance with the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), clinical trials are divided into Phase 1, Phase 2, Phase 3, Phase 4 and bioequivalence trial:

A clinical drug trial to be carried out shall be examined and approved by the ethics committee. The management of drugs used in a clinical drug trial shall satisfy the relevant requirements of the GCP. A sponsor approved to carry out clinical drug trial shall, before carrying out subsequent clinical drug trial by stages, develop corresponding plan for clinical drug trial, carry out clinical drug trial upon examination and with consent of the ethics committee, and submit corresponding plan for clinical drug trial and supporting materials on the website of the CDE.

Clinical trials shall be conducted for the application of new drug registration and shall be implemented in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》), promulgated by the NMPA and NHC and came into effect on July 1, 2020.

The Good Clinical Practice for Drug Trials stipulates the criteria for the entire procedure of the clinical trial including pre-clinical trial preparation and the necessary conditions, protection of subjects' rights and interests, trial protocols, duties of researchers, duties of sponsors, duties of monitors, trial record and report, data management and statistical analysis, administration of drug products for trial, guarantee for quality, polycentric trials, with reference to the internationally recognized principles.

According to the Announcement of the National Medical Products Administration on Adjusting the Review and Approval Procedures for Drug Clinical Trials (《國家藥品監督管理局關於調整藥物臨床試驗審評審批程序的公告》), if a new drug clinical trial has been approved to be carried out, after the completion of Phase 1 and Phase 2 clinical trials and before the implementation of Phase 3 clinical trials, the applicant shall submit an application for a communication meeting to the CDE to discuss with the CDE on key technical issues including the design of the phase 3 clinical trial. The applicant can also apply for communication on key technical issues at different stages of clinical research and development.

According to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》, applicants could communicate with the CDE the key issues before applying for drug clinical trials, through the clinical trials, before applying for marketing authorization, or during other key stages. According to the Administrative Measures for Communication on the Research, Development and Technical Evaluation of Drugs (《藥物研發與技術審評溝通交流管理辦法》), promulgated by the CDE on December 10, 2020, during the research and development periods and in the registration applications of drugs, the applicants may propose to conduct the communication session with the CDE. The communication session can be classified into three types. Type 1 meetings are convened to address key safety issues in clinical trials of drugs and key technical issues in the research and development of breakthrough therapeutic drugs. Type 2 meetings are held during the key research and development periods of drugs, mainly including meetings before the Investigational New Drug application (the "IND"), meetings upon the completion of Phase 2 trials and before the commencement of Phase 3 trials, meetings before submitting a marketing application for a new drug, and meetings for risk evaluation and control. Type 3 meetings refer to meetings not classified as Type 1 or Type 2.

New Drug Application

Pursuant to the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》), after completing the pharmaceutical research, pharmacological and toxicological research, clinical drug trial, and other researches supporting the marketing registration of a drug, determining the quality standards, completing the verification of commercial large-scale production process, and making sound preparation for the acceptance of drug registration inspection and examination, an applicant shall file an application for drug marketing authorization, and submit relevant research materials in accordance with the requirements of the application materials. After the formal examination of the application materials, an application that satisfies the requirements shall be accepted. Where a generic drug, in vitro diagnostic reagent managed as a drug, and other eligible circumstance assessed by an applicant to be unnecessary or impossible for conducting clinical drug trial and meeting the conditions for exempting clinical drug trial, the applicant may directly file an application for drug marketing authorization. The technical guiding principles and relevant specific requirements for exempting clinical drug trial shall be developed and announced by the CDE.

The CDE shall organize pharmaceutical, medical and other technical personnel to evaluate the accepted applications for drug marketing authorization as required. Where the comprehensive evaluation conclusion is adopted, the drug shall be approved for marketing, and a drug registration certificate shall be issued. If the comprehensive evaluation conclusion is not adopted, a disapproval decision shall be made. A drug registration certificate shall specify the drug approval number, holder, manufacturer and other information.

Drug registration inspection means the inspection activities carried out for the development sites and production sites for verifying the authenticity and consistency of the application materials and the commercial production conditions for marketing of drugs, and examining the compliance of drug development, and data reliability, among others, and the extended examination activities carried out for manufacturers, suppliers, or other entrusted institutions of chemical API, auxiliary materials, and packaging materials and containers in direct contact with drugs involved in the application for drug registration, if necessary.

The CDE shall decide whether to carry out on-site inspection of drug registration development based on risks, according to the degree of drug innovation and the previous acceptance of inspection by drug research institutions.

The CDE shall decide whether to initiate production site inspection for drug registration based on risks according to the factors such as variety, process, facility, and previous acceptance of inspection for which an application is filed for registration. For innovative drugs, new modified drugs and biological products, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted. For generic drugs, production site inspection for drug registration and pre-marketing examination for management standards for drug production quality shall be conducted based on the risks, according to whether a drug production license for the corresponding production scope has been obtained and whether a variety of the same dosage form has been marketed.

After an application for drug registration is accepted, the CDE shall conduct preliminary examination within forty (40) working days of acceptance, notify the Centre for Food and Drug Inspection of the NMPA (the "**CFDI**") of organizing inspection and provide the relevant materials required for inspection, where production site inspection for drug registration is required, and concurrently notify the applicant and the medical products administrative department of the province, autonomous region, or municipality in the place where the applicant or production enterprise is located. In principle, the CFDI shall complete the inspection work forty (40) working days prior to the expiry of the time limit for inspection, and report the inspection information, inspection results and other relevant materials to CDE.

Drug registration examination shall include standard review and sample examination. Standard review means the laboratory assessment of the scientificity of the items set in the standards for the drug for which the applicant applies, the feasibility of the test methods, and the rationality of quality control indicators, among others. Sample examination means the laboratory examination carried out for samples according to the application of the applicant or the drug quality standards verified by the CDE.

The review period for an application for drug marketing authorisation shall be two hundred (200) working days. Within this period, the review period for the procedures for prioritized review and approval shall be one hundred thirty (130) working days, and the review period for the procedures for prioritized review and approval for clinically and urgently needed overseas-marketed drug for a rare disease shall be seventy (70) working days.

The following duration shall be excluded from the relevant work period: (i) time taken for the applicant to provide supplementary materials, to make correction upon examination as well as to verify manufacturing process, quality standards and literature in accordance with the requirements; (ii) delay in examination or inspection due to reason of the applicant, time taken for organizing expert advisory meetings; (iii) the suspended duration in the event of suspension of review and approval procedures pursuant to the provisions of laws and regulations; and (iv) time taken for overseas examination where such overseas examination is activated.

Reform of Evaluation and Approval System for Drugs

In August 2015, the State Council promulgated the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment (《關於改革藥品醫療器械審評審批制度的意見》) (the "**Reform Opinions**"), which provides a framework for reforming the evaluation and approval system for drugs and indicates enhancing the standard of approval for drug registration and accelerating the evaluation and approval process for innovative drugs.

In November 2015, the CFDA promulgated the Announcement on Certain Policies for Drug Registration, Evaluation and Approval (《關於藥品註冊審評審批若干政策的公告》) (the "**Certain Policies Announcement**"), which further clarified the measures and policies on simplifying and accelerating the approval process on the basis of the Reform Opinions.

Pursuant to the Decision on Adjusting the Approval Procedures of Certain Administrative Approval Items for Drugs (《關於調整部分藥品行政審批事項審批程序的決定》) promulgated by the CFDA in March 2017 and came into effect in May 2017, the clinical trial approval decisions on drugs (including domestically produced and imported drugs) can be directly made by the CDE in the name of the CFDA, decisions on approval of drug supplementary applications (including domestically produced and imported drugs) and decisions on approval of re-registration of imported drugs.

The Evaluation and Approval Procedures for Breakthrough Therapeutic Drugs (Trial) (《突破性治療藥物審評工作程序(試行)》), the Evaluation and Approval Procedures for Conditionally Approved Drugs (Trial) (《藥品附條件批准上市申請審評審批工作程序(試行)》) and The Preferential Evaluation and Approval Procedures for Drug Marketing Authorisation (Trial) (《藥品上市許可優先審評審批工作程序(試行)》) promulgated by the NMPA in July 2020 and came into effect in July 2020, replaced the Opinions on Implementing Priority Review and Approval to Encourage Drug Innovation (《關於鼓勵藥品創新實行優先審評審批的意見》) promulgated by the CFDA in December 2017 and came into effect in December 2017, and further clarified the accelerated registration procedures for drugs.

Administrative Protection and Monitoring Periods for New Drugs

According to the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) issued on March 2, 2019 and the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued on March 4, 2016, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not approve any other enterprises' applications to manufacture or import the said drug.

Regulations relating to International Multi-Center Clinical Trials and Acceptance of Overseas Clinical Trial Data

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Trial) (《關於發佈國際多中心藥物臨床試驗指南(試行)的通告》), (the "**Multi-Center Clinical Trial Guidelines**"), promulgated by the CFDA on January 30, 2015 and came into effect from March 1, 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers based on the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the Drug Administration Law (《藥品管理法》), the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) and the Administrative Measures for Drug Registration(《藥品註冊管理辦法》), implement the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) (GCP) of the PRC, make reference to universal international principles such as ICH, and comply with the corresponding laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived of the international multi-center clinical trials for a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and other relevant laws and regulations.

According to the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices, the clinical trial data obtained from overseas multi-centers can be used to apply for registration in China if they meet the relevant requirements for the registration of drugs and medical devices in China.

According to the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs (《接受藥品境外臨床試驗數據的技術指導原則》) promulgated by the NMPA on July 6, 2018, the basic principles for accepting overseas clinical trial data include: (i) applicants shall ensure the authenticity, integrity, accuracy and trace-ability of overseas clinical trial data; (ii) the process of generating overseas clinical trial data shall comply with the relevant requirements of the ICH-GCP; (iii) applicants shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system with the requirements, and the accuracy and integrity of statistical analysis of data; and (iv) to ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for the drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the applicants may, prior to implementing registrational clinical trials, communicate with CDE to ensure the compliance of registrational clinical trial's design with the essential technical requirements for drug registration in China.

Marketing Authorisation Holder System

Pursuant to the Drug Administration Law (《藥品管理法》) and the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), the State implements the drug marketing authorisation holder system for drug management. After obtaining a drug registration certificate, an applicant shall become the drug marketing authorization holder. During the validity period, a holder of a drug registration certificate shall continue to ensure the safety, effectiveness and quality controllability of the marketed drug, and apply for re-registration of the drug six months prior to the expiry of the validity period.

The drug marketing authorisation holder (the "**Holder(s)**") shall proactively carry out post-marketing research on drugs, further confirm the safety, effectiveness and quality controllability of drugs, and strengthen the continuous management of marketed drugs. Where a drug registration certificate and its annex require the marketing authorisation holder to carry out relevant research work after the drug is marketed, the marketing authorisation holder shall complete the research within the prescribed time limit and submit a supplementary application, filing or report as required. After a drug is approved for marketing, the marketing authorisation holder shall continue to conduct research on drug safety and effectiveness, file for record in a timely manner or submit a supplementary application for revising the instructions according to the relevant data, and continuously update and improve the instructions and labels. According to the duties, the medical products administrative department may require the marketing authorisation holder to revise the instructions and labels based on the monitoring of adverse drug reactions and the post-marketing re-evaluation results of the drug.

The marketing authorisation holder shall apply for re-registration six months prior to the expiry of the validity period of the drug registration certificate. An application for re-registration of a domestically produced drug shall be filed by the marketing authorization holder with the medical products administrative department of the province, autonomous region, or municipality directly under the Central Government, and an application for re-registration of a drug produced overseas shall be filed by the marketing authorisation holder with the Center for Drug Evaluation.

China's National Reimbursement Drug List

Participants in the National Health Insurance Scheme and their employers (if any) have to pay a monthly premium. Participants may reimbursed for all or part of the cost of medicines included in the medical insurance catalogue. The Notice Regarding the Tentative Measures for the Administration of the Scope of Basic Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《關於印發〈城鎮職工基本醫療保險用藥範圍管理暫行辦法〉的通知》)(or the Medical Insurance Notice (《醫保通知》)), jointly issued by the Ministry of Labour and Social Security of the People's Republic of China and the National Development and Reform Commission and other governmental departments on May 12, 1999, stipulates that the medicines included in the medical insurance catalogue should be clinically necessary, safe and effective, reasonably priced, convenient to use and the supply of which can be guaranteed by the market.

The National Reimbursement Drug List for Basic Medical Insurance, Work Injury Insurance and Maternity Insurance (《國家基本醫療保險、工傷保險和生育保險藥品目錄》) sets out the standards for payment of medicines by the basic medical insurance, work injury insurance and maternity insurance funds. The National Healthcare Security Administration and other governmental departments have the authority to determine the drugs to be included in the NRDL. Drugs listed in the NRDL are divided into Class A and Class B. Class A drugs are those that are widely used in clinical treatment, have favourable efficacy, and are relatively low in price among counterparts, while Class B drugs are those that can be selectively used in clinical treatment, have favourable efficacy, and are slightly higher in price than Class A drugs among counterparts.

The National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC released the latest NRDL on November 28, 2024, and came into effect on January 1, 2025, which expands the coverage of drugs to a total of 3,159. Inclusion in the NRDL will generally result in increased sales volume and lower drug prices (which are determined on specific circumstances and subject to negotiations based on factors such as the initial price of the drug).

On July 30, 2020, the National Healthcare Security Administration issued the Provisional Measures for the Administration of Medicines for Basic Medical Insurance (《基本醫療保險用藥管理暫行辦法》) ("**Measures for the Administration of the NRDL**"), which came into effect on September 1, 2020. The Measures for the Administration of the NRDL provides guidance on the determination and adjustment of the NRDL and the payment, management and supervision of drugs used in basic medical insurance. According to the Measures for the Administration of the NRDL, a dynamic adjustment mechanism shall be established for the NRDL, which shall be adjusted annually in principle.

National Essential Drug List (2018 Edition)

The Essential Drug are those adapted to the basic medical and health needs, and are featured by appropriate dosage and form as well as reasonable price and supply and availability are guaranteed to the public. It is also the basis for medical institutions at all levels to prepare and use drugs. The national essential medicine system is the foundation of the drug supply guarantee system and an important component of basic public services in the healthcare sector. The National Health Commission and the National Administration of Traditional Chinese Medicine issued a notice on September 30, 2018, regarding the publication of the National Essential Drug List (2018 Edition) (《國家基本藥物目錄(2018年版)) and came into effect on November 1, 2018).

Emergency (Critical) Drug Procurement and Supply System

The Notice on the Emergency (Critical) Drug Procurement and Supply issued by the Office of the National Health and Family Planning Commission and Family Planning Commission and the General Office of the State Administration of Traditional Chinese Medicine (《國家衛生計生委辦公廳、國家中醫藥管理局辦公室關於做好急(搶)救藥品採購供應工作的通知》) on January 6, 2015, stipulates the scope of emergency (critical) drugs, the online procurement of emergency (critical) drugs, and the supply guarantee mechanism for emergency (critical) drugs.

Gathering, Collection and Filing of Human Genetic Resources

The Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》) sets out rules for the effective protection and rational use of human genetic resources in China. Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit Approval of Human Genetic Resources (《人類遺傳資源採集、收集、買賣、出口、出境審批行政許可事項服務指南》) promulgated by the Ministry of Science and Technology in July 2015 and the Notice on the Implementation of the Administrative License for the Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《關於實施人類遺傳資源採集、收集、買賣、出口、出境行政許可的通知》) promulgated by the Ministry of Science and Technology in August 2015, foreign-invested sponsor who gather and collect human genetic resources through clinical trials should file a record with the China Human Genetic Resources Management Office through an online system. The Ministry of Science and Technology promulgated the Notice on Optimizing the Administrative Examination and Approval Process of Human Genetic Resources (《關於優化人類遺傳資源行政審批流程的通知》) in October 2017 (and came into effect in December 2017), which has simplified the approval

which simplified the approval for utilizing human genetic resources to obtain the marketing license of a drug in the PRC. The Ministry of Science and Technology issued the Notice on Updating the Service Guidelines, Filing, and Pre-reporting Scope and Procedures for Administrative Licensing Matters Concerning Human Genetic Resources on July 14, 2023 (effective from July 14, 2023), which further refines the approval process for the collection and gathering of human genetic resources required for the marketing of drugs in China.

Pursuant to the Regulations on the Management of Human Genetic Resources of the People's Republic of China (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council in May 2019, newly revised in March 2024, and came into effect on May 1, 2024, the state supports the rational use of human genetic resources for scientific research, development of the biomedical industry, improvement of diagnosis and treatment technology, improvement of China's ability to guarantee biosafety and improvement of the level of people's health. Foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese human genetic resources in China, or provide Chinese human genetic resources to foreign countries. In addition, the gathering, preservation, utilization and external provision of Chinese human genetic resources shall (i) conform to ethical principles and conduct ethical review in accordance with relevant national regulations; (ii) respect privacy rights of providers of human genetic resources, obtain their prior informed consent, and protect their legitimate rights; (iii) abide by the technical specifications formulated by the competent health department under the State Council.

On October 17, 2020, SCNPC promulgated Biosecurity Law of the People's Republic of China (《中華人民共和國生物安全法》), which was lastly revised and came into effect on April 26, 2024. This Biosecurity Law (《生物安全法》) establishes a comprehensive legislative framework for the pre-existing regulations in such areas as epidemic control of infectious diseases for humans, animals and plants; research, development, and application of biology technology; biosecurity management of pathogenic microbe laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons. As per this Biosecurity Law, high-risk and medium-risk biotechnology research and development activities shall be conducted by legal entities established within the territory of China, with approval obtained or a filing completed in accordance with the law. The establishment of pathogenic microorganism laboratories shall be subject to approval or record-filing requirements in accordance with the law. In addition, (i) collecting human genetic resources of important genetic families or specific areas in China, or collecting human genetic resources of which the types and quantities are subject to provisions of the competent health department under the State Council; (ii) preserving China's human genetic resources; (iii) using China's human genetic resources to carry out international scientific research cooperation; or (iv) transporting, mailing, and carrying China's human genetic resource materials out of the country shall subject to approval of the competent health department.

On May 26, 2023, the Ministry of Science and Technology promulgated the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》) (the "**Implementation Rules**"), which came into effect on July 1, 2023. The Implementation Rules further provide detailed implementation regulations for the management of human genetic resources in China, including the following contents:

Clarifying the scope of human genetic resource information, which shall include information resources generated from human genetic resource materials (such as human genes and genome data) and exclude clinical data, image data, protein data and metabolic data;

Clarifying the criteria to constitute foreign organizations, which shall include (i) any foreign organization or individual that holds directly or indirectly more than 50% of the shares, equity interests, voting rights, property shares or other interests in the institution; (ii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through its voting right or other interests, although the shares, equity interests, voting rights, property share or other interests it directly or indirectly holds in the institution is less than 50%; (iii) any foreign organization or individual that is able to dominate or have material effect on the decision-making or management of the institution through investment relationship, contract or other arrangement; and (iv) other situations stipulated by laws, administrative regulations and rules;

Enumerating the situations where security review may be required, which shall include: (i) human genetic resource information of important genetic families; (ii) human genetic resources information of specific regions; (iii) exome sequencing and genome sequencing information resources with a population greater than 500 cases; and (iv) other situation that may affect the public health, national security and social public interest of China.

Good Clinical Practice Certification and Compliance with the Good Clinical Practice (GCP)

To improve the quality of clinical trials, the NMPA and NHC promulgated the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) in April 2020 and came into effect on July 1, 2020, which aims to ensure that the clinical trials of drugs are standardized and the results are scientific and reliable, protecting the rights and safety of subjects. Pursuant to the Opinions on Deepening the Reform of the Review and Approval Systems to Encourage Innovation of Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》) promulgated by the general offices of the Chinese Communist Party Central Committee and the State Council in October 2017, the qualification of clinical trial institutions shall be subject to filing management. Clinical trials should follow GCP and protocols approved by the ethics committee of each research center.

LAWS AND REGULATIONS IN RELATION TO DRUG MANUFACTURING ENTERPRISES

Drug Manufacturing Permit

Pursuant to the Drug Administration Law (《藥品管理法》) promulgated by the SCNPC in September 1984 and lastly revised in August 2019 and came into effect in December 2019, the State adopts an industry entry permit system for drug manufacturers. Engaging in drug manufacturing activities shall be approved and obtained a Drug Manufacturing License (《藥品生產許可證》) by the drug regulatory authority of the people's government at provincial, autonomous regional or municipalities direct under the central government level. The Drug Manufacturing License shall indicate the validity period and the scope of production, and shall be reviewed for renewing upon expiration.

Good Manufacturing Practices

Prior to December 1, 2019, the establishment of a new drug manufacturer, construction of new production premise for a drug manufacturer or production of new dosage form are required to submit application for Good Manufacturing Practice certification (GMP certification) with the drug regulatory authority in accordance with the provisions. If the Good Manufacturing Practices are satisfied, a GMP certificate will be issued. Pursuant to the Announcement on the Relevant Issues Concerning the Implementation of the Drug Administration Law of the PRC (《關於貫徹實施〈中華人民共和國藥品管理法〉有關事項的公告》), promulgated by the NMPA on November 29, 2019, and the Drug Administration Law, the GMP and Good Supply Practice (GSP) certifications have been cancelled, applications for GMP and GSP certifications are no longer accepted, and GMP and GSP certificates are no longer issued. When engaging in drug manufacturing activities, a manufacturer shall comply with the GMP and establish a sound GMP management system, to ensure that the entire process of drug manufacturing maintain to meet the statutory requirements, and meet the GMP requirements enacted by the drug regulatory authority under the State Council in accordance with the law. The legal representative of and principal person in charge of a drug manufacturer are fully responsible for the drug manufacturing activities of the enterprise.

The Good Manufacturing Practices (《藥品生產質量管理規範》), promulgated by the Ministry of Health of the People's Republic of China (the "**MOH**", now known as the NHC) in March 1988, newly revised in January 2011 and came into effect on March 1, 2011, provided guidance for the quality management, organization and staffing, production premises and facilities, equipment, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product delivery and recalls of a drug manufacturer in a systematical manner.

LAWS AND REGULATIONS IN RELATION TO DRUG OPERATION

As required by Drug Administration Law, operation of drug business, including drug wholesale and drug retail, is prohibited without a Drug Distribution License. A Drug Distribution License shall state the validity period and the scope of business and be subject to review for renewing upon expiration.

According to the Measures for Quality Supervision and Administration of Distribution and Use of Medicinal Products (《藥品經營和使用質量監督管理辦法》), which came into effect on January 1, 2024, the Drug Distribution License is valid for five years. The holder of the Drug Distribution License shall apply for renewal within the period of six months to two months prior to the expiration of the validity period.

The Good Supply Practice (《藥品經營質量管理規範》) ("**GSP Rules**") was lastly revised and came into effect on July 13, 2016. The GSP Rules are the fundamental guidelines for drug distribution management and apply to enterprises engaged in drug distribution within China. They require drug distribution enterprises to implement strict controls over the drugs they handle, including standards related to employee qualifications, business premises, warehouses, inspection equipment and facilities, management, and quality control. Pursuant to the Drug Administration Law, drug distribution enterprises no longer require GSP certification, but they must still comply with the GSP Rules.

OTHER LAWS AND REGULATIONS IN RELATION TO MEDICAL INDUSTRY

Basic Medical Insurance Policy

Pursuant to the Decision on the Establishment of the Urban Employee Basic Medical Insurance Programme (《關於建立城鎮職工基本醫療保險制度的決定》) promulgated by the State Council on December 14, 1998 and the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》) promulgated by the NDRC, the CFDA and other authorities, came into effect on May 12, 1999, all employers in cities and towns, including enterprises(state-owned enterprises, collective enterprises, foreign-invested enterprises, private enterprises, etc.), institutions, public institutions, social organizations, private non-enterprise units and their employees are required to participate in basic medical insurance. Pursuant to the Guiding Opinions on the Pilot of Basic Medical Insurance for Urban Residents (《關於開展城鎮居民基本醫療保險試點的指導意見》) promulgated by the State Council on July 10, 2007, urban residents (not urban employees) in the pilot areas can voluntarily participate in the basic medical insurance for urban residents. Pursuant to the Opinions of the State Council on the Integration of the Basic Medical Insurance System for Urban and Rural Residents (《國務院關於整合城鄉居民基本醫療保險制度的意見》) promulgated by the State Council on January 3, 2016, a unified basic medical insurance system for urban and rural residents was established, including the existing urban resident basic medical insurance certificate and all the insured personnel of New Rural Cooperative Medical System, covering all urban and rural residents except those who should be covered by the employee's basic medical insurance.

Medical Insurance Catalogue

Pursuant to the Tentative Measures for the Administration of the Scope of Medical Insurance Coverage for Pharmaceutical Products for Urban Employee (《城鎮職工基本醫療保險用藥範圍管理暫行辦法》), the scope of medical insurance coverage for pharmaceutical products needs to be managed through the formulation of the Medical Insurance Catalogue. A pharmaceutical product listed in the Medical Insurance Catalogue must be clinically needed, safe, effective, reasonably priced, easy to use, available in sufficient quantity, and must meet the following requirements: it is set forth in the Pharmacopoeia of the PRC (current edition) (《中華人民共和國藥典》(現行版)); it meets the standards promulgated by the NMPA; and if imported, it is approved by the NMPA for import. According to the Opinions of the National Healthcare Security Administration and the Ministry of Finance on the Establishment of the Medical Insurance Treatment List System (《國家醫保局、財政部關於建立醫療保障待遇清單制度的意見》), which came into effect in January 2021, all regions shall strictly comply with the National Basic Medical Insurance Drugs Catalogue, and shall not formulate the catalogue by themselves or use any means to add drugs to the catalogue, or adjust the limited payment scope of drugs in the catalogue, unless expressly provided by the State. After several adjustments, the currently effective Medical Insurance Catalogue (《醫療保險目錄》) is the National Drug Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance (2024) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年)》), which came into effect on January 1, 2025.

Drug Price

Pursuant to the Drug Administration Law, for drug products with market-regulated prices in accordance with the law, the drug marketing authorization holder, the drug manufacturer, the drug distributor and medical institution shall determine the price pursuant to the principles of fairness, reasonableness, integrity and trustworthiness as well as quality for value in order to supply drug users with reasonably priced drug products; and shall comply with the requirements relating to drug price administration promulgated by the State Council's pricing authorities, determine and clearly mark the retail prices of drug products. Pursuant to the Notice on Issuing Opinions on Promoting Drug Price Reform (《關於印發〈推進藥品價格改革意見〉的通知》) jointly promulgated by NDRC, NHC, the Ministry of Human Resources and Social Security, Ministry of Industry and Information Technology (the "**MIIT**"), the Ministry of Finance, the MOFCOM and the CFDA on May 4, 2015, which came into effect on June 1, 2015. From June 1, 2015, except for narcotic drugs and first-class psychotropic drugs, the price of drugs set by the government will be cancelled.

Drug Purchases by Hospitals

According to the Guiding Opinions concerning the Urban Medical and Health System Reform (《關於城鎮醫藥衛生體制改革的指導意見》) promulgated and came into effect on February 16, 2000, and the Opinions on the Implementation of Classification Management of Urban Medical Institutions (《關於城鎮醫療機構分類管理的實施意見》) promulgated on July 18, 2000 and came into effect on September 1, 2000, a medical institution must be defined as a for-profit or not-for-profit institution at the time of its establishment. A not-for-profit medical institution refers to a medical institution established for the purpose of public interest services, which maintains and develops the institution with its income, while a for-profit medical institution is established by investors for the purpose of investment return. The PRC government has not established any for-profit medical institutions, while non-government entities may establish for-profit medical institutions. Under PRC law, any not-for-profit medical institution must use a centralized tender system to purchase any pharmaceutical products, while any for-profit medical institution is not required to use such system.

According to the Notice on the Trial Implementation of the Centralized Tender with Respect to Drug Purchases by Medical Institutions (《關於印發醫療機構藥品集中招標採購試點工作若干規定的通知》) promulgated and came into effect on July 7, 2000, the Notice on the Further Standardizing of the Centralized Tender with respect to Drug Purchases By Medical Institutions (《關於進一步做好醫療機構藥品集中招標採購工作的通知》) promulgated and came into effect on August 8, 2001 and the Opinions concerning Further Regulating Drug Purchases by Medical Institutions through Centralized Tendering (《關於進一步規範醫療機構藥品集中採購工作的意見》) promulgated and came into effect on January 17, 2009, any not-for-profit medical institutions established and/or controlled by any government at the county level or above must use a centralized tender system for the procurement of drugs which are listed in the Catalogue of Drugs for National Basic Medical Insurance(《國家基本醫療保險藥品目錄》) and are generally for clinical use and bulk purchase.

The Circular on the Good Practice of Medical Institutions with respect to Centralized Procurement of Drugs (《醫療機構藥品集中採購工作規範》) promulgated and was effective on July 7, 2010, provides stipulations in detail in respect of the catalog for centralized procurement and methods, procedures, evaluators, expert database construction and management of drugs, further regulating the centralized drug procurement and clarifying the code of conduct on the part of purchasing parties. According to the Good Practice of Medical Institutions with respect to Centralized Procurement of Drugs, any non-profit-making medical institutions established by the government at the county level or above or state-owned enterprises (including state-holding enterprises) must participate in the centralized drugs procurement activities of medical institutions. The centralized procurement management authority at provincial (municipal or district) level is responsible for compiling the catalog of centralized drugs procurement by medical institutions within its own administrative region, and narcotic drugs and first class psychoactive drugs with respect to which the special administration is carried out by the state are not included in such catalog for centralized drugs procurement; second class

psychoactive drugs, radioactive pharmaceuticals, toxic drugs for medical use, crude drugs, traditional Chinese medicinal materials and traditional Chinese medicine decoction pieces may be excluded from such catalog for centralized drugs procurement.

According to the Guidance Opinion of the General Office of the State Council on the Improvement of the Drug Centralized Procurement Work of Public Hospitals (《國務院辦公廳關於完善公立醫院藥品集中採購工作的指導意見》) promulgated and came into effect on February 9, 2015, the drug centralized procurement work of public hospitals will be improved through the classification purchase of drugs. All drugs used by public hospitals (with the exception of traditional Chinese medicine decoction pieces) should be procured through a provincial centralized drugs procurement platform. The provincial procurement agency should work out a summary of the procurement plans and budget submitted by hospitals and compile reasonably a drug procurement catalog of the hospitals with its own administration region, listing by classification the drugs to be procured through bids, negotiations, and direct purchases by hospitals or to be manufactured by appointed manufacturers.

Volumetric Procurement

On November 15, 2018, the Joint Procurement Office published the Papers on Drug Centralized Procurement in "4+7 Cities" (《4+7藥品集中採購文件》, the "**Paper**"), which launched the national pilot scheme for drugs centralized tendering with minimum procurement quantities. The pilot scheme will be carried out in 11 cities, including Beijing, Tianjin, Shanghai, Chongqing, Shenyang, Dalian, Xiamen, Guangzhou, Shenzhen, Chengdu and Xian (the "**4+7 cities**").

On January 1, 2019, the General Office of the State Council also published the Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State (《國務院辦公廳關於印發國家組織藥品集中採購和使用試點方案的通知》), which provides the detailed measures in the implementation of the national pilot scheme for drugs centralized tendering with minimum procurement quantities in the 4+7 cities. In principle, each pilot drug product included in pilot programs of the centralized drug procurement and use of drugs shall be selected from the generic equivalents relating to the generic drugs that have passed the consistency assessment for quality and efficacy. Depending on the number of short-listed pharmaceutical companies, corresponding procurement approaches are adopted as follows: tender procurement approach where there are more than three short-listed pharmaceutical enterprises; bargain procurement approach where there are two short-listed pharmaceutical enterprises; negotiation-based procurement approach where there is only one short-listed pharmaceutical enterprise.

According to the Implementing Opinions on Expanding the Pilot Program for Conducting Centralized Procurement and Use of Drugs by the State to Wider Areas (《關於國家組織藥品集中採購和使用試點擴大區域範圍的實施意見》) promulgated and came into effect on September 25, 2019 and the Documents on National Centralized Drug Procurement (GY-YD2021–1) (《全國藥品集中採購文件(GY-YD2021–1)》) issued by the Joint Procurement Office On January 15, 2021, specifying that the centralized drugs procurement program will be expanded nationwide. The volumetric procurement programs for centralized drugs procurement will be implemented across the country. Eligible participants include all drug manufacturing enterprises, national distributor for imported drugs, and holders of drug marketing authorization included in the centralized procurement programs. The NHSA, the NHC, the NMPA, the Ministry of Industry and Information Technology (the "MIIT") and the Logistics Support Department of the Central Military Commission jointly promulgated the Notice on the Commencement of the Second Batch of State Organized Centralized Drug Procurement and Use (《關於開展第二批國家組織藥品集中採購和使用工作的通知》) (the "**Notice**"), which became effective on January 13, 2020 specifying several principles for the implementation of national centralized drugs procurement, so as to comprehensively deepen the reform and establish a standardized and normalized program of centralized drugs procurement. The Joint Procurement Office issued the Documents on National Centralized Drug Procurement (GY-YD2020–1) (《全國藥品集中採購文件(GY-YD2020–1)》) on July 29, 2020, initiating a new batch of centralized drugs procurement that meet the centralized procurement criteria.

On 22 January, 2021, the general office of the State Council promulgated the Opinions on Promoting Normalized and Institutionalized Development of Centralized and Volumetric Pharmaceutical Procurement (《關於推動藥品集中帶量採購工作常態化制度化開展的意見》), pointing out that various measures will be implemented to promote the normalization and institutionalization of centralized and volumetric drugs procurement. All public medical institutions shall participate in the centralized and volumetric drugs procurement. The procurement catalogs in the future will include those drugs with high market demands or significant procurement volumes into the National Reimbursement Drug List, which is expected to cover, as far as possible, all types of clinically essential drugs with reliable quality that have been marketed in China.

On November 18, 2024, the NHSA and the NHC issued and implemented the Notice on Improving the Mechanism for Centralized and Volumetric Drug Procurement and its Implementation (《關於完善醫藥集中帶量採購和執行工作機制的通知》). In order to guide medical institutions and pharmaceutical enterprises in compliance with and supporting the mechanism for centralized and volumetric drug procurement, the following measures were proposed: (i) ensuring the admission of selected drugs and medical consumables into hospitals; (ii) enhancing the management and utilization of selected drugs and medical consumables; (iii) implementing the retention policy for centralized procurement; (iv) exploring coordinated price linkage for medical services.

The Joint Procurement Office promulgated the following documents: the Documents on National Drug Centralized Procurement (GY-YD2022–1) (《全國藥品集中採購文件(GY-YD2022–1)》) on June 20, 2022, the Documents on National Drug Centralized Procurement (GY-YD2023–1) (《全國藥品集中採購文件(GY-YD2023–1)》) on March 2, 2023, the Documents on National Drug Centralized Procurement (GY-YD2023–2) (《全國藥品集中採購文件(GY-YD2023–2)》) on October 13, 2023, the Documents on National Drug Centralized Procurement (GY-YD2024–1) (《全國藥品集中採購文件(GY-YD2024–1)》) on March 29, 2024, and the Documents on National Drug Centralized Procurement (GY-YD2024–2) (《全國藥品集中採購文件(GY-YD2024–2)》) on November 22, 2024, in order to conduct the sixth (insulin project), seventh, eighth, ninth, and tenth batch of centralized drugs procurement work.

Drug Circulation and Two-Invoice System

According to the Implementing Opinions on Promoting the "Two-Invoice System" for Drug Procurement By Public Medical Institutions (For Trial Implementation) (《關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)》) which was issued on December 26, 2016, the "Two-Invoice System" is a system under which invoices are issued by drug manufacturers to drug distributors on a once-off basis while invoices are issued by drug distributors to medical institutions on a once-off basis. Wholly-owned or holding commerce companies (there shall be only one commerce company throughout the country) and domestic general agents of overseas drugs (there shall be only one domestic general agent throughout the country) that are established by drug manufacturers or group enterprises integrating scientific research, manufacture, and trade to sell the drugs of these enterprise (groups) can be regarded as manufacturers. Within an enterprise that is a drug circulation group, the allocation of drugs between the group and wholly-owned (holding) subsidiaries or between wholly-owned (holding) subsidiaries should not be regarded as invoicing, but invoicing is allowed once at most. To address special circumstances such as natural disasters, major epidemics, major emergencies, and emergency and rescue of patients, emergency procurement of drugs or the deployment of national medical reserve drugs may be handled through exceptional procedures. For primary healthcare institutions in extremely remote towns and villages with limited transportation access, pharmaceutical distribution enterprises are permitted to issue one additional drug purchase and sales invoice beyond the "Two-Invoice System" to ensure effective medicine supply at the grassroots level.

According to the Several Opinions of the General Office of the State Council on Further Reform and Improvement in Policies of Drug Production, Circulation and Use (《國務院辦公廳關於進一步改革完善藥品生產流通使用政策的若干意見》), which was issued on January 24, 2017, on a priority basis, the "Two-Invoice System" would be promoted in pilot provinces for comprehensive healthcare and pharmaceutical reform (autonomous regions and municipalities directly under the Central Government) and pilot cities for public hospital reform, with the goal of having it implemented nationwide by 2018. Pharmaceutical enterprises must comply with the "Two-Invoice System" in order to engage in procurement processes with public hospitals.

Advertisements of Drug

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which promulgated by SAMR on December 2019 and came into effect on March 1, 2020, advertisements for drugs, medical devices, health food and formula food for special medical purposes shall be true and legitimate, and shall not contain any false or misleading contents. Holders of registration certificates or filing certificates of drugs, medical devices, health food and formula food for special medical purposes as well as the production enterprises and operating enterprises authorized by such holders of certificates shall be applicants for advertising (the "**applicants**").

Applicants may entrust agents to apply for the review of advertisements for drugs, medical devices, health food and formula food for special medical purposes. Applicants may submit their applications at the acceptance windows of advertisement review authorities, or may submit their applications for advertisements for drugs, medical devices, health food and formula food for special medical purposes via letters, faxes, e-mails or e-government platforms. The advertisement review authorities shall review the materials submitted by the applicant and shall complete the review within ten working days from the date of acceptance.

After review, for that advertisements that are in line with laws, administrative regulations and these Measures, approval decisions of review shall be made and advertisement approval numbers shall be issued. The validity period of the advertisement approval number for drugs, medical devices, health food and formula food for special medical purposes shall be consistent with the shortest validity period of the product registration certificate, filing certificate or production license. If no valid period is prescribed in the product registration certificate, filing certificate or production license, the valid period of the advertisement approval number shall be two years.

Insert Sheet, Labels and Packaging of Drug

Pursuant to the Measures for the Administration of the Insert Sheets and Labels of Drugs (《藥品説明書和標籤管理規定》), which promulgated by SFDA and came effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the SFDA. A drug insert sheet should include the important scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug's name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug's name, ingredients, description, indication or function, strength, dose and usage, adverse reaction, contraindications, precautions, storage, production date, batch number, expiry date, approval number and drug manufacturer. Pursuant to the Measures for The Administration of Pharmaceutical Packaging (《藥品包裝管理辦法》) which came effective on September 1, 1988, pharmaceutical packaging must comply with the national and professional standards. If no national or professional standards are available, the

enterprise can formulate its standards and put into implementation after obtaining the approval of the food and drug administration and bureau of standards at provincial level. The enterprise shall reapply with the relevant authorities if it needs to change its packaging standard. Drugs that without packing standards must not be sold or traded (except for drugs for the military).

Management of Pathogenic Microbe Laboratories

According to the Regulations on the Bio-safety Management of Pathogenic Microbe Laboratories (《病原微生物實驗室生物安全管理條例》) promulgated by State Council and latest amended in March 2018, the pathogenic microorganism laboratories are classified into Level 1, Level 2, Level 3 and Level 4 in accordance with its bio-safety level for pathogenic microorganisms and the national standards for the bio-safety. Laboratories at Bio-safety Level 1 and Level 2 are forbidden to conduct experimental activities relating to any highly pathogenic microbes. Laboratories at Bio-safety Level 3 and Level 4 shall meet certain requirements to conduct experimental activities relating to any highly pathogenic microbes. Newly building, rebuilding or expanding of Bio-safety Level 1 or Level 2 laboratories shall file with the relevant health administrative department or veterinary administrative department in the municipal people's government of the place where it is built. The laboratories at Bio-safety Level 3 and Level 4 shall be subject to the state accreditation for laboratories. Laboratories passing accreditation will be granted with Certificates for Bio-safety Laboratories at corresponding level. The certificate will be effective for five years.

LAWS AND REGULATIONS IN RELATION TO VETERINARY DRUGS

Regulation on Administering of Veterinary Drugs (2020 Revision)

The Regulation on Administering of Veterinary Drugs is the core regulation on the administration of veterinary drugs, which covers the production, operation, use and supervision and management regarding all veterinary drugs such as veterinary biologicals, chemical drugs, and others. It categorizes veterinary drugs into biologicals, chemical drugs and Chinese veterinary drugs, and implements classified management for various types of veterinary drugs, stipulating the acquisition of Veterinary Drug Production Permits required for veterinary drug manufacturing enterprises and Veterinary Drug Business Permits required for veterinary drug operating enterprises. The Regulation stipulates that the production and operation related to veterinary biologicals shall comply with GMP and GSP standards, with mandatory immunization products to be uniformly allocated by the country. Enterprises are required to establish a veterinary drug storage mechanism by adopting measures such as refrigeration, pest control, and are required to inspect and record all entries and exits from stock. The Ministry of Agriculture and Rural Affairs is responsible for nationwide supervision while its local authorities are responsible for regional enforcement. Enterprises in violation of the law will face withdrawal of permits, imposition of fines and other penalties.

Measures for the Administration of the Operation of Veterinary Biologics (Revised in 2021)

The Measures clarify the definition of veterinary biologics, which cover preventive products such as vaccines and diagnostic reagents. Operating enterprises are required to obtain a Veterinary Drug Operation License issued by the Ministry of Agriculture and Rural Affairs and establish a cold-chain storage and transportation system to ensure product quality. Biologics for compulsory immunization are subject to a specialized operation system, with only units designated by governments at the provincial level or above being permitted to operate. Enterprises must maintain purchase and sales records (including batch numbers, expiry dates, and manufacturers) for a minimum period of two years and regularly undergo supervision and inspections by veterinary authorities at the county level or above.

Measures for the Administration of Veterinary Drug Labels and Instructions (Revised by Ministry of Agriculture Order No. 8, 2017, on November 30, 2017)

According to the Measures for the Administration of Veterinary Drug Labels and Instructions (《獸藥標籤和説明書管理辦法》), the labels of biologics must indicate the veterinary use symbol, main ingredients, target animals for vaccination, expiry date, and storage conditions. The instructions must include information on dosage and administration, precautions, and guidelines for the disposal of waste. The outer packaging must also specify the withdrawal period and the quantity of the packaging to ensure safe use.

INDUSTRY MANAGEMENT REGULATIONS FOR VETERINARY DRUGS

Good Manufacturing Practice for Veterinary Drugs (Revised in 2020) (GMP for Veterinary Drug)

The Good Manufacturing Practice for Veterinary Drugs (《獸藥生產質量管理規範》) is formulated in accordance with the Regulations on the Administration of Veterinary Drugs(《獸藥管理條例》). It is a comprehensive quality management system applicable to the quality control of the entire production process of veterinary drugs to ensure product quality. The practice was issued on April 21, 2020 and came into effect on June 1, 2020. It serves as the basic requirements for the management and quality control of veterinary drug production, aiming to ensure the continuous and stable production of veterinary drugs that meet registration requirements. The practice also requires that enterprises establish quality objectives in line with veterinary drug quality management requirements and systematically incorporate all requirements related to the safety, efficacy, and quality control of veterinary drugs into the entire process of production, control, product release, storage, and sales to ensure that the produced veterinary drugs meet registration requirements.

Good Supply Practice for Veterinary Drugs (Revised by Ministry of Agriculture Order No. 8, 2017, on November 30, 2017)

The Good Supply Practice for Veterinary Drugs (《獸藥經營質量管理規範》) is designed to enhance the quality management of veterinary drug operations and to ensure the quality of veterinary drugs. This regulation provides a scientific framework for quality management for veterinary drug operating enterprises, thereby prompting fundamental changes in their business philosophy and organizational structure.

Measures for the Registration of Veterinary Drugs

The Measures for the Registration of Veterinary Drugs are formulated in accordance with the Regulations on the Administration of Veterinary Drugs (《獸藥管理條例》) to ensure the safety, efficacy, and controllable quality of veterinary drugs and to standardize the registration of veterinary drugs. These measures apply to the entire process of registering new veterinary drugs and imported veterinary drugs within the territory of the People's Republic of China. The Veterinary Drug Evaluation Committee of the Ministry of Agriculture and Rural Affairs is responsible for the review of registration documents for new and imported veterinary drugs. The China Veterinary Drug and Feed Inspection Institute and other veterinary drug inspection institutions designated by the Ministry of Agriculture and Rural Affairs are responsible for the re-inspection work related to veterinary drug registration.

The System of Production License for Veterinary Drugs

A veterinary drug production license shall specify the scope of production, production location, validity period, and the name and address of the legal representative. The validity period of a veterinary drug production license is five years. If a veterinary drug enterprise wishes to continue producing veterinary drugs upon the expiration of the license, it shall apply to the original licensing authority for a renewal of the veterinary drug production license six months before the expiration date. Veterinary drug enterprises shall register with the administrative department for industry and commerce with the veterinary drug production license.

Measures for the Administration of Veterinary Drug Product Approval Numbers

According to the Regulations on the Administration of Veterinary Drugs (《獸藥管理條例》), veterinary drug manufacturers shall obtain a product approval number issued by the administrative department for veterinary medicine under the State Council to produce veterinary drugs. The validity period of the product approval number is five years. The methods for issuing the veterinary drug product approval numbers are formulated by the administrative department for veterinary medicine under the State Council.

Inspection and Acceptance System of Good Manufacturing Practice (GMP) for Veterinary Drug Production

The Measures for the Inspection and Acceptance of the Good Manufacturing Practice (GMP) for Veterinary Drug Production (《獸藥生產質量管理規範檢查驗收辦法》), which came into effect on May 25, 2015, stipulates that the veterinary administrative departments of the people's governments at the provincial level shall be responsible for the acceptance and review of the application materials for the inspection and acceptance of GMP for veterinary drugs within their respective administrative regions, organization of on-site inspection and acceptance, training and management of provincial-level inspectors for GMP for veterinary drugs, as well as the daily supervision and management of the GMP implementation of veterinary drug manufacturing enterprises.

LAWS AND REGULATIONS IN RELATION TO DRUG TESTING AND INSPECTION

Drug Administration Law of the PRC

To conduct clinical trials of drugs, the applicant shall truthfully submit relevant data, materials, and samples, including the research and development methods, quality standards, pharmacological and toxicological test results, in accordance with the regulations of the drug administration department of the State Council. Such submissions must be approved by the drug administration department of the State Council. The drug administration department of the State Council shall make a decision on whether to approve the clinical trial application within sixty working days from the date of acceptance and notify the sponsor of the clinical trial. If no notification is given within the specified period, the application shall be deemed approved. For bioequivalence trials, the applicant shall file a record with the drug administration department of the State Council.

Clinical trials of drugs shall be conducted in clinical trial institutions that meet the corresponding conditions. Clinical trial institutions for drugs shall implement a record-filing management system. The specific measures shall be jointly formulated by the drug administration department of the State Council and the health administration department of the State Council.

Interim Measures for the Administration of Experimental Animal Permits

Organizations and individuals applying for a permit for the production and use of experimental animals must meet specific conditions to obtain approval. Results of animal experiments conducted by units that have not obtained a permit for the use of experimental animals, or those using experimental animals and related products from units without a production permit or with substandard quality, will not be recognized.

INDUSTRY MANAGEMENT REGULATIONS IN RELATION TO DRUG TESTING AND INSPECTION

Good Laboratory Practice for Non-clinical Laboratory Studies (2017)

The Good Laboratory Practice for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》) was deliberated and adopted at the executive meeting of the CFDA on June 20, 2017, promulgated on July 27, 2017, and came into effect on September 1, 2017. It stipulates that institutions engaged in non-clinical safety evaluation studies of drugs must comply with the requirements of this regulation in various aspects, including organizational structure and personnel, experimental facilities, instruments and equipment, experimental materials, standard operating procedures, and the implementation of research work.

Good Clinical Practice (Revised in 2020)

In order to deepen the reform of the drug evaluation and approval system, encourage innovation, and further promote the standardized research and quality improvement of drug clinical trials, the NMPA, in conjunction with the National Health Commission, organized the revision of the Good Clinical Practice (《藥物臨床試驗質量管理規範》). It was released on April 23, 2020, and came into effect on July 1, 2020. The Good Clinical Practice is the quality standard for the entire process of drug clinical trials, including protocol design, organization and implementation, monitoring, auditing, recording, analysis, summarization, and reporting.

LAWS AND REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

Patents

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and last amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) (the "**Implementation Rules**"), promulgated by the State Council on June 15, 2001 and last amended on December 11, 2023 and came into effect on January 20, 2024. The Patent Law and the Implementation Rules stipulate three types of patents, namely "invention", "utility model" and "design." An "invention" refers to any new technical solution relating to a product, method or improvement thereof; a "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and a "design" refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The term of an "invention" patent is twenty (20) years, the term of a "utility model" patent is ten (10) years and the term of a "design" patent is fifteen (15) years, all commencing from the date of application. According to the Patent Law in the PRC, for the purpose of public health, the patent administrative department of the State Council may grant mandatory licensing for patented drugs manufactured and exported to countries or regions which comply with the provisions of the relevant international treaties participated by the PRC.

The newly amended Patent Law introduces patent term extension for new drugs listed in China. It stipulates that to compensate for the time occupied by the review and approval process for new drug marketing, the patent administration department of the State Council shall, upon the request of the patent holder, grant a patent term extension for the invention patents related to new drugs that have obtained marketing authorization in China.

The compensation period shall not exceed five (5) years, and the total effective patent term after the new drug is approved for marketing shall not exceed fourteen (14) years. The newly adopted rules for patent term extension are beneficial to the Company, as they provide longer protection periods for patents applied for or registered in China, as well as for patents related to our research and development products. During the patent term compensation period for new drug-related invention patents, the scope of protection of the patent is limited to the new drug and its approved indications-related technical solutions. Within this scope, the rights enjoyed by the patent holders and the obligations they undertake remain the same as before the patent term compensation.

Trademarks

Registered trademarks in the PRC are mainly protected by the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated by the State Council on August 3, 2002 and last amended on April 29, 2014 and came into effect on May 1, 2014. The Trademark Office is responsible for the registration and administration of trademarks throughout China and grants a term of ten years to registered trademarks. When it is necessary to continue using the registered trademark upon expiration of validity period, a trademark registrant shall make an application for renewal within 12 months before the expiration date in accordance with the requirements. If such an application cannot be filed within that period, an extension period of six months may be granted. The validity period for each renewal of registration shall be ten years, commencing from the day after the previous validity period. If the formalities for renewal have not been handled upon expiration of validity period, the registered trademarks will be deregistered.

Domain Names

Domain names are regulated under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》), which was issued by the MIIT on August 24, 2017, and came into effect on November 1, 2017. The MIIT is the primary regulatory authority responsible for the administration of internet domain names in the PRC. Domain names registrations are handled through domain name service agencies established in accordance with the relevant regulations, and applicants become domain name holders upon successful registration.

Trade Secret

According to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC, amended on and effective on April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (i) above; (iii) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (iv) instigate, induce or assist others to violate confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential, so as to obtain, disclose, use or allow others to use the trade secret of the rights holder. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

The Company Law (《公司法》) and Regulations

The Company Law (《公司法》) which was amended by the SCNPC on December 29, 2023 and effective from July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in PRC.

Regulations in Relation to Foreign Direct Investment

Since January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the National People's Congress of the People's Republic of China (the "**NPC**") has come into effect. The Law of the PRC on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) and the Law of the PRC on Wholly Foreign-Owned Enterprise (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) were abolished at the same time. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises wholly or partially invested by foreign investors. While the organization form, institutional framework and standard of conduct of foreign-invested enterprises shall be subject to the provisions of the Company Law and other laws. The PRC government will implement the management system of pre-entry national treatment and the Negative List for foreign investment abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less

favourable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the PRC. The PRC accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (《外商投資准入特別管理措施(負面清單)(2024年版)》) issued by the NDRC and the MOFCOM on September 6, 2024 and effective from November 1, 2024, which lists the special management measures for foreign investment access for industries regulated by the Negative List, such as equity requirements and senior management requirements. While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system that replaces the original foreign investment enterprise approval and filing system of the MOFCOM.

The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》) jointly developed by the MOFCOM and the SAMR, which came into effect on January 1, 2020. According to the Foreign Investment Information Reporting Method, the MOFCOM is responsible for coordinating and guiding the reporting of foreign investment information reporting nationwide. The competent commercial department of the local people's government at or above the county level, as well as the relevant agencies of the Pilot Free Trade Zone and the National Economic and Technological Development Zone, are responsible for reporting information reporting on foreign investment in the region. Foreign investors who directly or indirectly carry out investment activities in China shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System and the reporting methods include initial reports, change reports, cancellation reports, and annual reports. Foreign investors who establish foreign invested enterprises in China or acquire domestic non-foreign-invested enterprises through equity merger and acquisition shall submit initial reports through the enterprise registration system when applying for the registration of the establishment of foreign-invested enterprises or applying for the registration of the change of the acquired enterprises. If the change in the information of initial reports involves registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system when applying for the registration or filing of change of enterprises. If the change in the information of initial reports does not involve registration or filing of the change of enterprises, foreign-invested enterprises shall submit change reports through the enterprise registration system within twenty (20) working days after the change. Foreign-invested listed companies may report information on changes in investors and their shareholdings only when the cumulative change in the foreign investors' shareholding ratio exceeds 5% or the foreign parties' shareholding or relative holding status have changed.

Regulations in Relation to the Security Review of Foreign Investment

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, the scopes of review and procedures to review, among others.

Regulations in Relation to Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on February 22, 1993 and latest amended on December 29, 2018 (the "**Product Quality Law**"), is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product, unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller of the product.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and effective from January 1, 2021, where a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder, the manufacturer or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder or the manufacturer.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) was promulgated on October 31, 1993 and latest amended on October 25, 2013 and came into effect on March 15, 2014 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to consumers. All business operators must pay high attention to protecting consumers' privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Regulations in Relation to Production Safety

The Production Safety Law of the PRC (《中華人民共和國安全生產法》), promulgated by the SCNPC on June 29, 2002 and latest amended on June 10, 2021 and came into effect on September 1, 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the above requirements may not engage in production and business operation activities. The production and business operation entities shall educate and train employees regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, are familiar with the relevant regulations and rules for safe production and the rules for safe operation, master the skills of safe operation in their own positions, understand the emergency measures, and know their own rights and duties in terms of production safety. Employees who fail the education and training programmes on production safety may not commence working in their positions. Safety facilities of new, rebuilt, or expanded projects (the "**construction project**") by production and operation entities shall be designed, constructed and put into operation and use simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Regulations in Relation to Environmental Protection and Fire Prevention

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and latest amended on April 24, 2014 and came into effect on January 1, 2015, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and latest amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998 and latest amended on July 16, 2017 and came into effect on October 1, 2017, enterprises which plan to construct projects shall engage qualified professionals to provide the assessment reports, assessment form, or registration form on the environmental impact of such projects. The assessment reports, assessment form, or registration form shall be filed with or approved by the relevant environmental protection bureau prior to the commencement of any construction work.

Enterprises engaged in industrial, construction, catering, medical treatment, and other activities that discharge sewage into urban drainage facilities shall apply to the relevant competent urban drainage department for collecting the permit for discharging sewage into drainage pipelines under relevant laws and regulations, including the Regulations on Urban Drainage and Sewage Disposal (《城鎮排水與污水處理條例》), promulgated on October 2, 2013 and effective from January 1, 2014, and the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), promulgated on January 22, 2015 and last amended on December 1, 2022, and effective from February 1, 2023. Drainage entities covered by urban drainage facilities shall discharge sewage into urban drainage facilities in accordance with the relevant provisions of the state. Where a drainage entity needs to discharge sewage into urban drainage facilities, it shall apply for a drainage license in accordance with the provisions of these Measures. The drainage entity that has not obtained the drainage license shall not discharge sewage into urban drainage facilities.

According to the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》), issued by the Ministry of Ecology and Environment on April 1, 2024, and effective from July 1, 2024, enterprises, institutions and other producers and operators subject to pollutant discharge permit management must apply for and obtain a pollutant discharge permit and discharge pollutants in accordance with the provisions of the permit, and shall not discharge pollutants without a pollutant discharge permit. According to the Classification Management List for Fixed Source Pollution Permits (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), the manufacturing of biological drugs and products falls into the classification management scope for fixed source pollution permits.

Pursuant to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》), promulgated by the SCNPC on April, 1998 and recently amended and effective on April 29, 2021, and the Interim Provisions on the Administration of Examination and Acceptance of Fire Prevention Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) ("**the Interim Provisions**"), promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and recently amended on August 21, 2023, design and construction of the fire control facilities for a construction project shall comply with the national fire control technical standards, the fire prevention design review and acceptance system for construction projects shall be implemented. The Interim Provisions stipulate that special construction projects must apply to the fire control authorities for fire protection design review and complete the fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five (5) business days after passing the construction completion inspection and acceptance. If a construction project fails to pass the fire safety inspection before it is put into use, or does not meet the fire safety requirements after the inspection, it will be ordered to suspend the construction and use of such project, or suspend production and business, and be imposed a fine.

REGULATIONS IN RELATION TO PREVENTION AND CONTROL OF OCCUPATIONAL DISEASES

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the "**Prevention and Control of Occupational Diseases Law**"), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

REGULATIONS IN RELATION TO EMPLOYMENT AND SOCIAL SECURITIES

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), promulgated by the SCNPC on July 5, 1994 and latest amended on December 29, 2018 and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the SCNPC on June 29, 2007 and latest amended on December 28, 2012 and came into effect on July 1, 2013, employers shall enter into written labor contracts with full-time employees. All employers shall comply with local minimum wage standards. Employers shall establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, working location, occupational hazards, and status of safe production as well as remuneration and other conditions.

According to Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and amended on December 29, 2018, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer to make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge on the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國税地税徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums including the premiums of the basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance and maternity insurance, shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展的若干措施的通知》), promulgated by the State Administration of Taxation on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the

State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on April 3, 1999 and latest amended on March 24, 2019, employers are required to make contribution to housing provident funds for their employees. For overdue or underpayment of housing provident fund, the managing center of housing provident funds shall order relevant employers to make contribution within prescribed period, failing which an application may be made to a people's court for compulsory enforcement.

REGULATIONS IN RELATION TO INFORMATION SECURITY AND DATA PRIVACY

Data Security and Cross-border Transfer

The SCNPC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) on June 10, 2021 (effective as of September 1, 2021), establishing a data classification and grading protection system and implementing classified and graded protection of data. Organizations engaged in data activities shall, in accordance with laws and regulations, establish and improve a full-process data security management system, organize and carry out data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security.

According to the Measures on Security Assessment of Cross-Border Data Transfer (《數據出境安全評估辦法》), which was promulgated by the Cyberspace Administration of China on July 7, 2022 and took effect on September 1, 2022, if the data processor provides data overseas, under any of the following circumstances, it shall declare a security assessment for cross-border data transfer to the national cyberspace administration through the local cyberspace administration at the provincial level: (i) the data processor provides important data overseas; (ii) critical information infrastructure operators and data processors processing the personal information of more than one million people provide personal information overseas; (iii) since January 1 of the previous year, data processors who have provided personal information of 100,000 people or sensitive personal information of 10,000 people abroad have provided personal information overseas; and (iv) other situations required to declare a security assessment for cross-border data transfer as stipulated by the national cyberspace administration.

Pursuant to the Measures for the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》), which was issued by the Cyberspace Administration of China on February 22, 2023 and came into effect on June 1, 2023, a personal information processor transferring personal information abroad shall conclude a standard contract if all the following conditions are met: (i) the data processor who intends to transfer personal information abroad is not a critical information infrastructure operator; (ii) the data processor processes personal information of less than one million individuals; (iii) the data processor has cumulatively transferred abroad the personal information of less than 100,000 individuals since January 1 of the previous year; and (iv) the data processor has cumulatively transferred abroad the sensitive personal information of less than 10,000 individuals since January 1 of the previous year.

According to the Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), data processors other than operators of critical information infrastructure are exempt from declaring a security assessment for cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information, and obtaining personal information protection certification, provided that they have cumulatively provided non-sensitive personal information of less than 100,000 individuals overseas since January 1 of the current year.

Personal Information Protection

Pursuant to the Civil Code, the personal information of a natural person shall be protected by the law. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which was promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021, further emphasizes the obligations and responsibilities of processors for the protection of personal information and requires higher levels of protection measures for the processing of sensitive personal information.

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, by the SCNPC, when collecting and using personal information, network operators shall abide by the "lawful, justifiable and necessary" principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall not collect the personal information unrelated to the services they provide. The network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. The network operator shall take technical measures and other necessary measures to ensure the security of personal information collected and prevent information leakage, damage and loss.

LAWS AND REGULATIONS IN RELATION TO ANTI-BRIBERY

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or a competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

According to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》), which was promulgated by the National Health and Family Planning Commission (now the National Health Commission) and took effect on March 1, 2014, pharmaceutical production and operation enterprises and their agents involved in criminal, investigative or administrative procedures related to commercial bribery will be included in the adverse records of commercial bribery by the relevant government departments. As a result, within two years after the publication of the list of adverse records of commercial bribery: (i) public medical institutions or medical and healthcare institutions receiving fiscal funds within the relevant provincial regions shall not purchase their products; and (ii) public medical institutions or healthcare institutions receiving fiscal funds within other provincial regions shall deduct points from the products of such enterprises in the centralized bidding procedures. If such enterprises or their agents are included in the adverse records of commercial bribery for the second time within five years, all public medical institutions or healthcare institutions receiving fiscal funds across the country shall not purchase their products within two years after the publication of the list of adverse records of commercial bribery.

REGULATIONS IN RELATION TO OVERSEAS ISSUANCE AND LISTING OF SECURITIES BY DOMESTIC ENTERPRISES

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》, which was issued by the CSRC on February 17, 2023 and took effect on March 31, 2023, for domestic enterprises that conduct overseas issuance and listing of securities, the issuers shall file with the CSRC in accordance with the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies. Where an issuer conducts its first overseas public offering or listing, it shall file with the CSRC within three (3) working days after submitting the application documents for issuance and listing overseas.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which was jointly issued by the CSRC and other departments on February 24, 2023 and took effect on March 31, 2023, during the overseas issuance and listing activities of domestic enterprises, domestic enterprises, as well as securities companies and securities service institutions providing corresponding services, shall strictly comply with the relevant laws and regulations of the PRC and the requirements of these provisions, enhance their legal awareness of safeguarding state secrets and strengthening archives management, establish and improve confidentiality and archives management systems, adopt necessary measures to implement the responsibilities for confidentiality and archives management, and shall not disclose state secrets or the work secrets of state organs, nor damage national and public interests. When a domestic enterprise provides, publicly discloses to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or may provide and publicly disclose through its overseas listed entity and others documents and materials involving state secrets or the work secrets of state organs, it shall report to the competent department with the approval authority for approval in accordance with the law and file with the confidentiality administrative department at the same level. When a domestic enterprise provides, publicly discloses to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or may provide and publicly disclose through its overseas listed entity and others other documents and materials that will have an adverse impact on national security or public interests if disclosed, it shall strictly perform the corresponding procedures in accordance with relevant national regulations.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are the largest provider and exporter of Human TAT in China and a fully integrated antiserum platform company. With over 50 years of expertise in the R&D, manufacturing and sales of antiserum products, we have established a strong market presence both domestically and internationally.

The history of our Group can be tracked back to 1969 when Jiangxi Branch of Shanghai Institute of Biological Products (上海生物製品研究所江西分所) was established in Jiangxi. Subsequently, in 1984, Jiangxi Branch of Shanghai Institute of Biological Prodcuts was succeeded by Ji'an Medical and Health Equipment Repair Factory (吉安地區醫療衛生器材修配廠), which was established by and under the supervision of Ji'an Health Bureau (吉安地區衛生局) to be principally engaged in repair of medical devices, manufacturing of medical equipment and processing of bed linens for hospitals. On March 19, 1985, Ji'an Medical and Health Equipment Repair Factory was converted into an enterprise owned by the whole people (全民所有制企業), and was renamed as Ji'an Health Industrial Company (吉安地區健康實業公司). Ji'an Health Industrial Company later changed its name to Institute of Biological Products of Ji'an, Jiangxi (江西省吉安地區生物製品所), Jiangxi Ji'an Institute of Biological Products (江西吉安生物製品所) and Jiangxi Institute of Biological Products (江西生物製品研究所) in April 1987, August 1994 and September 1996, respectively. On July 5, 2002, Jiangxi Institute of Biological Products was converted into a limited liability company, ultimately controlled by Ms. Jing's parents at the time of conversion. Further, on December 22, 2017, Jiangxi Institute of Biological Products was converted into a joint stock limited company, and renamed as Jiangxi Institute of Biological Products Inc. (江西生物製品研究所股份有限公司), which is our Company.

Ms. Jing, our executive Director and the chairperson of our Board, has led the overall operations and management of our Group since she joined our Group in May 2017. For more details of the experience and qualifications of Ms. Jing, see "Directors and Senior Management" in this document.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestone
2002	We were established as a limited liability company under the name of Jiangxi Institute of Biological Products (江西生物製品研究所)
2004	We passed the on-site inspection by the NMPA and were issued a GMP certificate
2005	We were recognized as a High and New Technology Enterprise (高新技術企業)

Year	Milestone
2007	We hosted the National Seminar on the Production Quality of Antitoxins and Immune Serum (全國抗毒素及免疫血清生產質量研討會)
2012	We established a horse breeding base in Zhangye, Gansu, and established our subsidiary, Gaotai County Tianhong Biochemical Technology Development Co., Ltd. (高台縣天鴻生化科技開發有限責任公司)
2013	We established a production line for antitoxins and immune serum, which, as advised by Frost & Sullivan, was of one of the largest scale of operation in the PRC, and were issued a GMP certificate relating to the manufacturing of drugs
2015	We established a purification workshop for immunized equine plasma production in accordance with the GMP requirements in the PRC
2017	We were converted into a joint stock limited company under the laws of the PRC, and was renamed as Jiangxi Institute of Biological Products Inc. (江西生物製品研究所股份有限公司)
2019	We established our subsidiary, Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd. (江生(深圳)生物技術研發中心有限公司)
2020	We completed Series A Financing and Series B Financing, and raised approximately RMB42.6 million We acquired Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司) We acquired Hainan Pharmaceutical Research Institute (海南省藥物研究所), converted it into a limited liability company and renamed it as Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司)
2022	We completed Series B+ Financing, and raised RMB47.4 million
2025	We obtained the product approval from the NMPA for the new specification of our tetanus antitoxin in vial packaging of 1,500IU/bottle

OUR SUBSIDIARIES

As of the Latest Practicable Date, we had eight wholly-owned subsidiaries. For details, see note 44 to the Accountants' Report.

MAJOR CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS

(1) Conversion into a Limited Liability Company

On July 5, 2002, upon approval by the Administration for Industry and Commerce of Ji'an (吉安市工商行政管理局), Jiangxi Institute of Biological Products was converted from an enterprise owned by the whole people into a limited liability company, with a registered capital of RMB3,000,000. Upon completion of the conversion, the shareholding structure of our Company upon establishment is set forth in the table below:

Shareholders	**Registered capital subscribed for** *(RMB)*	**Corresponding equity interests in our Company** *(%)*
Shenzhen Jinruifeng Industrial Development Co., Ltd. (深圳市金瑞豐實業發展有限公司) ("**Shenzhen Jinruifeng**")*note*	2,850,000	95.00
Shenzhen Jinhuifeng Industrial Co., Ltd. (深圳市金惠豐實業有限公司) ("**Shenzhen Jinhuifeng**")*note*	150,000	5.00
Total	3,000,000	100.00

Note: Each of Shenzhen Jinruifeng and Shenzhen Jinhuifeng is a limited liability company established under the laws of the PRC. At the time of the conversion, each of Shenzhen Jinruifeng and Shenzhen Jinhuifeng were ultimately controlled by Mr. JING Wei (敬偉) ("**Mr. Jing**") and Ms. JIANG Xue (姜雪) ("**Ms. Jiang**"), the parents of Ms. Jing, through their beneficial interests and interests held by their nominees.

(2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company

Pursuant to the shareholders' resolutions dated August 8, 2002, the registered capital of our Company increased from RMB3,000,000 to RMB20,000,000, and Shenzhen Jinruifeng agreed to subscribe for the increased registered capital of our Company of RMB17,000,000. The capital increase was completed on August 27, 2002.

Pursuant to the shareholders' resolutions dated September 24, 2007, the registered capital of our Company increased from RMB20,000,000 to RMB30,000,000 by way of capitalization of the capital reserve of our Company of RMB10,000,000. The capitalization of the capital reserve was completed on October 22, 2007.

From August 2003 to October 2015, a series of equity transfers were conducted at nil consideration by Mr. Jing and Ms. Jiang to change their designated nominees to hold their equity interests in our Company and to transfer part of their equity interests in our Company to Ms. Jing, as part of their arrangements of family assets. Upon completion of the aforementioned family arrangements, (i) our Company was held as to 90% by Qianhai

Tianzheng and 10% by Mr. Jing, (ii) Ms. Jiang ceased to have any beneficial interests in our Company, and (iii) Ms. Jing became the ultimate controlling shareholder of our Company through Qianhai Tianzheng, which was held as to 95% by Hainan Zhizheng (which was in turn held as to 80% by Ms. Jing and 20% by Mr. Jing's nominee) and 5% by Mr. Jing.

Further, in June 2017, Mr. Jing transferred his 10% equity interests in our Company to three designated nominees at nil consideration, upon completion of which our Company was held as to 90% by Qianhai Tianzheng (which was ultimately controlled by Ms. Jing), 5% by Ji'an Aohai Industrial Development Co., Ltd. (吉安市傲海實業發展有限公司) ("**Aohai Industrial**"), approximately 3.33% by Hainan Jinjia Courtyard Catering Management Co., Ltd. (海南金家大院餐飲管理有限公司) (formerly known as Jiangxi Jinjia Courtyard Catering Management Co., Ltd. (江西金家大院餐飲管理有限公司), Jiangxi Duihua Brewing Co., Ltd. (江西堆花釀造有限責任公司) and Ji'an Jizhou Tianhao Industrial Co., Ltd. (吉安市吉州區天浩實業有限公司)) ("**Jinjia Courtyard**") and approximately 1.67% by Haikou Tianshun Industrial Development Co., Ltd. (海口市天順實業發展有限公司) (formerly known as Zhangye Tianshun Industrial Development Co., Ltd. (張掖市天順實業發展有限公司)) ("**Tianshun Industrial**").

For further details relating to Qianhai Tianzheng, Aohai Industrial, Jinjia Courtyard and Tianshun Industrial, and the termination the nominee shareholding arrangements pertaining to Mr. Jing's equity interests in our Company, see "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (c) Equity Transfers from August 2019 to December 2019" and "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (h) Termination of the Nominee Shareholding Arrangements pertaining to Mr. Jing's Equity Interests in Our Company" in this section.

(3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion

(a) Conversion into Joint Stock Limited Company

Pursuant to the promoters' agreement dated August 20, 2017 entered into by all the then Shareholders and the shareholders' resolutions dated December 20, 2017, all promoters (being all the then Shareholders) agreed to convert our Company from a limited liability company into a joint stock limited company with a registered capital of RMB63,000,000. According to the audit report of our Company upon joint stock reform prepared by an independent auditor, as of September 30, 2017, the net asset value of our Company amounted to RMB63,413,382.93, of which RMB63,000,000 was converted into 63,000,000 Shares of a nominal value of RMB1.00 each and issued to the then Shareholders in proportion to their respective equity interests in our Company before the conversion, and the remaining amount of RMB413,382.93 was converted to capital reserve. The conversion was completed on December 22, 2017 when our Company obtained a new business license and was renamed as Jiangxi Institute of Biological Products Inc. (江西生物製品研究所股份有限公司).

(b) Capital Increase in July 2019

Pursuant to the shareholders' resolutions dated June 3, 2019, the registered capital of our Company increased from RMB63,000,000 to RMB80,000,000 by way of capitalization of profits, and 17,000,000 Shares were issued and allotted as bonus shares to all the then Shareholders in proportion to their respective equity interests in our Company before the bonus issue. The capitalization of profits and the bonus issue were completed on July 4, 2019.

(c) Equity Transfers from August 2019 to December 2019

On August 29, 2019, Jinjia Courtyard entered into a share transfer agreement with Tianshun Industrial, pursuant to which Jinjia Courtyard transferred 666,667 Shares (representing approximately 0.83% equity interests in our Company) to Tianshun Industrial at a consideration of RMB6,666,670.

On the same date, Jinjia Courtyard entered into a share transfer agreement with Shenzhen Xiangyi Investment Guarantee Co., Ltd. (深圳市向億投資擔保有限公司) ("**Xiangyi Investment**"), pursuant to which Jinjia Courtyard transferred 2,000,000 Shares (representing 2.50% equity interests in our Company) to Xiangyi Investment at a consideration of RMB20,000,000.

The aforementioned equity transfers were completed on August 29, 2019, following which Jinjia Courtyard ceased to be a Shareholder. The nominee shareholding arrangements between Mr. Jing and his nominees in respect of Mr. Jing's equity interstes in our Company through Jinjia Courtyard were terminated accordingly.

Further, Qianhai Tianzheng entered into a share transfer agreement with Chongqing Hanyi Cultural Exchange Co., Ltd. (重慶市晗頤文化交流有限責任公司) ("**Hanyi Cultural Exchange**") dated December 12, 2019, which was supplemented by a supplemental agreement dated January 18, 2020, pursuant to which Qianhai Tianzheng transferred 4,000,000 Shares (representing 5% equity interests in our Company) to Hanyi Cultural Exchange at a consideration of RMB30,000,000. The equity transfer was completed on December 12, 2019.

(d) Capital Increase in March 2020

Pursuant to the shareholders' resolutions dated February 28, 2020, the registered capital of our Company increased from RMB80,000,000 to RMB100,000,000 by way of capitalization of profits, and 20,000,000 Shares were issued and allotted as bonus shares to all the then Shareholders in proportion to their respective equity interests in our Company before the bonus issue. The capitalization of profits and the bonus issue were completed on March 18, 2020.

(e) Series A Financing in June 2020

Pursuant to the share subscription agreement dated May 6, 2020, Chifeng Bo-en Jingtian Technology Co., Ltd. (赤峰博恩晶天科技有限公司) ("**Chifeng Bo-en Jingtian**") agreed to subscribe for 2,000,000 Shares (representing approximately 1.96% equity interests in our Company upon completion of the capital increase) at a total consideration of RMB24,000,000 ("**Series A Financing**"). As such, the share capital of our Company increased from RMB100,000,000 to RMB102,000,000. The capital increase was completed on June 4, 2020.

(f) Series B Financing and Capital Increase in December 2020

In December 2020, the following parties entered into share subscription agreements, pursuant to which the relevant subscribers agreed to subscribe for a total of 2,923,400 Shares (representing approximately 2.79% equity interests in our Company upon completion of the capital increase) at a total consideration of RMB43,851,000. As such, the share capital of our Company increased from RMB102,000,000 to RMB104,923,400. The respective subscription amounts and considerations paid by the relevant subscribers were as follows:

Dates of agreements	**Subscribers**	**Number of Shares subscribed for**	**Consideration[6]** *(RMB)*	**Approximate corresponding equity interests in our Company (upon completion of the capital increase)** *(%)*
December 8, 2020	Huafengming Investment[1]	1,419,100	21,286,500	1.35
	Hainan Ruiqingxiang Investment Partnership (Limited Partnership) (海南瑞慶祥投資合夥企業(有限合夥)) ("**Ruiqingxiang Investment**")[2][5]	838,300	12,574,500	0.80
	Gangyuanhao Investment[1]	266,000	3,990,000	0.25
December 11, 2020	Chongqing Hanxin Pharmaceutical Co., Ltd. (重慶漢鑫醫藥有限公司) ("**Hanxin Pharmaceutical**")[3][5]	200,000	3,000,000	0.19
	Jiangsu Hailei Pharmaceutical Co., Ltd. (江蘇海雷醫藥有限公司) ("**Hailei Pharmaceutical**")[4][5]	200,000	3,000,000	0.19

Notes:

(1) Each of Huafengming Investment and Gangyuanhao Investment is a limited partnership established under the laws of the PRC and our Employee Shareholding Platform. See "— Employee Shareholding Platforms" in this section.

(2) Ruiqingxiang Investment is a limited partnership established under the laws of the PRC and is managed by its general partner, XU Quanhua (徐全華), a Shareholder and an Independent Third Party. As of the Latest Practicable Date, it had 15 limited partners, and was held as to approximately 25.12% by JIANG Hongtao (姜洪濤) as the largest limited partner. JIANG Hongtao is a relative of Ms. Jing and the spouse of Ms. WANG Weiling (王維玲) (a Shareholder).

(3) Hanxin Pharmaceutical is a limited liability company established under the laws of the PRC, and is controlled by LUO Yunfeng (駱雲鳳), an Independent Third Party.

(4) Hailei Pharmaceutical is a limited liability company established under the laws of the PRC, and is controlled by DING Honggang (丁紅剛), an Independent Third Party.

(5) The subscriptions by Ruiqingxiang Investment, Hanxin Pharmaceutical and Hailei Pharmaceutical are collectively referred to as "**Series B Financing**".

(6) The respective considerations were determined based on arm's length negotiations between the relevant subscribers and our Company after taking into consideration the timing of the investments and the status of our business and operations.

The aforementioned capital increase was completed on December 23, 2020.

(g) Capitalization of Capital Reserve in August 2021

Pursuant to the shareholders' resolutions dated June 30, 2021, the registered capital of our Company increased from RMB104,923,400 to RMB136,400,420 by way of capitalization of the capital reserve of our Company of RMB31,477,020. The capitalization of the capital reserve was completed on August 23, 2021.

(h) Termination of the Nominee Shareholding Arrangements pertaining to Mr. Jing's Equity Interests in Our Company

Historically, there were nominee shareholding arrangements pertaining to Mr. Jing's equity interests in our Company through Jinjia Courtyard, Tianshun Industrial, Aohai Industrial and minority direct/indirect shareholders of Qianhai Tianzheng. See "— Major Changes in Share Capital and Shareholdings — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company" in this section for details.

After Ms. Jing first became the ultimate controlling shareholder of our Company through Qianhai Tianzheng in October 2015, which was held as to 95% by Hainan Zhizheng (which was in turn held as to 80% by Ms. Jing and 20% by Mr. Jing's nominee) and 5% by Mr. Jing, as part of their arrangements of family assets, Mr. Jing gradually transferred all his equity interests in Qianhai Tianzheng and Hainan Zhizheng held by his nominees to his daughters, Ms. Jing and Ms. JING Ruihua (敬瑞華), following which (i) Qianhai Tianzheng has been wholly owned by Hainan Zhizheng, and (ii) Hainan Zhizheng has been held as to 99% by Ms. Jing and 1% by Ms. JING Ruihua since November 2021. As such, the nominee shareholding arrangements between Mr. Jing and his nominees in respect of Mr. Jing's equity interests in our Company through Qianhai Tianzheng were all terminated.

From December 2017 to March 2022, Mr. Jing gradually transferred all his equity interests in Tianshun Industrial held by his nominees to Shenzhen Fengqi Anhua Cultural Development Co., Ltd. (深圳鳳栖安華文化發展有限責任公司) (formerly known as Shenzhen Qianhai Fengqi Anhua Cultural Development Co., Ltd. (深圳市前海鳳栖安華文化發展有限責任公司)) ("**Fengqi Anhua**"), which is controlled by Ms. WEN Shengru (溫盛茹) (the spouse of Mr. Jing). As such, the nominee shareholding arrangements between Mr. Jing and his nominees in respect of Mr. Jing's equity interests in our Company through Tianshun Industrial were all terminated.

From September 2019 to December 2021, Mr. Jing gradually transferred all his equity interests in Aohai Industrial held by his nominees to (i) Chengdu Shizhi Business Information Consulting Co., Ltd. (成都適之商務信息諮詢有限公司) ("**Chengdu Shizhi**"), which is controlled by LUO Jiangtao (羅江濤), and (ii) LIU Shengyuan (劉生媛). Upon completion of the aforementioned equity transfers, Mr. Jing ceased to have any interests in Aohai Industrial, and the nominee shareholding arrangements between Mr. Jing and his nominees in respect of Mr. Jing's equity interests in our Company through Aohai Industrial were all terminated.

The nominee shareholding arrangements between Mr. Jing and his nominees in respect of Mr. Jing's equity interests in our Company through Jinjia Courtyard were terminated in 2019. See "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (c) Equity Transfers from August 2019 to December 2019" in this section for further details.

Our PRC Legal Adviser has confirmed that the historical nominee shareholding arrangements described in this section were terminated.

(i) Equity Transfers from December 2021 to May 2022

From December 2021 to May 2022, the following parties entered into equity transfer agreements, respectively, pursuant to which the following transfers of equity interests in our Company were agreed:

Dates of agreements	**Transferor**	**Transferees**	**Number of Shares transferred**	**Consideration** *(RMB)*	**Approximate corresponding equity interests in our Company** *(%)*
From December 16, 2021 to May 25, 2022 (both days inclusive)	Qianhai Tianzheng	32 individual investors[(1)]	6,715,000[(1)]	100,725,000[(1)]	4.92[(1)]
February 18, 2022		Shenzhen Lingyao Investment Partnership (Limited Partnership) (深圳市靈耀投資合夥企業(有限合夥)) (formerly known as Shenzhen Heli No. 6 Investment Center (Limited Partnership) (深圳市合利六號投資中心(有限合夥))) ("**Lingyao Investment**")[(2)]	70,000	1,050,000	0.05
April 15, 2022		Shenzhen Heli No. 7 Investment Center (Limited Partnership) (深圳市合利七號投資中心(有限合夥)) ("**Heli No. 7**")[(3)]	260,000	3,900,000	0.19
May 16, 2022		Shenzhen Yimijing Biotechnology Co., Ltd. (深圳市益覓晶生物科技有限公司) ("**Yimijing Biotechnology**")[(4)]	300,000	4,500,000	0.22

Notes:

(1) The 32 individual investors include YANG Kun (楊琨), ZHU Ruonan (朱若男), LIN Lin (林琳), XU Qinhong (徐琴紅), OUYANG Guishou (歐陽桂壽), RONG Zhiyao (容志耀), WANG Pengjie (王鵬杰), ZHANG Yiyu (張燚煜), WEN Yejuan (溫業娟), CHEN Guangai (陳光愛), LU Changying (盧長英), ZHANG Zhide (張智德), MA Ying (馬英), LI Yulun (李雨倫), ZHANG Ruoshi (張若詩), LONG Yehong (龍葉紅), DAI Yujian (戴育健), ZHU Luwen (朱祿文), LUO Qian (羅茜), LI Xiaoying (李曉穎), LU Ruiheng (盧蕊恒), SONG Hongxia (宋紅霞), WEN Anhua (溫安華), WU Hao (吳浩), WU Hong (吳紅), WU Jianying (吳劍英), ZHU Guiju (朱桂菊), XU Quanhua (徐全華), GUO Lihong (郭立紅), HE Qunhua (何群華), WANG Weiling (王維玲) and YU Xiaoyan (于小艷). Qianhai Tianzheng transferred to the 32 individual investors Shares ranging from 10,000 Shares to 1,700,000 Shares (representing approximately 0.01% to 1.25% equity interests in our Company), at considerations ranging from RMB150,000 to RMB25,500,000, respectively. The cost per Share transferred for all the 32 individual investors is the same. Among the 32 individual investors, (i) ZHU Ruonan, an Independent Third Party, ceased to be a Shareholder in December 2023 when he transferred his entire equity interests in our Company to Qianhai Tianzheng, details of which are set out in the paragraph headed "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (n) Equity Transfers from December 2023 to March 2025" in this section, (ii) WANG Weiling, SONG Hongxia, WEN Anhua and HE Qunhua are relatives of Ms. Jing, and (iii) the remaining individuals investors are Independent Third Parties. For further details of the shareholding held by each of the 31 individual investors who remain as our Sharholders, see "— Capitalization of Our Company" in this section.

(2) Lingyao Investment is a limited partnership established under the laws of the PRC and is managed by its general partner, HU Maifeng (虎麥峰), an Independent Third Party. As of the Latest Practicable Date, it had two limited partners, and was held as to approximately 83.33% by Haikou Zhuoyirong Trading Co., Ltd. (海口市卓易嶸商貿有限公司) as the largest limited partner.

(3) Heli No. 7 is a limited partnership established under the laws of the PRC and is managed by its general partner, Shenzhen Heli Investment Fund Management Co., Ltd. (深圳市合利私募股權基金管理有限公司), an Independent Third Party. As of the Latest Practicable Date, it was held as to 75% by Shenzhen Ruiying Hengtai Investment Consulting Co., Ltd. (深圳瑞盈恒泰投資諮詢有限公司) as the sole limited partner.

(4) Yimijing Biotechnology is an Independent Third Party and ceased to be a Shareholder in March 2024 when it transferred its entire equity interests in our Company to Qianhai Tianzheng. For details, see "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (n) Equity Transfers from December 2023 to March 2025" in this section.

The aforementioned equity transfers were completed on May 25, 2022.

(j) Series B+ Financing and Equity Transfers in June 2022

Pursuant to share subscription agreements dated April 20, 2022, the relevant subscribers agreed to subscribe for a total of 3,160,000 Shares (representing approximately 2.26% equity interests in our Company upon completion of the capital increase) at a total consideration of RMB47,400,000 ("**Series B+ Financing**"). As such, the share capital of our Company increased from RMB136,400,420 to RMB139,560,420. The respective subscription amounts and considerations paid by the relevant subscribers were as follows:

Subscribers	**Number of Shares subscribed for**	**Consideration** *(RMB)*	**Approximate corresponding equity interests in our Company (upon completion of the capital increase)** *(%)*
Shenzhen High-tech Investment Zhiyuan Phase I Equity Investment Fund Partnership (Limited Partnership) (深圳市高新投致遠一期股權投資基金合夥企業(有限合夥)) ("**High-tech Investment Zhiyuan**")[1]	966,100	14,491,500	0.69
Shenzhen High-tech Investment Start-up Investment Co., Ltd. (深圳市高新投創業投資有限公司) ("**High-tech Investment Start-up**")[1]	861,600	12,924,000	0.62
Shenzhen Xiaohe Venture Capital Partnership (Limited Partnership) (深圳市小禾創業投資合夥企業(有限合夥)) ("**Xiaohe VC**")[1]	172,300	2,584,500	0.12
Shenzhen Hejia Jiangsheng Investment Partnership (Limited Partnership) (深圳市合嘉江生投資合夥企業(有限合夥)) ("**Hejia Jiangsheng**")[2]	500,000	7,500,000	0.36
Jiaxing Jiaci Erhuijing Equity Investment Partnership (Limited Partnership) (嘉興加慈二惠競股權投資合夥企業(有限合夥)) ("**Jiaxing Jiaci**")[3]	660,000	9,900,000	0.47

Notes:

(1) Each of High-tech Investment Zhiyuan, High-tech Investment Start-up and Xiaohe VC is an Independent Third Party and ceased to be a Shareholder in September 2024 when they transferred their respective entire equity interests in our Company to Hainan Zhizheng. For details, see "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (n) Equity Transfers from December 2023 to March 2025" in this section.

(2) Hejia Jiangsheng is an Independent Third Party and ceased to be a Shareholder in March 2025 when it transferred its entire equity interests in our Company to Hainan Zhizheng. For details, see "— Major Changes in Share Capital and Shareholdings — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (n) Equity Transfers from December 2023 to March 2025" in this section.

(3) Jiaxing Jiaci is a limited partnership established under the laws of the PRC and is managed by its general partner, Guangdong Jiaci Entrepreneurship Investment Co., Ltd. (廣東省加慈創業投資有限公司)), an Independent Third Party. As of the Latest Practicable Date, it had three limited partners, and was held as to 40% by each of Shenzhen Jiamao Emerging Industry Development Co., Ltd. (深圳市嘉茂新興產業發展有限公司) and Sichuan Jiadian New Energy Vehicle Technology Co., Ltd. (四川省加電新能源汽車科技有限公司) as the two largest limited partners.

The aforementioned capital increase was completed on June 21, 2022.

Further, as an internal restructuring within the beneficial owners of Tianshun Industrial, pursuant to an agreement dated June 14, 2022, (i) Tianshun Industrial transferred 390,000 Shares to ZENG Hong (曾紅) at nil consideration, and (ii) Tianshun Industrial transferred 520,000 Shares to HU Fengzhi (胡鳳芝) at nil consideration, which corresponded to their respective equity interests in our Company beneficially held by ZENG Hong and HU Fengzhi through Tianshun Industrial prior to such transfers. The aforementioned equity transfers were completed on June 14, 2022, following which the nominee shareholding arrangements between (i) Tianshun Industrial and (ii) each of ZENG Hong and HU Fengzhi in respect of their equity interests in our Company through Tianshun Industrial were terminated.

(k) Capitalization of Capital Reserve in July 2022

Pursuant to the shareholders' resolutions dated June 30, 2022, the registered capital of our Company increased from RMB139,560,420 to RMB181,428,546 by way of capitalization of the capital reserve of our Company of RMB41,868,126. The capitalization of the capital reserve was completed on July 26, 2022.

(l) Equity Transfer in February 2023

On February 27, 2023, HU Fengzhi entered into a share transfer agreement with LIU Yurui (劉育瑞) (the spouse of HU Fengzhi), pursuant to which HU Fengzhi transferred 676,000 Shares to LIU Yurui at nil consideration. The aforementioned equity transfer was completed on February 27, 2023, following which HU Fengzhi ceased to be a Shareholder.

(m) Capital Increase in June 2023

Pursuant to the shareholders' resolutions dated May 10, 2023, the registered capital of our Company increased from RMB181,428,546 to RMB272,142,819 by way of capitalization of profits, and 90,714,273 Shares were issued and allotted as bonus shares to all the then Shareholders in proportion to their respective equity interests in our Company before the bonus issue. The capitalization of profits and the bonus issue were completed on June 12, 2023.

(n) Equity Transfers from December 2023 to March 2025

As the payments relating to the considerations of the previous respective equity transfers between (i) Qianhai Tianzheng and (ii) each of ZHU Ruonan and Yimijing Biotechnology in 2022 were not fully settled, the relevant parties agreed to unwind such previous equity transfers. As such, (i) ZHU Ruonan transferred 1,950,000 Shares to Qianhai Tianzheng on December 13, 2023, and (ii) Yimijing Biotechnology transferred 585,000 Shares to Qianhai Tianzheng on March 28, 2024, following which both ZHU Ruonan and Yimijing Biotechnology ceased to be our Shareholders.

Further, pursuant to a share transfer agreement entered into by, among others, Hainan Zhizheng, High-tech Investment Zhiyuan, High-tech Investment Start-up and Xiaohe VC on September 25, 2024, High-tech Investment Zhiyuan, High-tech Investment Start-up and Xiaohe VC transferred 1,883,895 Shares, 1,680,120 Shares and 335,985 Shares, respectively, to Hainan Zhizheng, at a consideration of RMB16,055,258.58, RMB14,288,868.81 and RMB2,856,450.77, respectively. The considerations for the equity transfers were determined after arm's length negotiations between the relevant parties, taking into account, among others, the considerations paid by High-tech Investment Zhiyuan, High-tech Investment Start-up and Xiaohe VC for their subscriptions of the Shares in our Company in June 2022, the time they held equity interests in our Company and the status of our business operations. The aforementioned equity transfers were completed on September 25, 2024, following which each of High-tech Investment Zhiyuan, High-tech Investment Start-up and Xiaohe VC ceased to be a Shareholder.

Besides, pursuant to a share transfer agreement entered into by, among others, Hainan Zhizheng and Hejia Jiangsheng on March 11, 2025, Hejia Jiangsheng transferred 975,000 Shares to Hainan Zhizheng, at a consideration of RMB7,897,300. The consideration for the equity transfer was determined after arm's length negotiations between the relevant parties, taking into account, among others, the consideration paid by Hejia Jiangsheng for its subscription of the Shares in our Company in June 2022, the time it held equity interests in our Company and the status of our business operations. The equity transfer was completed on March 11, 2025, following which Hejia Jiangsheng ceased to be a Shareholder.

EQUITY TRANSFERS INVOLVING HAINAN PHARMACEUTICAL RESEARCH INSTITUTE CO., LTD. (海南藥物研究所有限責任公司) ("HAINAN PHARMACEUTICAL") DURING TRACK RECORD PERIOD

Hainan Pharmaceutical is a limited liability company established under the laws of the PRC on July 16, 2020, and is principally engaged in drug research, testing and inspections, animal experiments and preclinical safety evaluation. It is located in Hainan Free Trade Port (海南自由貿易港), where the local government has adopted favorable policies in relation to the, among others, import and export of commodities, currency exchange and foreign investments, thereby facilitating foreign trades outside the PRC, international projects and cooperation in technology with overseas counterparties.

As a strategic re-arrangement to focus more on our principal operations in line with our capital planning and preparation for our application for the listing the Shares on the National Equities Exchange and Quotation (the "**NEEQ**"), details of which are set out in the paragraph headed " — Previous Listing Plan and Reasons for [REDACTED] on the [REDACTED]" in this section, on October 26, 2023, our Company entered into an equity transfer agreement with Qianhai Tianzheng, pursuant to which our Company transferred its entire equity interests in Hainan Pharmaceutical to Qianhai Tianzheng, at a consideration of RMB83,152,500. The consideration for the equity transfer was determined after arm's length negotiations between the parties with reference to the valuation of Hainan Pharmaceutical as of June 30, 2023, as appraised by an independent valuer in a valuation report.

As further detailed in the paragraph headed " — Previous Listing Plan and Reasons for [REDACTED] on the [REDACTED]" in this section, in August 2024, our Company voluntarily withdrew its listing application on the NEEQ after considering, among other things, future business strategic positioning and capital planning, while on the other hand, our Directors have considered that, among others, the [REDACTED], as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and expand our global business. As such, as a strategic layout in line with our current capital planning facing the international capital markets and the potential synergistic value Hainan Pharmaceutical may bring to our future overseas expansion, on September 30, 2024, our Company entered into a supplemental equity transfer agreement with Qianhai Tianzheng, pursuant to which (i) terminated the equity transfer agreement dated October 26, 2023, and (ii) Qianhai Tianzheng transferred its entire equity interests in Hainan Pharmaceutical to our Company, at a consideration of approximately RMB76,173,777. The consideration for the equity transfer was determined after arm's length negotiations between the parties with reference to the net asset value of Hainan Pharmaceutical as of August 31, 2024, as audited by an independent auditor.

As Hainan Pharmaceutical has been ultimately controlled by Qianhai Tianzheng before and after the aforementioned equity transfers, the financials of Hainan Pharmaceutical had been consolidated into our financial statements under merger accounting throughout the Track Record Period. For further details, see note 40 to the Accountants' Report.

Further, as advised by our PRC Legal Adviser, the aforementioned equity transfers have been properly and legally completed in accordance with the relevant PRC laws and regulations.

Our Directors confirm that the equity transfer involving of Hainan Pharmaceutical in 2024 was neither classified as a major transaction nor a very substantial acquisition pursuant to the Listing Rules, and therefore, the requirements under Rule 4.05A of the Listing Rules do not apply to such transaction.

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees to our Group's development, Gangyuanhao Investment and Huafengming Investment were established as our employee shareholding platforms.

(1) Gangyuanhao Investment

Gangyuanhao Investment was established as a limited partnership under the laws of the PRC on November 3, 2020. Mr. XIAO Ying (肖鷹), a director and supervisor of our subsidiaries, is the general partner and executive partner of Gangyuanhao Investment and is responsible for the management of Gangyuanhao Investment. As of the Latest Practicable Date, Gangyuanhao Investment had 37 limited partners, including Mr. LI Changqing (李長青) (our executive Director) and 36 existing/former employees of our Group, and directly held approximately 0.25% equity interests in our Company.

(2) Huafengming Investment

Huafengming Investment was established as a limited partnership under the laws of the PRC on November 3, 2020. Mr. WAN Xiaoping (萬小平), an employee of our Group, is the general partner and executive partner of Huafengming Investment and is responsible for the management of Huafengming Investment. As of the Latest Practicable Date, Huafengming Investment had 39 limited partners, including Mr. YAO Xiaodong (姚曉東) (our executive Director), Ms. YU Ailian (于愛蓮) (our non-executive Director), Mr. HU Xiande (胡先德) (our senior management), Mr. JI Chong (季沖) (our senior management), Mr. WANG Xiaoming (王曉明) (our senior management) and 34 existing/former employees of our Group, and directly held approximately 1.32% equity interests in our Company.

THE PRE-[REDACTED] INVESTMENTS

(1) Principal Terms of the Pre-[REDACTED] Investments

The following table summarizes the key terms of the Pre-[REDACTED] Investments:

	Series A Financing	**Series B Financing**	**Series B+ Financing**
Date(s) of agreement(s)	May 6, 2020	December 8, 2020; December 11, 2020	April 20, 2022
Number of Shares subscribed for[(1)]	2,000,000 Shares	1,238,300 Shares	3,160,000 Shares
Number of Shares after each round of the Pre-[REDACTED] Investments	102,000,000 Shares	104,923,400 Shares	139,560,420 Shares
Amount of consideration paid[(1)] *(approximation)*	RMB24.00 million	RMB18.57 million	RMB47.40 million
Date of payment of full consideration	May 13, 2020	December 23, 2020	May 20, 2022
Cost per Share paid[(2)] *(approximation)*	RMB4.73	RMB5.92	RMB7.69
Discount to the [REDACTED][(3)] *(approximation)*	[REDACTED]%	[REDACTED]%	[REDACTED]%
Basis of determination of the consideration	The considerations for each round of Pre-[REDACTED] Investments were determined based on arm's length negotiations between the relevant parties, after taking into consideration the timing of the investments, the status of our business operations and our financial performance.		
Lock-up period	All existing Shareholders (including the Pre-[REDACTED] Investors) shall not dispose of any of the Shares held by them within the 12 months following the [REDACTED] as required under the applicable PRC laws.		

	Series A Financing	Series B Financing	Series B+ Financing
Use of proceeds from the Pre-[REDACTED] Investments	Proceeds from the Pre-[REDACTED] Investments received by our Company have been utilized for principal business of our Group, including but not limited to R&D activities, procurement of raw materials, acquisitions of Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司) (our subsidiary), improvement on manufacturing processes and general working capital purposes. As of the Latest Practicable Date, all the net proceeds from the Pre-[REDACTED] Investments had been utilized.		
Strategic benefits to our Company brought by the Pre-[REDACTED] Investors	At the time of the Pre-[REDACTED] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[REDACTED] Investors' investments in our Group and the knowledge and experience of the Pre-[REDACTED] Investors.		

Notes:

(1) For details relating to the number of Shares of our Company subscribed for by each Pre-[REDACTED] Investor and the corresponding consideration paid by each Pre-[REDACTED] Investor for each round of the Pre-[REDACTED] Investments, see "— Major Changes in Share Capital and Shareholdings" in this section.

(2) Calculated based on the amount of consideration paid divided by the number of Shares subscribed for as adjusted by capitalization of the capital reserve and the bonus issue following relevant subscriptions by relevant Pre-[REDACTED] investors.

(3) Calculated based on the currency translation of HK$1 to RMB0.926 and on the [REDACTED] of HK$[REDACTED], being the mid-point of the indicative [REDACTED].

(2) Rights of Jiaxing Jiaci

Jiaxing Jiaci, a Pre-[REDACTED] Investor, was granted customary special rights, including the information right and right to more favorable terms offered to other [REDACTED]. Pursuant to the supplemental agreement entered into by, among others, our Company and Jiaxing Jiaci on March 4, 2025, all special rights shall be automatically terminated on the day immediately preceding the submission of the Company's application for the [REDACTED], and such special rights shall be automatically restored upon the occurrence of the following events (whichever is the earliest): (i) the Company's application for the [REDACTED] is rejected by the [REDACTED]; (ii) our Company voluntarily withdraws its application for the [REDACTED]; or (iii) our Company voluntarily withdraws its filing to the CSRC for its application for the [REDACTED].

(3) Joint Sponsors' Confirmation

On the basis that (i) the considerations for the Pre-[REDACTED] Investments are irrevocably settled more than 28 clear days before the Company's [REDACTED], (ii) the special rights granted to the Pre-[REDACTED] Investors ceased to be effective when the Company submitted its first [REDACTED] to the [REDACTED], the Joint Sponsors confirm that the Pre-[REDACTED] Investments are in compliance with Chapter 4.2 under the Guide for New Listing Applicants issued by the Stock Exchange.

(4) Information about Our Principal Pre-[REDACTED] Investors

Below sets out information of our principal Pre-[REDACTED] Investors that have made meaningful investments in our Company and hold more than 1.00% of our total issued Shares immediately prior to the [REDACTED]. To the best knowledge of our Directors, save as disclosed below, each of our principal Pre-[REDACTED] Investors and their respective ultimate beneficial owner(s) is an Independent Third Party.

1. Hanyi Cultural Exchange	Hanyi Cultural Exchange is a limited liability company established under the laws of the PRC and is principally engaged in event management. As of the Latest Practicable Date, it was held as to 50% by each of CHEN Jingyi (陳敬宜) and CHEN Xiaohan (陳笑寒). CHEN Jingyi and CHEN Xiaohan are relatives of Ms. Jing.
2. Xiangyi Investment	Xiangyi Investment is a limited liability company established under the laws of the PRC and is principally engaged in equity investments. As of the Latest Practicable Date, it was held as to 51% by WANG Lin (王琳) and 49% by LU Hewen (盧鶴文).
3. Chifeng Bo-en Jingtian	Chifeng Bo-en Jingtian is a limited liability company established under the laws of the PRC and is principally engaged in equity investments. As of the Latest Practicable Date, it was held as to 70% by LIU Yongxiang (劉永祥) and 30% by LIU Yiming (劉亦銘) (the son of LIU Yongxiang). LIU Yongxiang is a director and the general manager of our subsidiaries.
4. YANG Kun	YANG Kun is an individual investor. YANG Kun was acquainted with Mr. YAO Xiaodong (our executive Director and general manager) at an industry seminar in 2021.

PREVIOUS LISTING PLAN AND REASONS FOR [REDACTED] ON THE [REDACTED]

In June 2024, our Company submitted an application (the "**Previous Listing Application**") for listing the Shares on the NEEQ. In August 2024, our Company voluntarily withdrew the Previous Listing Application after considering, among other things, future business strategic positioning and capital planning. As of the Latest Practicable Date, there was no material disagreement between our Company and any professional parties engaged for the Previous Listing Application.

On the other hand, our Directors consider that the [REDACTED], as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and expand our global business, the [REDACTED] will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects, and the [REDACTED] on the [REDACTED] will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our [REDACTED] base. Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the [REDACTED] to be a more suitable venue to access international equity markets, and the [REDACTED] will be in the best interests of our Company and our Shareholders as a whole.

Our Directors, to the best of their knowledge, information and belief, are not aware of any matters or findings from the Previous Listing Application which have been brought to their attention and would have a material adverse implication on the [REDACTED], or any matters that might materially and adversely affect our Company's suitability for the [REDACTED]. Our Directors further confirm that, save as disclosed in this section, there is no other matter in relation to the Previous Listing Application that needs to be brought to the attention of the [REDACTED] and potential [REDACTED].

Based on the due diligence work performed by the Joint Sponsors, nothing material has come to the attention of the Joint Sponsors that contradicts the Directors' view disclosed above regarding the Previous Listing Application.

[REDACTED]

The [REDACTED] Shares held by Hainan Zhizheng and Qianhai Tianzheng, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. As Hainan Zhizheng and Qianhai Tianzheng are our Controlling Shareholders and therefore, a core connected person of our Company, the H Shares held by them will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The [REDACTED] Shares held by Chifeng Bo-en Jingtian, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. As Chifeng Bo-en Jingtian is held as to 70% by Mr. LIU Yongxiang (劉永祥) (a director and the general manager of our subsidiaries) and therefore, a close associate of Mr. LIU Yongxiang and a core connected person of our Company, the H Shares held by it will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The [REDACTED] Shares held by Huafengming Investment, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. Huafengmeng Investment is held as to approximately 49.33% by Mr. YAO Xiaodong as one of its limited partners. Therefore, Huafengmeng Investment is a close associate of Mr. YAO Xiaodong (our executive Director and general manager) and a core connected person of our Company, and the H Shares held by it will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The [REDACTED] Shares held by Ms. ZENG Hong, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. As Ms. ZENG Hong is the spouse of Mr. YAO Xiaodong and therefore, a close associate of Mr. YAO Xiaodong and a core connected person of our Company, the H Shares held by her will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The [REDACTED] Shares held by Gangyuanhao Investment, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. Mr. XIAO Ying, a director and supervisor of our subsidiaries, is the general partner and executive partner of Gangyuanhao Investment and is responsible for its management. Therefore, Gangyuanhao Investment is a close associate of Mr. XIAO Ying and a core connected person of our Company, and the H Shares held by it will not be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

The [REDACTED] Shares held by Aohai Industrial, Hanyi Cultural Exchange, Xiangyi Investment, Tianshun Industrial, YANG Kun, Ruiqingxiang Investment, Jiaxing Jiaci, LIU Yurui, LIN Lin, XU Qinhong, OUYANG Guishou, RONG Zhiyao, WANG Pengjie, Hanxin Pharmaceutical, Hailei Pharmaceutical, Heli No. 7, ZHANG Yiyu, WEN Yejuan, CHEN Guangai, LU Changying, ZHANG Zhide, MA Ying, LI Yulun, ZHANG Ruoshi, LONG Yehong, DAI Yujian, Lingyao Investment, ZHU Luwen, LUO Qian, LI Xiaoying, LU Ruiheng, SONG Hongxia, WEN Anhua, WU Hao, WU Hong, WU Jianying, ZHU Guiju, XU Quanhua, GUO Lihong, HE Qunhua, WANG Weiling and YU Xiaoyan, representing approximately [REDACTED]% of our total issued share capital as of the Latest Practicable Date, or approximately [REDACTED]% of our total issued share capital upon [REDACTED] (assuming the [REDACTED] is not exercised), or approximately [REDACTED]% of our total issued share capital upon exercise of the [REDACTED] in full, are Domestic Shares which will be converted into H Shares and [REDACTED] following the completion of the [REDACTED]. As these entities/individuals will not be core connected persons of our Company upon [REDACTED], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules after the [REDACTED].

Immediately upon the completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are [REDACTED] and [REDACTED] in the [REDACTED]; (ii) the [REDACTED] is not exercised; (iii) [REDACTED] Domestic Shares are converted into H Shares; and (iv) [REDACTED] Shares are [REDACTED] and outstanding in the share capital of our Company upon completion of the [REDACTED], [REDACTED] Shares, representing approximately [REDACTED]% of our total issued share capital, will be counted towards the [REDACTED] for the purpose of Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

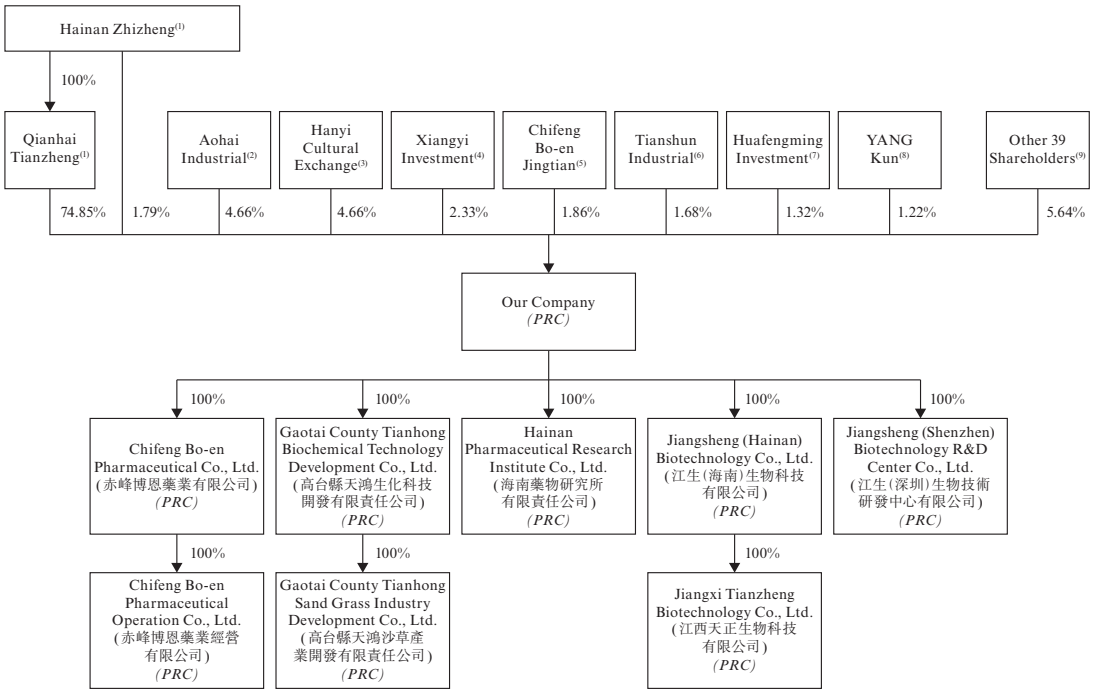
The table below is a summary of the capitalization of our Company as of the date of this document and the [REDACTED] (assuming the [REDACTED] is not exercised):

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Qianhai Tianzheng	203,687,250	74.85%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Aohai Industrial	12,675,000	4.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hanyi Cultural Exchange	12,675,000	4.66%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xiangyi Investment	6,337,500	2.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chifeng Bo-en Jingtian	5,070,000	1.86%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Zhizheng	4,875,000	1.79%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianshun Industrial	4,563,000	1.68%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huafengming Investment	3,597,419	1.32%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
YANG Kun	3,315,000	1.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ruiqingxiang Investment	2,125,090	0.78%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Jiaci	1,287,000	0.47%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LIU Yurui	1,014,000	0.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LIN Lin	975,000	0.36%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
XU Qinhong	780,000	0.29%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZENG Hong	760,500	0.28%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gangyuanhao Investment	674,310	0.25%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
OUYANG Guishou	585,000	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RONG Zhiyao	585,000	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WANG Pengjie	585,000	0.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hanxin Pharmaceutical	507,000	0.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hailei Pharmaceutical	507,000	0.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Heli No. 7	507,000	0.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZHANG Yiyu	468,000	0.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WEN Yejuan	429,000	0.16%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CHEN Guangai	390,000	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LU Changying	390,000	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZHANG Zhide	390,000	0.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
MA Ying	292,500	0.11%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LI Yulun	195,000	0.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZHANG Ruoshi	195,000	0.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LONG Yehong	195,000	0.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
DAI Yujian	195,000	0.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lingyao Investment	136,500	0.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
ZHU Luwen	117,000	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LUO Qian	117,000	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LI Xiaoying	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
LU Ruiheng	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
SONG Hongxia	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WEN Anhua	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WU Hao	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WU Hong	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WU Jianying	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
ZHU Guiju	97,500	0.04%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
XU Quanhua	39,000	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GUO Lihong	39,000	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HE Qunhua	39,000	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
WANG Weiling	29,250	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
YU Xiaoyan	19,500	0.01%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other [REDACTED] taking part in the [REDACTED]	—	—	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**272,142,819**	**100%**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [REDACTED]:



Notes:

(1) Hainan Zhizheng is a limited liability company established under the laws of the PRC, and was held as to 99% by Ms. Jing as of the Latest Practicable Date. Qianhai Tianzheng is a limited liability company established under the laws of the PRC, and was wholly owned by Hainan Zhizheng as of the Latest Practicable Date. For details relating to Hainan Zhizheng and Qianhai Tianzheng, see "Relationship with Our Controlling Shareholders" in this document.

(2) Aohai Industrial is a limited liability company established under the laws of the PRC, and was held as to 80% by Chengdu Shizhi and 20% by LUO Jiangtao as of the Latest Practicable Date. Each of Aohai Industrial, Chengdu Shizhi and LUO Jiangtao is an Independent Third Party.

(3) Hanyi Cultural Exchange is a limited liability company established under the laws of the PRC, and was held as to 50% by each of CHEN Jingyi and CHEN Xiaohan as of the Latest Practicable Date. CHEN Jingyi and CHEN Xiaohan are relatives of Ms. Jing.

(4) Xiangyi Investment is a limited liability company established under the laws of the PRC, and was held as to 51% by WANG Lin and 49% by LU Hewen as of the Latest Practicable Date. Each of Xiangyi Investment, WANG Lin and LU Hewen is an Independent Third Party.

(5) Chifeng Bo-en Jingtian is a limited liability company established under the laws of the PRC, and was held as to 70% by LIU Yongxiang and 30% by LIU Yiming (the son of LIU Yongxiang) as of the Latest Practicable Date. LIU Yongxiang is a director and the general manager of our subsidiaries.

(6) Tianshun Industrial is a limited liability company established under the laws of the PRC, and was held as to approximately 76.75% by Fengqi Anhua and approximately 23.25% by four other minority shareholders each holding less than 15% equity interests as of the Latest Practicable Date. Fengqi Anhua is controlled by Ms. WEN Shengru, the spouse of Mr. Jing.

(7) Huafengming Investment is a limited partnership established in the PRC and is one of our Employee Shareholding Platforms. For details, See "— Employee Shareholding Platforms" in this section.

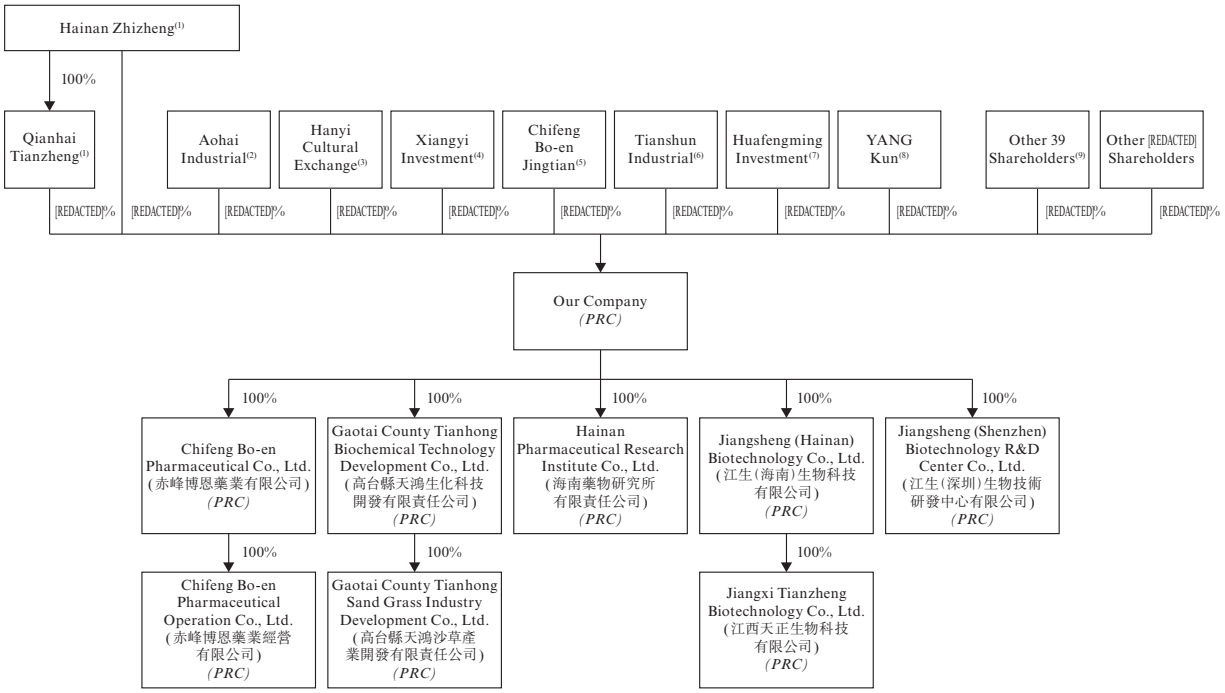
(8) YANG Kun is an Independent Third Party.

(9) Other 39 Shareholders include Ruiqingxiang Investment, Jiaxing Jiaci, LIU Yurui, LIN Lin, XU Qinhong, ZENG Hong, Gangyuanhao Investment, OUYANG Guishou, RONG Zhiyao, WANG Pengjie, Hanxin Pharmaceutical, Hailei Pharmaceutical, Heli No. 7, ZHANG Yiyu, WEN Yejuan, CHEN Guangai, LU Changying, ZHANG Zhide, MA Ying, LI Yulun, ZHANG Ruoshi, LONG Yehong, DAI Yujian, Lingyao Investment, ZHU Luwen, LUO Qian, LI Xiaoying, LU Ruiheng, SONG Hongxia, WEN Anhua, WU Hao, WU Hong, WU Jianying, ZHU Guiju, XU Quanhua, GUO Lihong, HE Qunhua, WANG Weiling and YU Xiaoyan, details of which are set out in the paragraph headed "Major Changes in Share Capital and Shareholdings" in this section. For further details relating to their shareholding in our Company, see also "— Capitalization of Our Company" in this section. Save as disclosed in this section, each of such 39 Shareholders is an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See the notes to "— Corporate Structure Immediately Before Completion of the [REDACTED]" in this section.

OVERVIEW

We are the largest provider and exporter of Human TAT in China and a fully integrated antiserum platform company. With over 50 years of expertise in the R&D, manufacturing and sales of antiserum products, we have established a strong market presence both domestically and internationally. Antiserum refers to a class of biological products that contain immunoglobulins (also known as antibodies) or immunoglobulin $F(ab')_2$ fragments and are prepared from immunized plasma. It is used to provide immediate protection and treatment against various critical infectious diseases, including tetanus, snakebite envenoming and rabies, which require immediate intervention to neutralize toxins and save lives. These diseases continue to pose significant public health challenges, especially in developing countries and regions where healthcare resources are relatively limited. The Chinese and global human antiserum markets are enormous with significant growth potential. According to Frost & Sullivan, the global human antiserum market increased from US$320.9 million in 2019 to US$408.6 million in 2024, representing a CAGR of 4.9%, and is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively. The human antiserum market in China increased from US$48.0 million in 2019 to US$64.1million in 2024, representing a CAGR of 5.9%, and is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively.

We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan. Tetanus antitoxin is an antiserum that provides immediate protection and treatment against tetanus infection by neutralizing the toxin produced by *Clostridium tetani*, the bacterium responsible for tetanus. Our total sales volume of Human TAT in 2024 was 25.4 million units, with 13.2 million units sold in China and 12.2 million units exported to overseas markets. We have consistently dominated the Human TAT market in China, maintaining a market share of above 50% for 18 consecutive years, according to Frost & Sullivan. During the Track Record Period, our Human TAT has been exported to more than 30 countries and regions in Asia and Africa, accounting for nearly 100% of China's export volume. We are the largest Human TAT provider in the Philippines and Egypt, with market shares of around 90% in terms of sales volume in 2024, according to Frost & Sullivan.

We have built a portfolio of human and veterinary pharmaceutical products, which will serve as dual flywheels driving rapid growth in our business. In addition to Human TAT, our existing products include veterinary tetanus antitoxin, PMSG and certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments which are poised for market launch upon completion of re-registration of marketing approvals. We have also built an innovative pipeline targeting highly promising market segments, including a series of human snake antivenoms, equine rabies immunoglobulin $F(ab')_2$, and a variety of veterinary anti-infective drugs, positioning us as a potential front-runner in relevant market segments. The following chart summarizes the development status of our major existing products and product candidates as of the Latest Practicable Date:

	Product	Type	Indication	Internally developed/ Licensed-in	Process Research	Preclinical/ IND	Clinical[1]	Application/ Reregistration for Marketing Approval	Marketing Approval	Upcoming Milestone
For Human Use	Human tetanus antitoxin	Antiserum product	Tetanus infection	Internally-developed						/
	Agkistrodon halys antivenom	Antiserum product	Agkistrodon halys venom infection	Internally-developed						Initiate phase I clinical trial in Q2 2025
	Agkistrodon acutus antivenom	Antiserum product	Agkistrodon acutus venom infection	Internally-developed						Initiate phase I clinical trial in early 2026
	Polyvalent snake antivenom	Antiserum product	Multiple types of snake venom infections	Internally-developed						Complete process research in 2027
	Equine rabies immunoglobulin $F(ab')_2$	Antiserum product	Rabies virus infection	Internally-developed						Complete process research in 2027
For Veterinary Use	Veterinary tetanus antitoxin[2]	Antiserum product	Animal tetanus infection	Internally-developed						Submit re-registration application in Q3 2025
	PMSG[2]	Serum-derived product	Promotion of livestock follicular development and breeding management	Internally-developed						Submit re-registration application in Q3 2026
	Bursal peptide injection[3]	Anti-infective drug	Enhancement of humoral immune function in pigs and chickens	Licensed-in						Obtain new veterinary drug certificate in Q2 2025
	Pig spleen transfer factor[3]	Anti-infective drug	Enhancement of cellular immune function in pigs	Licensed-in						Obtain new veterinary drug certificate in Q2 2025
	Recombinant porcine interferon α[3]	Anti-infective drug	Porcine Transmissible gastroenteritis	Licensed-in						Submit new veterinary drug application in Q4 2025

For Human Use For Veterinary Use

Notes:

(1) Development of human pharmaceutical products typically progresses through multiple phases of clinical trials before NDA submissions, while the clinical development process of veterinary pharmaceutical products is generally more flexible.

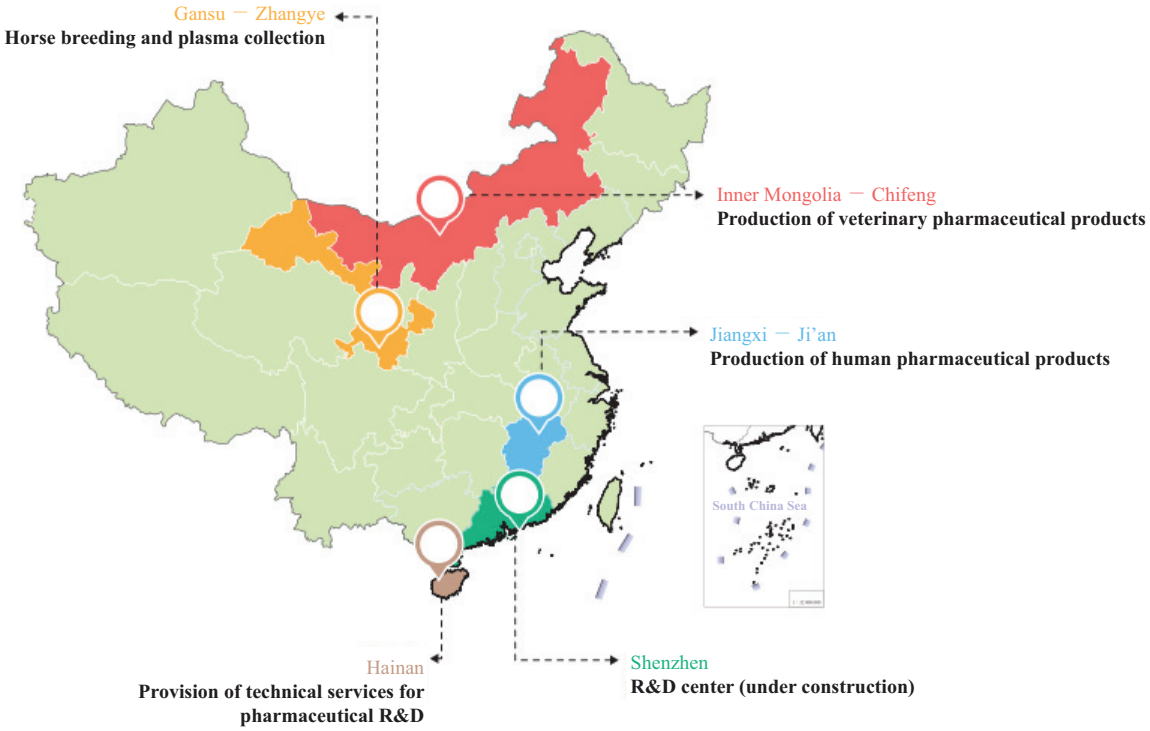
(2) Our veterinary TAT and PMSG, as well as certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments, are poised for market launch upon completion of re-registration of marketing approvals.

(3) We have in-licensed the manufacturing and commercialization rights to these product candidates on a non-exclusive basis.

We are one of the few antiserum companies in China and globally to achieve full-industry-chain integration, according to Frost & Sullivan, with end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation. Our animal immunization and antiserum preparation processes are underscored by a comprehensive, robust and world-class proprietary technology platform, which integrates advanced purification and formulation technologies and allows us to maintain high technical barriers and ensures the quality and efficacy of our products. According to Frost & Sullivan, we are the only company globally to use recombinant protein, mRNA and serum-free antigens to develop antiserum products. On the forefront of quality improvement and technological upgrade of the antiserum industry, we are the first and only company in China to introduce preservative-free packaging and Pasteur virus removal/inactivation technology for human TAT, according to Frost & Sullivan.

We have the largest equine breeding and immunized plasma collection facility operated in accordance with the GMP standard in China, ensuring a stable supply of high-quality raw materials for our antiserum and serum-derived products. We have established in-house manufacturing facilities for human and veterinary pharmaceutical products to ensure scalability, quality, and cost efficiency.

The following map illustrates the geographical distribution of our key production facilities and operational bases as of December 31, 2024:



We maintain a global sales and distribution network, including a comprehensive distribution network in China that spans provincial, city, and county levels. This network ensures broad market coverage and efficient delivery of our products to over 23,500 medical institutions, including over 1,500 tertiary medical institutions. In addition, our Human TAT, as included in Part A of the NRDL (國家甲類醫保品種), the National Essential Drug List (國家基本藥目錄) and National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), enjoys high market recognition, benefiting from the advantage of full medical insurance reimbursement.

During the Track Record Period, our business experienced strong growth. Our total revenue increased significantly from RMB142.0 million in 2022 to RMB220.8 million in 2024, representing a CAGR of 24.7%. Our profit for the year also surged from RMB26.5 million in 2022 to RMB75.1 million in 2024, representing a remarkable CAGR of 68.5%.We plan to further solidify our leadership position in the Human TAT market, rapidly advance the development of our human antiserum product pipeline, accelerate the development and market penetration of our veterinary pharmaceutical products, further optimize our technologies and processes to enhance product quality and efficacy, and further enhance our full-industry-chain capabilities, maximizing our potential for growth and innovation. Leveraging our extensive technological advantages across the entire industry chain, we aspire to position ourselves as a globally leading antiserum platform company, continuously delivering innovative products to address unmet needs worldwide.

OUR COMPETITIVE STRENGTHS

The largest provider and exporter of Human TAT in China and a fully integrated antiserum platform company, driven by the dual flywheels of human and veterinary pharmaceutical product portfolio and well-positioned to capture significant global market opportunities

We have over 50 years of expertise in the R&D, manufacturing and sales of antiserum products. In 1997, Jiangxi Institute of Biological Products (江西生物製品研究所) obtained the marketing approval for Human TAT from the relevant government authority in China. Tetanus antitoxin is an antiserum that provides immediate protection and treatment against tetanus infection by neutralizing the toxin produced by *Clostridium tetani*, the bacterium responsible for tetanus.

We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan. In 2024, our total sales volume of Human TAT were 25.4 million units, comprising 13.2 million units sold in China and 12.2 million units exported to overseas markets. We have consistently dominated the Human TAT market in China, maintaining a market share of above 50% for 18 consecutive years, according to Frost & Sullivan. In addition to being a top market player in China, we ranked the first in terms of export volume of Human TAT in 2024 among China-based pharmaceutical companies. During the Track Record Period, our Human TAT was exported to more than 30 countries and regions in Asia and Africa, accounting for nearly 100% of China's export volume during the relevant year. We are the largest Human TAT provider in the Philippines and Egypt, with market shares of around 90% in terms of sales volume in 2024, according to Frost & Sullivan.

Antiserum refers to a class of biological products that contain immunoglobulins (also known as antibodies) or immunoglobulin $F(ab')_2$ fragments and are prepared from immunized plasma. It is used to provide passive immunity protection and treatment, a medical practice characterized by patients receiving pre-formed antibodies from an external source rather than producing them through their own immune systems, against a variety of viral infections, bacterial and bacterial toxin infections and bio-toxicosis. The use of antiserum products is well-established for various critical infectious diseases, including tetanus, snakebite envenoming and rabies, which require immediate intervention to neutralize toxins and save lives. These diseases continue to pose significant public health challenges, especially in developing countries and regions where healthcare resources are relatively limited. The Chinese and global human antiserum markets are enormous with significant growth potential. According to Frost & Sullivan, the global human antiserum market increased from US$320.9 million in 2019 to US$408.6 million in 2024, representing a CAGR of 4.9%, and is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively. The human antiserum market in China increased from US$48.0 million in 2019 to US$64.1million in 2024, representing a CAGR of 5.9%, and is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively.

Tetanus is a serious infectious disease of the nervous system caused by a toxin-producing bacterium with mortality rate of 30.4% and 41.5%, respectively, in China and globally in 2024, according to Frost & Sullivan, evidencing significant needs for effective immunization solutions. Globally, the incidence of tetanus-prone wounds increased from 570.0 million in 2019 to 614.0 million in 2024, and is expected to continue to increase to 686.7 million in 2033. The incidence of tetanus-prone wounds in China increased from 88.8 million in 2019 to 94.3 million in 2024, and is expected to continue to increase to 96.8 million in 2033. Patients with tetanus-prone wounds are recommended to receive tetanus passive immunity products for immediate protection. The tetanus passive immunity market has exhibited robust growth momentum. According to Frost & Sullivan, the global tetanus passive immunity market increased from US$233.5 million in 2019 to US$293.5 million in 2024, and is expected to continue to increase to US$483.7 million in 2028 and US$793.7 million in 2033 with a CAGR of 13.3% and 10.4% from 2024 to 2028 and from 2028 to 2033, respectively. The tetanus passive immunity market in China increased from US$156.6 million in 2019 to US$205.4 million in 2024, and is forecasted to continue to increase to US$259.9 million in 2033. The tetanus passive immunity market is segmented into polyclonal antibodies and monoclonal antibodies, while polyclonal antibodies can be further categorized into equine plasma-derived polyclonal antibodies (namely, Human TAT and Equine Tetanus Immunoglobulin $F(ab')_2$) and human plasma-derived polyclonal antibodies (namely, HTIG). Polyclonal antibodies contain a mixture of antibodies that bind multiple epitopes on an antigen, and monoclonal antibodies contain identical antibodies that bind a single, specific epitope on an antigen, and are produced by a single clone of B-cells. Human TAT is the most widely utilized tetanus passive immunity product and occupies a significant share of the market. According to Frost & Sullivan, the global Human TAT market increased from US$60.9 million in 2019 to US$84.6 million in 2024 with a CAGR of 6.8%, and is expected to continue to increase to US$199.9 million in 2028 and US$386.1 million in 2033 with a CAGR of 24.0% and 14.1%

from 2024 to 2028 and from 2028 to 2033, respectively. The Human TAT market in China increased from US$21.6 million in 2019 to US$33.5 million in 2024 with a CAGR of 9.1%, and is expected to continue to increase to US$66.2 million in 2028 and US$87.5 million in 2033 with a CAGR of 18.6% and 5.7% from 2024 to 2028 and from 2028 to 2033, respectively. We are also the largest provider of human tetanus passive immunity products in China, with our sales volume of Human TAT in 2024 accounting for 41.1% of the market, according to Frost & Sullivan.

We believe that equine plasma-derived polyclonal antibodies offer various advantages, including (i) broad-spectrum potential to target a wide range of antigens while reducing susceptibility to resistance and minimizing the risk of immune escape, (ii) fewer ethical and safety concerns (such as the risk of infectious disease transmission) associated with human plasma-derived products, (iii) lower production costs and greater economic accessibility, facilitating scalable manufacturing and reducing the financial burden on patients and healthcare systems, and (iv) a short development cycle, making them well-suited for rapid responses to unanticipated public health emergencies caused by infectious diseases.

We are a fully-integrated antiserum platform company with end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation. We are one of the few antiserum companies in China and globally to achieve full-industry-chain integration. Our full-industry-chain capabilities allow us to achieve reliable quality and cost control and ensure stable and timely supply. By strategically focusing on the expansive global antiserum market and leveraging our extensive technological advantages across the entire industry chain, we aspire to position ourselves as a globally leading antiserum platform company, continuously delivering innovative products to address unmet needs worldwide.

Meanwhile, we have a number of veterinary pharmaceutical products that are poised for market launch upon completion of re-registration of marketing approvals. We anticipate that our portfolio of human and veterinary pharmaceutical products will serve as dual flywheels driving rapid growth in our business. For example, our veterinary tetanus antitoxin is anticipated to be launched in the fourth quarter of 2025. According to Frost & Sullivan, the veterinary tetanus antitoxin market is expected to grow with a CAGR of 42.8% and 26.3% from US$2.2 million in China and US$30.2 million globally in 2024 to US$9.1 million and US$76.8 million in 2028, which is further forecasted to reach US$24.9 million in China and US$103.2 million globally in 2033, with a CAGR of 22.3% and 6.1%, respectively. As of the Latest Practicable Date, only four companies had obtained marketing approvals from the Ministry of Agriculture in China for veterinary tetanus antitoxin. In addition, we plan to establish a new production line for PMSG to comply with EU GMP standards. We aim to launch our PMSG in China in the fourth quarter of 2026 and will also explore various export markets. PMSG is a glycoprotein hormone derived from the serum of pregnant mares and has been widely used to enhance reproductive performance and management of livestock. According to Frost & Sullivan, the global veterinary PMSG market is expected to increase from US$253.0 million in 2024 to US$306.4 million in 2028 and US$377.2 million in 2033 with a CAGR of 4.9% and 4.2% from 2024 to 2028 and from 2028 to 2033, respectively. The veterinary PMSG market in

China is expected to increase from US$71.3 million in 2024 to US$89.9 million in 2028 and US$128.3 million in 2033 with a CAGR of 6.0% and 7.4% from 2024 to 2028 and from 2028 to 2033, respectively. Currently, the global PMSG market is dominated by a few large-scale multi-national enterprises. As of the Latest Practicable Date, there were eight approved manufacturers of PMSG APIs in China. The production of PMSG API requires high technical standards, whereas the PMSG formulations are typically produced by combining the API with excipients, and therefore are less technically demanding. Our PMSG API has a high purity with biological potency of over 2,000 IU/mg, meeting the stringent standards set by the latest veterinary pharmacopoeia in both China and the European Union.

According to Frost & Sullivan, the global veterinary drug market is expected to increase from US$49.9 billion in 2024 to US$68.8 billion in 2028 and US$107.3 billion in 2033 with a CAGR of 8.3% and 9.3% from 2024 to 2028 and from 2028 to 2033, respectively. The veterinary drug market in China is expected to increase from US$10.3 billion in 2024 to US$13.7 billion in 2028 and US$20.1 billion in 2033 with a CAGR of 7.5% and 8.0% from 2024 to 2028 and from 2028 to 2033, respectively. Despite the significant growth, the veterinary pharmaceutical market faces significant challenges, particularly the growing concerns for antibiotic resistance in the livestock industry. The presence of antibiotic residues in animal-derived food products poses series risks to public health, as prolonged exposure can contribute to bacterial resistance, reducing the effectiveness of antibiotics in both human and veterinary medicine. In response, the WHO and the PRC government have implemented regulations and policies to restrict or ban the use of certain traditional veterinary antibiotics in animal husbandry. The implementation of these regulations and policies has created huge unmet needs for anti-infective and immunity-enhancing alternatives. We believe that we are positioned to address these challenges and to capture substantial market shares.

A rich and differentiated pipeline of innovative human and veterinary pharmaceutical products targeting highly promising market segments, fueling significant opportunities for revenue growth

With our long-standing heritage and deep expertise in human antiserum products and leveraging our full-industry-chain capabilities, we have built a rich and differentiated pipeline of innovative human and veterinary pharmaceutical products targeting critical unmet needs. Specifically, we are expanding our portfolio of human antiserum products and are developing snakebite antivenoms and equine rabies immunoglobulin $F(ab')_2$. In addition, we have in-licensed the manufacturing and commercialization rights to a pipeline of veterinary anti-infective drugs. These product candidates target to capture significant blue-ocean market opportunities, positioning us as a potential front-runner in the relevant market segments where approved comparable products are scarce, according to Frost & Sullivan, and fueling new growth opportunities for our business.

Snake Antivenom Candidates

Snakebite is a neglected public health issue in many tropical and subtropical countries, most commonly in Southeast Asia, Africa and Latin America. According to Frost & Sullivan, the incidence of venomous snakebites globally and in China in 2024 was 2.7 million and 0.28 million, respectively. Bites by venomous snakes have severe negative consequences as it may cause permanent disfigurement and/or disabilities, including limb amputations, and even deaths, according to Frost & Sullivan. The WHO has recognized snake antivenoms as the only effective treatment to prevent or reverse most of the venomous effects of snakebites and have included snake antivenoms in the WHO Model List of Essential Medicines. However, the antivenom market in China is significantly underserved, presenting substantial opportunities for our product candidates to make a meaningful impact. If calculated based on the WHO's recommended dosage of four to six vials per person, the overall annual market demand in China ranges from 1.2 to 1.8 million vials and there is a market gap of over 1 million vials. With the growing awareness about snakebites and the increasing recognition of the importance of antivenom in managing snake envenoming, the snake antivenom market is expected to witness significant growth in the coming years. According to Frost & Sullivan, the global antivenom market increased from US$192.5 million in 2019 to US$230.1 million in 2024 and is forecasted to continue to increase to US$569.0 million in 2033. The snake antivenom market in China increased from US$16.2 million in 2019 to US$23.2 million in 2024 with a CAGR of 7.5%, and is expected to continue to increase to US$37.3 million in 2028 and US$87.9 million in 2033 with a CAGR of 12.6% and 18.7% from 2024 to 2028 and from 2028 to 2033, respectively.

We have a series of human snake antivenoms under development, including our agkistrodon halys antivenom, agkistrodon acutus antivenom, and polyvalent snake antivenom. We have obtained IND approval for agkistrodon halys antivenom and plan to commence a Phase I clinical trial in the second quarter of 2025. We are conducting preclinical studies for agkistrodon acutus antivenom and we plan to commence a Phase I clinical trial in early 2026. Our polyvalent snake antivenom is currently under process research.

Our snake antivenom product candidates are designed with a focus on high quality, purity and safety. They have exhibited superior potency and effectiveness in neutralizing the venomous effects of snakebites, achieving high specific activity and robust neutralization capacities for hemorrhagic venom activity, procoagulant venom activity and neurotoxicity. In addition, we leverage advanced purification and formulation technologies to enhance the purity and quality of our snake antivenoms. We believe our snake antivenom product candidates are well positioned to bridge the market gap and deliver more effective treatment solutions for snakebite patients upon commercialization.

Equine Rabies Immunoglobulin F(ab')$_2$ Candidate

Rabies is a serious public health problem occurring in over 150 countries and territories, mainly in Asia and Africa. According to Frost & Sullivan, deaths from rabies in 2024 are estimated to reach 10,351 globally. Recognizing the urgent need to address this persistent public health challenge, the WHO, in collaboration with other global stakeholders, has set an ambitious target: achieving "Zero Rabies Deaths by 2030." Rabies is almost always fatal once clinical symptoms appear, which underscores the need for urgent and effective post-exposure prophylaxis. According to Frost & Sullivan, nearly 50 million people are exposed to rabies annually in China. Our equine rabies immunoglobulin F(ab')$_2$ under development, as a passive immunity product, is poised to complement the active immunity products (namely, vaccines). According to WHO guidelines, patients with Grade III rabies exposure are recommended to use passive immunity products as there may not be sufficient time before the vaccine-induced immune responses develop. According to Frost & Sullivan, the incidence of Grade III rabies exposure in China increased from 14.2 million in 2019 to 15.5 million in 2024 and is expected to continue to increase to 17.1 million in 2033. In 2024, among these 15.5 million high-risk individuals, only 11.9%, or about 1.5 million, received passive immunization treatment, indicating significant unmet clinical needs. The growing demands for passive immunity products are also driven by no or inadequate immune responses to rabies vaccines among certain patient groups. As of the Latest Practicable Date, no equine rabies immunoglobulin F(ab')$_2$ had been approved for sale in China, and all companies with marketing approvals for traditional Equine Rabies Antiserum had discontinued commercialization as a result of inability to achieve market acceptance caused by a high incidence of adverse actions. With a deeper understanding of the role of passive immunity products in rabies control, the rabies passive immunity market (currently dominated by human plasma-derived rabies immunoglobulin which is associated with limited availability and high pricing) in China increased from RMB1.4 billion in 2019 to RMB1.8 billion in 2024 with a CAGR of 5.4%, and is expected to continue to increase to RMB2.5 billion in 2028 and RMB4.8 billion in 2033 with a CAGR of 8.8% and 13.9% from 2024 to 2028 and from 2028 to 2033 respectively. Our equine rabies immunoglobulin F(ab')$_2$ is currently under process research. We have designed our equine rabies immunoglobulin F(ab')$_2$ to target novel antigens, which improves the purity of antibodies produced in host horses while minimizing the formation of non-specific antibodies, thereby enhancing therapeutic efficacy and safety. In addition, we leverage advanced purification and formulation technologies to enhance the purity and quality of our equine rabies immunoglobulin F(ab')$_2$. We believe that our quality and affordable equine rabies immunoglobulin F(ab')$_2$ is well positioned to capture significant shares in the vast and fast growing market segment.

Veterinary Anti-Infective Drug Candidates

We have in-licensed from Independent Third Parties the manufacturing and commercialization rights to a number of veterinary anti-infective drugs, with two category I new veterinary drug candidates, namely, bursal peptide injection, rPoIFN α, and one category III new veterinary drug candidate, namely, pig spleen transfer factor.

China is the largest livestock and poultry producer in the world, with 1.13 billion pigs, 0.15 billion cattle, 0.62 billion sheep and 23.82 billion poultry in 2024, according to Frost & Sullivan. Intense farming systems compromise animal immunity, leading to frequent outbreaks of avian influenza, African Swine Fever, Porcine Reproductive and Respiratory Syndrome, and Infectious Bursal Disease. The outbreaks of these diseases have caused significant economic losses. Meanwhile, the prevalence of zoonotic diseases and the emergence of new variants pose significant threats to public health security. Current prevention and treatment methods for livestock and poultry infectious diseases primarily rely on vaccines and antibiotics. However, viral mutations and antibiotic resistance have limited the effectiveness of these approaches. The veterinary anti-infective drug market in China is expected to increase from US$10.3 billion in 2024 to US$13.7 billion in 2028 and US$20.1 billion in 2033 with a CAGR of 7.5% and 8.0% from 2024 to 2028 and from 2028 to 2033, respectively. With the increasing global demands for safe and effective alternatives to traditional antibiotics for livestock and poultry, combined with our early-mover advantage, we believe that our in-licensed veterinary anti-infective drug candidates are well-positioned to seize significant market opportunities.

Bursal peptide injection is an immunomodulator extracted from the bursa of chickens and is indicated for enhancement of the humoral immune function in pigs and chicken. As of the Latest Practicable Date, there was no bursal peptide injection approved for sale in China and globally.

Pig spleen transfer factor is an immunomodulator extracted from pig spleen and is indicated for the enhancement of the cellular immune function in pigs. According to Frost & Sullivan, only one company had obtained marketing approval from the Ministry of Agriculture in China for pig spleen transfer factor.

rPoIFN α is an anti-infective therapeutics indicated for porcine transmissible gastroenteritis. As of the Latest Practicable Date, no rPoIFN-α had been approved for sale in China and globally, according to Frost & Sullivan. rPoIFN α is a biologic developed using innovative engineering technology, with the potential to offer superior safety and efficacy as well as broad-spectrum antiviral and immunomodulatory functions.

The bursal peptide injection and pig spleen transfer factor have submitted new veterinary drug applications ("**NVDA**"), with new veterinary drug registration certificates anticipated to be obtained in the second quarter of 2025. rPoIFN α has completed clinical studies, with a NVDA expected to be submitted in the fourth quarter of 2025.

A comprehensive, robust and world-class proprietary technology platform, empowering continuous optimization and innovation of animal immunization and antiserum preparation processes

We are a fully-integrated antiserum platform company and one of the few in China that are committed to continuous optimization and innovation of animal immunization and antiserum preparation processes, according to Frost & Sullivan. Our animal immunization and antiserum preparation processes are underscored by a comprehensive, robust and world-class proprietary technology platform, which allows us to maintain high technical barriers and ensures the quality and efficacy of our products.

- **Antigen Development and Testing:** Our high-efficiency antigen development and testing platform utilizes traditional inactivated antigens alongside cutting-edge technologies, such as recombinant protein, mRNA and serum-free technologies, to rapidly screen for antigen candidates with strong immunogenicity. According to Frost & Sullivan, we are the only company globally to use recombinant protein, mRNA and serum-free antigens to develop antiserum products. We continuously optimize inactivated antigen purification technology and immunoadjuvant formulation to ensure consistent quality and potency for animal immunization.

- **Host Animal Immunization and Immunized Plasma Collection:** We strive to maintain the health and well-welfare of host animals while inducing efficient immune responses and high-titer antibodies. Advanced animal health monitoring systems and welfare practices are in place, which are operated in accordance with EU standards. The average antibody titer of our immunized equine plasma has increased from approximately 1,500 IU/mL in 2021 to nearly 2,000 IU/mL in 2024. This enhancement has significantly improved the potency and efficacy of our antiserum products.

- **Antibody Purification:** We employ advanced purification technologies to enhance the purity of our products and reduce the risks of adverse reactions while maintaining their cost-effectiveness and accessibility. We have established a new production line for human antiserum products in vials. We are the first and only company in China to introduce preservative-free vial packaging for Human TAT, according to Frost & Sullivan. In addition, we rolled out a number of technological advancements during the Track Record Period, including the adoption of ultrafiltration process and Pasteur virus removal/inactivation. According to Frost & Sullivan, we are the first in the antiserum market in China to implement Pasteur virus removal/inactivation technology. Through these technological advancements, the specific activity of our Human TAT can reach up to 90,000 IU/gP and the average specific activity increased from

approximately 62,000 IU/gP in 2021 to approximately 82,000 IU/gP in 2024, which significantly exceeds the Chinese Pharmacopoeia standard of 45,000 IU/gP and is comparable to that of the much more expensive Equine Tetanus Immunoglobulin $F(ab')_2$. We have also been pursuing certain cutting-edge innovation in purification technologies, such as octanoic acid purification, ion exchange chromatography and pathogen-specific affinity chromatography. We are the only player in the global antiserum market to have integrated all these technologies, according to Frost & Sullivan.

We have a dedicated in-house R&D team comprising 42 full-time members as of December 31, 2024. These experts possess specialized knowledge in key areas such as pharmacology, biotechnology, health management, and animal immunology, providing strong technical support for our innovation-driven growth. Our core technologies and product portfolio are protected by a comprehensive patent portfolio, which consisted 47 registered patents as of the Latest Practicable Date.

We have established collaboration relationships with renowned research institutions such as Southern University of Science and Technology (南方科技大學) and technology companies to jointly undertake R&D projects. These collaborations are designed to leverage the expertise and technological capabilities of both parties to accelerate innovation and advancement.

Well-established commercial capabilities with global sales and distribution network

We maintain a global sales and distribution network, which, combined with our well-established commercial capabilities, have been a key driver for our strong sales growth. We have developed a comprehensive distribution network in China, spanning provincial, city, and county levels. This network, comprising a total of 478 distributors as of December 31, 2024, ensures broad market coverage and efficient delivery of our products to over 23,500 medical institutions, including over 1,500 tertiary medical institutions in China.

Our Human TAT, as included in Part A of the NRDL (國家甲類醫保品種), the National Essential Drug List (國家基本藥目錄) and National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), enjoys high market recognition. Benefiting from the advantage of full medical insurance reimbursement, our Human TAT is more readily accepted by medical institutions and patients. Leveraging our deep industry experience, we are able to anticipate market demands and proactively plan technological advancements. This foresight not only reinforces our market position but also enhances our pricing power.

We actively respond to VBP policies, which has further broadened our hospital access channels and increased our sales volume. In particular, in August 2023, our Human TAT participated in the centralized VBP scheme organized by the Beijing-Tianjin-Hebei pharmaceutical alliance and was selected as the exclusive winner with an allocated share of 100%. In December 2023, our Human TAT participated in the centralized VBP scheme for "Shortage and Emergency Rescue Products" led by Guangdong Province, covering 27 provinces and cities. We won the top bid, with an allocated share of 72%.

In addition, our Human TAT has been exported to more than 30 countries and regions in Asia and Africa through domestic and overseas distributors during the Track Record Period. As of December 31, 2024, we had 27 distributors for export sales. Leveraging their extensive experience and local resources, these export distributors have enabled us to achieve deep market penetration in the overseas markets. We closely monitor overseas government tender opportunities and explore potential sales channels. In 2024, our product successfully won the Ethiopian government's tender for 4.8 million ampoules of Human TAT. Our export sales of Human TAT increased from RMB31.3 million in 2022 to RMB44.0 million in 2024. The growth in export sales reflects our continued efforts to diversify our sales channels, expand our international presence and strengthen our global market position.

We have a stable and efficient in-house sales and marketing team, complemented by a highly responsive market feedback mechanism. As of December 31, 2024, our in-house sales and marketing team comprised 29 employees with professional backgrounds and experience in fields such as medicine, biology, international economics and trade and other related areas. Our in-house sales and marketing team conducts extensive research to gather insight on market dynamics and competitive landscapes across various countries. We believe that our effective commercial capabilities will allow us to continue to enhance our market awareness and penetration.

Distinct full-industry-chain capabilities with rigorous quality control system, ensuring stable supply and cost efficiency

We are a fully-integrated antiserum platform company with end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation. We are one of the few antiserum companies in China and globally to achieve full-industry-chain integration. Our full-industry-chain capabilities are supported by our in-house GMP-standard infrastructure and rigorous quality control system, which allow us to ensure stable product supply while driving cost reduction and efficiency enhancement.

Our equine breeding and plasma collection base located in Zhangye, Gansu has the capacity to accommodate and breed up to 4,000 horses. With around 15 years of professional breeding experience, this base is the largest equine breeding and immunized plasma collection facility operated in accordance with the GMP standard in China, ensuring a stable supply of high-quality raw materials for our antiserum and serum-derived products. Our equine breeding and plasma collection base is equipped with advanced plasmapheresis technology for high-purity plasma extraction, producing over 100 million mL of plasma annually in 2024.

Our GMP-standard human biopharmaceutical manufacturing facility is located in Ji'an, Jiangxi Province with a total GFA of 11,540 sq.m. It houses three dedicated production lines for the manufacturing of Human TAT and other antiserum products under development. This facility is the first in China's antiserum industry to adopt isolator-based aseptic filing technology, according to Frost & Sullivan.

In addition, we have a veterinary drug manufacturing facility in Chifeng, Inner Mongolia, which underscores our commitment to expanding our veterinary pharmaceutical product portfolio. This manufacturing facility is currently undergoing renovation and equipment installation for various production lines, with a PMSG production line being designed and built in accordance with EU GMP standards. In particular, the construction of our production line for veterinary tetanus antitoxin is close to completion, and is expected to commence operations in the fourth quarter of 2025.

We have implemented rigorous quality control procedures and protocols to ensure the quality and consistency of our products. We also pay close attention to the evolving standards and regulatory developments in the target markets and update our internal procedures accordingly, striving for the highest standards in patient safety and regulatory compliance.

Our subsidiary, Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司) ("**Hainan Pharmaceutical Research Institute**"), has obtained China Metrology Accreditation ("**CMA**") certification and been authorized by the Hainan Provincial Institute for Drug Control (海南藥檢所) to operate its GLP safety assessment center. This enables us to conduct safety evaluation of our product candidates in-house, further enhancing our full-industry-chain capabilities.

Benefiting from our substantial investment in the full-industry-chain capabilities that are difficult for competitors to replicate, we have the ability to independently control each aspect across the entire production lifecycle from raw material supply to manufacturing of finished products. This affords us a dominant advantage in terms of cost and quality control, ensuring pricing flexibility and profitability. In addition, the full-industry-chain integration allows us to bring additional product candidates efficiently and cost-effectively from bench to bedside, providing a solid foundation for the continuous expansion of our product portfolio.

Experienced management team with profound industry insight

Our success is significantly attributed to our seasoned management team, who have deep industry insight and extensive expertise. They are well-versed in various aspects of our business, including overall operations, research and development, livestock management, domestic and international sales, and registration affairs. Their expertise enables us to master the core know-how across every segments of our business and industry. We are also committed to bringing in younger management talent, who infuse our established operations with vitality and fresh perspectives, while offering an international vision and modern management philosophies.

Our management team is led by the chairperson of our Board, Ms. Jing Yue (敬玥), who boasts extensive cross-industry operational experience. She holds a bachelor's degree from Stern School of Business of New York University and is currently pursuing a Ph.D. in business administration at the Hong Kong Polytechnic University. She has been instrumental in shaping our business strategies, including our strategic focus on innovative biological immune antibodies and anti-infective drugs as well as our dual-flywheel growth model.

Our senior executives have long been involved in the antiserum industry and related industry chains, offering invaluable expertise. Our general manager, Mr. YAO Xiaodong has over 32 years of experience in the pharmaceutical industry. He has been certified as a senior engineer in pharmaceutical engineering and completed the EMBA advanced training program for senior management in the pharmaceutical and medical device industry in China (全國醫藥、醫療器械行業高層管理人員工商管理EMBA 高級研修班) at the Institute of Executive Development of the China Food and Drug Administration (國家食品藥品監督管理總局高級研修學院) (currently known as the Institute of Executive Development of the NMPA (國家藥品監督管理局高級研修學院). Mr. Yao led five provincial and municipal-level science and technology projects and has been granted a number of invention patents, underscoring his contributions to both technological advancements and project leadership. Mr. HU Xiande, our deputy general manager and marketing director, has over 32 years of experience in quality management and marketing. Mr. Ji Chong, our deputy general manager and the head of our R&D team, brings over 37 years of experience in antiserum product research and production. He has been certified as an engineer in medical biotechnology by the Shanghai Institute of Biological Products since January 2000.

Our management team demonstrates a forward-looking vision, coupled with a high degree of strategic insight and execution capability. In 2018, we established a Board-level R&D and technology advancement group to spearhead the development of new antiserum product candidates, as well as continuous technological advancements for Human TAT. In 2020, we acquired Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司) ("**Chifeng Bo-en Pharmaceutical**"), expanding into veterinary pharmaceutical market. Driven by our management's focus on market needs and unmet demands as well as a commitment to continuous innovation, we have made significant progress in expanding our product offerings and global footprints. With a number of new products to be launched over the next five years, we are poised for sustained revenue growth. This forward-looking trajectory reflects our management's proactive approach and dedication to maximizing company value.

OUR STRATEGIES

Further solidify our leadership position in the Human TAT market

We have established a new production line for human antiserum products in vials and rolled out a number of technological advancements during the Track Record Period. We plan to launch the new vial packaging of Human TAT in China in the third quarter of 2025, followed by export markets. We expect these technological advancements to create significant value and pricing opportunities, enabling us to further expand our market shares in the overall tetanus passive immunity market.

We plan to enhance the academic recognition of our products and strengthen our brand awareness in the medical community in China through increased academic marketing efforts and expanding our in-house sales team, further deepening our market penetration. As an undisputable market leader, we position ourselves as a flagship brand of China-manufactured tetanus antitoxin and remain committed to continuous optimization and innovation to enhance product safety and efficacy, thereby improving overall healthcare outcomes in the PRC market. In addition, we will target highly promising overseas markets for sales expansion by collaborating with distributors to leverage their local networks and resources.

Rapidly advance the development of human antiserum product pipeline

We plan to rapidly advance the development of our human antiserum product pipeline, with the vision to build a global antiserum hub and become a leading anti-infective drug company globally.

In particular, we will actively advance the preclinical and clinical studies of snake antivenoms and equine rabies immunoglobulin $F(ab')_2$. We plan to commence Phase I clinical trials for agkistrodon halys antivenom and agkistrodon acutus antivenom in the second quarter of 2025 and early 2026, respectively, with applications for marketing approvals anticipated to be submitted in early 2027 and early 2028, respectively. Our polyvalent snake antivenom and equine rabies immunoglobulin $F(ab')_2$ are currently under process research and we expect to complete process research in 2027, followed by preclinical studies, and file an IND application for these two product candidates in 2029.

Additionally, we intend to explore opportunities to develop other human antiserum products for respiratory syncytial virus ("**RSV**") infections and antibiotic-resistant bacterial infections to fill existing market gaps. According to Frost & Sullivan, drug-resistant bacterial infections are one of the leading causes of human mortality. However, there is currently a significant unmet need for effective therapeutic drugs for drug-resistant bacterial infections, particularly for the treatment of hospital-acquired infections and recurrent infections in the elderly that require multiple hospitalizations.

Furthermore, our long-term antiserum development strategy extends beyond focusing only on passive immunization to a combined approach of active and passive immunization. We will explore opportunities to develop active immunization products to offer more comprehensive solutions for infectious diseases.

To support these initiatives, we intend to establish a new research and development center in Shenzhen and recruit additional R&D personnel with diverse expertise and skillsets. By assembling a team of experts from various fields, we aim to further strengthen our R&D capabilities and accelerate our research and development efforts.

Accelerate the development and market penetration of our veterinary pharmaceutical product offering

We plan to accelerate the development and market penetration of our veterinary pharmaceutical product offering. Together with our human pharmaceutical product offering, they serve as dual flywheels driving our business growth, addressing the growing concerns for antibiotic resistance.

Building upon the proven success of our Human TAT and our full-industry-chain capabilities, we will pursue rapid commercialization and sales expansion of our veterinary tetanus antitoxin.

In addition, we plan to establish a new production line for PMSG with technological upgrades and process improvements to ensure compliance with EU GMP standards. We aim to launch our PMSG in China in the fourth quarter of 2026 and will also explore various export markets.

In anticipation of the commercialization of the above mentioned products as well as our in-licensed veterinary anti-infective drug candidates, we plan to recruit additional sales and marketing personnel. These products and product candidates hold significant potential in the veterinary pharmaceutical market, and their advancement toward commercialization are significant steps in expanding our product portfolio.

Further optimize our technologies and processes to enhance product quality and efficacy

We will continue to refine our purification technologies and processes to elevate the quality and efficacy of our products. As part of our technological advancements, we plan to accelerate the integration of innovative technologies, including octanoic acid purification, ion exchange chromatography and pathogen-specific affinity chromatography, across our existing and new production lines. With the implementation of these innovative technologies, we seek to continue to improve our antiserum preparation processes and enhance the overall quality and production efficiency of our human antiserum products.

Our technology upgrades also extends to the development of antigens and adjuvants. We will continue to scale up innovative antigen development technologies in support of our development of new human antiserum products and, in the future, active immunization products.

Further enhance our full-industry-chain capabilities

We will establish a new antiserum biotechnology complex in Ji'an, Jiangxi Province, comprising a new commercial-scale manufacturing facility and a new R&D and pilot-scale manufacturing facility, mainly to support the clinical trials and commercialization of our

human antiserum product candidates. We are also constructing a new production line for PMSG to comply with EU GMP standards. In addition, we are constructing new production lines for our in-licensed veterinary anti-infective product candidates to support their upcoming market launch. With these expansion plans, we believe that we are well-positioned to meet future market needs. We will also further enhance our full-industry-chain capabilities by obtaining various production and inspection qualifications.

Furthermore, we will invest in advanced manufacturing equipment and enhance the automation, semi-automation, and intelligence of our production lines and quality control systems. By adopting lean production practices, we aim to improve efficiency, reduce costs, and ensure consistent product quality.

OUR PRODUCTS AND SERVICES

During the Track Record Period, our principal source of revenue was the sales of Human TAT, which accounted for 93.9%, 93.0% and 93.3% of our total revenue in 2022, 2023 and 2024, respectively. In addition to the sales of Human TAT, we generated revenue from the sales of other products, and from technical services provided by one of our subsidiaries, Hainan Pharmaceutical Research Institute. The revenue from the sales of other products represented 1.1%, 1.5% and 3.4% of our total revenue in 2022, 2023 and 2024, respectively, while the revenue from technical services accounted for 5.0%, 5.6% and 3.3% of our total revenue in 2022, 2023 and 2024, respectively.

Our Existing Product Portfolio

Human TAT

Product Overview

Human TAT is an antiserum containing antibodies to prevent and treat tetanus, an acute infection caused by *Clostridium tetani*. It is primarily used for tetanus prophylaxis in high-risk individuals and treatment of patients with tetanus symptoms. Currently listed in the National Essential Drug List (國家基本藥物目錄), the National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), and Part A of the NRDL (甲類醫保目錄品種), our Human TAT is recognized for its stable quality, reliability, and ease of administration. With its proven efficacy and affordable pricing, it has gained widespread acceptance in clinical practice. In 2022, 2023 and 2024, the sales revenue of our Human TAT amounted to RMB133.2 million, RMB184.1 million and RMB205.9 million, respectively, representing a CAGR of 24.3% from 2022 to 2024, and accounting for 93.9%, 93.0%, and 93.3% of our total revenue during the same periods, respectively. In 2024, our total sales volume of Human TAT was 25.4 million units, comprising 13.2 million units sold in China and 12.2 million units exported to overseas markets through domestic and overseas distributors.

Mechanism of Action and Specifications

Human TAT provides immediate passive immunity against tetanus infection by neutralizing the tetanospasmin toxin produced by *Clostridium tetani*, the pathogenic bacterium responsible for tetanus. Human TAT is derived from plasma obtained from horses immunized with tetanus toxoid, containing equine-derived immunoglobulins $F(ab')_2$ fragments, which binds to and inactivates free tetanus toxin, thereby preventing the toxin from binding to receptors on the surface of nerve cells. This mechanism helps to avoid the central nervous system dysfunction typically caused by the toxin, such as muscle rigidity and spasms. By neutralizing circulating toxins that have not yet bound to nerve tissue, Human TAT effectively halts disease progression and reduces the severity of symptoms. Our proprietary $F(ab')_2$ fragment optimization utilizes enzymatic cleavage to remove allergenic Fc components while preserving neutralizing efficacy.

Our Human TAT is administered via intramuscular or subcutaneous injection, with a protective period of approximately two weeks. Human TAT is used both prophylactically in high-risk individuals or those who have been exposed to the bacteria and therapeutically in symptomatic patients, serving as a critical intervention in tetanus prevention and treatment, particularly in unvaccinated or inadequately vaccinated individuals.

Our Human TAT products primarily include Human TAT injection, which is a clear, colorless to pale yellow liquid administered via subcutaneous or intramuscular injection. The standard single dose of our Human TAT injection is 1,500 IU for prophylactic use to prevent tetanus infection and 10,000 IU for therapeutic use to treat active infections. During the Track Record Period, we generated revenue from sales of Human TAT in four ready-to-use formats: 0.75 ml ampoules containing 1,500 IU, 0.95 ml ampoules containing 3,000 IU and 2.0 ml ampoules containing 5,000 IU and 2.5 ml ampoules containing 10,000 IU, each packaged in boxes of 10 ampoules. This configuration ensures clinicians have immediate access to appropriate doses tailored for prevention or treatment, with packaging designed to maintain ease of clinical deployment. We plan to launch a new packaging in the third quarter of 2025, namely, 0.75 ml vials containing 1,500 IU with technological upgrades and process improvements.

Additionally, we also offer Human TAT bulk, a semi-finished product available in two concentrations, namely, 2,500 IU/ml and 3,000 IU/ml. Human TAT bulk is packaged in 10-liter sterile glass bottles, with one bottle per box. Human TAT bulk is also derived from plasma obtained from horses immunized with tetanus toxoid, processed through pepsin digestion, and purified into a liquid antitoxin immunoglobulin $F(ab')_2$, completing the processes from plasma processing to purification and aseptic filling. Our Human TAT bulk has been shipped to international pharmaceutical manufacturers equipped with specialized facilities for further processing. These end customers perform the final steps of sterile filtration, quality testing, and filling into smaller dosage forms (e.g., injectable ampoules or vials) prior to their commercial distribution in the market. In 2024, we sold approximately 2,500 liters of Human TAT bulk, which were exported to India and Bangladesh.

Regulatory Approvals and Development

We have accumulated over 50 years of experience in the R&D, manufacturing and sales of antiserum products. In 1997, Jiangxi Institute of Biological Products (江西生物製品研究所) obtained the marketing approval for Human TAT from the relevant government authority in China. The product is manufactured strictly in accordance with GMP standards, ensuring high levels of safety and effectiveness. Benefiting from our early market entry and superior product quality, we have consistently dominated the Human TAT market in China and we are the largest exporter of Human TAT in China in terms of export volume in 2024.

Market Opportunities

The Chinese and global markets for human tetanus prevention and treatment are enormous, and are expected to exhibit stable, long-term growth. Tetanus, a life-threatening infectious disease with high mortality rates, remains a significant public health burden, particularly in developing regions with limited healthcare infrastructure. The mortality rate of tetanus was 30.4% and 41.5%, respectively, in China and globally in 2024, according to Frost & Sullivan, evidencing significant needs for effective immunization solutions.

The market of human tetanus prevention and treatment operates under a dual mechanism combining active immunization and passive immunization. Clinical pathways reveal complementary roles between the two approaches: Vaccines, while effective, have limitations: they require time to trigger antibody production (a immune response window period), and some individuals may not respond adequately due to immune differences, especially those with low immunity. Passive immunization, which directly administers specific antibodies, offers immediate protection, countering these limitations, and provides immediate neutralization for trauma exposure cases. Integrating both tetanus immunization approaches enhances infection prevention and protects vulnerable populations. Globally, the incidence of tetanus-prone wounds increased from 570.0 million in 2019 to 614.0 million in 2024, and is expected to continue to increase to 686.7 million in 2033. The incidence of tetanus-prone wounds in China increased from 88.8 million in 2019 to 94.3 million in 2024, and is expected to continue to increase to 96.8 million in 2033. Patients with tetanus-prone wounds are recommended to receive tetanus passive immunity products for immediate protection.

The tetanus passive immunity market has exhibited robust growth momentum. According to Frost & Sullivan, the global tetanus passive immunity market increased from US$233.5 million in 2019 to US$293.5 million in 2024, and is expected to continue to increase to US$483.7 million in 2028 and US$793.7 million in 2033 with a CAGR of 13.3% and 10.4% from 2024 to 2028 and from 2028 to 2033, respectively. The tetanus passive immunity market in China increased from US$156.6 million in 2019 to US$205.4 million in 2024, and is forecasted to continue to increase to US$259.9 million in 2033. The tetanus passive immunity market is segmented into polyclonal antibodies and monoclonal antibodies, while polyclonal antibodies can be further categorized into equine plasma-derived polyclonal antibodies (namely, Human TAT and Equine Tetanus Immunoglobulin $F(ab')_2$) and human plasma-derived polyclonal antibodies (namely,

HTIG). Human TAT is the most widely utilized tetanus passive immunity product and occupies a significant share of the market. According to Frost & Sullivan, the global Human TAT market increased from US$60.9 million in 2019 to US$84.6 million in 2024 with a CAGR of 6.8%, and is expected to continue to increase to US$199.9 million in 2028 and US$386.1 million in 2033 with a CAGR of 24.0% and 14.1% from 2024 to 2028 and from 2028 to 2033, respectively. The Human TAT market in China increased from US$21.6 million in 2019 to US$33.5 million in 2024 with a CAGR of 9.1%, and is expected to continue to increase to US$66.2 million in 2028 and US$87.5 million in 2033 with a CAGR of 18.6% and 5.7% from 2024 to 2028 and from 2028 to 2033, respectively.

Competitive Landscape

The Human TAT market exhibits high market concentration in China, and we have maintained undisputed leadership. We have consistently dominated the Human TAT market in China, maintaining a market share of above 50% for 18 consecutive years, according to Frost & Sullivan. We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan.

We are also the largest provider of human tetanus passive immunity products in China, with our sales volume of Human TAT in 2024 accounting for 41.1% of the human tetanus passive immunity market, according to Frost & Sullivan. Equine Tetanus Immunoglobulin $F(ab')_2$ contain the same core active components as our Human TAT, with the main difference being purity. Our Human TAT, as listed in the National Essential Drug List, the National Emergency and Rescue Drugs Directory, and Part A of the NRDL, enjoys significant market advantages in terms of policy support and pricing. HTIG is subject to strict regulatory policies on human plasma-derived products, limited availability, and high product prices, resulting in a low market share. Considering the above, according to Frost & Sullivan, the penetration rate of Human TAT in the tetanus passive immunity market has a significant growth potential.

In addition to being a top market player in China, we are also the largest exporter of Human TAT in China, accounting for nearly 100% of China's export volume in 2024. In the overseas markets, major market players include renowned local or multinational pharmaceutical companies, with one of them sourcing Human TAT bulk from our Company.

Competitive Advantages

The antiserum industry is characterized by high barriers to entry, requiring synergistic capabilities across the industry value chain. Each segment of the industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation — presents significant industrial and resource barriers, making the industry highly technology-, resource-, and experience-intensive. According to Frost & Sullivan, new entrants typically require 5 to 10 years to establish an industrial foundation. After receiving

marketing approval, additional time is needed to build a market presence, establish a distribution network, gain recognition from healthcare professionals, and compete with established players.

We are one of the few antiserum companies in China and globally to achieve full-industry-chain integration, according to Frost & Sullivan, eliminating any potential "bottlenecks." As a result, we have the ability to independently control each aspect across the entire production lifecycle from raw material supply to manufacturing of finished products. This affords us a dominant advantage in terms of cost and quality control, ensuring pricing flexibility and profitability. In addition, the full-industry-chain integration allows us to bring additional product candidates efficiently and cost-effectively from bench to bedside, providing a solid foundation for the continuous expansion of our product portfolio.

We continuously invest in research and development to improve product safety and efficacy. Through technological advancements and process improvements in antigen development and antibody purification, the average antibody titer of our immunized equine plasma has increased from approximately 1,500 IU/mL in 2021 to nearly 2,000 IU/mL in 2024. Meanwhile, the specific activity of our Human TAT can reach up to 90,000 IU/gP and the average specific activity increased from approximately 62,000 IU/gP in 2021 to approximately 82,000 IU/gP in 2024, which significantly exceeds the Chinese Pharmacopoeia standard of 45,000 IU/gP and is comparable to that of the much more expensive Equine Tetanus Immunoglobulin $F(ab')_2$. We also leverage advanced purification and formulation technologies to enhance the purity and quality of our product. According to reports submitted to the National Center for Adverse Drug Reaction Monitoring, the adverse reaction frequency of our Human TAT, which is the ratio of the number of adverse reaction reports to the total sales in China during the same period, was only approximately 0.03% during the Track Record Period, which is significantly lower than the industry average according to Frost & Sullivan. The vast majority of reported adverse reactions were minor symptoms such as mild allergies, with no reported fatalities, demonstrating the superior safety profile of our product. We are the first and only company in China to introduce preservative-free vial packaging of Human TAT, according to Frost & Sullivan. We plan to launch the new vial packaging of Human TAT in China in the third quarter of 2025, followed by export markets.

Our Human TAT, as included in the National Essential Drug List (國家基本藥物目錄), the National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄), and Part A of the NRDL, enjoys high market recognition. Benefiting from the advantage of full medical insurance reimbursement, our Human TAT is more readily accepted by medical institutions and patients. In addition, we actively respond to VBP policies, which has further broadened our hospital access channels and increased our sales volume. In particular, in August 2023, our Human TAT participated in the centralized VBP scheme organized by the Beijing-Tianjin-Hebei pharmaceutical alliance and was selected as the exclusive winner with an allocated share of 100%. In December 2023, our Human TAT participated in the centralized VBP scheme for "Shortage and Emergency Rescue Products" led by Guangdong Province, covering 27 provinces and cities. We won the top bid, with an allocated share of 72%.

Other Existing Products

Our existing products also include a number of veterinary pharmaceutical products, including veterinary tetanus antitoxin and PMSG, as well as certain hormonal pharmaceutical drugs designed to complement or support PMSG treatments. During the Track Record Period, we focused on technological upgrades and process improvements for veterinary tetanus antitoxin and PMSG, which temporarily halted sales of all these products. Additionally, we sold certain veterinary pharmaceutical products sourced from third-party suppliers during the Track Record Period.

Veterinary Tetanus Antitoxin

Veterinary tetanus antitoxin is medication designed to prevent and treat tetanus infections in animals. It is particularly used in cases of animal trauma or surgery, where the risk of tetanus infection is higher. By neutralizing the toxin and preventing its impact on the animal's nervous system, our veterinary tetanus antitoxin provides rapid passive immune protection, addressing the demand for high-quality veterinary tetanus antitoxin in the market. According to Frost & Sullivan, the veterinary tetanus antitoxin market is expected to grow with a CAGR of 42.8% and 26.3% from US$2.2 million in China and US$30.2 million globally in 2024 to US$9.1 million and US$76.8 million in 2028, which is further forecasted to reach US$24.9 million in China and US$103.2 million globally in 2033, with a CAGR of 22.3% and 6.1%, respectively. As of the Latest Practicable Date, only four companies had obtained marketing approvals from the Ministry of Agriculture in China for veterinary tetanus antitoxin.

We previously obtained marketing approval for veterinary tetanus antitoxin in China in 2018, which expired in 2023. We have established a new production line for veterinary tetanus antitoxin with technological upgrades and process improvements and plan to submit an application for re-registration of marketing approval in China in the third quarter of 2025. Leveraging our long-standing heritage and deep expertise in human antiserum products and our full-industry-chain capabilities, we will pursue rapid commercialization and sales expansion of our veterinary tetanus antitoxin.

PMSG

PMSG is a complex glycoprotein hormone derived from the serum of pregnant mares. It is a serum-derived product which has been widely used to enhance reproductive performance and management of livestock.

The mechanism of action of PMSG involves stimulating ovarian follicle development, thereby promoting estrus and ovulation in animals, which enhances breeding efficiency.

PMSG is an essential product in the livestock breeding industry, with a large and stably growing market demand. According to Frost & Sullivan, the global veterinary PMSG market is expected to increase from US$253.0 million in 2024 to US$306.4 million in 2028 and US$377.2 million in 2033 with a CAGR of 4.9% and 4.2% from 2024 to 2028 and from 2028 to 2033, respectively. As the economy develops and living standards improve, meat consumption is expected to continue growing, particularly in China, where the breeding industry is expected to further scale up. China, being the world's largest pork-consuming market, drives the demand for efficient breeding solutions. The veterinary PMSG market in China is expected to increase from US$71.3 million in 2024 to US$89.9 million in 2028 and US$128.3 million in 2033 with a CAGR of 6.0% and 7.4% from 2024 to 2028 and from 2028 to 2033, respectively.

The global PMSG market is dominated by a few large-scale multi-national enterprises. As of the Latest Practicable Date, there were eight approved manufacturers of PMSG APIs in China. The production of PMSG API requires high technical standards, whereas the PMSG injection is typically produced by combining the API with excipients, and therefore is less technically demanding. However, none of the Chinese PMSG manufacturers currently meet the export standards required by the European and U.S. markets.

Our PMSG API has a high purity with biological potency of over 2,000 IU/mg, meeting the stringent standards set by the latest veterinary pharmacopoeia in both China and the European Union.

We previously obtained marketing approvals for PMSG API and injection in China in 2019 and 2018, respectively, which expired in 2024 and 2023. We will establish a new production line for PMSG with technological upgrades and process improvements to ensure compliance with EU GMP standards. We plan to submit an application for re-registration of marketing approval in China in the third quarter of 2026. We aim to launch our PMSG in China in the fourth quarter of 2026 and will also explore various export markets.

Our Pipeline Products Under Development

We employ a market-oriented approach to R&D, focusing on addressing significant unmet medical needs in the antiserum and anti-infective areas. We are expanding our portfolio of human antiserum products and are developing snakebite antivenoms and equine rabies immunoglobulin $F(ab')_2$. In addition, we have in-licensed the manufacturing and commercialization rights to a pipeline of veterinary anti-infective drugs.

Snake Antivenom Candidates

Snake venom contains neurotoxins, cytotoxins and hemotoxins which can cause severe local tissue damage and systemic poisoning symptoms. Snake antivenom works by neutralizing the toxins in snake venom to mitigate and prevent the progression of poisoning symptoms, thereby effectively reducing morbidity and mortality. The production process involves injecting attenuated snake venom into host animals, typically horses, to induce immune responses, from which antibodies are extracted and purified from the animal plasma.

According to Frost & Sullivan, the incidence of venomous snakebites globally and in China in 2024 was 2.7 million and 0.28 million, respectively. Bites by venomous snakes have severe negative consequences as it may cause permanent disfigurement and/or disabilities, including limb amputations, and even deaths, according to Frost & Sullivan.

The WHO has recognized snake antivenoms as the only effective treatment to prevent or reverse most of the venomous effects of snakebites and have included snake antivenoms in the WHO Model List of Essential Medicines. However, the antivenom market in China is significantly underserved. If calculated based on the WHO's recommended dosage of four to six vials per person, the overall market demand in China ranges from 1.2 to 1.8 million vials, and there is a market gap of over 1 million vials. According to Frost & Sullivan, the snake antivenom market in China increased from US$16.2 million in 2019 to US$23.2 million in 2024 with a CAGR of 7.5%, and is expected to continue to increase to US$37.3 million in 2028 and US$87.9 million in 2033, with a CAGR of 12.6% and 18.7% from 2023 to 2028 and from 2028 to 2033, respectively.

Our pipeline of snake antivenom product candidates mainly include agkistrodon halys antivenom, agkistrodon acutus antivenom, and polyvalent snake antivenom. Agkistrodon halys antivenom is a specific treatment for poisoning caused by agkistrodon halys bites. The development of our agkistrodon halys antivenom has reached a relatively advanced stage. We have obtained IND approval for agkistrodon halys antivenom. We plan to commence a Phase I clinical trial in the second quarter of 2025, and expect to submit an application for marketing approval in early 2027.

Agkistrodon acutus antivenom is a specific treatment for poisoning caused by agkistrodon acutus bites. We expect to commence a Phase I clinical trial in early 2026, and submit an application for marketing approval in early 2028.

Polyvalent snake antivenom (多價抗蛇毒血清) is a specific treatment for poisoning caused by bites from multiple types of venomous snakes. It can neutralize toxins from various snake venoms, addressing clinical treatment challenges when the type of snake is unknown. This makes it particularly valuable in clinical settings. Its market potential is significant, especially in regions with a wide variety and distribution of venomous snakes. Our polyvalent snake antivenom is currently under process research. We plan to complete its process research in 2027, followed by preclinical studies, and file an IND application in 2029.

Our snake antivenom product candidates are designed with a focus on high quality, purity, and safety. They have exhibited superior potency and effectiveness in neutralizing the venomous effects of snakebites, achieving high specific activity and robust neutralization capacities for hemorrhagic venom activity, procoagulant venom activity, and neurotoxicity. In addition, we leverage advanced purification and formulation technologies to enhance the purity and quality of our snake antivenoms. We believe our snake antivenom product candidates are well positioned to bridge the market gap and deliver more effective treatment solutions for snakebite patients upon commercialization.

Equine Rabies Immunoglobulin F(ab')$_2$ Candidate

Our equine rabies immunoglobulin F(ab')$_2$ candidate is a specific immunoglobulin that provides immediate, temporary virus-neutralizing antibodies to the rabies antigen, used for passive immunization against rabies. It is prepared from the serum of healthy horses immunized against rabies through vaccination.

According to Frost & Sullivan, nearly 50 million people are exposed to rabies annually in China. Rabies is almost always fatal once symptoms appear, making prompt and effective post-exposure prophylaxis essential. Rabies immunoglobulin, a critical component of post-exposure prophylaxis for rabies, provides immediate passive immunity and is particularly vital for neutralizing the virus during the early stages of infection before vaccine-induced active immunity develops.

Our equine rabies immunoglobulin F(ab')$_2$ is currently under process research. We have designed our equine rabies immunoglobulin F(ab')$_2$ to target novel antigens, which improves the purity of antibodies produced in host horses while minimizing the formation of non-specific antibodies, thereby enhancing therapeutic efficacy and safety. In addition, we leverage advanced purification and formulation technologies to enhance the purity and quality of our equine rabies immunoglobulin F(ab')$_2$. We anticipate to complete process research for our equine rabies immunoglobulin F(ab')$_2$ in 2027, followed by preclinical studies, and aim to file an IND application for this product candidate in 2029.

Our equine rabies immunoglobulin F(ab')$_2$ candidate, as a passive immunity product, is poised to complement the active immunity products (namely, vaccines). According to WHO guidelines, patients with Grade III rabies exposure are recommended to use passive immunity products as there may not be sufficient time before the vaccine-induced immune responses develop. According to Frost & Sullivan, the incidence of Grade III rabies exposure in China increased from 14.2 million in 2019 to 15.5 million in 2024 and is expected to continue to increase to 17.1 million in 2033. In 2024, among these 15.5 million high-risk individuals, only 11.9%, or about 1.5 million, received passive immunization treatment, indicating significant unmet clinical needs. The growing demands for passive immunity products are also driven by no or inadequate immune responses to rabies vaccines among certain patient groups. As of the Latest Practicable Date, no equine rabies immunoglobulin F(ab')$_2$ had been approved for sale in China, and all companies with marketing approvals for traditional Equine Rabies Antiserum had discontinued commercialization as a result of inability to achieve market acceptance caused by a high incidence of adverse actions. With a deeper understanding of the role of passive immunity

products in rabies control, the rabies passive immunity market (currently dominated by human-plasma derived rabies immunoglobulin which is associated with limited availability and high pricing) in China increased from RMB1.4 billion in 2019 to RMB1.8 billion in 2024 with a CAGR of 5.4%, and is expected to increase to RMB2.5 billion in 2028 and RMB4.8 billion in 2033, with a CAGR of 8.8% and 13.9% from 2024 to 2028 and from 2028 to 2033, according to Frost & Sullivan.

Veterinary Drug Candidates

In addition to our human pharmaceuticals, we have in-licensed the manufacturing and commercialization rights to a pipeline of veterinary anti-infective drugs, including bursal peptide injection, pig spleen transfer factor and rPoIFN-α, on a non-exclusive basis from Independent Third Parties. For details, see "— Collaboration and License Arrangement." These product candidates are designed to enhance animal immunity and prevent and treat infectious diseases.

China is the largest livestock and poultry producer in the world, with 1.13 billion pigs, 0.15 billion cattle, 0.62 billion sheep and 23.82 billion poultry in 2024, according to Frost & Sullivan. Intense farming systems compromise animal immunity, leading to frequent outbreaks of avian influenza, African Swine Fever, Porcine Reproductive and Respiratory Syndrome, and Infectious Bursal Disease. The outbreak of these diseases have caused significant economic losses. Meanwhile, the prevalence of zoonotic diseases and the emergence of new variants pose significant threats to public health security. Current prevention and treatment methods for livestock and poultry infectious diseases primarily rely on vaccines and antibiotics. However, viral mutations and antibiotic resistance have limited the effectiveness of these approaches. Additionally, the indiscriminate use of antibiotics in both human and animal healthcare has accelerated the evolution of resistant pathogens, posing significant challenges to public health, food security, and animal welfare.

In response to these challenges, the WHO and the PRC government have implemented regulations and policies to restrict or ban the use of certain traditional veterinary antibiotics in animal husbandry. The implementation of these regulations and policies has created huge unmet needs for anti-infective and immunity-enhancing alternatives. Our in-licensed veterinary drug candidates, which are designed to enhance animal immunity and prevent and treat infectious diseases while avoiding antibiotic resistance, are well-positioned to capture the growing demand.

The veterinary anti-infective drug market in China is expected to increase from US$10.3 billion in 2024 to US$13.7 billion in 2028 and US$20.1 billion in 2033 with a CAGR of 7.5% and 8.0% from 2024 to 2028 and from 2028 to 2033, respectively. With the increasing global demands for safe and effective alternatives to traditional antibiotics for livestock and poultry, combined with our early-mover advantage, we believe that these veterinary anti-infective drug candidates are well-positioned to seize significant market opportunities.

Bursal Peptide Injection Candidate

Bursal peptide injection is a category I new veterinary drug candidate. It is an immunomodulator extracted from the bursa of chickens and is indicated for enhancement of the humoral immune function in pigs and chickens. By strengthening the animals' immune systems, it helps reduce their disease incidence and supports healthy growth. As of the Latest Practicable Date, there was no bursal peptide injection approved for sale in China and globally, according to Frost & Sullivan.

In 2018, we entered into a collaboration and license agreement with an Independent Third Party, thereby obtaining the rights to manufacture and commercialize this product candidate on a non-exclusive basis. We have jointly filed NVDA. Upon receiving approval, we, together with two other licensees, will be the holders to the new veterinary drug registration certificate of this product candidate, with a new veterinary drug monitoring period of up to five years. During such period, the competent authorities will not approve any other companies' applications to manufacture this new drug. For further details, see "— Collaboration and License Arrangement — Collaboration and License Agreements for Bursal Peptide Injection and Pig Spleen Transfer Factor." The new veterinary drug registration certificate for this product candidate is expected to be received in the second quarter of 2025.

Pig Spleen Transfer Factor Candidate

Pig spleen transfer factor is a category III new veterinary drug candidate. It is an immunomodulator extracted from pig spleen and is indicated for enhancement of the cellular immune function in pigs. By activating immune cells, it strengthens the immune system's ability to defend against diseases, thereby reducing the incidence of diseases and promoting healthy growth in pigs. According to Frost & Sullivan, only one company had obtained marketing approval from the Ministry of Agriculture in China for pig spleen transfer factor as of the Latest Practicable Date.

In 2018, we entered into a collaboration and license agreement with an Independent Third Party, thereby obtaining the rights to manufacture and commercialize this product candidate on a non-exclusive basis. We have jointly filed NVDA. Upon receiving approval, we, together with two other licensees, will be the holders to the new veterinary drug registration certificate of this product candidate, with a new veterinary drug monitoring period of up to five years. For further details, see "— Collaboration and License Arrangement — Collaboration and License Agreements for Bursal Peptide Injection and Pig Spleen Transfer Factor." The new veterinary drug registration certificate for this product candidate is expected to be received in the second quarter of 2025.

rPoIFN-α Candidate

rPoIFN-α is a category I new veterinary drug candidate. It is an anti-infective therapeutics indicated for porcine transmissible gastroenteritis, and is a biologic developed using innovative engineering technology, with the potential to offer superior safety and efficacy as well as broad-spectrum antiviral and immunomodulatory functions. rPoIFN-α functions by inhibiting the synthesis of viral proteins and selectively targeting infected cells, while having minimal impact on normal host cells. As of the Latest Practicable Date, no rPoIFN-α had been approved for sale in China and globally, according to Frost & Sullivan.

We entered into collaboration and license agreements with an Independent Third Party for rPoIFN-α in 2025, thereby obtaining the rights to manufacture and commercialize this product candidate on a non-exclusive basis. Upon receiving NVDA approval, we, together with five other licensees, will have the right to manufacture and sell this product candidate in China, with a new veterinary drug monitoring period of up to five years. For further details, see "— Collaboration and License Arrangement — Collaboration and License Agreement for rPoIFN-α." rPoIFN-α has completed clinical trials, with the NVDA expected to be submitted in the fourth quarter of 2025.

Our Technical Services

In addition to the sales of pharmaceutical products, we generated a portion of our revenue through technical services provided by our subsidiary, Hainan Pharmaceutical Research Institute. Hainan Pharmaceutical Research Institute primarily serves pharmaceutical companies and pharmaceutical CRO in China. Its service offerings mainly include pharmaceutical testing and inspection, pharmaceutical R&D, drug safety evaluations, and related technical services. Our revenue generated from these technical services amounted to RMB7.1 million, RMB11.1 million, and RMB7.4 million in 2022, 2023 and 2024, respectively, accounting for 5.0%, 5.6% and 3.3% of total revenue during the same periods.

Established in 1995 and acquired by our Company in July 2020, Hainan Pharmaceutical Research Institute was the only state-owned provincial-level pharmaceutical research institution in Hainan prior to our acquisition. Since obtaining CMA certification in 2013, it currently holds over 1,400 testing qualifications across 13 categories including pharmaceuticals and medical devices. Spanning a site area of approximately 9,000 sq.m., Hainan Pharmaceutical Research Institute is equipped with a highly qualified technical team and various advanced instruments, featuring modern physicochemical laboratories spanning 2,000 sq.m., and SPF-grade experimental animal facilities covering 1,000 sq.m.

Hainan Pharmaceutical Research Institute employs differentiated pricing strategies tailored to service types and client profiles. Standard testing and inspection services adopt cost-plus pricing with reference to prevailing market rates, formalized into transparent fee schedules. For strategic clients and new market entrants, we may implement flexible pricing mechanisms to optimize competitiveness. Pharmaceutical R&D services are mainly priced through a comprehensive evaluation of projected direct costs, targeted gross margins, and client-specific negotiated terms.

Hainan Pharmaceutical Research Institute has a dedicated business development department to drive client acquisition and relationship management, who systematically identify potential customers through participation in domestic and international industry exhibitions, academic conferences, and technical exchanges. During initial project discussions, business development personnel conduct needs assessments alongside technical teams where required. Proposal development and pricing involve cross-departmental collaboration between business development, technical operations, and client service personnel to ensure solutions align with customer requirements while maintaining commercial viability.

Hainan Pharmaceutical Research Institute maintains a rigorous quality control system compliant with national standards for testing institutions. All testing and research activities strictly adhere to standardized operating procedures, with meticulous documentation practices, robust data integrity verification, and complete traceability across every stage of operations to ensure the consistency and reliability of services.

RESEARCH AND DEVELOPMENT

Our research and development efforts are strategically centered on advancing animal-derived polyclonal antibody therapeutics, with a particular emphasis on the research and innovation of antiserum products. We primarily concentrate on antigen development, animal immunization, and antibody purification technologies to enhance product safety, efficacy, and scalability. Leveraging our proprietary platform technologies and vertically integrated supply chain, we aim to address critical unmet medical needs in biotoxin neutralization and infectious disease treatment, while positioning ourselves as a global leader in the antiserum field.

In particular, our R&D activities primarily focus on:

- **Technology-driven product iteration:** We continue to refine existing products, including tetanus antitoxin, through advanced technologies to improve purity, reduce adverse reactions, and align with international advanced standards.

- **Product pipeline expansion:** We are developing novel antiserum therapies for high-burden diseases such as snake envenomation, rabies, respiratory infections, and drug-resistant bacterial infections, targeting markets with limited competition and significant clinical demand.

- **Platform technology innovation:** We have been investing in next-generation platform technologies, such as recombinant protein, mRNA and serum-free antigen technologies, and cutting-edge purification technologies, such as octanoic acid purification, ion exchange chromatography and pathogen-specific affinity chromatography, to strengthen our long-term competitive edge.

Our Research and Development Team

We have a dedicated in-house R&D team comprising 42 full-time members as of December 31, 2024. These experts possess specialized knowledge in key areas such as pharmacology, biotechnology, health management, and animal immunology, providing strong technical support for our innovation-driven growth.

In particular, our R&D team is spearheaded by seasoned industry experts whose extensive experience significantly enhances the team's execution capabilities and fosters innovation. In particular:

- Mr. YAO Xiaodong (姚曉東), our general manager, brings over 32 years of pharmaceutical industry expertise to his role. As a certified senior pharmaceutical engineer, Mr. Yao has completed the EMBA advanced training program for senior management in the pharmaceutical and medical device industry in China (全國醫藥、醫療器械行業高層管理人員工商管理EMBA 高級研修班) at the Institute of Executive Development of the China Food and Drug Administration (國家食品藥品監督管理總局高級研修學院) (currently known as the Institute of Executive Development of the NMPA (國家藥品監督管理局高級研修學院), and has demonstrated exceptional technical and project management skills. He has led five provincial and municipal-level sci-tech projects and holds multiple invention patents, underscoring his contributions to both technological advancement and project leadership.

- Mr. JI Chong (季沖), our deputy general manager and R&D team head, possesses over 37 years of experience in antiserum product research and production. Certified as a medical biotech engineer in January 2000, Mr. Ji oversees the development of new products and processes, including snake antivenom, equine rabies immunoglobulin $F(ab')_2$, and PMSG. His work also drives innovations in equine immunization, antiserum purification, viral inactivation, and other key technologies. These efforts form the cornerstone of our product line expansion and market competitiveness.

- Dr. SHEN Guangfu (沈光夫), assistant to the Chairman and head of our scientific research management office, holds a PhD and is a graduate of the University of California, Los Angeles (UCLA). Dr. Shen has held prestigious academic and industry roles, including visiting professor at Southern University of Science and Technology, Chief Scientific Officer at EFL Tech, and assistant professor at UCLA's David Geffen School of Medicine. In polyclonal antibody therapy, Dr. Shen has achieved progress by designing a comprehensive technical chain for antibody generation, purification, and functional evaluation. During the COVID-19 pandemic, he pioneered the use of equine polyclonal antibodies in aerosol inhalation therapy, enabling direct delivery of neutralizing antibodies to patients' airways and lungs. His academic background and global perspective inject international vision into our Company's R&D initiatives.

Core Technology Platform

Our R&D capabilities are underpinned by our proprietary technology platform, enabling end-to-end development from antigen design to commercial-scale manufacturing through both in-house and collaborative research and development. This forms the foundation for our product development, allowing us to maintain high technical barriers and ensure the quality and efficacy of our products.

- **Antigen Development and Testing:** Our high-efficiency antigen development and testing platform utilizes traditional inactivated antigens alongside cutting-edge technologies, such as recombinant protein, mRNA and serum-free technologies, to rapidly screen for antigen candidates with strong immunogenicity. We continuously optimize inactivated antigen purification technology and immunoadjuvant formulation to ensure consistent quality and potency for animal immunization.

- **Host Animal Immunization and Immunized Plasma Collection:** Our animal immunization and immunized plasma collection platform is built on our proprietary equine immunization protocols and in-house facilities operated in accordance with the GMP standards. We strive to maintain the health and well-welfare of host animals while inducing efficient immune responses and high-titer antibodies. Advanced animal health monitoring systems and welfare practices are in place are operated in accordance with EU standards.

- **Antibody Purification:** Our advanced antibody purification platform combines traditional techniques, such as salt precipitation and ultrafiltration, with innovative methods. These include Pasteur viral inactivation/removal technology, octanoic acid purification, ion-exchange chromatography, which has demonstrated an approximately 30% purity improvement in lab studies, and pathogen-specific affinity chromatography, which enhances purity by 150% compared to conventional methods. According to Frost & Sullivan, we are the first in the antiserum market in China to implement Pasteur virus removal/inactivation.

Collaboration with Independent Third Party CROs

In line with industry practice, we engage Independent Third Party CROs to conduct and support our process and preclinical research and clinical trials. We choose CROs based on their qualifications, reputation, and track record. Key selection criteria include good laboratory practice qualifications issued by the NMPA, experience in conducting preclinical or clinical research related to antiserum and anti-infective areas, research and project management capabilities, as well as the necessary resources and testing facilities. We typically enter into agreements with our CROs and execute statements of work on a project basis. Key terms of these agreements and statements of work include:

Services	The CROs provide us with specified services related to product development.
Term	The CROs are required to perform their services within the prescribed time limit set out in each work order, usually on a project basis.
Payment	We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.
Intellectual Property	We own all intellectual property rights arising from the services conducted by the CROs within the stipulated work scope.

We closely monitor and manage the activities of these CROs to ensure their work progress and the quality of their work. Our oversight includes requiring CROs to comply with GCP requirements, conducting comprehensive reviews and analyses of laboratory tests and clinical trial results and reports.

In addition, we have established collaboration relationships with reputable research institutions including Southern University of Science and Technology (南方科技大學) and technology companies to jointly undertake R&D projects. These collaborations are designed to leverage the expertise and technological capabilities of both parties to accelerate innovation and advancement. Furthermore, we entered into collaboration and license agreements with well-known China-based biotechnology companies to in-license the rights to certain veterinary drug candidates. For details, see "— Collaboration and License Arrangement."

Research and Development Process

We integrate in-house expertise with strategic partnerships to ensure systematic and efficient product development. Our in-house R&D team plays a leading role in the design and management of the R&D projects, and outsources part of the execution and R&D work to leading CROs.

Before initiating any R&D project, we conduct a thorough market analysis to evaluate the commercial feasibility, expected market acceptance, and potential competition for each product candidate. This analysis helps us balance these factors with the likelihood of successful development. All R&D projects must be approved by our expert academic review committee and project initiation review committee, which consist of senior management, senior R&D personnel, and external experts. These committees review the feasibility reports of research project applications and make the final decision on whether to proceed with new R&D projects. Once approved, the project leader is responsible for project implementation, while various departments coordinate intellectual property and project management. We hold monthly meetings and reviews with ongoing R&D project teams to monitor progress and address any issues that may arise.

Our early research activities, including pathogen screening, target validation, and antigen design, are conducted by our in-house R&D team in collaboration with research institutions and technology companies. During the preclinical development stage, we collaborate with professional CROs with the required qualifications to conduct safety, toxicology, and efficacy studies. In the clinical development stage, we engage experienced clinical CROs to manage the trials, with our internal teams providing full oversight. This approach allows us to leverage the expertise of external partners while maintaining effective control over the entire development process.

Our R&D team maintains close interaction with our production and sales and marketing teams to ensure efficient advancement of our projects. Early involvement of these teams in the R&D process allows us to mitigate risks and focus on projects with strong market potential. Additionally, our R&D team collaborates with the production team to resolve technical issues and improve manufacturing processes.

In 2022, 2023 and 2024, our research and development expenses were RMB16.4 million, RMB24.2 million and RMB13.7 million, representing 11.5%, 12.2% and 6.2% of our total revenue, respectively. For further details on our research and development expenses, please see "Financial Information — Description of Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses." Our R&D capabilities have been recognized by various levels of the PRC government. We plan to continue strengthening our R&D capabilities by attracting more talent with extensive experience in relevant therapeutic areas, thereby enhancing our innovative potential and product development pipeline.

COLLABORATION AND LICENSE ARRANGEMENT

Collaboration and License Agreements for Bursal Peptide Injection and Pig Spleen Transfer Factor

In 2018, Chifeng Bo-en Pharmaceutical, which has become a subsidiary of the Company since 2020, entered into collaboration and license agreements with an Independent Third Party in relation to bursal peptide injection and pig spleen transfer factor. According these agreements, Chifeng Bo-en Pharmaceutical was granted the non-exclusive rights to manufacture and commercialize bursal peptide injection and pig spleen transfer factor. Salient terms of these collaboration and license agreements are summarized as below:

Rights and Obligations of the Parties	Chifeng Bo-en Pharmaceutical is entitled to use the licensed technology and know-how for manufacturing and commercialization of bursal peptide injection and pig spleen transfer factor on a non-exclusive basis. The parties intend to jointly file NVDA for these products. The licensor retains ownership of the licensed technology and know-how.
Payment	Chifeng Bo-en Pharmaceutical shall make payments to the licensor in installments upon achieving specific milestones, such as filings of NVDA and obtaining new veterinary drug registration certifications. The milestone payments made to the licensor are refundable if any of the products fails to obtain new veterinary drug registration certification due to technical or quality reasons.
Term and Termination	The agreement has no expiry date and may be terminated under certain conditions, such as force majeure or mutual agreement between both parties.

Collaboration and License Agreement for rPoIFN-α

Chifeng Bo-en Pharmaceutical entered into a collaboration and license agreement with an Independent Third Party in relation to rPoIFN-α in 2025. According this agreement, our subsidiary Chifeng Bo-en Pharmaceutical was granted the non-exclusive rights to manufacture and commercialize rPoIFN-α. Salient terms of this collaboration and license agreement are summarized as below:

Rights and Obligations of the Parties	Chifeng Bo-en Pharmaceutical is entitled to use the transferred technology and knowhow for manufacturing and commercialization of rPoIFN-α. The parties agree to jointly file NVDA for this product. The licensor retains ownership of the licensed technology and know-how.
Payment	Chifeng Bo-en Pharmaceutical shall make payments to the licensor in installments upon the achieving specific milestones, such as filings of NVDA and obtaining new veterinary drug registration certification. The milestone payments made to the licensor are refundable if the product fails to obtain new veterinary drug registration certification due to technical or quality reasons.
Term and Termination	The agreement has a term of 20 years and may be terminated under certain conditions, such as force majeure or mutual agreement between both parties.

PRODUCTION

Production Process and Facilities

Leveraging our full-industry-chain capabilities, we are able to independently control each aspect across the entire production lifecycle from raw material supply to manufacturing of finished products.

Key Production Facilities

We have the largest equine breeding and immunized plasma collection base operated in accordance with the GMP standard in China, and have established in-house manufacturing facilities for human and veterinary pharmaceutical products to ensure scalability, quality, and cost efficiency.

Our equine breeding and plasma collection base, located in Zhangye, Gansu, accommodated and bred approximately 900 horses as of December 31, 2024 and has the capacity to accommodate and breed up to 4,000 horses. The equine breeding and plasma collection base primarily produces immunized equine plasma, which is collected through single-donation plasma technology after horses are immunized with toxoids. Such plasma is used to prepare antitoxins and antiserum products. Our equine breeding and plasma collection base is equipped with advanced plasmapheresis technology for high-purity plasma extraction, producing over 110 million mL of plasma annually in 2024.

Our GMP-standard human biopharmaceutical manufacturing facility in Jiangxi Province is located in Ji'an, Jiangxi Province with a total GFA of 11,540 sq.m. and a site area of approximately 91,687 sq.m. It houses three dedicated production lines for the manufacturing of Human TAT and other antiserum products under development. This facility is the first in China's antiserum industry to adopt isolator-based aseptic filling systems, according to Frost & Sullivan.

Additionally, we have a veterinary drug manufacturing facility in Chifeng, Inner Mongolia, which has a GFA of 28,571 sq.m. and a site area of 53,975 sq.m.. This manufacturing facility is currently undergoing renovation and equipment installation for various production lines, with a PMSG production line being designed and built in accordance with EU GMP standards. This manufacturing facility will be used for the production of veterinary drugs and drug candidates, including veterinary tetanus antitoxin, PMSG, pig spleen transfer factor, bursal peptide injection, and rPoIFN-α. In particular, the construction of our production line for veterinary tetanus antitoxin is close to completion, and is expected to commence operations in the fourth quarter of 2025. For further information, see "— Expansion Plan."

The following table sets forth a summary of our production facilities as of the Latest Practicable Date:

Production facility	Location	Site area *(sq.m.)*	GFA *(sq.m.)*	Production line	Major products produced
Immunized horse breeding and plasma collection base	Zhangye, Gansu	233,799	7,927	• Immunized equine plasma production line • Pregnant mare plasma production line	Immunized equine plasma and pregnant mare plasma[(1)]
Human biopharmaceutical manufacturing facility	Ji'an, Jiangxi	91,687	11,540	• Production line for Human TAT in vials • Production line for Human TAT in ampoules and Human TAT bulk • Production line for R&D activities and pilot-scale manufacturing for human antiserum product candidates	Human TAT and human antiserum product candidates
Veterinary drug manufacturing facility	Chifeng, Inner Mongolia	53,975	28,571	• Production lines for various veterinary drugs and drug candidates are under construction, as detailed in "— Future Plans and Use of [REDACTED]	Veterinary drugs and drug candidates

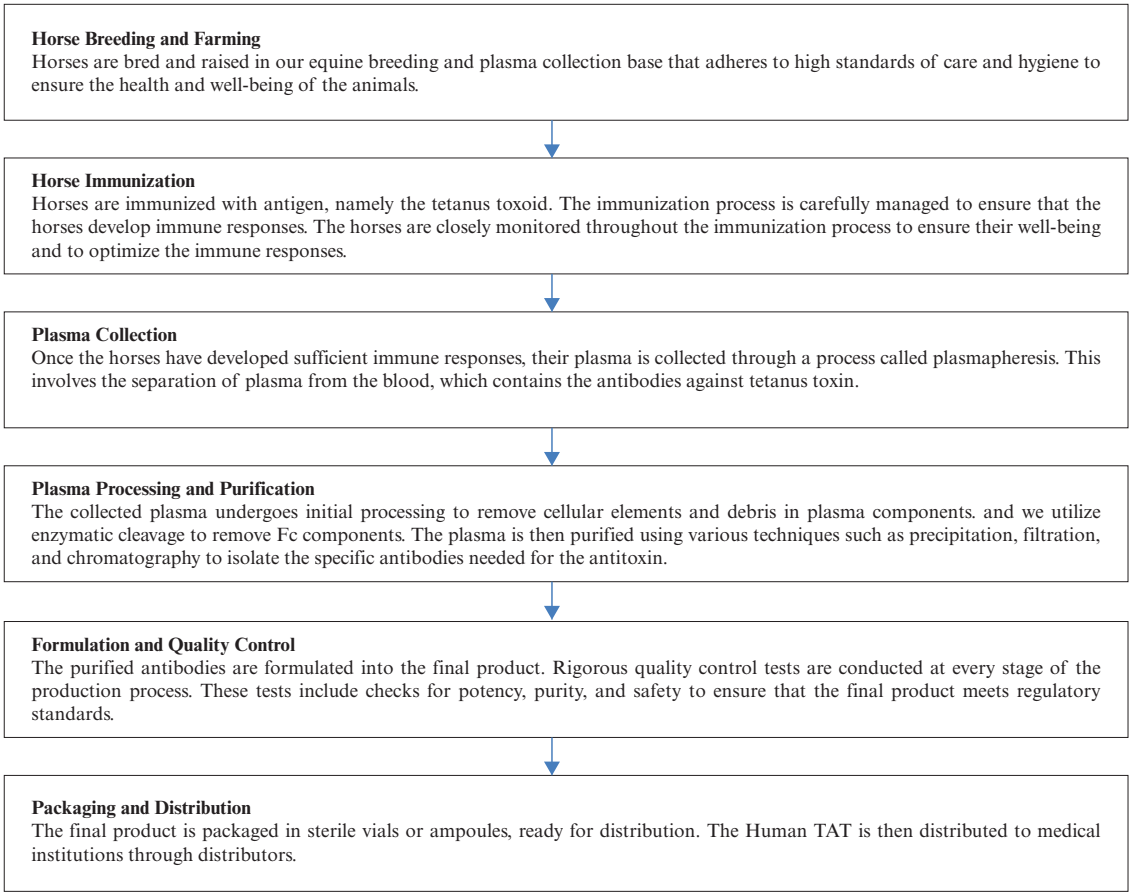
Note:

(1) Immunized equine plasma and pregnant mare plasma serve as raw materials for the production of our Human TAT and PMSG, respectively.

During the Track Record Period, we obtained all necessary licenses and permits for our production facilities in operation. Our production lines in operation are equipped with advanced automated equipment to ensure high-quality manufacturing.

Production Process

Our production process is a highly controlled and systematic sequence of operations designed to ensure the highest quality and safety standards. Below are the manufacturing process charts that highlight the key steps in producing our Human TAT and it takes at least two months from plasma processing and purification to packaging:



Production Capacity and Utilization Rate

The following table sets forth the designed production capacity, actual production volume, and utilization rate of our Human TAT bulk (which can be further processed and packaged into injectable ampoules or vials or sold directly to overseas customers) for the periods indicated.

	As of/Year Ended December 31,		
	2022	2023	2024
	(in millions of units, except percentages)		
Designed Production Capacity[(1)]	50.0	50.0	50.0
Production Volume[(1)]	18.1	28.0	34.8
Utilization Rate[(2)]	36.2%	56.0%	69.6%

Notes:

(1) Design production capacity and production volume are calculated based on the assumption that one unit contains 1,500 IU of active ingredient of antitoxin.

(2) Utilization rate is calculated by dividing the production volume by the designed production capacity.

Our production plans are based on annual, monthly, and quarterly forecasts of market demand, with reference to historical sales data and anticipated orders, which will be adjusted in accordance with actual demand and inventory levels. See "— Inventory Management" for more details.

Expansion Plan

We plan to expand our production capacity by constructing a new antiserum biotechnology complex with new production lines to meet the demand for our antiserum products. Additionally, we will construct new production lines for various veterinary drugs and expand our horse farm. See "Future Plans and Use of [REDACTED]" for more details.

Raw Material Suppliers and Procurement

We produce immunized equine plasma used in the manufacturing of our Human TAT in-house. During the Track Record Period, we made a one-time purchase of immunized equine plasma from a third-party supplier, as part of our efforts to diversify our supply chain and mitigate potential disruptions to the supply chain. Our main procurement activities centered on horses, fodder, and pharmaceutical packaging materials. Additionally, we sourced other materials such as spare parts, low-value consumables, and testing reagents. These raw materials were primarily sourced from third-party suppliers within China.

We have established a dedicated procurement department and implemented a comprehensive materials procurement management system to standardize planning, purchasing, acceptance, and storage processes. Our supplier selection procedures are

stringent, assessing potential suppliers based on product offerings and quality, reputation and business scale, and pricing competitiveness. All suppliers must possess the necessary licenses and permits for their operations.

For our major raw materials and packaging materials, we maintain a list of approved suppliers that meet all our requirements. We regularly review and assess supplier performance and qualifications to ensure the quality of our raw materials and update the approved suppliers list. Suppliers that fail to meet our standards are removed from this list. We enter into long-term agreements with suppliers who demonstrate consistent quality, which generally range from one to three years. For other materials such as spare parts and low-value consumables, we usually seek quotes from at least three suppliers and make sourcing decisions mainly based on quality and price comparisons.

We typically process payments to suppliers via wire transfer or bank acceptance bills, which often require full prepayment or offer about 30 to 90 days of credit terms. Our suppliers are generally responsible for the delivery of raw materials to our production facilities at their own expense. We are entitled to return any materials that do not meet our specifications. Our principal raw materials are generally readily available in the market through multiple suppliers. We believe we have alternative sources for these materials that offer comparable quality and pricing. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material shortages or delays in raw material supply.

The purchase prices of raw materials are primarily influenced by prevailing market rates for materials of similar quality. During the Track Record Period and up to the Latest Practicable Date, there have been no significant increases in the prices of our major raw materials, nor any fluctuations that materially and adversely affected our operations or gross profit margins. For more details, see "Risk Factors — Risks Relating to Manufacture and Supply of Our Products and Product Candidates — If we are not able to obtain sufficient quantities of raw materials of required quality at a commercially acceptable cost, our business could be harmed." For the sensitivity analysis and breakeven analysis of raw material costs, see "Financial Information — Description of Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Cost of Sales."

Inventory Management

Our inventory primarily consists of finished products, work in progress, and raw materials essential for the production of our products. We have established a comprehensive inventory management system that monitors each stage of the warehousing process. Our warehousing personnel are responsible for the inspection, storage, and distribution of raw materials and finished products. All raw materials and products are stored in designated areas within our warehouses based on their specific storage conditions, properties, intended use, and batch numbers. Regular checks are conducted to ensure consistency among raw materials, products, logbooks, and material cards.

We closely monitor our inventory levels, generally maintaining a stock of finished products sufficient for two to three months of demand. Raw materials are purchased based on their shelf life and required lead time. For raw materials with longer lead times, we typically keep a stock that covers three to six months of anticipated usage.

QUALITY CONTROL

We believe that an effective quality control system is critical to ensuring the quality of our products and maintaining our reputation and success. All our workshops and production lines involved in the manufacturing of products, including Human TAT, have passed GMP compliance inspections by the drug regulatory authorities.

Our senior management team actively participates in formulating internal quality control policies and overseeing our overall quality control processes. Comprehensive quality control procedures and protocols have been established, covering the entire production lifecycle — from raw material sourcing to the delivery of final products to customers. Our quality control personnel operate independently from our production team and are tasked with implementing these procedures and protocols. Most of our quality control staff possess educational backgrounds in pharmaceuticals or related fields, and we provide regular training to ensure they are familiar with the regulatory requirements applicable to our production facilities. We utilize advanced equipment and devices to inspect, test, and ensure the quality of our raw materials, in-progress production, and final products.

Raw Material Quality Control

We purchase raw materials used in our production exclusively from approved suppliers. For more details about our supplier selection procedures, please see "— Production — Raw Material Suppliers and Procurement."

Upon receipt, we examine incoming raw materials to confirm they meet our quality requirements. Our warehousing personnel verify the packaging information before taking delivery, and incoming raw materials are stored in quarantine areas pending inspection. Our quality control team subsequently selects samples for testing to verify quality. Only materials that pass these quality control tests are dispatched for use in our production processes.

Quality Control of Biological Assets

We have established a rigorous quality control system for biological assets, encompassing the process from horse breeding and health monitoring, to plasma collection and processing. We purchase and breed horses to ensure the production of high-quality plasma. Each horse undergoes rigorous health screenings and continuous health monitoring. We implement zoned and standardized breeding environment management, combined with regular disinfection to minimize epidemic risks. Detailed health records are maintained for each horse, tracking their well-being, physiological indicators, and medical history to ensure sustained donor suitability.

Plasma is collected under strict aseptic conditions to prevent contamination. We adhere to internationally recognized standards and guidelines for plasma collection, ensuring the safety and efficacy of our products. Each batch of plasma undergoes comprehensive testing for purity, potency, and safety, including screening for pathogens, endotoxins, and other contaminants. Only plasma that meets our stringent quality criteria is used in the production of our products, such as Human TAT. Plasma is stored and transported under controlled conditions to maintain its integrity. We utilize advanced storage facilities and logistics systems to ensure that plasma remains at optimal conditions throughout the supply chain. By implementing these rigorous quality control measures, we ensure that our biological assets contribute to the production of safe and effective final products, such as Human TAT.

Production In-process Quality Control

Our automated production equipment screens and discards intermediate products that do not meet our quality standards during the production process. Additionally, our quality control team conducts sample testing on each batch of intermediate products at specific stages to ensure compliance with our quality standards, including checks on physical appearance, ingredient composition, and drug content. Our quality control team verifies that our production processes continuously adhere to GMP requirements. We require production operators to follow standard operating and equipment operation procedures, and our quality control team regularly inspects production processes on-site. After completing each production process, we perform cleaning procedures to prevent contamination, with the quality control team verifying that the production line has been properly cleaned before proceeding to the next stage. All cleaning procedures are validated prior to implementation.

Final Product Quality Control

Each batch of final products undergoes sample testing by our quality control team. Before delivery to customers, our quality control team inspects all documentation related to product quality, including batch records, laboratory testing records, production process records, and any other relevant information. Our quality director conducts a final review of all documents and makes the final decision regarding product release for sale. Final products that do not meet our quality standards are not released and are either destroyed or disposed of based on the judgment of our quality director. Only final products that have been officially released by our quality control authorized personnel are permitted for market sale.

SALES, MARKETING AND DISTRIBUTION

Overview

We primarily promote and market pharmaceutical products through a combination of our in-house marketing team and in collaboration with third-party promotors. For the technical services offered by our subsidiary, Hainan Pharmaceutical Research Institute, we directly market these services to pharmaceutical and biotechnology companies by actively participating in trade conferences, trade shows and scientific conferences. For further details of our technical services, see "— Our Technical Services."

During the Track Record Period, we primarily sold pharmaceutical products to domestic distributors in China, who are based in China and subsequently distributed our products to hospitals and other medical institutions in China ("**Domestic Sales**"). As of December 31, 2024, we have established a comprehensive distribution network in China, spanning provincial, city, and county levels. This network, comprising a total of 478 distributors as of December 31, 2024, ensures broad market coverage and efficient delivery of our products to over 23,500 medical institutions, including over 1,500 tertiary medical institutions in China. Our Human TAT, has been included in Part A of the NRDL (國家甲類醫保品種), the National Essential Drug List (國家基本藥目錄) and the National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄). Benefiting from the advantage of full medical insurance reimbursement, our Human TAT is more readily accepted by medical institutions and patients. We actively respond to the VBP scheme, which has further broadened our hospital access channels and increased our sales volume. For details, see "— Major Recent Regulatory Reforms." During the Track Record Period, our revenue from the Domestic Sales of Human TAT amounted to RMB102.0 million, RMB135.0 million and RMB161.9 million in 2022, 2023 and 2024, respectively, accounting for 76.5%, 73.3%, and 78.6% of our total revenue from sales of Human TAT for the same periods, respectively.

In addition to Domestic Sales, we sell products to domestic distributors for export sales ("**Indirect Export Sales**") and directly export products to overseas distributors ("**Direct Export Sales**", together with Indirect Export Sales, "**Export Sales**"). In recent years, we have actively engaged in the Export Sales, particularly targeting Southeast Asian and African markets, such as Egypt, India, and the Philippine. As of December 31, 2024, we had 27 distributors for Export Sales. For Export Sales, our distributors are generally responsible for managing customs clearance procedures in the target importing countries. We closely monitor overseas government tender opportunities and explore potential sales channels. In 2024, our product successfully won the Ethiopian government's tender for 4.8 million ampoules of Human TAT. During the Track Record Period, our revenue from the Export Sales of Human TAT amounted to RMB31.3 million, RMB49.1 million and RMB44.0 million in 2022, 2023 and 2024, respectively, accounting for 23.5%, 26.7% and 21.4% of our total revenue from sales of Human TAT for the same periods, respectively. While Domestic Sales remain a cornerstone of our business, the growth in Export Sales reflects our continued efforts to diversify our sales channels, expand our international presence and strengthen our global market position.

The following table sets forth our revenue from sales of Human TAT by sales channel during the Track Record Period:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Domestic Sales	101,952	76.5	134,951	73.3	161,912	78.6
Export Sales						
— Indirect Export Sales	29,544	22.2	46,099	25.0	35,966	17.5
— Direct Export Sales	1,735	1.3	3,019	1.6	8,023	3.9
Total revenue from sales of Human TAT	133,231	100.0	184,069	100.0	205,901	100.0

References to the sales volumes of Human TAT during the Track Record Period throughout this document include sales of Human TAT injection and Human TAT bulk. Unless stated otherwise, these volumes are calculated based on the assumption that one unit contains 1,500 IU of active ingredient of antitoxin. Our Human TAT injection in 0.95 ml ampoules containing 3,000 IU and 2.0 ml ampoules containing 5,000 IU, as well as Human TAT bulk, are only available for distribution to overseas markets.

Our Marketing Initiatives

In-House Sales and Marketing Team

Our in-house sales and marketing team is responsible for conducting market research, formulating sales and marketing strategies, and managing distribution channels. Our internal sales force is mainly organized by geographic regions. As of December 31, 2024, our in-house sales and marketing team comprised 29 employees, most of whom have over five years of experience in pharmaceutical sales, bringing a wealth of expertise to our operations.

We regularly provide our sales and marketing personnel with internal and external trainings to enhance their industry knowledge and marketing skills. We implement various incentive measures for our sales personnel. Their remuneration is based on multiple key performance indicators, including sales target achievement. To retain high-quality and experienced sales personnel, we offer comprehensive training programs, career development guidance, and ample internal promotion opportunities. Internal promotions are also based on the aforementioned key performance indicators.

Our sales and marketing personnel must strictly adhere to our specific procedures, policies, and guidelines for sales and marketing, including but not limited to the code of conduct regarding interactions with healthcare professionals and product promotion. For details, see "— Risk Management and Internal Control."

Third-Party Promoters

To supplement our in-house sales and marketing capabilities, we engage third-party promoters to market our products to medical institutions and target patient groups in selected cities or regions. We select third-party promoters based on their qualifications, reputation and marketing and promotion experience. As of December 31, 2024, we had engaged 18 third-party promoters.

We generally enter into annual promotion agreements with these third-party promoters, under which they are responsible for conducting academic promotion activities within designated geographic areas. Our third-party promoters are mainly promotional service companies, and their services primarily include market research, brand promotion, organizing academic conferences and seminars, promoting products to healthcare professionals through hospital visits, and collecting market data. The fees charged by our third-party promoters are determined on case-by-case basis. For example, services fees for organizing academic seminars are charged on a per-event basis, while services fees for hospital visits are typically charged based on the number of hospitals visited. According to the promotion agreements, our third-party promoters are generally prohibited from promoting any other products that compete with, or have any conflict of interest with, our products. We also require our third-party promoters to strictly comply with applicable laws and regulations. In the event of a breach of the aforesaid non-competition undertaking or non-compliance by any third-party promoter, we may terminate the relevant agreement with such promoter and are entitled to claim damages from it.

Our Sales and Distribution Arrangements

In line with industry practice, we adopt a distributorship model and we generally do not sell our products directly to hospitals or other medical institutions. Our distributors are our direct customers, and are responsible for on-selling and delivering our products to hospitals and other medical institutions. We benefit from our distributors' established distribution channels and local resources to save costs that would otherwise be required to establish and maintain a nationwide logistics network across the PRC and overseas regions on our own, and to increase the effectiveness of launching and selling our products in our target markets within a short period of time.

As of December 31, 2022, 2023 and 2024, we had 395, 395 and 478, respectively, distributors for Domestic Sales of pharmaceutical products, as well as 23, 26 and 27 distributors for Export Sales of pharmaceutical products.

The following table sets forth the movements in the number of our distributors during the Track Record Period:

	Year ended December 31,		
	2022	**2023**	**2024**
Number of distributors at the beginning of the period	368	418	421
Addition of new distributors[(1)]	119	100	191
Numbers of terminated/inactive distributors[(2)]	(69)	(97)	(107)
Net increase/(decrease) in distributors	50	3	84
Number of distributors at the end of the period	418	421	505

Notes:

(1) New distributors refer to distributors who (i) had at least one transaction with us in the relevant period; and (ii) did not have any transaction with us in the immediately preceding financial year.

(2) Terminated/inactive distributors refer to distributors who (i) did not have any transaction with us in the relevant period; and (ii) had at least one transaction with us in the immediately preceding financial year.

During the Track Record Period, our addition of new distributors primarily reflected our continued sales growth and our efforts to expand market coverage. The termination or inactivity of certain distributors was primarily driven by performance-based evaluations, strategic alignment with market dynamics, and operational adjustments, which were based on specific market conditions and encompassed factors such as annual sales performance and payment collection efficiency.

To the best knowledge of our Directors, as of the Latest Practicable Date, all of our distributors were Independent Third Parties. Two of our distributors were our minority shareholders, each holding 0.19% of our total issued share capital as of the date of this document, collectively contributing around 2% of our total revenue during the Track Record Period. Our Directors confirm that all sales to these distributors were conducted in the ordinary course of business under normal commercial terms. To the best knowledge of our Directors, save as the two distributors disclosed above, there was no employment, financing or family relationship between our distributors and us during the Track Record Period.

Key Terms of Arrangements with Our Distributors

Our distributors include those to whom we delegate the distribution rights of our specific products in certain regions or to certain medical institutions. Each purchase is facilitated through individual sales contracts or purchase orders. In general, distributors enter into sales contracts with us on an ad hoc basis as and when the relevant end-customers require our products , and thus have not signed fixed-term distribution agreements with us. However, we may enter into fixed-term agreements with major distributors, which typically have a term of one year. According to Frost & Sullivan, this distribution model is the industry norm within the PRC biopharmaceutical industry.

Our distributors are generally assigned specific regions in or medical institutions to which they are authorized to distribute our products. We are responsible for delivering the products to distributors' designated warehouses, with delivery terms specified in individual contracts. We generally do not require our distributors to maintain a minimum inventory level and generally do not accept product returns or exchanges except for product defects. Agreements may be terminated for material breaches, such as loss of business qualifications. For our distributors that enter into fixed-term agreements with us, our selling prices are generally fixed during the term of the distribution agreements, subject to adjustment due to changes in regulatory policies or market conditions. We may set annual sales targets for these distributors. If they meet or exceed these targets, they are eligible for incentives.

We have a seller-buyer relationship with our distributors, and we do not retain ownership of the products sold to them. All significant risks and rewards associated with these products are transfered to the distributors upon delivery and acceptance. Consequently, we recognize revenue from sales to our distributors upon delivery of our products to and acceptance by them. Our distributors on-sell our products to their customers, which do not have any contractual relationship with us and generally are not imposed with any of our control or oversight. We do not require our distributors to seek our prior approval to engage sub-distributors. We do not have contractual relationships with sub-distributors engaged by our distributors, nor do we manage such sub-distributors directly.

Distributor Management

We select our distributors based on their proven distribution capabilities, familiarity with their target markets, financial strength, credit history, and operational competence. We require all distributors to obtain all necessary licenses and permits for the sale and distribution of pharmaceuticals. Additionally, we require our distributors to comply with the latest Good Supply Practice (GSP) standards for cold chain storage and transportation to ensure the safe and timely delivery of our products to the covered medical institutions.

In the event that a distributor breaches the relevant distribution agreement, including non-compliance with applicable laws and regulations, we will notify the distributor and request rectification. If remedial measures are not taken within the stipulated timeframe, we reserve the right to terminate the distribution agreement. During the Track Record Period, we have not terminated any business relationships with distributors due to violations of distribution agreements or regulatory non-compliance.

Prevention of Cannibalization

During the Track Record Period, we have implemented various measures to manage our distributors and mitigate the risk of sales cannibalization among our distributors. Our distributors are generally assigned specific regions in or medical institutions to which they are authorized to distribute our products. Such distributors are prohibited from selling our products outside their designated areas. In addition, we regularly communicate with our distributors to monitor their activities and ensure compliance with our policies. For domestic distributors in China, we generally require them to provide periodic reports on their inventory levels and sales performance. For our overseas distributors, some of the distributors are required to provide supply forecasts. This helps us plan our manufacturing activities and ensure a steady supply of products, thereby reducing the risk of channel stuffing and ensuring proper distribution management.

During the Track Record Period and up to the Latest Practicable Date, we are not aware of any material sales cannibalization or competition among distributors within the same geographic area. The Board believes that the above measures are sufficient to mitigate potential cannibalization and competition among distributors.

Inventory Management and Control

We require prepayment for some of our distributors and grant certain distributors a credit period of 30 to 90 days, and based on our assessments, we generally provide longer credit periods only to key distributors depending on specific circumstances. We believe that a shorter credit period encourages distributors to effectively manage their cash flow and ensure procurement based on actual demand.

Furthermore, we have the right to request access to sales data from our distributors. We typically review and evaluate distributor sales data on regularly to regularly assess actual market demand for our products and analyze inventory levels. We may consider to adjust our sales strategies and the geographic or product coverage of each distributor based on market demand and the capabilities of the distributors.

Anti-corruption and Anti-bribery Measures

Distributors generally bear responsibilities for anti-corruption and anti-bribery under the terms of the distribution agreements, which stipulate that distributors (i) must comply with relevant laws and regulations, including those related to anti-corruption and anti-bribery; and (ii) must not offer, promise, or authorize payment of money or valuable items to government officials or representatives of state-owned enterprises to influence their actions or decisions. See "— Risk Management and Internal Control" in this section.

During the Track Record Period and up to the Latest Practicable Date, aside from the credit terms granted under the relevant distribution agreements, we have not provided any financing to any distributors. During the Track Record Period, we are not aware of any significant product returns. For more details, see "— Product Returns and Warranties" in this section.

Logistics Arrangement

We typically utilize third-party logistics service providers to transport our products to our distributors. We have entered into logistics service agreements with these providers, under which they are responsible for any losses incurred due to their negligence during the logistics process, including transferring, loading, unloading, transporting, and delivering to our customers.

PRODUCT RETURNS AND WARRANTIES

We typically do not accept returns of any products, except for defective products. In the case of defective products, we will bear all costs associated with their return and exchange. For information regarding our distributors' return policies, see "— Sales, Marketing and Distribution — Our Sales and Distribution Arrangements."

We value feedback from our distributors and end customers. We have designated personnel to handle complaint calls and regularly review and analyze the feedback received. We place importance on this feedback and any complaints. We have implemented detailed procedures for handling quality complaints and provide emergency response for patients experiencing any adverse reactions to our products. Our sales and marketing team is responsible for following up on customer complaints to ensure they are addressed appropriately.

During the Track Record Period, we did not provide any warranties regarding our products, nor did we make any provisions for warranty claims. During the Track Record Period and up to the Latest Practicable Date, the amounts related to product returns and exchanges were insignificant. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material complaint or product liability or other legal claims from our customers due to problems associated with the quality of our products.

In accordance with applicable requirements, including GMP, we have established a product recall procedure, which includes guidelines and processes for notifying responsible personnel and handling recalled products. During the Track Record Period and up to the Latest Practicable Date, we have not recalled any products due to quality issues.

PRICING

We have developed and implemented a reasonable pricing strategy for our major product, Human TAT, to maintain its competitiveness and profitability. In determining pricing, we consider multiple factors, primarily including our R&D, manufacturing, and marketing costs, the value of the product, our market share, and the competitive landscape. During the Track Record Period, the selling price of our Human TAT for Domestic Sales was influenced by regulations and policies in the pharmaceutical industry, including the VBP program. We closely monitor new policies affecting the pricing of pharmaceutical products in China and continuously update our pricing strategy to navigate the evolving regulatory environment and respond to local policies and competition in different provinces. For details, see "— Major Recent Regulatory Reforms" in this section. The selling pricing of Human TAT for Export Sales, as well as the sales of veterinary pharmaceutical products, was more market-driven and influenced by factors including local purchasing power, competitive dynamics, and regional healthcare policies. For details of the average selling prices of our products, see "Financial Information — Description of Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue Breakdown by Business Segment."

During the Track Record Period, the price of our Human TAT remained relatively stable. For the average selling prices of our Human TAT, see "Financial Information — Description of Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — Revenue Breakdown by Business Segment." Please also see "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Sales and Distribution of Our Products and the Commercialization of Our Product Candidates — Our Human TAT generate substantially all of our revenue and profit during the Track Record Period. If we are unable to maintain or increase the sales volume, pricing level and profit margin of our Human TAT, and diversify our product offering structure effectively, our business, financial condition, results of operations and prospects may be adversely affected."

MAJOR RECENT REGULATORY REFORMS

NRDL

Participants in the national health insurance schemes are eligible for full or partial reimbursement for the purchase of drugs included in the NRDL. The drugs included in the NRDL are divided into Part A and Part B. Expenses incurred from purchasing drugs in Part A are fully reimbursed under the medical insurance program, while those for Part B drugs are partially reimbursed. For further details, see "Regulatory Overview — Laws and Regulations in Relation to New Drug — China's National Reimbursement Drug List."

Our Human TAT has been included in the Part A of the NRDL (國家甲類醫保品種) and was also added to the National Emergency and Rescue Drugs Directory (國家急(搶)救藥品目錄). Due to its classification as a Part A drug, patients purchasing Human TAT can receive full reimbursement under the medical insurance program. The price ceiling set by the NRDL is the final purchase price paid by the public medical insurance bureaus. We set the ex-factory price charged to distributors below the final purchase price (i.e., the price set for end customers). The difference between the ex-factory price and the final purchase price allows distributors to achieve a reasonable profit margin. Inclusion in the NRDL significantly enhances the accessibility of our Human TAT. The NRDL is updated annually, and the prices for drugs procured through centralized tender processes are renegotiated every one to three years.

National Essential Drug List

The National Essential Drug List (2018 Edition), issued by the National Health Commission and the National Administration of Traditional Chinese Medicine, aims to provide affordable access to essential medications for patients in China and ensure equal opportunities for the public to obtain essential drugs. Government-funded basic medical institutions (mainly including county-level hospitals, county traditional Chinese medicine hospitals, village health stations, and community clinics) are required to store and use the drugs listed in the National Essential Drug List. For further details, see "Regulatory Overview — Laws and Regulations in Relation to New Drug — National Essential Drug List (2018 Edition)."

Our Human TAT has been included in the National Essential Drug List, indicating its acceptance by medical institutions and physicians and further enhancing patient access to this product.

VBP

In China, the prices of most drugs sold to public hospitals and public medical institutions are determined through a centralized tender process organized by national or provincial alliances. In the centralized tender process, pharmaceutical companies may voluntarily bid to supply products to public hospitals and other public medical institutions at specified prices, with successful bidders being allowed to sell their products to the relevant institutions at the bid prices. For more details, see "Regulatory Overview — Other Laws and Regulations in Relation to Medical Industry — Volumetric Procurement."

In August 2023, our Human TAT participated in the centralized VBP scheme organized by the Beijing-Tianjin-Hebei pharmaceutical alliance and was selected as the exclusive winner with an allocated share of 100%. In December 2023, our Human TAT participated in the centralized VBP scheme for "Shortage and Emergency Rescue Products" led by Guangdong Province, covering 27 provinces and cities. We won the top bid, with an allocated share of 72%.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, substantially all of our revenue derived from the sales of Human TAT. Our customers for Human TAT were distributors. End customers primarily comprised public hospitals, private hospitals, clinics and other medical institutions.

Our five largest customers are China-based pharmaceutical distribution companies. Revenue from five largest customers, calculated on the group level with entities controlled by the same group combined together, amounted to RMB44.7 million, RMB58.0 million and RMB64.4 million in 2022, 2023 and 2024, respectively, representing approximately 31.5%, 29.3% and 29.2% of our total revenue for the corresponding periods. Our revenue from our largest customers was RMB18.3 million, RMB18.5 million, RMB28.6 million in 2022, 2023 and 2024, respectively, representing 12.9%, 9.3% and 13.0% of our total revenue for the corresponding periods. We require prepayment for some of our customer and grant certain a credit term of 30 to 90 days to our customers, who generally make payments through wire transfer or bank acceptance bills. There was no major customer during the Track Record Period who was also our major supplier during the corresponding period, or vice versa. The following table sets forth details of our five largest customers during the Track Record Period:

Five largest Customers for 2024	Commencement of business relationship	Background	Major sales	Sales amount	Percentage of total revenue
				(RMB'000)	*(%)*
Customer A	2010	Established in 2003, it is a China-based state-owned enterprise engaged in the distribution and sales of pharmaceutical products, medical devices, the operation of retail pharmacy chains and other activities.	Human TAT	28,631	13.0
Customer B	2017	Established in 2007, it is a China-based state-owned company primarily engaged in the production, distribution and sales of pharmaceutical and healthcare products.	Human TAT	12,574	5.7
Anhui Yikangwang Health Management Co., Ltd.	2023	Established in 2021, it is a China-based private company engaged in the distribution and sales of pharmaceuticals, provision of health consulting services and other activities.	Human TAT	8,994	4.1
Jiangxi Zelin Pharmaceutical Technology Co., Ltd.	2017	Established in 2017, it is a China-based private company specializing in the import and export of various goods and technologies, as well as providing business information consulting services.	Human TAT	7,396	3.4
Ningbo Innotech Biotechnology Co., Ltd.	2016	Established in 2016, it is a China-based private company engaged in the research and development of biological products and the import and export of various goods and technologies.	Human TAT	6,794	3.1
Total				64,389	29.2

Five largest Customers for 2023	Commencement of business relationship	Background	Major sales	Sales amount	Percentage of total revenue
				(RMB'000)	*(%)*
Customer A	2010	Established in 2003, it is a China-based state-owned enterprise engaged in the distribution and sales of pharmaceutical products, medical devices, the operation of retail pharmacy chains and other activities.	Human TAT	18,465	9.3
Ningbo Noble Pharmaceutical Co., Ltd.	2018	Established in 2017, it is a China-based private company engaged in the distribution and sales of pharmaceuticals, as well as the import and export of various goods and technologies.	Human TAT	12,418	6.3
Runcheng Biotechnology (Xiamen) Co., Ltd.	2009	Established in 2007, it is a China-based private company engaged in the export trade, distribution, and sales of biopharmaceuticals, medical devices, healthcare products, and other activities.	Human TAT	10,669	5.4
Wuhan Guokang Pharmaceutical Co., Ltd.	2005	Established in 2003, it is a China-based private company engaged in the distribution and sales of biological products, technical consulting and other activities.	Human TAT	8,810	4.4
Jiangsu Hailei Pharmaceutical Co., Ltd.	2018	Established in 2007, it is a China-based private enterprise engaged in the distribution and sales of pharmaceuticals, sales of medical devices and other activities.	Human TAT	7,592	3.8
Total				57,954	29.3

Five largest Customers for 2022	Commencement of business relationship	Background	Major sales	Sales amount	Percentage of total revenue
				(RMB'000)	*(%)*
Customer A	2010	Established in 2003, it is a China-based state-owned enterprise engaged in the distribution and sales of pharmaceutical products, medical devices, the operation of retail pharmacy chains and other activities.	Human TAT	18,347	12.9
Ningbo Noble Pharmaceutical Co., Ltd.	2018	Established in 2017, it is a China-based private company engaged in the distribution and sales of pharmaceuticals, as well as the import and export of various goods and technologies.	Human TAT	11,324	8.0
Customer C	2016	Established in 1994, it is a China-based state-owned enterprise focusing on manufacturing and sales of pharmaceuticals.	Human TAT	6,003	4.2
Customer B	2017	Established in 2007, it is a China-based state-owned company primarily engaged in the production, distribution and sales of pharmaceutical and healthcare products.	Human TAT	4,849	3.4
Customer D	2021	Established in 2018, it is a China-based private enterprise engaged in the sales of medical devices, pharmaceuticals and chemical products, and also provides technical and consulting services.	Human TAT	4,150	2.9
Total				44,673	31.5

To the best knowledge of our Directors, all of our five largest customers during the Track Record Period are Independent Third Parties. None of our Directors, their respective close associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period.

Our Suppliers

The key material used in the manufacturing of Human TAT is immunized equine plasma, which we primarily produced in house. During the Track Record Period, we made a one-time purchase of immunized equine plasma from a third-party supplier, as part of our efforts to diversify our supply chain and mitigate potential disruptions to the supply chain. During the Track Record Period, we primarily procured horses, fodder, and pharmaceutical packaging materials from suppliers in China. Additionally, we engaged third-party promoters and CROs to support our operations.

Purchases from our five largest suppliers, calculated on the group level with entities controlled by the same group combined together, amounted to RMB18.1 million, RMB26.2 million and RMB15.1 million in 2022, 2023 and 2024, respectively, representing 31.7%, 35.7% and 22.8% of our total purchases for the corresponding periods. Our purchases from our largest suppliers were RMB5.3 million, RMB8.9 million, RMB3.7 million in 2022, 2023 and 2024, respectively, representing 9.3%, 12.2% and 5.6% of our total purchases for the corresponding periods. We typically process payments to suppliers via wire transfer or bank acceptance bills, which often require full prepayment or offer about 30 to 90 days of credit terms. The following table sets forth details of our five largest suppliers during the Track Record Period:

Five largest Suppliers for 2024	Commencement of business relationship	Background	Our major purchases	Purchases amount	Percentage of total purchases
				(RMB'000)	*(%)*
Supplier A	2024	It is a China-based company primarily engaged in manufacturing of veterinary tetanus antitoxin.	Veterinary tetanus antitoxin	3,713	5.6
Supplier B	2024	It is a China-based company specializing in the supply of immunized equine plasma.	Immunized equine plasma	3,425	5.2
Supplier C	2023	It is a China-based company specializing in livestock breeding and sales.	Horses	3,082	4.6
Hangzhou Yunle Brand Management Co., Ltd.	2024	Established in 2019, it is a China-based private enterprise specializing in brand promotion, marketing planning, and market research services.	Promotion services	2,773	4.2
Chengdu Bolaiya Biotechnology Promotion Co., Ltd.	2021	Established in 2016, it is a China-based private company providing promotion services, enterprise management consulting, and other services.	Promotion services	2,131	3.2
Total				15,124	22.8

Five largest Suppliers for 2023	Commencement of business relationship	Background	Our major purchases	Purchases amount *(RMB'000)*	Percentage of total purchases *(%)*
Shanghai Medicilon Bio-Medical Co., Ltd.	2022	It is a China-based CRO service provider offering comprehensive pre-clinical research and development services for biopharmaceuticals.	Pre-clinical research services	8,943	12.2
Supplier C	2023	It is a China-based company specializing in livestock breeding and sales.	Horses	5,808	7.9
Gaotai County Jian Quan Zi Forestry and Animal Husbandry Technology Development Co., Ltd., and Hainan Chuangxin Pharmaceutical Technology Development Co., Ltd.[1]	2022	It is a China-based group of companies engaged in cultivation and sales of fodder and other activities.	Fodder	4,316	5.9
Hangzhou Huaxiang Biopharmaceutical Co., Ltd.	2017	Established in 2006, it is a China-based private enterprise specializing in promotion services in the field of biological products in the pharmaceutical industry.	Promotion services	4,234	5.8
Chengdu Bolaiya Biotechnology Promotion Co., Ltd.	2021	Established in 2016, it is a China-based private company providing promotion services, enterprise management consulting, and other services.	Promotion services	2,881	3.9
Total				26,182	35.7

Five largest Suppliers for 2022	Commencement of business relationship	Background	Our major purchases	Purchases amount *(RMB'000)*	Percentage of total purchases *(%)*
Chengdu Bolaiya Biotechnology Promotion Co., Ltd.	2021	Established in 2016, it is a China-based private company providing promotion services, enterprise management consulting, and other services.	Promotion services	5,286	9.3
Hangzhou Huaxiang Biopharmaceutical Co., Ltd.	2017	Established in 2006, it is a private enterprise specializing in promotion services in the field of biological products in the pharmaceutical industry.	Promotion services	3,636	6.4
Gaotai County Jian Quan Zi Forestry and Animal Husbandry Technology Development Co., Ltd.[1]	2022	It is a China-based private company engaged in cultivation and sales of fodder and other activities.	Fodder	3,362	5.9
Anhui Nuoweikang Pharmaceutical Co., Ltd.	2019	Established in 2010, it is a China-based private company providing promotion services for biotechnology, conference and exhibition services, and other services	Promotion services	3,115	5.5
Shandong Lifeng Trading Co., Ltd.	2021	Established in 2015, it is a China-based private company providing promotion services, marketing planning, and other services.	Promotion services	2,688	4.7
Total				18,087	31.7

Note:

(1) These companies are a group of entities controlled by Ms. Jing and/or her associates during the Track Record Period.

To the best knowledge of our Directors, save as disclosed above, all of our five largest suppliers during the Track Record Period are Independent Third Parties, and none of our Directors, their respective close associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

AWARDS AND RECOGNITIONS

The following table sets forth our recent major awards and recognitions:

Year	Award	Award Issuing Authority
2024	High and New Technology Enterprise (高新技術企業)	Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, Jiangxi Provincial Tax Service of the State Taxation Administration (江西省科學技術廳、江西省財政廳、國家税務局總局江西省税務局)
2023	Jiangxi "Specialized, Refined, and Innovative" Small and Medium-sized Enterprise (江西省「專精特精」中小企業)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
2023	Jiangxi Haizhi Plan Workstation (江西省海智計劃工作站)	Talent Work Leading Group Office of the Jiangxi Provincial Committee of the Communist Party of China, Jiangxi Provincial Human Resources and Social Security Department, Jiangxi Association for Science and Technology (中共江西省委人才工作指導小組辦公室、江西省人社廳、江西省科協)
2023	Jiangxi Provincial Engineering Research Center for Biological Immunotherapy Antibody Drugs (江西省生物免疫抗體藥物工程研究中心)	Jiangxi Provincial Development and Reform Commission (江西省發改委)
2022	Jiangxi Province Specialized "Little Giant" Enterprise (江西省專業化小巨人企業)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)

Year	Award	Award Issuing Authority
2022	Postdoctoral Innovation and Practice Base (博士後創新實踐基地)	Organization Department of the Jiangxi Provincial Committee of the Communist Party of China and Jiangxi Provincial Human Resources and Social Security Department (中共江西省委組織部、江西省人社廳)
2021	Jiangxi Famous Brand Product Certificate (江西名牌產品證書)	Jiangxi Provincial Brand Building Promotion Association (江西省品牌建設促進會)
2021	Certificate of Jiangxi Quality Products (江西省贛出精品證書)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳), Jiangxi Provincial Market Supervision Administration (江西省市場監督管理局)

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 47 registered patents, four pending patent applications, two registered domain names, and six registered trademarks in the PRC, as well as two pending trademark applications in Hong Kong, which we consider to be material to our business. For details of our intellectual property rights, see "Appendix VII — Statutory and General Information — Further Information About the Business of Our Company — Intellectual Property Rights."

We rely on intellectual property rights to protect our technologies, inventions and improvements that we believe are important to maintain the market share of our major product, Human TAT. In order to protect our intellectual property rights, we generally require our employees who have access to trade secrets or confidential business information to enter into confidentiality agreements. These agreements typically provide that all relevant intellectual properties developed by our employees during the course of their employment with us become our intellectual properties and are treated as trade secrets. Our employees are contractually required to refrain from disclosing confidential information to third parties.

During the Track Record Period and up to the Latest Practicable Date, we had not been sued on the basis of, and had not undergone arbitration in respect of, nor had we received any notification from third parties claiming infringement of any intellectual property or sales of counterfeit pharmaceutical products that have had a material adverse effect on our business. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of the infringement of any intellectual property of third parties or sales of counterfeit pharmaceutical products that had a material adverse effect on our business. However, despite our internal control procedures, we are still subject to risks relating to intellectual property rights. See "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our Intellectual Property Rights" for details."

COMPETITION

The pharmaceutical and biopharmaceutical industries are characterized by rapidly advancing technologies and competition. We face competition from other pharmaceutical companies, including large, established pharmaceutical companies as well as some smaller emerging pharmaceutical companies.

Our products and product candidates currently mainly focus on antiserum and anti-infective areas, and we primarily compete with products that are indicated for similar conditions as our products on the basis of efficacy, safety, pricing, general market acceptance and recognition. The identities of our key competitors vary by product and, in certain cases, our competitors may have greater financial and research and development resources than us, may elect to focus these resources on developing, importing or in-licensing and marketing products that are substitutes for our products and may have broader sales and marketing infrastructure with which to do so. See "Industry Overview" for more details about the major competitors of our products.

We believe our continued success will depend on our following capabilities: the end-to-end capabilities spanning the entire industry value chain — from animal farming and breeding, antigen development and testing, host animal immunization, immunized plasma collection to antibody purification and formulation; the capability to develop innovative products and advanced technologies; the capability to attract, retain and cultivate talent; the capability to maintain high quality standards; the capability to obtain and maintain regulatory approvals; the capability to effectively market and promote products; and the capability to extend our reach into overseas market.

EMPLOYEES

As of December 31, 2024, we had 284 employees in total, all of whom are located in China. The following table sets forth the number of our employees categorized by function as of December 31, 2024.

Function	Number	Percentage of total
Sales and Marketing	29	10.2%
Manufacturing	128	45.1%
Research and development	42	14.8%
Quality assurance	15	5.3%
Finance and accounting	14	4.9%
Management and administrative	56	19.7%
Total	**284**	**100%**

We enter into individual employment contracts with our employees covering salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause and grounds for termination. We also enter into separate confidentiality and non-competition agreements with our key management and employees who have access to trade secrets or confidential information about our business. The contracts with our key personnel typically include a standard non-compete agreement that prohibits the employee

from competing with us, directly or indirectly, during his or her employment and for a certain period after the termination of his or her employment. The confidentiality agreements typically include undertakings regarding assignment of inventions and discoveries made during the course of his or her employment. For further details regarding the terms of confidentiality and employment agreements with our key management, see "Directors and Senior Management."

We recruit our employees based on their qualification and potential. We provide new employee training to our employees and periodic on-the-job training to enhance the skills and knowledge of our employees. Our employees' remuneration comprises salaries, bonuses, provident funds, social security contributions, and other welfare payments. We have made contributions to our employees' social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds pursuant to applicable laws and regulations.

We have established a labor union and we believe we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claims, lawsuits, penalties or administrative actions relating to non-compliance with occupational health and safety laws or regulations, and had not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business.

Social Insurance and Housing Provident Fund

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident fund for their employees. During the Track Record Period, we did not make adequate social insurance and housing provident fund contributions for certain employees. Pursuant to the relevant PRC laws and regulations, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident fund do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, we may be subject to an order from the relevant PRC courts for compulsory enforcement. As of December 31, 2022, 2023 and 2024, we made provision for shortfall of social insurance and housing provident fund contributions of approximately RMB1.4 million, RMB1.2 million and RMB0.9 million, respectively.

As of the Latest Practicable Date, we had not been subject to any administrative penalties for the aforementioned matters, nor were we aware of any material employee complaint or dispute with respect to social insurance or housing provident fund contribution. Our PRC Legal Adviser is of the view that the likelihood that the

competent government authorities would impose penalties on us due to our failure to make full payment of the social insurance and housing provident funds during the Track Record Period is low.

In addition, we have taken the following rectification measures to prevent future occurrence of such non-compliance: (i) we plan to strengthen legal compliance training to our employees to increase their awareness of the relevant PRC laws and regulations and encourage their cooperation in making payments for social insurance and housing provident funds; (ii) we have implemented and distributed to our employees an internal control policy with respect to social insurance and housing provident fund contributions in compliance with relevant PRC laws and regulations; and (iii) we plan to regularly consult external counsel to assess whether we are at risk of non-compliance with the relevant laws and regulations.

LAND AND PROPERTIES

Owned Properties

As of the Latest Practicable Date, we held land use rights certificates for multiple parcels of land with total site area of approximately 388,378 sq.m. and occupied a number of buildings with an aggregate gross floor area of approximately 56,993 sq.m. in the PRC. These parcels of lands and properties are primarily for the use of production facilities, administrative offices, employee dormitories and R&D buildings. They are mainly located in Ji'an, Jiangxi Province; Zhangye, Gansu Province; Chifeng, Inner Mongolia; and Haikou, Hainan Province.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued the selected property interests owned by us as of February 28, 2025. Please refer to the full property valuation report set forth in Appendix III to this document. Having considered the implications of Rule 5.01A of the Listing Rules, the property interests not subject to valuation are the property interests (i) that form part of our property activities and with a carrying amount below 1% of our total assets, and the total carrying amount of such property interests not valued does not exceed 10% of our total assets, or (ii) that do not form part of our property activities and the carrying amount of such property interest is below 15% of our total assets.

As of the Latest Practicable Date, we had not obtained the real estate ownership certificates for certain of our properties in Haikou, Hainan province, with an aggregate gross floor area of approximately 5,515 sq.m. These properties are currently used primarily as laboratories and administrative offices or currently vacant. We were not aware of any ownership controversy or dispute or third party claims, nor had we been imposed any administrative penalties, regarding these properties during the Track Record Period and up to the Latest Practicable Date. We consulted Haikou National High-tech Industrial Development Zone Administrative Committee (海口國家高新技術產業開發區管理委員會) which is the competent authority as advised by our PRC Legal Adviser, there is no impediment for us to continue to use and occupy these properties. In view of the foregoing,

our PRC Legal Adviser is of the view, and our Directors concur, that the absence of relevant real estate ownership certificates of these properties will not have a material adverse impact on our business operations.

As of Latest Practicable Date, save as discussed above, none of our owned properties and land that we held land use rights for were subject to any encumbrance, mortgage, lien or pledge, and we have obtained the real estate ownership certificates for all of our owned properties as of the Latest Practicable Date.

Leased Properties

As of the Latest Practicable Date, we leased two properties. One leased property is located in Zhangye, Gansu Province, with a site area of approximately 1,270 acres, used for the cultivation of fodder.

The other is leased property located in Chifeng, Inner Mongolia, with a floor area of approximately 54 square meters, used as a cold storage facility. As of the Latest Practicable Date, lease agreement for this property has been registered with the relevant PRC authorities.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain social welfare insurance for our employees in accordance with relevant PRC laws and regulations. We maintain motor vehicle insurance and employer's liability insurance. In the future, to the extent that any of the types of insurances becomes mandatory due to changes of law or other reasons, we will acquire such insurance in compliance with law. Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with the industry practice in the PRC. For details, see "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs."

HEALTH, OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

We are subject to various social, health, safety and environmental laws and regulations and our operations are regularly inspected by local government authorities. We believe we have adequate policies ensuring compliance with all social, health, safety and environmental protection regulations. We intend to create a lasting positive environmental, social and governance ("**ESG**") impact on our customers, suppliers and the broader community whom our operation may impact. We acknowledge our responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on our business. We are committed to complying with ESG reporting requirements upon [REDACTED].

The Board of Directors is responsible for establishing, reviewing, and approving our ESG strategy, policies, and principles. The Board oversees ESG-related matters and ensures compliance with applicable laws and regulations. The relevant board-level committee, the Strategy Committee, coordinates ESG-related efforts, identifies material ESG issues, guides day-to-day ESG management, and oversees ESG report preparation. This committee also monitors ESG performance through regular reviews and reports to the Board. Our operational units, including various departments and subsidiaries, execute ESG tasks within their scope of responsibility, assess and mitigate ESG risks to ensure compliance with environmental, health, and safety regulations, and report progress to senior management.

As a biopharmaceutical company, we face a variety of environmental, health or safety-related risks associated with our operations over the short-, medium- and long-term. For example, our operations involve the use of hazardous materials, and may produce hazardous waste products to the environment. If we fail to process the hazardous materials in compliance with relevant laws and regulation, cause injury to persons involved or contaminate the environment, we could incur significant costs associated with administrative, civil or criminal fines and penalties, lose our permit/certificate or be ordered to make substantial alternation to our business operations. See "Risk Factors — Risks Relating to Our Business and Industry — We deal with potentially harmful biological materials and other hazardous materials that may cause environmental contamination or injury to others" and "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Governmental Regulations — If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could materially adversely affect the success of our business" for further details.

Resource Consumption and Emissions

We rely on various metrics to measure the impact of our business on the environment, mainly including the amount of resource consumption, and the amount of waste (including wastewater and solid waste) and GHG emissions. The following table sets forth our resource use and emission-related indicators during the Track Record Period.

	Year Ended December 31,		
	2022	**2023**	**2024**
Resource consumption			
Electricity (MWh)	2,527	2,609	2,130
Water (tons)	94,009	82,692	75,300
Natural Gas (tons)[(1)]	217,394	123,049	—
Steam (tons)[(1)]	—	2,317	2,865
Emission			
Wastewater (tons)	7,363	11,616	11,618
Hazardous solid waste (tons)	20	32	27
Carbon and greenhouse gas ("**GHG**") (tCO2e)[(2)]	9,958,520	3,728,047	2,729,676
Including: Scope I[(1)]	6,757,217	374,992	17
Scope II	3,201,303	3,353,055	2,729,659

Notes:

(1) In 2022, we utilized our in-house natural gas-fired boilers, with no steam consumption during that year. Starting from July 2023, we transitioned to sourcing steam from a local cogeneration plant, replacing our usage of in-house natural gas-fired boilers. This shift led to an increase in steam consumption while significantly reducing natural gas usage in 2023. In 2024, we had fully transitioned away from natural gas usage, resulting in no natural gas consumption for the year and a corresponding increase in steam consumption. The aforesaid transition also contributed to a substantial reduction in Scope 1 GHG emissions in both 2023 and 2024.

(2) With reference to GHG Protocol, we classified our greenhouse gas emissions into the following scopes: Scope 1: direct greenhouse gas emissions; Scope 2: Indirect greenhouse gas emissions; and Scope 3: other indirective greenhouse gas emissions. Direct greenhouse gas emissions, primarily from the combustion of fossil fuels consumed by us and emissions from our operational activities. Scope 2: Indirect greenhouse gas emissions, primarily from the consumption of purchased electricity and steam. Scope 3: Other indirect greenhouse gas emissions, primarily from the upstream and downstream value chain. It is difficult to audit such emissions as they are mainly generated from upstream and downstream value chain. We did not make statistics and auditing for these emissions.

We incorporate the concept of resource conservation into our corporate culture and the daily operation of our laboratories and offices, monitor our resource consumption and established internal resource consumption management systems for laboratories and offices. We actively implement energy-saving measures in our daily operation, such as timely turning off idle equipment and lighting in laboratories and offices, and adjusting the operation load of air conditioners. We focus on water resources issue and actively shoulder the social responsibility of protecting water resources. Municipal water supply networks are the main incoming source of our Company's water, and we did not encounter major difficulties seeking suitable water sources during the Track Record Period.

The waste we produce is divided into hazardous waste (such as filter press waste residue, toluene packaging bottles, and laboratory waste reagents) and non-hazardous waste (such as general office waste). Hazardous waste from our R&D and production processes is handled by qualified third-party waste treatment companies. We monitor wastewater discharge and pre-treat concentrated wastewater at our sewage treatment station, where it undergoes pH adjustment, coagulation and sedimentation, hydrolysis acidification, and contact oxidation before discharge. Non-hazardous waste is collected and disposed of by sanitation companies. Our operation does not involve organized exhaust gas emissions. For unorganized exhaust gas, we engage qualified third-party companies to conduct periodic monitoring.

With the expansion of our business, we endeavor to curb the increase in our resource consumption and emissions and aim to keep them relatively stable. We will continue to adopt a wide range of environment conservation measures to limit resource consumption and emissions. With respect to resource consumption, we will (i) install energy efficient facilities for our daily office operation and manufacturing process; (ii) limiting business air travels and replacing long-journey in-person meetings with virtual conferences where possible; and (iii) cultivate a corporate culture of environmental protection through employee training and office policies, such as switching off certain equipment or setting up automatic power shutdown for certain systems and devices when not in use. With respect to waste generation and greenhouse gas emissions, we will (i) regularly monitor and assess

sources of hazardous waste generation and update to more environment-friendly manufacturing processes and facilities when appropriate; and (ii) continue to work with qualified professional waste processors and enhance our on-site waste treatment capacities.

Our Board will set targets for each material KPIs at the beginning of each financial year in accordance with the disclosure requirements of the Listing Rules and other relevant rules and regulations upon [REDACTED]. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the ESG-related KPIs, we will take into account our respective historical consumption or discharge levels during the Track Record Period, and our future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development.

Social Responsibilities

In respect of social responsibilities, we are committed to offering a fair and caring working environment to our employees. We have transparent policies on recruitment, compensation, dismissal, equal opportunities, diversity and anti-discrimination. We encourage our employees who encounter any discrimination to seek immediate assistance, which also allows us to conduct timely investigation and follow up as needed. In addition, we provide training programs on industry and regulatory developments to our employees. During the outbreak of COVID-19 pandemic, we endeavored to provide a safe work environment by implementing company-wide self-protection policies for employees, including providing protective masks and sanitization to our employees.

Work Safety

To ensure our compliance with applicable laws and regulations on environmental, health and safety and to maintain a healthy and safe environment for our employees, we (i) inspect our equipment and facility regularly to identify and eliminate safety hazards, (ii) assign designated personnel to manage relevant issues during daily operations, (iii) provide regular safety awareness training to our employees, (iv) conduct annual health examinations for employees, and (v) conduct regular fire safety inspections, maintenance of fire-fighting equipment and regular emergency drills.

Environmental Matters

We are concerned about the impact of our business on climate and environment. We strive to take measures to protect the ecological environment during our business operation, with an aim of minimizing adverse environmental impact. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce hazardous waste. All waste generated during our operations will be stored in accordance with our internal policies and applicable laws and regulations and discharged following harmless treatment by qualified service providers.

We also actively monitor our resource consumption for our manufacturing function. We believe we have maintained good relationships with the communities surrounding our manufacturing facility. During the Track Record Period and up to the Latest Practicable Date, we complied with the relevant environmental and occupational health and safety laws and regulations in all material aspects, and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or impact on the operations of our business during the period. We expect our costs of complying with current and future environmental protection laws to increase in the future, as we further our R&D and commercialization efforts. We incorporate a sustainable development approach in our daily business operation decisions.

LEGAL PROCEEDINGS AND COMPLIANCE

Licenses and Permits

As a company based in the PRC specializing in the development, manufacturing, and commercialization of pharmaceutical products for both human and animal use, we are required to maintain or renew the necessary permits, licenses and certifications for our business. We are also subject to regular inspections, examinations and audits by relevant authorities. Our PRC Legal Adviser has advised us that, during the Track Record Period and up to the Latest Practicable Date, we had obtained the requisite licenses, approvals and permits from, and completed registrations with the relevant government authorities that are material for our current business operations in the PRC pursuant to the relevant laws and regulations or the requirements of the competent authority.

Legal Proceedings

We are subject to legal proceedings, disputes and claims that arise in the ordinary course of business from time to time. See "Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to Our General Operations — If we become a party or are subject to litigation, legal disputes, claims, administrative proceedings or other administrative measures, such involvement may divert our management's attention and result in costs and liabilities." As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceedings, and we are not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigation.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We believe risk management is critical to the success of our business operation. Key operational risks faced by us include changes in the general market conditions and the regulatory environment of the PRC and global antiserum and anti-infective pharmaceutical markets, our ability to promote our products and to develop, manufacture and commercialize our product candidates, and our market competitiveness. See "Risk Factors" for a discussion of various risks and uncertainties we face. We also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information — Risk Disclosures" for a discussion of these market risks.

We have adopted a consolidated set of risk management policies laying out a complete framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated by us and reported to our Directors.

We have adopted or will continue to adopt, among other things, the following risk management measures:

- The Board of Directors is the highest decision-making body for comprehensive risk management, responsible for determining the overall risk management objectives, understanding and mastering major risks faced by the company, and making effective risk control decisions. The Board authorizes the Audit Committee to execute daily decisions related to comprehensive risk management.

- Under the leadership of the Board, we have adopted the "three-lines-of-defense" mechanism for risk management. Our senior management oversee and manage the overall risk prevention and control for the first and second lines of risk defense. Our business departments and subsidiaries form the first line, while functional management departments form the second line of risk defense. Our audit department forms the third line of risk defense, which supervises and evaluates whether our risk management system is effectively implemented.

- Our general manager is the primary person responsible for comprehensive risk management, including establishing and improving the Company's risk management framework. The audit department is responsible for organizing risk identification, assessment, and analysis, summarizing and reviewing major risk assessments and response measures, and updating the Company's risk management information database annually.

- Each department and subsidiary of the Company is responsible for comprehensive risk management within their business scope, including but not limited to (i) developing and executing risk response measures and management plans; (ii) promoting the construction and implementation of internal control policies; and (iii) collecting relevant risk information, conducting risk assessments and identification, and actively implementing risk response measures and controlling major risks.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. See "Directors and Senior Management" for details of their qualification and experiences.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. Our Directors are satisfied that our internal control system is adequate and effective for our current operational environment.

Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have adopted various measures and procedures regarding each aspect of our business operation, such as related risk management, protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training about these measures and procedures to our employees as part of our employee training program. Our internal audit team conducts audit fieldwork to monitor the implementation of our internal control policies, reports the weakness identified to our management and audit committee and follows up on the rectification actions.

- Our Directors (who are responsible for monitoring the corporate governance of our Group) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the [REDACTED].

- We have established an audit committee which, among others, (i) makes recommendations to our Board of Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and internal control system of our Company.

- We have engaged Patrons Capital Limited as our compliance adviser to provide advice to our Directors and management team until we distribute our annual report of financial results for the first full fiscal year after the [REDACTED] regarding matters relating to the Listing Rules. We must consult with and if necessary, seek advice from our compliance adviser where we propose to use the [REDACTED] of the [REDACTED] in a manner different from our plan that sets forth in "Future Plans and Use of [REDACTED]" in this document after the [REDACTED]. Our compliance adviser will also provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- We plan to provide various and continuing trainings to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations from time to time with a view to proactively identify any concerns and issues relating to any potential non-compliance.

- We intend to maintain strict anti-corruption policies among our sales personnel and distributors in our sales and marketing activities. We will also ensure that our sales and marketing personnel comply with applicable promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, also known as off-label use, and limitations on industry-sponsored scientific and educational activities.

- We have established procedures to protect the confidentiality of patients' data. We usually require our personnel to collect and safeguard personal information in their possession. According to the GCP and relevant regulations, access to clinical trial data has been strictly limited to authorized personnel. Additionally, we require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the informed consent form.

During the Track Record Period, we have reviewed and enhanced our internal control system. We believe that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Third-party Payment Arrangement

In 2022, 2023 and 2024, eight, eight and 11 of our customers (the "**Relevant Customer(s)**"), primarily consisting of overseas distributors and individual veterinary drug distributors, settled their outstanding payments (the "**Third-Party Payments**") to us through third parties other than contractual counterparties under relevant sales and purchase agreements (the "**Third-Party Payor(s)**"). The aggregate amounts that were settled through Third-Party Payments by the Relevant Customers were approximately RMB0.9 million, RMB2.2 million, and RMB8.2 million in 2022, 2023 and 2024, respectively, representing approximately 0.6%, 1.1%, 3.7% of our total revenue for the respective periods.

During the Track Record Period, certain Relevant Customers opted to settle with us through Third-Party Payors and arranged the Third-Party Payments (the "**Third-Party Payment Arrangement**") due to commercial convenience. Once payment was made, the Relevant Customer informed our sales staff and provided us with the proof of the relevant payment to allow us to reconcile the amount we receive in our bank accounts. During the Track Record Period, we have not experienced any difficulties in reconciling the payments that we have received.

According to Frost & Sullivan, it is not uncommon for China-based companies in our industry to accept Third-Party Payments to facilitate payments, both in domestic and international transactions. They utilized Third-Party Payment Arrangements primarily because (i) the Relevant Customers were located in countries with strict foreign exchange regulations and restrictions and may face difficulties remitting payments abroad, therefore they may arrange Third-Party Payments to be made by Third-Party Payors to settle the payments with us; and (ii) some Relevant Customers may arrange their related parties or business partners to settle with us for convenience and flexibility. To the best knowledge of our Directors, the Third-Party Payors primarily include business partners, family members, employees or related entities of the Relevant Customers, and all the Relevant Customers and Third-Party Payors are Independent Third Parties.

During the Track Record Period, (i) we had not proactively initiated any Third-party Payment Arrangement; (ii) our Group had not provided any discount, commission, rebate or other benefit to any of the Relevant Customers or Third-Party Payors to facilitate or incentivize the Third-party Payment Arrangement; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with those of customers not involved in the Third-party Payment Arrangement.

We had ceased all Third-party Payment Arrangements in April 1, 2025. Thereafter, we only accept payments from the contractual counterparties under relevant sales and purchase agreements, and no payments from any other parties will be accepted. In order to mitigate our risks associated with the Third-Party Payments we received, we have obtained written confirmations from Relevant Customers during the Track Record Period confirming that, among other things: (i) the relevant Third-Party Payments were paid by the Third-Party Payor to us for settling the payment obligations of the Relevant Customers with us, and the Third-Party Payors are bound by the payment terms of the agreements between the Relevant Customers and us; (ii) the reason(s) for making the Third-Party Payment Arrangement; (iii) neither the Relevant Customer nor the Third-Party Payor will request for the refund of any of the Third-Party Payments; and (iv) in the event that any amount of the Third-Party Payments is required to be returned to the Third-Party Payor, the Relevant Customer shall indemnify our Group of such amount together with all costs incurred.

We have adopted enhanced internal control measures to safeguard our interest against risks associated with the Third-party Payment Arrangement, including but not limited to the following:

- Our customers are required to submit their own settlement account information to us before any settlement is made, and we will closely monitor any change of settlement account information to identify any potential Third-party Payment Arrangement;

- Our employees are required to reject and/or return all payments made by third-party payers. They are also required to inform customers of the above policies and measures and not to make payment to our Group on behalf of any of the customers; and

- We manage our bank accounts in accordance with the principle of segregation of duties. Different personnel of our finance department are assigned with different duties to verify, record, manage and settle transactions through such accounts, to ensure the accuracy of our accounting records, reduce the risks of account misuse and avoid account security risks.

Our Group considers that the cessation of the Third-Party Payment Arrangement did not have, nor will have, any material adverse effect on the business, operations and financial results of our Group. As advised by our PRC Legal Adviser, the Third-party Payment Arrangement did not violate any mandatory requirements of the applicable RPC laws or regulations.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board serves a term of three years, which is renewable upon re-election and re-appointment and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Ms. JING Yue (敬玥)	32	Chairperson of our Board and executive Director	May 25, 2017	May 25, 2017	Primarily responsible for overseeing overall management, business and strategies of our Group	Sister of Ms. JING Ruihua
Mr. YAO Xiaodong (姚曉東)	55	Executive Director and general manager	August 21, 2009	July 5, 2002	Primarily responsible for overseeing daily management and operations of our Group	None
Mr. LI Changqing (李長青)	49	Executive Director, deputy general manager, assistant to our general manager and deputy manager of our foreign trade department	January 6, 2024	April 15, 2019	Primarily responsible for overseeing our supply department and overall management of certain subsidiaries of our Company	None
Ms. JING Ruihua (敬瑞華)	25	Executive Director	November 24, 2024	November 24, 2024	Primarily responsible for monitoring the skills matrix of our Board and overseeing our human resources management system	Sister of Ms. JING Yue
Ms. YU Ailian (于愛蓮)	61	Non-executive Director	December 22, 2017	December 22, 2017	Primarily responsible for assisting with strategic planning and matters relating to investments and financings of our Group	None
Mr. XIAO Changqing (肖長清) (whose former Chinese name is 肖長青)	60	Non-executive Director	June 30, 2021	June 30, 2021	Primarily responsible for assisting with strategic planning and matters relating to investments and financings of our Group	None

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Role and responsibilities	Relationship with other Directors and senior management
Dr. ZOU Pingxue (鄒平學)	59	Independent non-executive Director	January 6, 2024	January 6, 2024	Primarily responsible for providing independent advice and judgment to our Board	None
Dr. TSANG Hiu Leong (曾曉亮)	52	Independent non-executive Director	March 20, 2024	March 20, 2024	Primarily responsible for providing independent advice and judgment to our Board	None
Mr. WU Di (吳迪)	42	Independent non-executive Director	March 20, 2025	March 20, 2025	Primarily responsible for providing independent advice and judgment to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Ms. JING Yue (敬玥), aged 32, joined our Group in May 2017, and has served as a Director since then. Since January 2022, she has been the chairperson of our Board. Ms. Jing was re-designated as an executive Director on March 20, 2025. Further, Ms. Jing is also currently a director and the general manager of our subsidiary, Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd. (江生(深圳)生物技術研發中心有限公司). She is primarily responsible for overseeing overall management, business and strategies of our Group.

Ms. Jing has over eight years of experience in management in the biotechnology industry. From June 2016 to December 2017, she was the general manager of Shenzhen Jinruifeng Biotechnology Co., Ltd. (深圳金瑞豐生物科技有限公司), a company principally engaged in trade in food, health products and biological products, where she was primarily responsible for overseeing overall management of the company.

Ms. Jing obtained her bachelor's degree in business and political economy from Stern School of Business of New York University in the United States in May 2016. She is currently pursuing a doctor's degree in business administration at the Hong Kong Polytechnic University in Hong Kong. Ms. Jing has been certified as a certified management accountant by the Institute of Management Accountants since April 2019.

Mr. YAO Xiaodong (姚曉東), aged 55, joined our Group in July 2002 as our deputy general manager, and has been our general manager since July 2006. He was appointed as a Director on August 21, 2009, and was re-designated as an executive Director on March 20, 2025. Mr. Yao is also currently the chairperson of the board of directors of our subsidiary, Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd.. He is primarily responsible for overseeing daily management and operations of our Group.

Mr. Yao has over 32 years of experience in the pharmaceutical industry. From September 1992 to July 2002, he was successively a technician, the head of the serum department, the head of production, an assistant to the director and a deputy director at Jiangxi Institute of Biological Products (江西生物製品研究所) (formerly known as Jiangxi Ji'an Institute of Biological Products (江西吉安生物製品所) and Institute of Biological Products of Ji'an, Jiangxi (江西省吉安地區生物製品所)), an institute to which the history of our Group can be traced and whose details are further set out in the section headed "History, Development and Corporate Structure" in this document, where he was primarily responsible for overseeing manufacturing and management of production technology. From July 2005 to March 2017, Mr. Yao was the general manager and an executive director of Gaotai County Jinlucao Industry Co., Ltd. (高台縣金鹿草產業有限責任公司), a company principally engaged in breeding and sales of livestock, crop production and sales of forest and agricultural products, where he was primarily responsible for overseeing daily operations of the company. From March 2013 to October 2019, he was a director of Longnan Tianma Bioproducts Co., Ltd. (隴南天馬生物製品有限責任公司), a company principally engaged in breeding and sales of livestock and production and sales of pastures, where he was primarily responsible for overseeing daily operations of the company.

Mr. Yao graduated with a major in economic management from Central Party School Correspondence Institute (Ji'an Campus) (中央黨校函授學院(吉安分校)) in Jiangxi in December 1999. He further graduated with a major in pharmacy from Jinggangshan University (井岡山大學) in Jiangxi in January 2013. Mr. Yao completed the EMBA advanced training program for senior management in the pharmaceutical and medical device industry in China (全國醫藥、醫療器械行業高層管理人員工商管理 EMBA 高級研修班) at the Institute of Executive Development of the China Food and Drug Administration (國家食品藥品監督管理總局高級研修學院) (currently known as the Institute of Executive Development of the NMPA(國家藥品監督管理局高級研修學院)) in Beijing in June 2015, and the first phase of the advanced training program for leading Jinggang entrepreneurs (領航井岡企業家高級研修班(首期)) at Cheung Kong Graduate School of Business (長江商學院) in Beijing in June 2018. Besides, he has been certified as a senior engineer in pharmaceutical engineering (製藥工程) by the Professional Title Affairs Office of Jiangxi Province (江西省職稱工作辦公室) since October 2023.

Mr. LI Changqing (李長青), aged 49, joined our Group in April 2019, and has successively been a deputy manager of our foreign trade department, an assistant to our general manager and our deputy general manager since then. He was appointed as a Director on January 6, 2024, and was re-designated as an executive Director on March 20, 2025. Mr. Li is also currently the chairperson of the board of directors and/or the general manager of our subsidiaries, including Gaotai County Tianhong Biochemical Technology Development Co., Ltd. (高台縣天鴻生化科技開發有限責任公司), Gaotai County Tianhong Sand Grass Industry Development Co., Ltd. (高台縣天鴻沙草產業開發有限責任公司), Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司) and Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司). He is primarily responsible for overseeing our supply department and overall management of certain subsidiaries of our Company.

Mr. Li has extensive experience in the business development. Prior to joining our Group, Mr. Li previously worked at Shenzhen Sangao Agricultural Products Import and Export Co., Ltd. (深圳市三高農產品進出口有限公司), a company principally engaged in imports and exports of agricultural products, where he was primarily responsible for matters relating to imports, exports and customs declaration. He also worked at Shenzhen Huiyang International Shipping Agency Co., Ltd. (深圳市匯洋國際船舶代理有限公司), a shipping agency, where he was primarily responsible for inspection of ships. Besides, Mr. Li worked at Shenzhen Shuhang Industrial Development Co., Ltd. (深圳市舒航實業發展有限公司), a company principally engaged in foreign trade in chemical products, where he was primarily responsible for business development in the PRC. From March 2018 to December 2020, Mr. Li worked at and last served as a deputy general manager of Shenzhen Jinruifeng Biotechnology Co., Ltd., a company principally engaged in trade in food, health products and biological products, where he was primarily responsible for business development.

Mr. Li obtained his bachelor's degree in labor economics from Shijiazhuang University of Economics (石家莊經濟學院) (currently known as Hebei GEO University (河北地質大學)) in Hebei in June 2001.

Ms. JING Ruihua (敬瑞華), aged 25, joined our Group in November 2024, and has served as a Director since then. She was re-designated as an executive Director on March 20, 2025. She is also currently the chairperson of the board of directors of our subsidiary, Jiangsheng (Hainan) Biotechnology Co., Ltd. (江生(海南)生物科技有限公司). She is primarily responsible for monitoring the skills matrix of our Board and overseeing our human resources management system.

Ms. Jing has considerable experience in consultancy and management. Prior to joining our Group, Ms. Jing was a project assistant at Time (Shenzhen) Consultants Co., Ltd. (泰美(深圳)顧問有限公司), a company principally engaged in provision of integrated solutions to hotels in the PRC, where she was primarily responsible for preparing research reports. From September 2022 to July 2023, she was one of the shareholders of Shenzhen Bugu Restaurant Management Ltd. (深圳市布谷餐飲管理有限責任公司), a catering company, where she was primarily responsible for daily operations and management of the company.

Ms. Jing obtained her bachelor's degree in international hospitality management from Ecole hôtelière de Lausanne (currently known as EHL Hospitality Business School) in Switzerland in June 2021. Ms. Jing is currently pursuing her master's degree in finance from The Chinese University of Hong Kong in Hong Kong.

Non-executive Directors

Ms. YU Ailian (于愛蓮), aged 61, joined our Group in December 2017, and has served as a Director since then. She was re-designated as a non-executive Director on March 20, 2025. She is primarily responsible for assisting with strategic planning and matters relating to investments and financings of our Group.

Ms. Yu has over 11 years of experience in accounting, corporate management and investments. Prior to joining our Group, she was previously the general manager of Gansu Baiyin Copper Commercial Building Group Co., Ltd. (甘肅白銀銅城貿易中心商廈(集團)股份有限公司) (currently known as Gansu Shangfeng Cement Co., Ltd.(甘肅上峰水泥股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 000672) and principally engaged in production and sales of building materials, where she was primarily responsible for daily management of the company. From June 2003 to November 2007, Ms. Yu worked at Core Pacific-Yamaichi Investment Consulting (Beijing) Co., Ltd. (北京京華山一投資諮詢有限公司), a consultancy firm, where she was primarily involved in consultancy services, business development and project execution in relation to equity financings. From February 2004 to October 2005, she was an independent director of Shenzhen Huaxin Co., Ltd. (深圳市華新股份有限公司) (currently known as Shenzhen Ecobeauty Co., Ltd. (深圳美麗生態股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000010) and principally engaged in construction projects, where she was primarily responsible for providing independent advice and judgment to the board of directors of the company. From May 2005 to April 2011, Ms. Yu was an independent director of Jonjee Hi-Tech Industrial and Commercial Holding Co., Ltd. (中炬高新技術實業(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600872) and principally engaged in production and sales of condiments, property development and property management, where she was primarily responsible for providing independent advice and judgment to the board of directors of the company.

Ms. Yu was the general manager of Beijing Heshi Dingyu Investment Consulting Co., Ltd. (北京合仕鼎譽投資顧問有限公司) whose business license was revoked in August 2005 due to the cessation of business. Ms. Yu confirmed that neither this company nor herself incurred any liability as a result of such revocation. As of the Latest Practicable Date, the company had not been deregistered.

Ms. Yu obtained her diploma in economic and trade management from Party School of Beijing Municipal Committee of the Communist Party of China (中共北京市委黨校) in Beijing in July 2001. She completed her postgraduate studies in corporate management from Capital University of Economics and Business (首都經濟貿易大學) in Beijing in February 2003.

Mr. XIAO Changqing (肖長清), aged 60, joined our Group in June 2021, and has served as a Director since then. He was re-designated as a non-executive Director on March 20, 2025. He is primarily responsible for assisting with strategic planning and matters relating to investments and financings of our Group.

Mr. Xiao has over 24 years of experience in securities offerings, investments and financings. From July 1994 to May 1995, he worked at J&A Securities Co., Ltd. (君安證券有限責任公司), a securities firm, where he was primarily responsible for securities offerings. From June 1995 to August 2000, Mr. Xiao worked at Jing Shi De Li Industrial Development (Shenzhen) Co., Ltd. (經世德理實業發展(深圳)有限公司), a company principally engaged in investments, where he was primarily responsible for investments and management of the company. From December 2001 to October 2004, he worked at Ping An Securities Co., Ltd. (平安證券有限責任公司) (currently known as Ping An Securities Co., Ltd. (平安證券股份有限公司)), a company principally engaged in securities investments and brokerage, where he was primarily responsible for securities offerings. From March 2009 to February 2018, he worked at the business department of Golden Sun Securities Co., Ltd. (國盛證券有限責任公司), a company principally engaged in brokerage business, securities investments and financings, where he was primarily responsible for securities offerings. Since April 2018, he has been the chairperson of the board of Shenzhen Heli Investment Fund Management Co., Ltd. (深圳市合利私募股權基金管理有限公司), a company principally engaged in equity investments, where he has been primarily responsible for overall strategic planning of the company. Since January 2022, he has been an independent director of Shenzhen SunXing Light Alloys Materials Co., Ltd. (深圳市新星輕合金材料股份有限公司) ("**Shenzhen SunXing**"), a company listed on the Shanghai Stock Exchange (stock code: 603978) and principally engaged in R&D, manufacturing and sales of light alloy materials and aluminum electrolysis energy-saving new materials, where he has been primarily responsible for providing independent advice and judgment to the board of directors of the company.

Mr. Xiao was a supervisor of Shenzhen Weilun Management Consulting Co., Ltd. (深圳市偉倫管理諮詢有限公司) whose business license was revoked in February 2005 due to the cessation of business. Mr. Xiao confirmed that neither this company nor himself incurred any liability as a result of such revocation. As of the Latest Practicable Date, the company had not been deregistered.

Mr. Xiao obtained his diploma in mathematics from Jingzhou Normal College (荊州師範專科學校) in Hubei in July 1985. He obtained his master's degree in management engineering from Tsinghua University (清華大學) in Beijing in June 1994. Mr. Xiao has been a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), the Guangdong Institute of Certified Public Accountants (廣東省註冊會計師公會) and the Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師公會) since July 2005.

In September 2023, Mr. Xiao, as an independent director and the convener of the audit committee of Shenzhen SunXing, was criticized by public notice (通報批評) (the "**Public Notice**") by the Shanghai Stock Exchange for non-compliance by Shenzhen SunXing with certain disclosure obligations under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (as amended in February 2023) (《上海證券交易所股票上市規則(2023年2月修訂)》) (the "**SSE Listing Rules**") with respect to its performance estimation (業績預告) for the year ended December 31, 2022 (the "**Incident**"). Specifically, it was determined by the Shanghai Stock Exchange that, among others, (i) Shenzhen SunXing did not comply with the relevant SSE Listing Rules by failing to publish, within a month after the end of the

relevant financial year, a performance estimation for the year ended December 31, 2022, during which it recorded net loss (as compared to net profits for the year ended December 31, 2021), and (ii) Mr. Xiao, as an independent director and the convener of the audit committee of Shenzhen SunXing primarily responsible for supervising financial and accounting affairs of Shenzhen SunXing, did not discharge his duties diligently. As a result of the foregoing, Shenzhen SunXing, together with its directors, supervisors and senior management members, were ordered by the Shanghai Stock Exchange to implement effective measures to rectify such non-compliance incident and submit a rectification report to the Shanghai Stock Exchange within a month after such order. Shenzhen SunXing implemented rectification measures, including but not limited to optimizing operational procedures regulating disclosures of information and ongoing compliance related thereto, refining its internal control policies and providing trainings to relevant personnel (including Mr. Xiao), each with respect to, among others, disclosure obligations for financial information, and submitted a rectification report to the Shanghai Stock Exchange in October 2023, following which the Shanghai Stock Exchange has not raised any objection or further inquiry in respect of the Incident and the rectification report.

As advised by our PRC Legal Adviser, (i) the Public Notice is a regulatory measure, as opposed to an administrative penalty or public censure, and (ii) Mr. Xiao has not been disqualified from acting as a director of a company under the PRC Company Law.

Having considered (i) our PRC Legal Adviser's aforementioned views, (ii) that no fraudulent, dishonest or wilful misconduct was identified on the part of Mr. Xiao in the Incident or the Public Notice, (iii) that Mr. Xiao has participated in the rectification measures undertaken by Shenzhen SunXing, including having attended the required trainings to reinforce applicable disclosure obligations under the SSE Listing Rules, (iv) that the Shanghai Stock Exchange has not raised any further enquiry in respect of the Incident or Mr. Xiao, and (v) no other disputes, litigations, regulatory actions or investigations against Mr. Xiao which may impugn his integrity, character or competence as a Director, our Directors are of the view that the Incident or the Public Notice would not affect the suitability of Mr. Xiao as a Director under Rules 3.08 and 3.09 of the Listing Rules. Further, given that (i) none of our Company and our subsidiaries were involved in the Incident and (ii) Mr. Xiao, as a non-executive Director, has not participated and will not participate in the day-to-day management of our Company, our Directors are of the view that the Incident or the Public Notice would not have any material adverse impact on the business or operations of our Group.

Independent Non-executive Directors

Dr. ZOU Pingxue (鄒平學), aged 59, joined our Group in January 2024, and has served as an independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Dr. Zou has over 23 years of experience in teaching and legal research. Since December 2001, Dr. Zou has successively been a lecturer, an associate professor and a professor at the Law School of Shenzhen University (深圳大學法學院), where he has been primarily responsible for teaching and legal research. He was also previously a deputy dean of the Law School of Shenzhen University, where he was primarily responsible for overseeing scientific research and external affairs. From August 2020 to June 2023, Dr. Zou was an independent non-executive director of China Shun Ke Long Holdings Limited (中國順客隆控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 974) and a supermarket chain store operator with a geographical focus on Guangdong, where he was primarily responsible for providing independent advice and judgment to the board of directors of the company. Since March 2025, he has been an independent director of China Merchants Property Operation & Service Co., Ltd. (招商局積餘產業運營服務股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 001914) and principally engaged in asset management, where he has been primarily responsible for providing independent advice and judgment to the board of directors of the company.

Dr. Zou obtained his bachelor's degree in law, master's degree in constitutional law and doctor's degree in constitutional law, all from Wuhan University (武漢大學) in Hubei in July 1987, July 1990 and July 1995, respectively. He obtained his qualification of legal profession from the Justice Department of Hunan Province (湖南省司法廳) and his qualification certificate of independent directors of listed companies (上市公司獨立董事資格證書) from the Shenzhen Stock Exchange in May 1991 and March 2023, respectively. Dr. Zou also currently serves as an arbitrator at the Zhuhai Court of International Arbitration (珠海國際仲裁院). Besides, he is currently a director and a vice chairman of the academic committee of the Center for Basic Laws of Hong Kong and Macau Special Administrative Regions of Shenzhen University (深圳大學港澳基本法研究中心).

Dr. TSANG Hiu Leong (曾曉亮), aged 52, joined our Group in March 2024, and has served as an independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Dr. Tsang has considerable experience in teaching and scientific research. Dr. Tsang was previously an associate professor at York University and a professor at The Hong Kong Polytechnic University (香港理工大學). Since July 2022, he has been a chair professor at the Southern University of Science and Technology (南方科技大學). In the aforementioned capacities, he was and has been primarily responsible for teaching and scientific research. Since January 2024, Dr. Tsang has also been an independent director of Shenzhen Bromake New Material Co., Ltd. (深圳光大同創新材料股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301387) and principally engaged in

R&D, manufacturing and sales of protective and functional products for consumer electronics, where he has been primarily responsible for providing independent advice and judgment to the board of directors of the company.

Dr. Tsang obtained his bachelor's degree in science from The Chinese University of Hong Kong in Hong Kong in May 1996. He obtained his degree of master of science in management and administrative sciences and his degree of master of science in accounting, both from the University of Texas at Dallas in the United States, in December 2001 and August 2002, respectively. Dr. Tsang further obtained his degree of master of business administration and his doctor's degree in management science, both from the University of Texas at Dallas in August 2008.

Mr. WU Di (吳迪), aged 42, joined our Group in March 2025, and has served as an independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Wu has over 17 years of experience in audits, investments and management. From September 2006 to April 2010, he worked at PricewaterhouseCoopers (普華永道會計師事務所), an accounting firm, where he was primarily responsible for audits. From May 2010 to June 2015, he worked at the investment banking department at Guotai Junan Securities Co., Ltd (國泰君安証券股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211) and principally engaged in securities business and securities investment consultation, where he was primarily responsible for providing advisory services in respect of capital raising, mergers and acquisitions. From March 2021 to July 2023, he was a director and the deputy general manager of Pacific Shuanglin Bio-pharmacy Co., Ltd. (派斯雙林生物製藥股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000403) and principally engaged in R&D, production and sales of blood products, where he was primarily responsible for strategic planning and investment development. Since September 2023, he has been an executive director and the general manager of Shenzhen Zhongsheng Jiuguang Technology Co., Ltd (深圳中晟玖光科技有限公司), a company principally engaged in investments and provision of consultancy services, where he has been primarily responsible for the overall management of the company.

Mr. Wu obtained his bachelor's degree in accounting from Sun Yat-sen University (中山大學) in Guangdong in June 2006. He further obtained his master's degree in business administration from Peking University (北京大學) in Beijing in July 2015. Mr. Wu has been a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since May 2010, a member of the Chartered Professional Accountants of Canada since June 2015 and a member of the Hong Kong Institute of Certified Public Accountants since May 2023.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this document, each of our Directors has confirmed that:

(1) he/she obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 14, 2025, and understood his/her obligations as a director of a [REDACTED];

(2) he/she does not have any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) he/she has no interest in the Shares within the meaning of Part XV of the SFO;

(4) he/she has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any other Directors, senior management or substantial shareholders of our Company; and

(6) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed:

(1) his independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his independence at the time of his appointment as our independent non-executive Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of appointment as senior management	Date of joining our Group	Role and responsibilities	Relationship with Directors and other senior management
Ms. JING Yue (敬玥)	32	Chairperson of our Board and executive Director	May 25, 2017	May 25, 2017	Primarily responsible for overseeing overall management, business and strategies of our Group	Sister of Ms. JING Ruihua
Mr. YAO Xiaodong (姚曉東)	55	Executive Director and general manager	August 21, 2009	July 5, 2002	Primarily responsible for overseeing daily management and operations of our Group	None
Mr. LI Changqing (李長青)	49	Executive Director, deputy general manager, assistant to our general manager and deputy manager of our foreign trade department	January 6, 2024	April 15, 2019	Primarily responsible for overseeing our supply department and overall management of certain subsidiaries of our Company	None
Ms. JING Ruihua (敬瑞華)	25	Executive Director	November 24, 2024	November 24, 2024	Primarily responsible for monitoring the skills matrix of our Board and overseeing our human resources management system	Sister of Ms. JING Yue
Mr. HU Xiande (胡先德)	51	Deputy general manager, marketing director and assistant to our general manger	July 5, 2002	July 5, 2002	Primarily responsible for overseeing marketing activities of our Group	None
Mr. JI Chong (季沖)	59	Deputy general manager	June 25, 2019	December 30, 2007	Primarily responsible for overseeing R&D of new products and technology and manufacturing of products of our Group	None
Mr. WANG Xiaoming (王曉明)	59	Chief financial officer and Board secretary	September 4, 2017	September 4, 2017	Primarily responsible for overseeing financial management of our Group and providing support to our Board	None

The following sets forth the biographies of our senior management:

Ms. JING Yue (敬玥) is the chairperson of our Board and our executive Director. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. YAO Xiaodong (姚曉東) is our executive Director and our general manager. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. LI Changqing (李長青) is our executive Director, our deputy general manager, the assistant to our general manager and the deputy manager of our foreign trade department. For further details, see "— Board of Directors — Executive Directors" in this section.

Ms. JING Ruihua (敬瑞華) is our executive Director. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. HU Xiande (胡先德), aged 51, joined our Group in July 2002, and has been our deputy general manager, marketing director and assistant to general manager since then. He is also currently a director and/or the general manager of our subsidiaries, including Jiangxi Tianzheng Biotechnology Co., Ltd. (江西天正生物科技有限公司), Gaotai County Tianhong Biochemical Technology Development Co., Ltd., Gaotai County Tianhong Sand Grass Industry Development Co., Ltd. and Jiangsheng (Hainan) Biotechnology Co., Ltd.. He is primarily responsible for overseeing marketing activities of our Group.

Mr. Hu has over 32 years of experience in quality management and marketing. From September 1992 to August 2002, Mr. Hu was a deputy director at Jiangxi Institute of Biological Products (江西生物製品研究所) (formerly known as Jiangxi Ji'an Institute of Biological Products (江西吉安生物製品所) and Institute of Biological Products of Ji'an, Jiangxi (江西省吉安地區生物製品所)), an institute to which the history of our Group can be traced and whose details are further set out in the section headed "History, Development and Corporate Structure" in this document, where he was primarily responsible for overseeing quality management and marketing activities.

Mr. Hu graduated with a major in pharmacy from Jinggangshan University (井岡山大學) in Jiangxi in January 2013. He has been certified as an intermediate technician in microbial testing technology (微生物檢驗技術) jointly by the Ministry of Health of the PRC (中華人民共和國衛生部) and the Ministry of Personnel of the PRC since May 2006, and a licensed pharmacist jointly by the Ministry of Personnel of the PRC, China Food and Drug Administration (國家食品藥品監督管理總局) and the Professional Title Affairs Office of Jiangxi Province since March 2008.

Mr. JI Chong (季沖), aged 59, joined our Group in December 2007 as a chief technician, and has been our deputy general manager since June 2019. He is primarily responsible for overseeing R&D of new products and technology and manufacturing of products of our Group.

Mr. Ji has over 37 years of experience in the pharmaceutical industry. From July 1985 to December 1999, he worked at and last served as the head of the serum laboratory of the Shanghai Institute of Biological Products (上海生物製品研究所), a research institute, where he was primarily responsible for research and manufacturing of antiserum products. From January 2000 to July 2005, he was a manager of the development department and quality control department of Shanghai Serum Biotechnology Company Limited (上海賽倫生物技術有限公司) (currently known as Shanghai Serum Bio-Technology Co., Ltd. (上海賽倫生物技術股份有限公司)), a company listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (上海證券交易所科創板) (stock code: 688163) and principally engaged in R&D, manufacturing and sales of antitoxin and antiserum products.

Mr. Ji obtained his diploma in public utility management from Shanghai Jiao Tong University (上海交通大學) in Shanghai by way of attendance of long distance learning and online courses in January 2007. He has been certified as an engineer in medical biotechnology by the Shanghai Institute of Biological Products since January 2000.

Mr. WANG Xiaoming (王曉明), aged 59, joined our Group in September 2017, and has been our chief financial officer since then. Since December 2017, he has also been our Board secretary. Mr. Wang is also currently a director of our subsidiary, Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd.. He is primarily responsible for overseeing financial management of our Group and providing support to our Board.

Mr. Wang has over 20 years of experience in finance. From November 2004 to April 2013, Mr. Wang was a finance manager at Beijing Zhonglian Compact Disc Co., Ltd. (北京中聯光碟有限公司), a compact disc manufacturer, where he was primarily responsible for financial affairs. From April 2013 to April 2014, he was a finance manager at Beijing Meixingda Construction Decoration Engineering Co., Ltd. (北京市美興達建築裝飾裝修工程有限責任公司) (currently known as Beijing Meixingda Construction Engineering Co., Ltd. (北京美興達建設工程有限公司)), a construction and decoration company, where he was primarily responsible for financial affairs. From October 2014 to October 2017, he worked and last served as the chief financial officer of Jiangxi Jirui Energy Saving Technology Co., Ltd. (江西吉瑞節能科技股份有限公司) (formerly known as Jiangxi Jirui Glass Co., Ltd. (江西吉瑞玻璃股份有限公司)), a company principally engaged in manufacturing and sales of tempered glass, where he was primarily responsible for financial affairs.

Mr. Wang obtained his diploma in statistics from Jiangxi College of Finance and Economics (江西財經學院) (currently known as Jiangxi University of Finance and Economics (江西財經大學)) in Jiangxi in December 1988. He has been certified as an intermediate accountant jointly by the MOF and the Ministry of Personnel of the PRC (中華人民共和國人事部) since October 1994.

General

Save as disclosed in this section and the paragraph headed "Further Information about Our Directors and Substantial Shareholders" in Appendix VII to this document, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Company's senior management, he/she does not have any relationship with any Directors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Ms. JING Ruihua (敬瑞華) was appointed as one of our joint company secretaries on March 14, 2025. Ms. Jing is our executive Director. For further details, see "— Board of Directors — Executive Directors" in this section.

Ms. CHU Cheuk Ting (朱卓婷) was appointed as one of our joint company secretaries on March 14, 2025. Ms. Chu is a manager of the listing services department of TMF Hong Kong Limited, and she is responsible for providing corporate secretarial and compliance services to listed companies. She has over 12 years of experience in the corporate secretarial field.

Ms. Chu obtained her bachelor's degree in arts from The Hong Kong Polytechnic University (香港理工大學) and her master's degree in professional accounting and corporate governance from City University of Hong Kong (香港城市大學). She is an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom.

COMPLIANCE ADVISER

We have appointed Patrons Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;

- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;

- where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

- where the [REDACTED] makes an inquiry of us regarding unusual [REDACTED] and [REDACTED] or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Patrons Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the [REDACTED] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [REDACTED].

BOARD COMMITTEES

We have established the following committees on our Board with effect from the [REDACTED]: an audit committee, a remuneration and appraisal committee, a nomination committee, a strategy and investment committee and a sustainability committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. WU Di (吳迪), Dr. TSANG Hiu Leong (曾曉亮), Dr. ZOU Pingxue (鄒平學), Ms. YU Ailian (于愛蓮) and Mr. XIAO Changqing (肖長清), with Mr. WU Di being the chairperson of the committee. Mr. WU Di holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which include, amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;

- supervising the implementation of our internal audit system;

- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Mr. WU Di (吳迪), Dr. TSANG Hiu Leong (曾曉亮) and Ms. JING Ruihua (敬瑞華), with Mr. WU Di being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors and senior management, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include, amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Ms. JING Yue (敬玥), Ms. JING Ruihua (敬瑞華), Mr. WU Di (吳迪), Dr. ZOU Pingxue (鄒平學) and Dr. TSANG Hiu Leong (曾曉亮), with Ms. JING Yue (敬玥) being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of our Directors and senior management, which include, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- assessing the independence of independent non-executive Directors;
- supporting our Company's regular evaluation of our Board's performance; and
- other duties conferred by our Board.

Strategy and Investment Committee

We have established a strategy and investment committee with written terms of reference. The Strategy and Investment Committee consists of Ms. JING Yue (敬玥), Mr. YAO Xiaodong (姚曉東), Mr. LI Changqing (李長青), Ms. JING Ruihua (敬瑞華), Ms. YU Ailian (于愛蓮), Mr. XIAO Changqing (肖長清) and Mr. WU Di (吳迪), with Ms. JING Yue being the chairperson of the committee.

The primary duties of the Strategy and Investment Committee are to evaluate and make recommendations on the long-term development plans and significant investment plans of our Company, which include, amongst other things:

- evaluating and making recommendations to our Board on medium-term and long-term development strategies and business plans;
- evaluating and making recommendations to our Board on significant investment plans (including equity investments and fixed asset investments);
- reviewing significant capital operation plans and financing plans; and
- other duties conferred by our Board.

Sustainability Committee

We have established a sustainability committee with written terms of reference. The Sustainability Committee consists of Dr. TSANG Hiu Leong (曾曉亮), Dr. ZOU Pingxue (鄒平學), Ms. JING Ruihua (敬瑞華), Mr. YAO Xiaodong (姚曉東) and Mr. LI Changqing (李長青), with Dr. TSANG Hiu Leong (曾曉亮) and Dr. ZOU Pingxue (鄒平學) being the co-chairpersons of the committee.

The primary duties of the Sustainability Committee are to enhance our corporate ESG performance, which include, amongst other things:

- devising the environmental sustainability, social responsibility and governance strategies and policies of our Company and overseeing the implementation of them;
- promoting our Company's involvement in charitable and social initiatives;
- evaluating and making recommendations to our Board on the medium-term and long-term environmental sustainability, social responsibility and governance strategies and policies of our Company;
- reviewing our annual environmental sustainability, social responsibility and governance report; and
- other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders.

Corporate Governance Code

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

We have adopted the code provisions stated in the Corporate Governance Code and intend to comply with all applicable code provisions under the Corporate Governance Code after the [REDACTED]. Our Company is committed to the view that our Board should include a balanced composition of executive directors, non-executive directors and independent non-executive directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We [have adopted] a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age,

language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, the Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to management, business development, accounting and investments. They obtained degrees in various majors including business and political economy, labor economics, science, law, accounting, business administration and international hospitality management. Furthermore, our Board consists of six male members and three female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will, among others, (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS AND MANAGEMENT

We offer our Directors and senior management members emolument in the form of salaries, allowances, benefits in kind, performance related bonuses and/or retirement benefits. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

The aggregate amounts of remuneration (including salaries, allowances, benefits in kind, performance related bonuses and retirement benefits) which were paid or payable to our Directors for the three financial years ended December 31, 2022, 2023 and 2024 were RMB1,864,000, RMB2,322,000 and RMB2,863,000, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, allowances, benefits in kind, performance related bonuses and retirement benefits) payable to our Directors for the financial year ending December 31, 2025 would be approximately RMB4 million under arrangements in force as of the date of this document.

For the three financial years ended December 31, 2022, 2023 and 2024, there were three, two and three Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration (including salaries, other benefits, performance related bonuses and retirement benefits) which were paid or payable by our Group to our five highest paid individuals (excluding Directors) for the three financial years ended December 31, 2022, 2023 and 2024 were RMB521,000, RMB1,189,000 and RMB946,000, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on remuneration of Directors during the Track Record Period as well as information on the five highest paid individuals, see note 14 to the Accountants' Report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Jing, an executive Director and the chairperson of our Board, was able to exercise approximately 76.64% voting rights in our Company, through (i) 4,875,000 Shares held by Hainan Zhizheng, which is a limited liability company established under the laws of the PRC and is held as to 99% by Ms. Jing, and (ii) 203,687,250 Shares held by Qianhai Tianzheng, which is a limited liability company established under the laws of the PRC and is wholly owned by Hainan Zhizheng. For background and biographical details of Ms. Jing, see "Directors and Senior Management" in this document. Hainan Zhizheng and Qianhai Tianzheng are investment holding companies with no substantive business activities. For further details of Hainan Zhizheng and Qianhai Tianzheng, see "History, Development and Corporate Structure" in this document.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ms. Jing will be entitled to exercise approximately [REDACTED]% voting rights in our Company. Therefore, Ms. Jing, Hainan Zhizheng and Qianhai Tianzheng will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

As of the Latest Practicable Date, save for the interest in our Group, our Controlling Shareholders did not have any interest in a business which competes or is likely to compete, directly or indirectly, with the business of our Group, and which requires disclosures under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

Our Board comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) although Ms. Jing will continue to serve as a director and the general manager of Qianhai Tianzheng, Qianhai Tianzheng is an investment holding company with no substantive business activities, and the dual roles assumed by Ms. Jing in our Group and Qianhai Tianzheng will not affect the requisite degree of impartiality of her in discharging her fiduciary duties owed to our Company;

(b) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(c) our daily management and operation decisions are made by all our executive Directors and senior management, most of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management, see "Directors and Senior Management" in this document;

(d) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;

(e) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For further details, see "— Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in the respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers and customers, and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders and their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Group enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Patrons Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [REDACTED].

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the [REDACTED], our Group has entered into certain transactions with Gaotai County Jianquanzi Forestry and Animal Husbandry Technology Development Co., Ltd. (高台縣碱泉子林牧業科技開發有限責任公司) ("**Jianquanzi**") and Gaotai County Jinlucao Industry Co., Ltd. (高台縣金鹿草產業有限責任公司) ("**Jinlucao**"), which will, upon [REDACTED], become connected persons of our Company.

Each of Jianquanzi and Jinlucao is a limited liability company established under the laws of the PRC and is principally engaged in breeding and sales of livestock, crop production and sales of agricultural products. Each of Jianquanzi and Jinlucao is wholly owned by Hainan Huaxia Lingjiao Agricultural Technology Development Co., Ltd. (海南華廈嶺腳農業科技發展有限公司), which is in turn wholly owned by Hainan Chuangxin Pharmaceutical Technology Development Co., Ltd. (海南創鑫醫藥科技發展股份有限公司), which is in turn held as to approximately 80.18% by Hainan Jinjia Courtyard Catering Management Co., Ltd. (海南金家大院餐飲管理有限公司), which is in turn held as to 60% by Mr. JING Wei (敬偉) (the father of Ms. Jing) and 40% by Mr. JING Ruifeng (敬瑞豐) (the brother of Ms. Jing). As such, each of Jianquanzi and Jinlucao is a connected person of our Company under Rule 14A.12(2)(b) of the Listing Rules.

Details of our Group's one-off transactions with Jianquanzi and Jinlucao pursuant to agreements entered into prior to the [REDACTED] and our Group's continuing connected transactions with Jianquanzi following the [REDACTED] are set out below.

ONE-OFF TRANSACTIONS PRIOR TO THE [REDACTED]

Vehicle Rental Agreement

On January 1, 2025, Gaotai County Tianhong Biochemical Technology Development Co., Ltd. (高台縣天鴻生化科技開發有限責任公司) ("**Tianhong Biochemical**"), our wholly-owned subsidiary, entered into a vehicle rental agreement (the "**Vehicle Rental Agreement**") with Jianquanzi, pursuant to Tianhong Biochemical agreed to lease from Jianquanzi two vehicles at an aggregate monthly rental of RMB6,000, for a term commencing on January 1, 2025 and ending on December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto. The two vehicles have been rented for our operational needs and business use since January 1, 2023.

The rental under the Vehicle Rental Agreement has been determined by our Group and Jianquanzi through arm's length negotiation based on a number of factors, including but not limited to the number of vehicles rented after taking into account our operational needs, the prevailing market rental of similar vehicles, specifications of the vehicles rented and the term of the rental.

The transactions entered into with Jianquanzi in respect of the vehicle rentals have been entered into in the ordinary and usual course of business of our Company. Pursuant to IFRS 16, the leased assets under the Vehicle Rental Agreement has been recognized by our Group as right-of-use assets with an initial value of approximately RMB208,581, and the transactions contemplated under the Vehicle Rental Agreement would be regarded as an acquisition of right-of-use assets by our Group pursuant to the Listing Rules. As the Vehicle Rental Agreement, which was entered into prior to the [REDACTED] and was one-off in nature, the transactions (in relation to the outstanding payments pursuant to the Vehicle Rental Agreement) contemplated under the Vehicle Rental Agreement will not be classified as connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Therefore, the entering into of the Vehicle Rental Agreement and the transactions contemplated thereunder will not be subject to any of the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Lease Agreement

On January 1, 2024, Tianhong Biochemical entered into a lease agreement (the "**Lease Agreement**") with Jinlucao, pursuant to Tianhong Biochemical agreed to lease from Jinlucao a piece of agricultural farmland with an area of 1,270 mu located at Yihe Village, Nanhua Town, Gaotai County (高台縣南華鎮義禾村), at an annual rent of RMB1,260,600, for a term commencing on January 1, 2024 and ending on December 31, 2026, subject to renewal upon the mutual agreement of both parties thereto. The agricultural farmland has been leased for growing forage for horses for our R&D and manufacturing activities.

The rent under the Lease Agreement has been determined by our Group and Jinlucao through arm's length negotiation based on a number of factors, including but not limited to the prevailing market rent of similar properties located in the vicinity, the areas leased and the term of the lease.

The transactions entered into with Jinlucao in respect of the lease have been entered into in the ordinary and usual course of business of our Company. Pursuant to IFRS 16, the leased farmland under the Lease Agreement has been recognized by our Group as a right-of-use asset with an initial value of approximately RMB3,693,396, and the transactions contemplated under the Lease Agreement would be regarded as an acquisition of a right-of-use asset by our Group pursuant to the Listing Rules. As the Lease Agreement, which was entered into prior to the [REDACTED] and was one-off in nature, the transactions (in relation to the outstanding payments pursuant to the Lease Agreement) contemplated under the Lease Agreement will not be classified as connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Therefore, the entering into of the Lease Agreement and the transactions contemplated thereunder will not be subject to any of the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Master Forage Purchase Agreement

Our Company (for and on behalf of ourselves and our subsidiaries) entered into a master forage purchase agreement dated [•] (the "**Master Forage Purchase Agreement**") with Jianquanzi, pursuant to which our Group may purchase from Jianquanzi forage for horses. Such forage for horses are required as we breed horses for our R&D and manufacturing activities.

Our Group and Jianquanzi will enter into separate individual agreements or purchase orders, which will set out the specific terms and conditions according to the principles in the Master Forage Purchase Agreement. The Master Forage Purchase Agreement is effective from the [REDACTED] till December 31, 2027, subject to renewal upon the mutual agreement of both parties thereto.

For the three financial years ended December 31, 2022, 2023 and 2024, the amounts incurred by our Group for the forage purchased from Jianquanzi under the Master Forage Purchase Agreement were RMB3,057,094.30, RMB3,947,456.10 and RMB68,400.00, respectively.

It is expected that the maximum aggregate transaction amounts payable by our Group to Jianquanzi under the Master Forage Purchase Agreement for the three financial years ending December 31, 2025, 2026 and 2027 shall not exceed RMB2,600,000, RMB2,600,000 and RMB2,600,000, respectively.

The purchase price for forage under the Master Forage Purchase Agreement will be charged at unit prices no less favorable to our Group than unit prices at which our Group pays Independent Third Parties for comparable transactions, and will be determined by our Group and Jianquanzi through arm's length negotiation with reference to a number of factors applicable to all suppliers, including but not limited to the market price of the forage, quantities and method of procurement, specifications of the forage, the fees charged for historical transactions of a similar nature and the then prevailing market prices based on unit prices for different types of forage.

The historical transactions entered into with Jianquanzi in respect of purchases of forage have been, and the transactions contemplated under the Master Forage Purchase Agreement will be, entered into in the ordinary and usual course of business of our Company, on normal commercial terms or better. As each of the applicable percentage ratios in respect of the transactions contemplated under the Master Forage Purchase Agreement will be less than 5% on an annual basis and the total consideration on an annual basis will be less than HK$3 million, the transactions contemplated under the Master Forage Purchase Agreement would, upon [REDACTED], be fully exempt from the reporting, announcement, annual review and independent Shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED], the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the [REDACTED] under the provisions of [REDACTED] of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	**Capacity/nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding in the relevant proportion of Shares[1]** *(%)*	**Approximate percentage of shareholding in the total issued share capital of our Company[1]** *(%)*
Ms. Jing[2]	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Zhizheng[2]	Beneficial owner; Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Qianhai Tianzheng[2]	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The calculation is based on the total number of [REDACTED] H Shares in issue (assuming the [REDACTED] is not exercised) upon [REDACTED].

(2) As of the Latest Practicable Date, Hainan Zhizheng was held as to 99% by Ms. Jing, and Qianhai Tianzheng was wholly owned by Hainan Zhizheng. As such, under the SFO, Hainan Zhizheng is deemed to be interested in the [REDACTED] held by Qianhai Tianzheng, and Ms. Jing is deemed to be interested in the [REDACTED] held by Qianhai Tianzheng and Hainan Zhizheng.

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VII to this document.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised), without taking into account the [REDACTED] that may be taken up under the [REDACTED], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of [REDACTED] of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the [REDACTED].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB272,142,819 comprising 272,142,819 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital *(%)*
H Shares to be converted from Domestic Shares*(note)*	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately upon completion of the [REDACTED], assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total issued share capital *(%)*
H Shares to be converted from Domestic Shares*(note)*	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Note: For details of the identities of the Shareholders whose Domestic Shares will be converted into H Shares upon [REDACTED], see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

SHARE CAPITAL

SHARE CLASSES

Upon completion of the [REDACTED] and conversion of [REDACTED] Domestic Shares into H Shares, our Shares will consist of H Shares only. Domestic Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [REDACTED] by or [REDACTED] among legal and natural persons of the PRC.

Domestic Shares and H Shares are regarded as one class of shares under our Articles of Association, and Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not presently listed or traded on any stock exchange. The holders of our Domestic Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Domestic Shares to H Shares. After the conversion of Domestic Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [REDACTED] of such converted Shares on the [REDACTED] will also require the approval of the [REDACTED]. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the [REDACTED] of all or any portion of our Domestic Shares on the [REDACTED] as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the [REDACTED] and delivery of Shares for entry on the H Share register. As any [REDACTED] of additional Shares after our initial [REDACTED] on the [REDACTED] is ordinarily considered by the [REDACTED] to be a purely administrative matter, it will not require such prior [REDACTED] for [REDACTED] at the time of our initial [REDACTED] in Hong Kong.

Any [REDACTED] for [REDACTED] of the converted Shares on the [REDACTED] after our initial [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the register of Domestic Shares, and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our H Share register will be conditional on (a) our [REDACTED] lodging with the [REDACTED] a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the [REDACTED] of the H Shares to [REDACTED] on the [REDACTED] in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [REDACTED] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [REDACTED] shall not be transferred within one year from the [REDACTED].

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, holders of Domestic Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Domestic Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a general meeting of our Company is required, see Appendix VI to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business" in this document.

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the largest provider and exporter of Human TAT in China and a fully integrated antiserum platform company. With over 50 years of expertise in the R&D, manufacturing and sales of antiserum products, we have established a strong market presence both domestically and internationally. Antiserum refers to a class of biological products that contain immunoglobulins (also known as antibodies) or immunoglobulin $F(ab')_2$ fragments and are prepared from immunized plasma. It is used to provide immediate protection and treatment against various critical infectious diseases, including tetanus, snakebite envenoming and rabies, which require immediate intervention to neutralize toxins and save lives. These diseases continue to pose significant public health challenges, especially in developing countries and regions where healthcare resources are relatively limited. The Chinese and global human antiserum markets are enormous with significant growth potential. According to Frost & Sullivan, the global human antiserum market increased from US$320.9 million in 2019 to US$408.6 million in 2024, representing a CAGR of 4.9%, and is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively. The human antiserum market in China increased from US$48.0 million in 2019 to US$64.1million in 2024, representing a CAGR of 5.9%, and is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively.

FINANCIAL INFORMATION

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all International Financial Reporting Standards approved by the International Accounting Standards Board (the "**IASB**").

The historical financial information has been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial performance is influenced by a range of factors, including macroeconomic conditions, regulatory developments, market dynamics, and company-specific strategies. Below, we outline the key factors shaping our results of operations:

Market Trends and Regulatory Landscape

The Chinese and global human antiserum markets are enormous with significant growth potential. According to Frost & Sullivan, the global human antiserum market increased from US$320.9 million in 2019 to US$408.6 million in 2024, representing a CAGR of 4.9%, and is expected to continue to increase to US$821.1 million in 2028 and US$2,094.5 million in 2033 with a CAGR of 19.1% and 20.6% from 2024 to 2028 and from 2028 to 2033, respectively. The human antiserum market in China increased from US$48.0 million in 2019 to US$64.1million in 2024, representing a CAGR of 5.9%, and is expected to continue to increase to US$132.4 million in 2028 and US$290.9 million in 2033 with a CAGR of 19.9% and 17.0% from 2024 to 2028 and from 2028 to 2033, respectively. See also "Industry Overview" of this document.

Regulatory policies play a pivotal role in shaping the competitive landscape. The PRC government's focus on improving pharmaceutical quality standards and promoting innovation, coupled with the introduction of the VBP scheme, has created opportunities for providers of essential products with cost advantages. The implementation of the VBP scheme, with our Human TAT winning the bid, further enhanced Human TAT's market awareness and penetration. It also strengthened our bargaining power with distributors, enabling us to reduce expenses related to market expansion and promotion. By leveraging the broad reach and volume-based pricing of such scheme, Human TAT has achieved, and is able to further achieve, greater visibility among healthcare providers and institutions. To capture this opportunity, we are committed to continuous technological upgrades, maintaining rigorous quality control and complying with evolving regulatory standards positions us favorably to capture market opportunities and maintain our competitive edge over the long term.

Product Portfolio and Pipeline Development

Our robust portfolio forms the foundation of our growth strategy. We are the largest Human TAT provider in China and globally, with a market share of 65.8% and 36.6%, respectively, in terms of sales volume in 2024, according to Frost & Sullivan. Our existing products include also veterinary tetanus antitoxin, PMSG and certain hormonal pharmaceutical drugs which are poised for market launch upon completion of re-registration of marketing approvals. In addition, our diversified pipeline is focused on advancing products in high-growth therapeutic areas and meeting unmet medical needs to drive future growth. For instance, an adequate supply of snake antivenom products can effectively meet the medical needs of patients in remote areas, who often rely on traditional treatments such as herbal medicine, which cannot fully address their health and life-saving needs. While these products offer substantial growth potential, their development and commercialization require significant investment. We invested RMB16.4 million, RMB24.2 million, and RMB13.7 million in research and development in 2022, 2023 and 2024, respectively, and we expect to incur increased investment in research and development as we accelerate clinical trials and regulatory filings. The successful commercialization of our pipeline products will depend on achieving regulatory approval, market acceptance, and competitive differentiation in terms of safety, efficacy, and cost-effectiveness.

Operational Efficiency and Cost Management

Our production capabilities and efficiency are key drivers of operational performance. We have strategically leveraged the diverse regional advantages in China to establish a comprehensive, multi-regional industry chain. Our equine breeding and plasma collection base is strategically located in Zhangye, Gansu, which is suitable for horse breeding and ensures the stable collection of equine plasma used for production. The biopharmaceutical manufacturing facility in Jiangxi, equipped with advanced technology, serves as the core of our production operations, focusing on the manufacturing of Human TAT and other antiserum products. This provides a competitive edge in meeting growing market demand while maintaining high quality standards.

We employ advanced technologies and streamlined production processes to optimize efficiency and control costs. These efforts are further supported by our vertically integrated business model, which enables us to maintain ownership and control over key resources, such as horses and equine plasma. By managing these critical inputs in-house, we significantly reduce reliance on external suppliers, thereby improving cost efficiency across our entire production chain. While we have established long-term supplier relationships to mitigate price volatility of fodder, fluctuations in market conditions or supply constraints could potentially impact our margins. The vertically integrated structure of our operations allows us greater stability and control over production costs, reinforcing our competitive advantage. Overall, cost of sales as a percentage of revenue amounted to 24.6%, 32.2% and 29.7% in 2022, 2023 and 2024, respectively.

To further enhance operational efficiency, we continue to invest in process improvements, capacity expansion, and compliance with international standards, including EU GMP standards. In addition, the antiserum and biopharmaceutical industries are highly competitive and rapidly evolving. Our Human TAT competes with both domestic and international market participants, while our pipeline products, such as snake antivenoms and equine rabies immunoglobulin $F(ab')_2$, are designed to address unmet medical needs by providing effective treatment options for unserved markets. To succeed, we must continuously innovate, maintain cost efficiency, and demonstrate differentiated value in terms of safety, efficacy, and affordability. Advances in competing technologies or disruptive innovations could intensify market competition and impact our growth trajectory.

These initiatives are expected to support long-term growth but may result in short-term cost increases. See also "Future Plans and Use of [REDACTED]" of this document for more details.

Changes in Fair Value of Biological Assets and Agricultural Produce

In light of the nature of our business, our net profit has been, and we expect will continue to be, affected by changes in the fair value less costs to sell of biological assets, specifically our horses. Under IFRS, we are required to recognize such changes under the category "Gain/(Loss) arising from changes in fair value less costs to sell of biological assets." This line item reflects the fair value changes of our biological assets due to variations in their type, quantity, recent transaction price, stage of plasma collection, disposal prices and costs to dispose.

Fair value of biological assets is measured by referencing local market selling prices or by examining the implied relationship between the plasma collection cycle and the disposal price less cost to dispose after productive use, depending on whether these horses have been immunized and are in plasma collection status. Our biological assets are valued at the beginning of the Track Record Period and revalued at each reporting date during the Track Record Period. In 2022, 2023 and 2024, we recorded loss arising from changes in fair value less costs to sell of biological assets of RMB2.8 million, RMB3.0 million, and RMB6.3 million, respectively. In applying these valuation methods, our independent qualified professional valuer relied on several assumptions. The fair value of our horses can be significantly affected by the accuracy of these assumptions. Changes in estimates may substantially impact the fair value of our horses. The independent qualified professional valuer and our management team periodically review these assumptions and estimates to identify any significant changes in the fair value of the horses. For more information on the valuation methods applied to our horses, please refer to Note 20 of the Accountants' Report included as Appendix I to this document.

In addition, our financial performance is also affected by gain/(loss) arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest treatment of agricultural produce, mainly being equine plasma. Agricultural produce impacts our consolidated statement of profit or loss through several stages. Under the IFRS, agricultural produce is recognized as inventories at fair value less costs to sell at the point of harvest. The fair value is determined based on the market price quoted in the local area. The resulting gain or loss on the recognition of such fair value, being the difference between (i) the fair value less costs to sell of the agricultural produce and (ii) the breeding costs incurred and allocated to such produce is recognized in profit or loss for the year. The gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest are recorded due to the difference between the production cost of equine plasma under the cost approach and its market price at the point of harvest.

For the portion of agricultural produce subsequently used in the production of Human TAT products and for which the corresponding Human products are sold, the inventory balance is recognized in cost of sales at fair value less costs to sell at the point of harvest. For agricultural produce that is not sold or used in production during the year, it remains recognized as inventory. At the end of the year, an inventory allowance is recognized, if necessary to account for any potential impairment.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

Note 4 to the Accountants' Report as set forth in Appendix I to this document sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on past experiences and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. See also Note 3 and Note 4 to Accountants' Report as set forth in Appendix I to this document.

RESULT OF OPERATIONS

The following table sets forth consolidated statement of profit or loss and other comprehensive income for the years indicated:

	Year Ended December 31,								
	2022			2023			2024		
	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	141,956	—	141,956	198,021	—	198,021	220,755	—	220,755
Cost of sales	(28,844)	(6,105)*	(34,949)	(49,027)	(14,689)*	(63,716)	(52,634)	(12,981)*	(65,615)
Gross profit	**113,112**	**(6,105)**	**107,007**	**148,994**	**(14,689)**	**134,305**	**168,121**	**(12,981)**	**155,140**
Other income	4,897	—	4,897	2,144	—	2,144	3,538	—	3,538
Impairment losses under expected credit loss model, net of reversal	706	—	706	333	—	333	118	—	118
Other gains and losses	(462)	—	(462)	393	—	393	114	—	114
Research and development expenses	(16,392)	—	(16,392)	(24,231)	—	(24,231)	(13,681)	—	(13,681)
Distribution costs	(34,735)	—	(34,735)	(33,028)	—	(33,028)	(26,860)	—	(26,860)
Administrative expenses	(28,886)	—	(28,886)	(29,158)	—	(29,158)	(32,346)	—	(32,346)
Finance costs	(1,379)	—	(1,379)	(667)	—	(667)	(2,226)	—	(2,226)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	—	3,829	3,829	—	16,474	16,474	—	17,954	17,954
Loss arising from changes in fair value less costs to sell of biological assets	—	(2,832)	(2,832)	—	(2,971)	(2,971)	—	(6,326)	(6,326)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxation	**36,861**	**(5,108)**	**31,753**	**64,780**	**(1,186)**	**63,594**	**93,118**	**(1,353)**	**91,765**
Income tax expense	(5,285)	—	(5,285)	(8,113)	—	(8,113)	(16,625)	—	(16,625)
Profit for the period	**31,576**	**(5,108)**	**26,468**	**56,667**	**(1,186)**	**55,481**	**76,493**	**(1,353)**	**75,140**

Note:

* Primarily includes the effect of agricultural produce fair value adjustments, which arise from the difference between the fair value less costs to sell at the point of harvest of agricultural produce, such as equine plasma, and the actual costs incurred and allocated to it during production.

DESCRIPTION OF COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated revenue from the sale of pharmaceutical and other products and the provision of technical services. Our total revenue increased from RMB142.0 million in 2022 to RMB198.0 million in 2023, and further to RMB220.8 million in 2024. This growth was primarily driven by the increase in revenue from the sales of Human TAT, which increased from RMB133.2 million in 2022 to RMB184.1 million in 2023 and further to RMB205.9 million in 2024. Additionally, revenue from other products increased from RMB1.6 million in 2022 to RMB2.9 million in 2023, and further to RMB7.5 million in 2024.

We also offer technical services for pharmaceutical and biotech companies, including pharmaceutical testing and inspection, pharmaceutical R&D, drug safety evaluations, and related technical services, with revenue from technical services increasing from RMB7.1 million in 2022 to RMB11.1 million in 2023, before decreasing to RMB7.4 million in 2024 due to variations in service demand.

The following table sets forth a breakdown of our revenue by business segment, in absolute amount and as a percentage of our total revenue for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale of pharmaceutical and other products						
Human TAT	133,231	93.9	184,069	93.0	205,901	93.3
Others*	1,609	1.1	2,888	1.5	7,487	3.4
Subtotal	**134,840**	**95.0**	**186,957**	**94.4**	**213,388**	**96.7**
Technical service income	**7,116**	**5.0**	**11,064**	**5.6**	**7,367**	**3.3**
Total	**141,956**	**100.0**	**198,021**	**100.0**	**220,755**	**100.0**

Note:

* Primarily includes certain veterinary pharmaceutical products we sourced from third-party suppliers.

Sale of Pharmaceutical and Other Products

During the Track Record Period, revenue generated from sale of pharmaceutical and other products was primarily derived from the sales of Human TAT. Human TAT is an antiserum product containing antibodies to prevent and treat tetanus, an acute infections caused by *Clostridium tetani*. It is primarily used for tetanus prophylaxis in high-risk individuals and treatment of patients with tetanus symptoms. For a detailed description of our Human TAT product, see "Business — Our Products and Services — Our Existing Product Portfolio — Human TAT" of this document.

During the Track Record Period, we also generate revenue from sales of other products, mainly certain veterinary pharmaceutical products sourced from third-party suppliers. For a detailed description of other products, see "Business — Our Existing Product Portfolio — Other Products" of this document. In 2022, 2023 and 2024, revenue from the sales of other products amounted to RMB1.6 million, RMB2.9 million, and RMB7.5 million, respectively, accounting for 1.1%, 1.5%, and 3.4% of our total revenue, respectively.

Sales of Human TAT

Domestic sales ("**Domestic Sales**") refer to sales to domestic distributors who subsequently distribute our products to hospitals and other medical institutions in China. In addition to domestic sales, we sell products to domestic distributors for export sales ("**Indirect Export Sales**") and directly export products to overseas distributors ("**Direct Export Sales**", together with Indirect Export Sales, "**Export Sales**"). For Export Sales, our distributors are generally responsible for managing customs clearance procedures in the target importing countries. The following table sets forth a breakdown of our revenue from sale of Human TAT by geographical markets for the years indicated.

	2022			2023			2024		
	Revenue	Sales volume[1]	Average selling price	Revenue	Sales volume[1]	Average selling price	Revenue	Sales volume[1]	Average selling price
	RMB'000	*Units '000*	*RMB/Unit*	*RMB'000*	*Units '000*	*RMB/Unit*	*RMB'000*	*Units '000*	*RMB/Unit*
Domestic Sales	**101,952**	**9,293**	**11.0**	**134,951**	**13,218**	**10.2**	**161,912**	**13,209**	**12.3**
Export Sales									
Indirect Export Sales	29,544	8,720	3.4	46,099	13,155	3.5	35,966	9,836	3.7
Direct Export Sales	1,735	560	3.1	3,019	848	3.6	8,023	2,406	3.3
Export Sales, Subtotal/ Sub-average	**31,279**	**9,280**	**3.4**	**49,118**	**14,003**	**3.5**	**43,989**	**12,242**	**3.6**
Total	**133,231**	**18,573**	**N/M[2]**	**184,069**	**27,221**	**N/M[2]**	**205,901**	**25,451**	**N/M[2]**

Notes:

(1) Unless stated otherwise, sales volumes of Human TAT with different specifications are calculated based on the assumption that one unit contains 1,500 IU of active ingredient of antitoxin.

(2) The average selling price of Human TAT, when considering both Domestic Sales and Export Sales, is not meaningful because it is merely a weighted average of total revenue and total sales volume of Human TAT.

During the Track Record Period, our revenue was predominantly generated from Domestic Sales of Human TAT. Domestic Sales formed the cornerstone of our business. The revenue from Domestic Sales amounted to RMB102.0 million, RMB135.0 million, and RMB161.9 million in 2022, 2023 and 2024, respectively, accounting for 76.5%, 73.3%, and 78.6% of our total revenue from Human TAT for the respective years. The increase in sales volume in 2023 was primarily driven by the post-pandemic recovery, as economic activities resumed and healthcare systems rebuilt their emergency medical reserves, leading to increased demand for our Human TAT. Additionally, our continuous marketing efforts further expanded hospital access and increased market penetration during the Track Record Period. For details of our Domestic Sales and Export Sales network, see "Business — Sales, Marketing and Distribution" of this document. Average selling price of our Human TAT for Domestic Sales decreased from RMB11.0 per unit in 2022 to RMB10.2 per unit in 2023, due to our competitive pricing strategies aimed at capturing greater market share and ensuring broader accessibility. Average selling price of our Human TAT for Domestic Sales increased to RMB12.3 per unit in due to our established distribution network, product competitiveness and customer recognition. Our successful bid under the VBP scheme has also enabled us to negotiate more favorable pricing terms with distributors. The VBP scheme enhanced our bargaining power with distributors, allowing us to achieve higher average selling prices.

In addition to Domestic Sales, we also generated revenue from Export Sales. Revenue from Indirect Export Sales amounted to RMB29.5 million, RMB46.1 million, and RMB36.0 million in 2022, 2023 and 2024, respectively, accounting for 22.2%, 25.0%, and 17.5% of our total revenue from Human TAT for the respective years. Revenue from Direct Export Sales amounted to RMB1.7 million, RMB3.0 million, and RMB8.0 million in 2022, 2023, and 2024, respectively, accounting for 1.3%, 1.6%, and 3.9% of our total revenue from Human TAT for the respective years. The growth in Export Sales was driven by our strategic focus on expanding into key international markets, particularly in Southeast Asia and Africa. Markets such as Egypt, India, and the Philippines have shown significant demand for Human TAT, and in 2024, we secured a tender of 4.8 million ampoules by the Ethiopian government through a local distributor.

During the Track Record Period, we also generated revenue from sales of other products, mainly certain veterinary pharmaceutical products we sourced from third-party suppliers. In 2022, 2023 and 2024, revenue from the sales of other products amounted to RMB1.6 million, RMB2.9 million, and RMB7.5 million, respectively,

Sales Volume and Average Selling Price, Human TAT

During the Track Record Period, the sales volume and average selling price of Human TAT from Domestic Sales were influenced by factors such as regulatory and policy support, including the VBP scheme securing a stable baseline demand; increasing public awareness and adoption driven by healthcare education on tetanus prevention; and strategic market expansion through strengthened distribution networks and partnerships:

- **Regulatory and policy support**: Government initiatives aimed at enhancing emergency medical reserves and standardizing post-injury prophylaxis protocols have significantly bolstered demand for Human TAT. In particular, the implementation of the VBP scheme by healthcare authorities has had a notable impact on both sales volumes and pricing dynamics. On one hand, the VBP scheme has established a stable baseline for sales volume of our Human TAT products, as hospitals and healthcare institutions agree to procure specified quantities under centralized agreements. This baseline demand provides us with a reliable customer base, enabling more efficient production planning, optimized resource allocation, and streamlined distribution logistics. As a result, we are better positioned to meet market needs while maintaining operational efficiency. On the other hand, the pricing dynamic under the VBP scheme has positively impacted pricing with distributors of Human TAT. The scheme enhanced our bargaining power with distributors, allowing us to achieve higher selling prices to distributors. Meanwhile, the terminal price of Human TAT remained relatively stable following the implementation of the VBP scheme. Average selling price of our Human TAT for Domestic Sales increased from RMB10.2 per unit in 2023 to RMB12.3 per unit in 2024, following the inclusion of Human TAT in the VBP scheme.

- **Healthcare demand dynamics**: Increasing public awareness about tetanus prevention and treatment contributed to higher adoption of Human TAT. Healthcare providers in urban and rural areas strengthened their efforts to educate communities on tetanus risks and the importance of timely prevention after injury. These educational efforts encouraged healthcare professionals and patients to increasingly use Human TAT in clinical and preventive settings. In addition, sales volume of Domestic Sales increased in 2023, as economic activities resumed and healthcare systems rebuilt emergency medical reserves following the post-pandemic recovery.

- **Strategic market expansion**: Expanded and strengthened distribution networks helped more healthcare providers and institutions access Human TAT across China. We also established closer collaborations and partnerships with healthcare institutions and distributors. These efforts made Human TAT more widely available, especially in emerging regions in China with growing medical needs and improved healthcare infrastructure.

For Export Sales, the sales volume of Human TAT was primarily driven by market demand. In underserved countries/regions, the increasing awareness of tetanus prevention, coupled with the expansion of healthcare infrastructure. The average selling price of Human TAT in overseas markets was also market-driven, and influenced by factors including local purchasing power, competitive dynamics, and regional healthcare policies.

Technical Service Income

We generated a portion of our revenue through technical services provided by our subsidiary, Hainan Pharmaceutical Research Institute. Hainan Pharmaceutical Research Institute primarily serves pharmaceutical and biotech companies in China. Its service offerings mainly include pharmaceutical testing and inspection, pharmaceutical R&D, drug safety evaluations, and related technical services. See "Business — Our Products and Services — Our Technical Services" of this document for more details. During the Track Record Period, the fluctuations in revenue from this business segment were primarily driven by variations in service demand.

Cost of Sales

Our cost of sales primarily consisted of overheads, cost of raw material, and direct labor costs. We also recorded inventory allowance under cost of sales during the Track Record Period. During the Track Record Period, movement of cost of sales was consistent with the fluctuations in revenue during the respective years. Movement of cost of sales was primarily influenced by the movement of the overheads, inventory allowance and cost of raw material.

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as a percentage of total cost of sales, for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Overheads	15,664	44.8	22,491	35.3	17,833	27.2
Cost of raw material	4,668	13.4	14,286	22.4	12,562	19.1
Direct labor cost	6,367	18.2	8,914	14.0	5,712	8.7
Inventory allowance	2,145	6.1	3,335	5.2	16,526	25.2
Others*	6,105	17.5	14,689	23.1	12,981	19.8
Total	**34,949**	**100.0**	**63,716**	**100.0**	**65,615**	**100.0**

Note:

* Primarily includes the effect of agricultural produce fair value adjustments, which arise from the difference between the fair value less costs to sell at the point of harvest of agricultural produce, such as equine plasma, and the actual costs incurred and allocated to it during production.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our average cost of raw material on our profit before income tax for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Change in average cost of raw material			
+/–5%	–/+233	–/+714	–/+628
+/–10%	–/+467	–/+1,429	–/+1,256
+/–15%	–/+700	–/+2,143	–/+1,884
+/–20%	–/+934	–/+2,857	–/+2,512

Overheads primarily consisted of utility costs, transportation expenses, VAT and maintenance expenses for production equipment. The fluctuation in overheads during the Track Record Period was primarily driven by changes in sales volume, which impacted production scale and operational adjustments.

Cost of raw material primarily consisted of raw material costs related to the production of Human TAT. The fluctuation in cost of raw material was primarily driven by changes in sales volume, which directly impacted production demand as well as the titer of horse plasma used for production. Additionally, benefiting from our vertically integrated model, key biological materials for production such as immunized horse plasma are primarily internally sourced from our own biological assets rather than externally purchased. Cost of raw material increased from RMB4.7 million in 2022 to RMB14.3 million in 2023, due to the increase in sales volume of Human TAT, as well as the relatively higher cost of horse plasma used for production in 2023. Horses may develop immune tolerance after repeated immunizations, requiring us to partially renew our herd each year to maintain a high immunization success rate and consistent horse plasma titer. However, the process of quarantining, inspecting, and immunizing new horses takes time, meaning that plasma collected from horses purchased in a given year is often processed for production in the following year. During the COVID-19 pandemic in 2022, we faced temporary challenges in procuring new horses and renewing the herd. As a result, both the immunization success rate and plasma titer decreased in 2023, leading to higher cost in relation to horse plasma. Cost of raw material decreased to RMB12.6 million in 2024, due to the decrease in total sales volume of Human TAT in 2024, and the horse plasma used for production in 2024 with lower cost.

Direct labor costs represented salaries, bonuses and welfare benefits for manufacturing personnel.

Inventory allowance primarily relates to pregnant horse plasma, the key material planned to be used for production of PMSG. Inventory allowance is made based on the difference between its carrying amount and the prevailing market price.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB107.0 million, RMB134.3 million and RMB155.1 million in 2022, 2023 and 2024, respectively, while our gross profit margin amounted to 75.4%, 67.8% and 70.3% during the same year, respectively. During the Track Record Period, we primarily derived gross profit from sales of Human TAT, which amounted to RMB108.8 million, RMB134.4 million and RMB163.2 million in 2022, 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by business segment for the periods indicated:

	2022		2023		2024	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit/ (loss)	Gross profit/ (loss) margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of Human TAT						
Domestic Sales	90,428	88.7	110,351	81.8	136,450	84.3
Export Sales	18,333	58.6	24,081	49.0	26,758	60.8
Subtotal/Sub-average, sales of Human TAT	**108,761**	**81.6**	**134,432**	**73.0**	**163,208**	**79.3**
Other products*	**(1,646)**	**(102.4)**	**(1,993)**	**(69.0)**	**(9,537)**	**(127.4)**
Subtotal/Sub-average, sales of pharmaceutical and other products	**107,115**	**79.4**	**132,439**	**70.8**	**153,671**	**72.0**
Technical services	**(108)**	**(1.5)**	**1,866**	**16.9**	**1,469**	**19.9**
Total/Average	**107,007**	**75.4**	**134,305**	**67.8**	**155,140**	**70.3**

Note:

* Primarily includes certain veterinary pharmaceutical products we sourced from third-party suppliers.

During the Track Record Period, our gross profit increased significantly, which were in line with our revenue growth.

Our gross profit for sales of Human TAT amounted to RMB108.8 million, RMB134.4 million and RMB163.2 million in 2022, 2023 and 2024, respectively. Our gross profit margin for sales of Human TAT was 81.6%, 73.0% and 79.3% for the same year, respectively. Gross profit from Domestic Sales of Human TAT increased from RMB90.4 million in 2022 to RMB110.4 million in 2023 and further to RMB136.5 million in 2024. This growth was primarily driven by changes in sales volume and average selling price of Human TAT. Change in sales volume was primarily supported by the expansion of our distribution network in China and the stabilization of baseline volume through the centralized VBP scheme. Average selling price of Human TAT for Domestic Sales decreased from RMB11.0 per unit in 2022 to RMB10.2 per unit in 2023, due to our competitive pricing strategies aimed at capturing greater market share. Average selling price of our Human TAT increased to RMB12.3 per unit in 2024, following the implementation of VBP scheme, as the pricing dynamic under the VBP scheme has positively impacted product pricing. Gross profit margin for Domestic Sales decreased from 88.7% in 2022 to 81.8% in 2023 due to the decrease in average selling price of Human TAT for Domestic Sales, as well as the relatively higher cost of horse plasma used for production in 2023. Gross profit margin for Domestic Sales increased to 84.3% in 2024, due to the increase in average selling price of Human TAT for Domestic Sales, as well as the horse plasma used for production in 2024 with lower cost.

Gross profit from Export Sales increased from RMB18.3 million in 2022 to RMB24.1 million in 2023 and further increased to RMB26.8 million in 2024. The gross profit margin for Export Sales decreased from 58.6% in 2022 to 49.0% in 2023 but improved to 60.8% in 2024, primarily due to the fluctuation in cost of sales as a result of the fluctuation of the cost in relation to horse plasma used for production in the respective year. Average selling price of Human TAT in Export Sales remained generally stable during the Track Record Period.

Our gross loss for sales of other products amounted to RMB1.6 million, RMB2.0 million and RMB9.5 million in 2022, 2023 and 2024, respectively, with gross loss margins of 102.4%, 69.0% and 127.4%, respectively. The gross loss margins for other products were primarily due to inventory allowance recognized during the Track Record Period.

Our gross (loss)/profit for technical services amounted to a loss of RMB0.1 million in 2022, and a profit of RMB1.9 million and RMB1.5 million in 2023 and 2024, respectively. Our gross (loss)/profit margin for technical services was a gross loss margin of 1.5% in 2022, and a gross profit margin of 16.9% and 19.9% in 2023 and 2024, respectively. The gross loss for technical services in 2022 was primarily attributable to depreciation expenses related to fixed assets. The fluctuation in gross profit margin for our technical services primarily depends on the composition and mix of services procured by customers. In general, services such as safety evaluation and specialized animal testing have relatively higher gross margins due to their technical complexity, higher value-added nature and fewer direct variable costs. In contrast, other routine or standardized services typically generate lower gross margins.

Other Income

Our other income primarily consisted of government grants, bank interest income and rental income. Our government grants comprised (i) incentive subsidies granted by local government authorities to support our operating activities, which had no unfulfilled conditions and were recognized when received or became receivable; and (ii) government subsidies released from deferred income.

The following table sets forth a breakdown of our other income for the years indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Incentive subsidies	3,863	1,065	2,162
Bank interest income	461	283	311
Rental income	490	796	1,065
Government grants released from deferred income	83	—	—
Total	**4,897**	**2,144**	**3,538**

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under expected credit loss model, net of reversal primarily consisted of impairment losses recognized/(reversed) on trade receivables and other receivables under expected credit loss model. We recognized net reversal of impairment loss of trade and other receivables of RMB0.7 million, RMB0.3 million and RMB0.1 million in 2022, 2023 and 2024, respectively. See Note 10 to the Accountants' Report as set forth in Appendix I to this document for details.

Other Gains and Losses

Our other gains and losses primarily consisted of plant and equipment, impairment losses recognized on deposits paid for acquisition of intangible assets and fair value gain of financial assets at FVTPL. See Note 8 to the Accountants' Report as set forth in Appendix I to this document for details.

Research and Development Expenses

Our research and development expenses primarily consisted of the following components: employee compensation, which include salaries, bonuses and employee benefits paid to our R&D personnel, reflecting the direct costs of maintaining our in-house research and development team; contracted R&D costs, representing expenses incurred for engaging CROs and other third-party service providers to conduct research and development activities on our behalf; raw material and other direct costs, encompassing the cost of material, consumables and other supplies directly used in our R&D processes; and depreciation and amortization, referring to the allocation of cost for facilities, machinery and equipment. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	4,121	25.2	5,950	24.6	5,360	39.2
Contracted R&D cost	6,071	37.0	11,929	49.2	3,599	26.3
Raw material and other direct costs	4,809	29.3	3,712	15.3	1,988	14.5
Depreciation and amortization	1,092	6.7	1,968	8.1	1,818	13.3
Others*	299	1.8	672	2.8	916	6.7
Total	**16,392**	**100.0**	**24,231**	**100.0**	**13,681**	**100.0**

Note:

* Primarily includes office expenses and intangible asset amortization.

In 2022, 2023 and 2024, our research and development expenses amounted to RMB16.4 million, RMB24.2 million and RMB13.7 million, respectively. During the Track Record Period, employee compensation and contracted R&D cost constituted a substantial portion of our research and development expenses. The changes in these costs were mainly in relation to the scales of our R&D activities, including investment in external collaborations. Raw material and other direct costs also represented a portion of our R&D expenses, which was in relation to the procurement of necessary materials to support internal R&D activities.

Distribution and Selling Expenses

Our distribution and selling expenses primarily consisted of promotion expenses, employee compensation and others. The following table sets forth a breakdown of our distribution and selling expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Promotion expenses	29,112	83.8	25,916	78.5	19,367	72.1
Employee compensation	3,511	10.1	4,720	14.3	5,235	19.5
Other*	2,112	6.1	2,392	7.2	2,258	8.4
Total	**34,735**	**100.0**	**33,028**	**100.0**	**26,860**	**100.0**

Note:

* Primarily includes travel expenses, office expenses, exhibition fees and advertising expenses

In 2022, 2023 and 2024, our distribution and selling expenses amounted to RMB34.7 million, RMB33.0 million and RMB26.9 million, respectively. Promotion expenses represented the largest component of our distribution and selling expenses, accounting for 83.8%, 78.5% and 72.1% of the total distribution and selling expenses in 2022, 2023 and 2024, respectively. Promotion expenses decreased during the Track Record Period, from RMB29.1 million in 2022 to RMB19.4 million in 2024 due to lower spending on promotional and marketing activities due to the winning of bids in the VBP scheme as well as the implementation of more targeted and cost-effective marketing strategies. Employee compensation reflects salaries, bonuses, and benefits paid to sales and marketing employees and increased during the Track Record Period as we expanded our workforce to support business growth.

Administrative Expenses

Our administrative expenses primarily consisted of employee compensation, depreciation and amortization, and professional service fee. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee compensation	15,303	53.0	13,771	47.2	13,781	42.6
Depreciation and amortization	4,638	16.1	6,667	22.9	6,543	20.2
Professional service fee	2,495	8.6	2,644	9.1	4,946	15.3
Other*	6,450	22.3	6,076	20.8	7,076	21.9
Total	**28,886**	**100.0**	**29,158**	**100.0**	**32,346**	**100.0**

Note:

* Primarily includes donations, travel expenses in relation to administrative staffs as well as rental and utilities expenses in relation to our offices.

In 2022, 2023 and 2024, our administrative expenses amounted to RMB28.9 million, RMB29.2 million and RMB32.3 million, respectively. Employee compensation accounted for the largest portion of our administrative expenses, representing 53.0%, 47.2% and 42.6% of total administrative expenses in 2022, 2023 and 2024, respectively, and mainly comprised salaries, bonuses, and benefits for our administrative staff. Depreciation and amortization expenses, primarily related to property, equipment, and other assets for office and other administrative functions, constituted a significant portion of our administrative expenses. Professional service fee primarily consists of payments made to external professional service providers, including legal advisors, auditors, consultants, and technical experts in connection with the previous application for listing of the Shares on the NEEQ and in the ordinary course of our business.

Finance Costs

Our finance costs primarily consisted of interests on lease liabilities, bank borrowings and loan from a related party. In 2022, 2023 and 2024, our finance costs amounted to RMB1.4 million, RMB0.7 million and RMB2.2 million, respectively. See Note 9 to the Accountants' Report as set forth in Appendix I to this document for details. See "— Related Party Transactions" of this section for more details about our loan from a related party.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest represent the difference between the fair value less costs to sell at the point of harvest and the breeding costs allocated to the production of immunized equine plasma. Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest amounted to RMB3.8 million, RMB16.5 million and RMB18.0 million in 2022, 2023 and 2024, respectively.

Losses Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

Losses arising from changes in fair value less costs to sell of biological assets represent the periodic remeasurement of the fair value of our biological assets, primarily related to the valuation adjustments for horses. Losses arising from changes in fair value less costs to sell of biological assets amounted to RMB2.8 million, RMB3.0 million and RMB6.3 million in 2022, 2023 and 2024, respectively. See also "— Discussion of Selected Items from Consolidated Statements of Financial Position — Assets — Biological Assets" of this section.

[REDACTED]

[REDACTED]

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Our Company obtained a High and New Technology Enterprise certificate and was subject to a preferential EIT rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authorities in the PRC for every three years.

In 2022, 2023 and 2024, our income tax expenses amounted to RMB5.3 million, RMB8.1 million and RMB16.6 million, respectively. Our effective tax rates were 16.6%, 12.8% and 18.1% in 2022, 2023 and 2024, respectively. During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and had no disputes or unresolved tax issues with relevant tax authorities.

NON-IFRS MEASURES

We define "adjusted net profit (a non-IFRS measure)" as profit for the year adjusted for [REDACTED]. The [REDACTED] were incurred related to the [REDACTED]. We also believe that the non-IFRS financial measure provides useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations and financial positions in the same manner as our management and in comparing financial results across accounting periods. The non-IFRS measure should not be considered in isolation or construed as alternatives to their most directly comparable financial measures prepared in accordance with the IFRS. The non-IFRS financial measures are not defined under the IFRS and are not presented in accordance with the IFRS. The non-IFRS financial measure has limitations as analytical tools. One of the key limitations of using the non-IFRS financial measure is that it does not reflect all items of income and expense that affect our operations. [REDACTED] are encouraged to compare the historical non-IFRS measure to the most directly comparable IFRS measure. The non-IFRS measure presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage [REDACTED] and others to review our financial information in its entirety and not rely on a single financial measure.

The following table reconciles our adjusted net profit (a non-IFRS measure) to profit for the year.

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**26,468**	**55,481**	**75,140**
Added back:			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (a non-IFRS measure)	**26,468**	**55,481**	**78,800**

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased from RMB198.0 million in 2023 to RMB220.8 million in 2024. Such increase was primarily attributable to the increase in revenue from sales of Human TAT.

Sale of Pharmaceutical and Other Products

Human TAT

Revenue from the sales of Human TAT increased from RMB184.1 million in 2023 to RMB205.9 million in 2024, primarily driven by the increase in revenue from Domestic Sales.

In terms of Domestic Sales, sales volume remained stable at approximately 13.2 million units in 2023 and 2024, while the average selling price increased from RMB10.2 per unit in 2023 to RMB12.3 per unit in 2024. The increase in the average selling price was mainly supported by improved pricing power due to our established distribution network, product competitiveness and customer recognition. Our successful bid under the VBP scheme has also enabled us to negotiate more favorable pricing terms with distributors.

In terms of Export Sales, sales volume decreased from 14.0 million units in 2023 to 12.2 million units in 2024, while the average selling price remained relatively stable at RMB3.5 per unit in 2023 and RMB3.6 per unit in 2024, respectively. The decrease in sales volume of Human TAT for Export Sales in 2024 was primarily due to the fluctuation in supply and demand dynamic in the overseas markets.

Other Products

Revenue from the sales of other products increased from RMB2.9 million in 2023 to RMB7.5 million in 2024, primarily due to the increased sales volumes across multiple product categories.

Technical Service Income

Revenue from technical services decreased from RMB11.1 million in 2023 to RMB7.4 million in 2024, primarily due to variations in demand from key customers at different stages of their product development cycle.

Cost of Sales

Our cost of sales increased from RMB63.7 million in 2023 to RMB65.6 million in 2024, primarily due to a significant increase in the inventory allowance, which increased from RMB3.3 million in 2023 to RMB16.5 million in 2024. This increase was largely attributable to the inventory allowance for pregnant mare plasma. As we did not sell self-produced PMSG in 2024, therefore, the carrying value of pregnant mare plasma inventory was written down to reflect its lower market value in 2024. Increase in cost of sales was partially offset by the decrease in other cost categories, which was in line with the decrease in sales volume of our Human TAT in 2024.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased from RMB134.3 million in 2023 to RMB155.1 million in 2024. The gross profit margin slightly increased from 67.8% in 2023 to 70.3% in 2024.

Sale of Pharmaceutical and Other Products

Human TAT

Gross profit for Human TAT increased from RMB134.4 million in 2023 to RMB163.2 million in 2024. The gross profit margin improved from 73.0% in 2023 to 79.3% in 2024. This increase was primarily driven by improvements in gross profit margins for both Domestic Sales and Export Sales.

In terms of Domestic Sales, gross profit for Human TAT increased from RMB110.4 million in 2023 to RMB136.5 million in 2024, with the gross profit margin increasing from 81.8% in 2023 to 84.3% in 2024. The increase in gross profit margin was primarily driven by the recovery in the titer of horse plasma used for production in 2024. Additionally, the winning of bids of Human TAT in the VBP scheme, which led to the increase in average selling price of Human TAT in Domestic Sales, also contributed to the increase in gross profit margin. The VBP scheme enhanced our bargaining power with distributors, allowing us to achieve higher selling prices.

In terms of Export Sales, gross profit for Human TAT increased from RMB24.1 million in 2023 to RMB26.8 million in 2024, while the gross profit margin improved from 49.0% in 2023 to 60.8% in 2024. The increase in gross profit margin was primarily driven by the lower cost of horse plasma used for production in 2024.

The gross profit margin for Export Sales increased at a faster rate than Domestic Sales in 2024 because Export Sales revenue is smaller in absolute value, making it more sensitive to cost fluctuations.

Other Products

Gross loss for other products increased from RMB2.0 million in 2023 to RMB9.5 million in 2024. The gross loss margin increased from 69.0% in 2023 to 127.4% in 2024. The increase in gross loss was primarily due to increased inventory allowance allocated to other products.

Technical service income

Gross profit for technical services decreased from RMB1.9 million in 2023 to RMB1.5 million in 2024. The gross profit margin improved from 16.9% in 2023 to 19.9% in 2024. This improvement was primarily driven by an increase in the proportion of higher-margin services procured by customers.

Other Income

Other income increased from RMB2.1 million in 2023 to RMB3.5 million in 2024, mainly due to the increase in rental income from RMB0.8 million in 2023 to RMB1.1 million in 2024 and the increase in incentive subsidies from RMB1.1 million in 2023 to RMB2.2 million in 2024.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Reversal net of impairment loss under expected credit loss model, decreased from RMB0.3 million in 2023 to RMB0.1 million in 2024. This primarily depend on the actual reversal net of impairment loss on trade and other receivables after relevant payments are subsequently received.

Other Gains and Losses

Our other gains and losses decrease from a net gain of RMB0.3 million in 2023 to a net gain of RMB0.1 million in 2024, mainly due to the recognition of a loss on disposal of property, plant and equipment in 2024 compared to a gain in 2023, as well as a decrease in the fair value change on financial assets at FVTPL.

Research and Development Expenses

Our research and development expenses decreased from RMB24.2 million in 2023 to RMB13.7 million in 2024, primarily due to the completion of certain R&D projects, including a project focusing on antiserum development of the Novel Coronavirus (2019-nCoV). This resulted in a significant decrease in contracted R&D costs, which decreased from RMB11.9 million in 2023 to RMB3.6 million in 2024. Additionally, raw material and other direct costs decreased from RMB3.7 million in 2023 to RMB2.0 million in 2024.

Distribution and Selling Expenses

Our distribution and selling expenses decreased from RMB33.0 million in 2023 to RMB26.9 million in 2024, mainly due to a decrease in promotion expenses from RMB25.9 million in 2023 to RMB19.4 million in 2024, reflecting lower spending on promotional and marketing activities due to the winning of bids in the VBP scheme. Employee compensation increased slightly from RMB4.7 million in 2023 to RMB5.2 million in 2024 primarily due to annual salary adjustments and incremental increases in employee benefits, while other expenses, including travel, office expenses, exhibition fees and advertising remained relatively stable at RMB2.4 million in 2023 and RMB2.3 million in 2024.

Administrative Expenses

Our administrative expenses increased from RMB29.1 million in 2023 to RMB32.3 million in 2024. Particularly, professional service fees increased from RMB2.6 million in 2023 to RMB4.9 million in 2024. This increase was primarily due to fees related to our attempt to list our Shares on the NEEQ. These fees included intermediary and advisory expenses for financial, legal and compliance services to support the preparation and application process.

[REDACTED]

[REDACTED]

Finance Costs

Our finance costs increased from RMB0.7 million in 2023 to RMB2.2 million in 2024, mainly due to the increase in interest expense from loan from a related party from nil in 2023 to RMB1.8 million in 2024. See also "— Related Party Transaction" of this section.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest increased from RMB16.5 million in 2023 to RMB18.0 million in 2024, which was in turn due to higher production volumes and improved market conditions, which resulted in increased fair value of the agricultural produce at the point of harvest.

Loss Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

Loss arising from changes in fair value less costs to sell of biological assets increased from RMB2.9 million in 2023 to RMB6.3 million in 2024. This increase was primarily due to a larger decrease in the fair value of biological assets caused by decrease in number of horses and the overall length of time being in the plasma collection period.

Income Tax Expense

Our income tax expense increased from RMB8.1 million in 2023 to RMB16.6 million in 2024, mainly due to the increase in our taxable profit before income tax from RMB63.6 million in 2023 to RMB91.8 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB55.5 million in 2023 to RMB75.1 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased from RMB142.0 million in 2022 to RMB198.0 million in 2023. This growth was primarily attributable to an increase in revenue from the sales of Human TAT.

Sale of Pharmaceutical and Other Products

Human TAT

Revenue from the sales of Human TAT increased from RMB133.2 million in 2022 to RMB184.1 million in 2023, driven primarily by a substantial increase in sales volume. This growth reflects our successful efforts in expanding market penetration across both domestic and international markets.

Revenue from the Domestic Sales of Human TAT increased from RMB102.0 million in 2022 to RMB135.0 million in 2023, driven by an increase in sales volume from 9.3 million units in 2022 to 13.2 million units in 2023. Economic activities resumed and healthcare systems rebuilt emergency medical reserves following the post-pandemic recovery. In addition, our enhanced sales and marketing efforts and the increased public awareness of tetanus prevention. In 2023, we expanded and optimized our distribution network, reaching a broader range of healthcare providers and institutions. Targeted initiatives to strengthen relationships with key distributors further supported sales growth. The average selling price decreased from RMB11.0 per unit in 2022 to RMB10.2 per unit in 2023, primarily due to our competitive pricing strategies aimed at capturing greater market share and ensuring broader accessibility.

Revenue from Export Sales of Human TAT also increased from RMB31.3 million in 2022 to RMB49.1 million in 2023. Sales volume in overseas markets increased from 9.3 million units in 2022 to 14.0 million units in 2023. This growth was driven by significant expansion into new international markets, particularly in regions with historically limited access to high-quality tetanus antitoxins. These factors allowed us to capture incremental sales opportunities in emerging markets. The average selling price of Human TAT in Export Sales remained stable at RMB3.4 per unit in 2022 and RMB3.5 per unit in 2023.

Other Products

Revenue from the sales of other products increased from RMB1.6 million in 2022 to RMB2.9 million in 2023, primarily driven by increased sales volumes of such products.

Technical Service Income

Revenue from technical services increased from RMB7.1 million in 2022 to RMB11.1 million in 2023, primarily due to an increase in the number of customers we served and our efforts to expand the range and scope of services offered.

Cost of Sales

Our cost of sales increased from RMB34.9 million in 2022 to RMB63.7 million in 2023, which was generally in line with the trend of our business expansion and revenue growth.

In particular, the cost of raw materials increased from RMB4.7 million in 2022 to RMB14.3 million in 2023, primarily because of the increase in sales volume of Human TAT in 2023 and the relatively higher cost of horse plasma used for production in 2023. Similarly, others increased from RMB6.1 million in 2022 to RMB14.7 million in 2023, due to the relatively lower fair value adjustments recognized in cost of sales in 2022 because the fluctuation of market price of equine horse plasma. The fair value adjustments for these materials were gradually recognized in cost of sales in 2023 as the plasma was processed into finished products and sold, resulting in a significant increase in others.

Gross Profit and Gross Profit Margin

As a result of the changes in our revenue and cost of sales described above, our gross profit increased from RMB107.0 million in 2022 to RMB134.3 million in 2023. The gross profit margin decreased from 75.4% in 2022 to 67.8% in 2023, mainly due to the decrease in the gross profit margin from sales of Human TAT.

Sale of Pharmaceutical and Other Products

Human TAT

Gross profit for Human TAT increased from RMB108.8 million in 2022 to RMB134.4 million in 2023. This growth was primarily driven by higher revenue, which, in turn, resulted from increased sales volumes in both domestic and international markets. However, the gross profit margin decreased from 81.6% in 2022 to 73.0% in 2023, mainly due to the decrease in average selling price and the higher production costs.

Gross profit for Domestic Sales of Human TAT increased from RMB90.4 million in 2022 to RMB110.4 million in 2023, supported by the increase in sales volume of Human TAT in Domestic Sales. Such an increase in sales volume was primarily driven by improved market penetration and the recovery of healthcare activities post-pandemic, which contributed to higher revenue from Domestic Sales and directly led to an increase in gross profit in 2023. The gross profit margin from Domestic Sales decreased from 88.7% in

2022 to 81.8% in 2023 primarily due to a decrease in the average selling price, which decreased from RMB11.0 per unit in 2022 to RMB10.2 per unit in 2023, and the higher cost in relation to horse plasma used for production in 2023.

Gross profit for Export Sales of Human TAT increased from RMB18.3 million in 2022 to RMB24.1 million in 2023. The increase was driven by higher demand in emerging regions, such as Southeast Asia and Africa, where we successfully captured market share by offering competitive pricing and maintaining product quality standards. The gross profit margin in overseas markets decreased from 58.6% in 2022 to 49.0% in 2023. This decrease was primarily due to the higher cost in relation to horse plasma used for production in 2023.

Other Products

Gross loss for other products increased from RMB1.6 million in 2022 to RMB2.0 million in 2023. The gross loss margin improved from 102.4% in 2022 to 69.0% in 2023.

Technical Service Income

Gross profit for technical services increased from a gross loss of RMB0.1 million in 2022 to RMB1.9 million in 2023. The gross profit margin improved significantly from a gross loss margin of 1.5% in 2022 to 16.9% in 2023 driven by an increase in the proportion of higher-margin services purchased by customers and depreciation expenses related to fixed assets.

Other Income

Our other income and gains decreased from RMB4.9 million in 2022 to RMB2.1 million in 2023. This decrease was primarily due to a decrease in government grants from RMB3.9 million to RMB1.1 million.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

Impairment losses under expected credit loss model, net of reversal increased from a reversal of RMB0.7 million in 2022 to a loss of RMB0.3 million in 2023. This was primarily caused by reversal of impairment loss of trade and other receivables in the corresponding year.

Other Gains and Losses

Our other gains and losses amounted to a net loss of RMB0.5 million in 2022 and a net gain of RMB0.3 million in 2023.

Research and Development Expenses

Our research and development expenses increased from RMB16.4 million in 2022 to RMB24.2 million in 2023, primarily due to a substantial increase in contracted R&D costs from RMB6.1 million to RMB11.9 million, driven by new projects initiated in 2023. This increase was largely driven by a major project initiated in 2023 focused on antiserum

development of the Novel Coronavirus (2019-nCoV). Employee compensation increased from RMB4.1 million in 2022 to RMB6.0 million in 2023, driven mainly by increased headcount and higher compensation levels for our R&D personnel.

Distribution and Selling Expenses

Our distribution and selling expenses remained relatively stable at RMB34.7 million in 2022 and RMB33.0 million in 2023. Promotion expenses decreased from RMB29.1 million in 2022 to RMB25.9 million in 2023, primarily due to the implementation of more cost-effective marketing strategies.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB28.9 million in 2022 and RMB29.2 million in 2023. In particular, employee compensation decreased from RMB15.3 million in 2022 to RMB13.8 million in 2023, which was primarily due to the decrease in headcount of administrative staff in 2023.

[REDACTED]

[REDACTED]

Finance Costs

Our finance costs decreased from RMB1.4 million in 2022 to RMB0.7 million in 2023. This decrease was primarily due to a decrease in interest expenses on bank borrowings from RMB1.3 million in 2022 to RMB0.6 million in 2023, mainly attributable to a decrease in our bank borrowing balance in 2023.

Gains Arising on Initial Recognition of Agricultural Produce at Fair Value Less Costs to Sell at the Point of Harvest

Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest increased from RMB3.8 million in 2022 to RMB16.5 million in 2023, which was in turn due to higher production volumes and market price.

Loss Arising from Changes in Fair Value Less Costs to Sell of Biological Assets

Loss arising from changes in fair value less costs to sell of biological assets was RMB2.8 million in 2022 and RMB2.9 million in 2023 caused by change in number and conditions of horses at the end of each year.

Income Tax Expense

Our income tax expense increased from RMB5.3 million in 2022 to RMB8.1 million in 2023, mainly due to the increase in profit before income tax from RMB31.8 million in 2022 to RMB63.6 million in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB26.5 million in 2022 to RMB55.5 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	202,627	198,687	196,502
Investment properties	8,063	31,721	34,492
Right-of-use assets	41,467	41,395	40,300
Intangible assets	760	631	502
Biological assets	8,180	10,540	5,030
Deferred tax assets	2,908	2,676	2,217
Deposits paid for acquisition of property, plant and equipment, intangible assets and/or leasehold land	39,409	22,441	16,398
	303,414	**308,091**	**295,441**
CURRENT ASSETS			
Inventories	64,374	57,536	56,435
Contract cost	1,065	511	771
Trade and bills receivables	61,861	73,266	67,802
Deposits, other receivables and prepayments	4,869	3,979	6,235
Amounts due from related parties	2,330	688	410
Financial instrument at FVTPL	26,995	—	4,106
Restricted bank deposits	129	—	—
Cash and cash equivalents	53,831	58,199	52,831
	215,454	**194,179**	**188,590**
Assets classified as held for sale	—	—	3,491
	215,454	**194,179**	**192,081**

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES			
Trade and other payables	74,163	72,982	62,140
Amounts due to related parties	1,794	42,073	10,012
Contract liabilities	5,244	3,091	2,443
Bank borrowings	37,622	19,922	—
Lease liabilities	319	342	—
Tax payable	5,667	861	8,692
	124,809	**139,271**	**83,287**
Liabilities classified as held for sale	—	—	77
	124,809	**139,271**	**83,364**
NET CURRENT ASSETS	**90,645**	**54,908**	**108,717**
TOTAL ASSETS LESS CURRENT LIABILITIES	**394,059**	**362,999**	**404,158**
CAPITAL AND RESERVES			
Share capital	181,429	272,143	272,143
Reserves	211,195	89,794	131,080
Equity attributable to owners of the Company	392,624	361,937	403,223
Non-controlling interests	—	(13)	—
TOTAL EQUITY	**392,624**	**361,924**	**403,223**
NON-CURRENT LIABILITIES			
Lease liabilities	1,220	860	720
Deferred income	215	215	215
	1,435	**1,075**	**935**
	394,059	**362,999**	**404,158**

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery and equipment, motor vehicles, construction in progress and leasehold improvement. Our property, plant and equipment decreased from RMB202.6 million as of December 31, 2022, to RMB198.7 million as of December 31, 2023, primarily due to the depreciation provided in 2023, net off by new construction in progress and machinery and equipment purchased. Our property, plant and equipment further decreased to RMB196.5 million as of December 31, 2024, primarily due to depreciation, the disposal of certain motor vehicles and machinery and equipment and the transfer of assets to those classified as held for sale net off by additions of construction in progress and machinery and equipment.

Investment Properties

Our investment properties consist of buildings located in the PRC, which are measured using the cost model and depreciated on a straight-line basis over 10 to 20 years.

The carrying amounts of our investment properties increased from RMB8.1 million as of December 31, 2022, to RMB31.7 million as of December 31, 2023, primarily due to additions of new properties amounting to RMB24.3 million. The carrying amounts further increased to RMB34.5 million as of December 31, 2024, primarily due to additional investments of RMB3.8 million, partially offset by depreciation charges. There has been no change in the valuation techniques during the Track Record Period. The fair values of our investment properties are classified as Level 3 of the fair value measurement hierarchy. No transfers into or out of Level 3 occurred during the Track Record Period. These valuations were conducted by an independent qualified professional valuer, who is not connected to our Group.

Right-of-Use Assets

Our right-of-use assets primarily consisted of leasehold land and leased properties. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Leasehold land	40,038	40,309	40,300
Leasehold properties	1,429	1,086	—
Total	**41,467**	**41,395**	**40,300**

Our right-of-use assets remained relatively stable at RMB41.5 million as of December 31, 2022, and RMB41.4 million as of December 31, 2023. Our right-of-use assets decreased to RMB40.3 million as of December 31, 2024, primarily due to the depreciation of right-of-use assets and the transfer of a portion of leasehold land to assets classified as held for sale.

Intangible Assets

Our intangible assets primarily consisted of patent right and software. Our intangible assets decreased from RMB0.8 million as of December 31, 2022, to RMB0.6 million as of December 31, 2023, mainly due to the accumulation of amortization. Our intangible assets further decreased from RMB0.6 million as of December 31, 2023, to RMB0.5 million as of December 31, 2024, primarily due to the continued amortization.

Biological Assets

During the Track Record Period, our biological assets comprised horses used for plasma production at our facilities. These horses are essential for our production of tetanus antitoxin and other plasma-derived products. The following table sets forth a breakdown of the quantity and fair value of our horses, which accounted for all of our biological assets as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
Quantity (heads)	1,010	1,251	920
Fair Value (RMB'000)	8,180	10,540	5,030

The quantity of horses increased from 1,010 as of December 31, 2022, to 1,251 as of December 31, 2023, representing an increase of 241 horses. This increase was primarily due to the purchase of horses from external suppliers. The fair value of biological assets increased from RMB8.2 million as of December 31, 2022, to RMB10.5 million as of December 31, 2023. This increase was primarily attributable to the higher number of horses used for plasma production.

From 2023 to 2024, the quantity of horses decreased from 1,251 to 920. The fair value of biological assets decreased to RMB5.0 million as of December 31, 2024, primarily due to disposals of horses and the overall longer period being in the plasma collection stage of horses as of December 31, 2024, comparing to the prior year end.

Our biological assets were independently valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), which is an independent professional valuer not connected with us and has extensive experience in valuation of biological assets. See "— Valuation of Biological Assets" of this section.

Valuation of Biological Assets

Our biological assets were independently valued by a qualified and independent professional valuer with extensive experience in valuing biological assets. The valuation was conducted using the market approach and cost approach, referencing the transaction prices from the recent procurements, the plasma collection cycle and the residual value. The assumptions and material inputs used in the valuation, including market prices and cost-to-sell adjustments, are consistent with relevant accounting standards.

Independent Valuer

We engaged JLL, an independent valuer, to determine the fair value of our biological assets as of December 31, 2022, 2023 and 2024. The key valuer of the team is Mr. Simon M.K. Chan, who possesses extensive experience in the valuation of biological assets and has provided valuation services to numerous companies in the PRC, Hong Kong, Singapore and the United States. Based on its track record, reputation and qualifications, our Directors and the Joint Sponsors are satisfied that JLL is independent and competent to conduct the valuation of our biological assets.

Site Inspections and Expert Consultation

The valuer conducted site inspections to verify the physical existence and condition of our biological assets. The valuer also engaged Mr. Chang Zhong, an independent consultant with expertise in veterinary science, to advise on the physical and biological attributes of the biological assets. The consultant has extensive experience in livestock management and is responsible for assessing the health, productivity and overall condition of the biological assets. Based on the consultant's advice, the valuer confirmed that the biological attributes of the assets were accurately reflected in the valuation.

Valuation Methodology

The valuation of our biological assets was conducted using the market approach and the cost approach. The market approach was applied to horses in preparation stage, while the cost approach was used for horses in plasma collection stage.

Key assumptions and inputs used in the valuation include:

- Classification of biological assets by their plasma collection stage;
- Quantity of each category of biological assets as of each valuation date;
- Recent procurement price of biological assets at each valuation date;
- Estimated productive lifespan of biological assets, which ranges from 18 to 60 months; and
- Assumptions regarding mortality, disposal prices, and disposal costs.

The valuer conducted site inspections to verify the physical existence and condition of our biological assets. The valuation was prepared in accordance with International Valuation Standards and International Accounting Standards 41 — Agriculture, and the Joint Sponsors have reviewed the scope of work, valuation procedures, bases, and assumptions adopted by the valuer and is satisfied with the appropriateness and reasonableness of the valuation.

The Reporting Accountants have reviewed the valuation techniques and key inputs used in the valuation of our biological assets as part of their work on the Historical Financial Information. They have satisfied themselves with respect to the valuation techniques and inputs used in the valuation.

The Joint Sponsors have conducted discussions with our management, the Reporting Accountants, and the valuer regarding the valuation of biological assets, including but not limited to the valuation procedures, valuation techniques and the information required to prepare the valuation report. The Joint Sponsors also have reviewed the qualifications and relevant experience of the valuer and the consultant. The Joint Sponsors have also discussed with the valuer the scope of work, valuation procedures, valuation bases, assumptions, and techniques used. Based on the aforementioned, the Joint Sponsors are satisfied that the valuation techniques and key inputs are reasonable and appropriate.

Sensitivity Analysis

The following table sets forth the sensitivity of the valuation of our biological assets to changes in key assumptions as of December 31, 2022, 2023 and 2024:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Change in valuation of our biological assets			
+/–5%	+/–409	+/–527	+/–252
+/–10%	+/–818	+/–1,054	+/–503
+/–15%	+/–1,227	+/–1,581	+/–755
+/–20%	+/–1,636	+/–2,108	+/–1,006

Stock-Take and Internal Control

We have established a standard protocol for stock-takes to ensure the physical existence of our biological assets and the accuracy of relevant data. Stock-takes are conducted on a quarterly basis at each of our facilities. The results are reviewed by our Finance Department, and any discrepancies identified during stock-takes are reported and investigated. We have adopted a comprehensive policy for biological asset management. This policy covers areas such as depreciation, purchases and disposals, breeding, record-keeping, and stock-take procedures. We maintain detailed records of our biological assets, including key data such as the number and types of horses.

As of December 31, 2022, 2023, and 2024, the fair value of our biological assets represented approximately 1.6%, 2.1% and 1.0% of our total assets, respectively. Unrealized fair value gains or losses on biological assets have been excluded for the purpose of meeting the profit requirements under [REDACTED].

Deferred Tax Assets

Deferred tax assets primarily represented unrealized profit and fair value change on agricultural produce. Our deferred tax assets decreased from RMB2.9 million as of December 31, 2022, to RMB2.7 million as of December 31, 2023, and further to RMB2.2 million as of December 31, 2024. The decrease in deferred tax assets was primarily due to the impact of fair value adjustments, fair value changes on agricultural produce, and a decrease in accrued expenses and impairment provisions.

Inventories

Our inventories primarily consisted of raw materials and consumables, work in progress and finished goods. The following table sets forth the breakdown of our inventories as of the date indicted:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	14,588	10,492	7,197
Work in progress	45,598	38,634	39,376
Finished goods	4,188	8,410	9,862
	64,374	**57,536**	**56,435**

Our inventories decreased from RMB64.4 million as of December 31, 2022, to RMB57.5 million as of December 31, 2023, and further to RMB56.4 million as of December 31, 2024. The overall decrease was primarily due to the consumption of accumulated inventories and higher production levels to meet growing market demand.

The following table sets forth a summary of our inventories turnover days for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
Inventories turnover days*	668.1	349.2	317.0

Note:

* Inventories turnover days were calculated based on the arithmetic mean of opening and closing balance of inventories for the relevant year, divided by our cost of sales for the same year and multiplied by 365 days for 2022, 2023, and 2024.

Our inventory turnover days were 668.1 days, 349.2 days, and 317.0 days in 2022, 2023, and 2024, respectively. We recorded relatively longer inventory turnover days during the Track Record Period due to the production process of Human TAT, which requires the work-in progress (immunized horse plasma and TAT bulk) to be held and aged for a certain period of time. This aging process is essential to ensure product quality and stability, resulting in higher overall inventory turnover days. The relatively higher inventory turnover days of 668.1 days in 2022 were primarily attributable to increased inventory build-up resulting from logistical disruptions and reduced market activities during the COVID-19 pandemic. Inventories turnover days decreased to 349.2 days in 2023 and further decreased to 317.0 days in 2024, which was due to enhanced inventory turnover efficiency, driven by the increased utilization of previously accumulated inventories.

As of February 28, 2025, RMB0.4 million or 0.8% of our inventories outstanding as of December 31, 2024, was subsequently utilized.

Trade and Bills Receivables

Our trade and bills receivables primarily represented receivables from contract with customers, bill receivables and others. The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	57,181	65,770	60,190
Less: allowance for credit losses	(3,447)	(3,292)	(3,043)
	53,734	**62,478**	**57,147**
Bills receivables	8,127	10,788	10,655
Total	**61,861**	**73,266**	**67,802**

Our trade and bills receivables increased from RMB61.9 million as of December 31, 2022, to RMB73.3 million as of December 31, 2023, primarily due to: (i) an increase in trade receivables from RMB57.2 million to RMB65.8 million, driven by an increase in revenue.

Trade and bills receivables decreased to RMB67.8 million as of December 31, 2024, primarily due to improved collection efforts and the resolution of outstanding balances. For more details, see Note 24 to the Accountants' Report in Appendix I in this document.

The following table sets forth an aging analysis of the trade receivables, based on the dates of goods delivery, as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Less than 90 days	32,590	47,528	34,534
More than 90 days and less than 180 days	11,734	18,838	20,437
More than 180 days and less than one year	11,315	6,882	12,394
More than one year	6,222	18	437
Total	**61,861**	**73,266**	**67,802**

The following table sets forth a summary of our trade and bills receivables turnover days for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
Trade and bills receivables turnover days*	161.1	124.5	116.6

Note:

* Trade and bills receivables turnover days were calculated based on the average of opening and closing balance of trade and bills receivables less allowance for credit losses for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2022, 2023, and 2024.

Our trade and bills receivables turnover days were 161.1 days, 124.5 days and 116.6 days in 2022, 2023, and 2024, respectively. The decrease in trade and bills receivables turnover days from 2022 to 2023 was primarily due to the increase in revenue outpacing the increase in trade receivables following the post-pandemic recovery. The further decrease in our trade and bills receivables turnover days to 116.6 days in 2024 was mainly due to improved collection efforts and shorter payment cycles from customers, as well as our increased revenue in 2024.

To ensure the timely collection of trade receivables and improve cash flow management, we have implemented several measures. We conduct comprehensive credit evaluations for all customers, regularly reviewing their financial status, payment history, and market reputation. Customers with higher credit risk are subject to stricter payment terms, such as shorter credit periods or advance payment requirements.

Our accounts receivable team closely monitors outstanding balances and performs regular aging analyses, issuing reminders to customers as payment deadlines approach. Additionally, we have integrated receivables collection performance into the incentives for our sales team, encouraging them to actively ensure timely payments from their customers. For accounts that are significantly overdue, particularly those exceeding six months, we initiate structured collection processes, which may include engaging collection agencies or taking legal action when necessary.

As of February 28, 2025, RMB16.3 million or 28.5% of our trade receivables outstanding as of December 31, 2024, was subsequently settled.

Deposits, Other Receivables and Prepayments

Deposits, other receivables and prepayments primarily consisted of deposits, value-added tax recoverable, prepayments, [REDACTED], and other miscellaneous receivables. Deposits, other receivables and prepayments decreased slightly from RMB4.9 million as of December 31, 2022, to RMB4.0 million as of December 31, 2023, primarily due to a decrease in prepayments and miscellaneous receivables. Deposits, other receivables and prepayments increased to RMB6.2 million as of December 31, 2024, mainly due to an increase in deposits and [REDACTED]. The allowance for credit losses on other receivables was RMB0.3 million, RMB0.1 million, and RMB0.3 million as of December 31, 2022, 2023, and 2024, respectively.

Financial Instrument at Fair Value Through Profit or Loss ("FVTPL")

Financial instrument at FVTPL represents bank financial products held for trading for short-term investment purposes during the Track Record Period. These bank financial products were held for short-term investment purposes and primarily consisted of low-risk wealth management products offered by commercial banks. Financial instrument at FVTPL decreased from RMB27.0 million as of December 31, 2022 to nil as of December 31, 2023, primarily due to the timely redemption of all bank financial products in 2023. Financial instrument at FVTPL increased to RMB4.1 million in 2024, due to purchase of new bank financial products in 2024.

Our senior management team and finance department are primarily responsible for making, implementing, and supervising our investment decisions. To ensure proper oversight and risk management, we have implemented the following treasury policies and internal authorization controls:

- We have formulated the Policy on the Management of External Investments (《對外投資管理制度》) to regulate the process of investing.
- Our Board reviews and approves the annual cap for investments decisions.
- The senior management team oversees the overall planning and approval of investments in wealth management products.
- The finance department conducts analysis and research on potential investments in wealth management products and handles their long-term routine management.
- Investments in wealth management products are only made when surplus cash is available, which is not required for short-term working capital purposes, and remain within the limits authorized by the senior management team.

Before making any investment, we ensure that sufficient working capital is maintained to meet our business needs, ongoing operations, research and development, and capital expenditures, even after purchasing such wealth management products. We adopt a prudent approach when selecting wealth management products, making investment decisions on a case-by-case basis after careful consideration of factors such as the investment duration and expected returns. To manage risk exposure, we have historically sought, and may continue to seek, low-risk wealth management products with terms of no longer than twelve months. Investments in similar wealth management products may continue to be made using surplus cash. We are aware that upon the [REDACTED], investments in such financial assets may constitute notifiable transactions under Chapter 14 of the Listing Rules. Our Directors confirm that any such investments will only be made in compliance with the Listing Rules and other relevant laws and regulations, if applicable.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of bank balances and demand deposits. Our cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of less than six months, depending on the immediate cash requirements of our Group, and earn interest at the respective short-term time deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

Our cash and cash equivalents remained relatively stable at RMB53.8 million, RMB58.2 million and RMB52.8 million as of December 31, 2022, 2023 and 2024, respectively.

Liabilities

Trade and Other Payables

Our trade and other payables primarily related to trade payables, payables for marketing and promotion expenses, salaries and wages payables, payables for acquisition of property, plant and equipment, and others. Trade and other payables remained relatively stable at RMB74.2 million, RMB73.0 million, and RMB62.1 million as of December 31, 2022, 2023 and 2024, respectively.

The following table sets forth a breakdown of trade and other payables by nature as of the dates indicated.

	As of December 31		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	7,347	12,334	13,024
Salaries and wages payables	5,990	9,251	11,549
Other tax payables	3,148	3,736	1,907
Payables for acquisition of property, plant and equipment	18,764	12,977	8,936
Payables for marketing and promotion expenses	23,314	24,054	21,013
Compensation for forest land	3,954	3,654	2,266
Payables for acquisition of biological assets	662	1,066	117
Advance received for sales of biological assets	409	—	—
Deposit received	6,599	563	775
Other	3,976	5,347	2,553
Total	**74,163**	**72,982**	**62,140**

The following table sets forth an aging analysis of the trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Less than 90 days	3,780	8,449	3,309
More than 90 days and less than 1 year	185	1,304	7,579
More than 1 year	3,382	2,581	2,136
Total	**7,347**	**12,334**	**13,024**

The following table sets forth a summary of our trade and other payables turnover days for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
Trade payables turnover days*	89.8	56.4	70.5

Note:

* Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the cost of sales for the same year, and multiplied by 365 days for 2022, 2023, and 2024.

Our trade payables turnover days were 89.8 days, 56.4 days, and 70.5 days in 2022, 2023, and 2024, respectively. The decrease in our trade payables turnover days in 2023 was primarily due to the impact of the pandemic in 2022, which had caused delays in payment cycles, resulting in an abnormally high turnover days in 2023. In 2023, our trade payables turnover days decreased closer to our normal cycle of approximately 60 days as operations normalized. Trade payables turnover days increased to 70.5 days in 2024, which was due to extended payment terms negotiated with suppliers to manage working capital more effectively.

As of February 28, 2025, RMB4.8 million or 37.2% of our trade payables outstanding as of December 31, 2024, was subsequently settled.

Contract Liabilities

Contract liabilities primarily represent amounts received in advance for the sale of goods and services. The change in contract liabilities during the Track Record Period was mainly due to the timing of revenue recognition and the fulfillment of performance obligations associated with advance payments. Our contract liabilities decreased from RMB5.2 million as of December 31, 2022, to RMB3.1 million as of December 31, 2023, and further decreased to RMB2.4 million as of December 31, 2024. This decrease was mainly due to the recognition of revenue from advance payments received in prior periods, including prepayments for goods and service fees, which were fully performed and recognized as revenue, exceeding the new advance payments received during the same years.

Net Assets

Net assets decreased from RMB392.6 million as at December 31, 2022 to RMB361.9 million as at December 31, 2023, primarily due to the dividend distribution of RMB86.2 million, which offset the profit for the year of RMB55.5 million. Net assets increased to RMB403.2 million as at December 31, 2024, mainly attributable to the profit for the year of RMB75.1 million, partially offset by the dividend distribution of RMB40.8 million.

CASH FLOWS

Our use of cash primarily related to investing activities, financing activities and capital expenditure. We have historically financed our operations primarily through a consolidation of cash flow generated from our operations and bank borrowings.

The following table sets forth a summary of our cash flows information for the periods indicated:

	Year Ended December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows from operating activities	70,188	68,606	104,055
Net cash flows used in investing activities	(115,111)	(1,039)	(16,298)
Net cash flows from/(used in) financing activities	38,308	(63,293)	(91,350)
Net (decrease) increase in cash and cash equivalents	**(6,615)**	**4,274**	**(3,593)**
Cash and cash equivalents as of January 1	60,253	53,831	58,199
Effect of foreign exchange rate changes, net	193	94	67
Cash and cash equivalents as of December 31	**53,831**	**58,199**	**54,673**

Net Cash Flows from Operating Activities

Net cash flows from operating activities were RMB104.0 million in 2024, primarily due to profit before tax of RMB91.8 million, as adjusted for certain non-cash and/or non-operating items, including (i) depreciation of property, plant, and equipment of RMB9.9 million, (ii) provision of inventories of RMB16.5 million, and (iii) depreciation of right-of-use assets of RMB2.3 million. Adjustments for changes in working capital primarily included (i) a decrease in trade and bills receivables of RMB5.7 million, and (ii) a decrease in trade and other payables of RMB6.7 million, partially offset by (i) an increase in inventories of RMB4.5 million, and (ii) an increase in other receivables and prepayments of RMB1.7 million.

Net cash flows from operating activities were RMB68.6 million in 2023, primarily due to profit before tax of RMB63.6 million, as adjusted for certain non-cash and/or non-operating items, including (i) depreciation of property, plant, and equipment of RMB10.3 million, (ii) depreciation of right-of-use assets of RMB1.3 million, and (iii) provision of inventories of RMB3.3 million. Adjustments for changes in working capital primarily included (i) an increase in trade and bills receivables of RMB11.3 million, (ii) an increase in other receivables and prepayments of RMB1.1 million, and (iii) a decrease in contract liabilities of RMB2.2 million, partially offset by a decrease in inventories of RMB10.0 million.

Net cash flows from operating activities were RMB70.2 million in 2022, primarily due to profit before tax of RMB31.8 million, as adjusted for certain non-cash and/or non-operating items, including (i) depreciation of property, plant, and equipment of RMB9.6 million, (ii) provision of inventories of RMB2.1 million, and (iii) depreciation of right-of-use assets of RMB1.2 million. Adjustments for changes in working capital primarily included (i) a decrease in trade and bills receivables of RMB16.6 million, and (ii) a decrease in other receivables and prepayments of RMB6.3 million, partially offset by (i) an decrease in inventories of RMB0.2 million, and (ii) an increase in contract liabilities of RMB2.5 million.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities were RMB16.3 million in 2024, primarily due to (i) the purchase of financial instruments at FVTPL of RMB21.5 million, (ii) the purchase of biological assets of RMB5.7 million, and (iii) the purchase of property, plant, and equipment of RMB11.0 million, partially offset by (i) proceeds from the maturity of financial instruments at FVTPL of RMB17.5 million, (ii) proceeds from the disposal of biological assets of RMB4.1 million, and (iii) proceeds from the disposal of property, plant, and equipment of RMB0.3 million.

Net cash flows used in investing activities were RMB1.0 million in 2023, primarily due to (i) purchase of financial instruments at FVTPL of RMB65.5 million, and (ii) purchase of property, plant, and equipment of RMB19.9 million, partially offset by proceeds from maturity of financial instruments at FVTPL of RMB92.8 million, and proceeds from disposal of biological assets of RMB6.2 million.

Net cash flows used in investing activities were RMB115.1 million in 2022, primarily due to (i) purchase of financial instruments at FVTPL of RMB131.0 million, and (ii) purchase of property, plant, and equipment of RMB72.2 million, partially offset by (i) proceeds from maturity of financial instruments at FVTPL of RMB104.6 million, and (ii) proceeds from disposal of biological assets of RMB8.5 million.

Net Cash Flows From/(Used In) Financing Activities

Net cash flows used in financing activities were RMB91.4 million in 2024, primarily consisting of (i) dividends paid to owners of the Company of RMB40.8 million, (ii) repayment of bank borrowings of RMB19.9 million, (iii) repayment of lease liabilities of RMB3.1 million, and (iv) payment of [REDACTED] for the [REDACTED] of RMB[REDACTED], partially offset by new bank borrowings raised of RMB8.5 million.

Net cash flows used in financing activities were RMB63.3 million in 2023, primarily consisting of (i) dividends paid to owners of the Company of RMB86.2 million, (ii) repayment of bank borrowings of RMB47.6 million, and (iii) interest paid of RMB0.7 million, partially offset by new bank borrowings raised of RMB29.9 million.

Net cash flows from financing activities were RMB38.3 million in 2022, primarily consisting of (i) proceeds from the issuance of shares of RMB47.4 million, and (ii) new bank borrowings raised of RMB37.6 million, partially offset by (i) repayment of bank borrowings

of RMB35.0 million, (ii) dividends paid to owners of the Company of RMB10.0 million, (iii) repayment of lease liabilities of RMB0.3 million, and (iv) interest paid of RMB1.4 million.

Net Current Assets

The table below sets forth the details of our net current assets as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
CURRENT ASSETS				
Inventories	64,374	57,536	56,435	57,283
Contract cost	1,065	511	771	807
Trade and bills receivables	61,861	73,266	67,802	59,939
Deposit, other receivables and prepayments	4,869	3,979	6,235	7,821
Amounts due from related parties	2,330	688	410	466
Financial instrument at FVTPL	26,995	—	4,106	6,350
Restricted bank deposits	129	—	—	—
Cash and cash equivalents	53,831	58,199	52,831	47,160
	215,454	**194,179**	**188,590**	**179,824**
Assets classified as held for sale	—	—	3,491	—
	215,454	**194,179**	**192,081**	**179,824**
CURRENT LIABILITIES				
Trade and other payables	74,163	72,982	62,140	48,592
Amounts due to related parties	1,794	42,073	10,012	11
Contract liabilities	5,244	3,091	2,443	4,524
Bank borrowings	37,622	19,922	—	—
Lease liabilities	319	342	—	69
Tax payable	5,667	861	8,692	7,915
	124,809	**139,271**	**83,287**	**61,111**
Liabilities classified as held for sale	—	—	77	—
	124,809	**139,271**	**83,364**	**61,111**
NET CURRENT ASSETS	**90,645**	**54,908**	**108,717**	**118,713**

Our net current assets decreased from RMB90.7 million as of December 31, 2022, to RMB54.9 million as of December 31, 2023, primarily due to: (i) a decrease in financial instruments at FVTPL of RMB27.0 million, and (ii) a decrease in inventories of RMB6.8 million. These were partially offset by: (i) an increase in trade and bills receivables of RMB11.4 million, and (ii) an increase in cash and cash equivalents of RMB4.4 million.

Our net current assets increased to RMB108.7 million as of December 31, 2024, primarily due to: (i) a decrease in bank borrowings of RMB19.9 million, and (ii) an increase in deposit, other receivables and prepayments of RMB2.3 million. These were partially offset by: (i) a decrease in trade and bills receivables of RMB5.5 million, and (ii) a decrease in cash and cash equivalents of RMB5.4 million.

Our net current assets increased to RMB118.7 million as of February 28, 2025, primarily due to a decrease in trade and other payables of RMB13.5 million, and a decrease in trade and bill receivables of RMB7.9 million.

WORKING CAPITAL SUFFICIENCY

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities, capital contributions and bank borrowings, and our primary uses of cash were to fund our business operations. Going forward, we believe that our liquidity requirements will be satisfied with a combination of our cash flows generated from our operating activities and net [REDACTED] from the [REDACTED]. As of December 31, 2024, we had cash and cash equivalents of RMB52.8 million.

Taking into account the financial resources available to us, including cash flow from operating activities, our current cash and cash equivalents and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have available sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

CAPITAL EXPENDITURE

We incurred capital expenditures of RMB78.1 million, RMB34.3 million and RMB14.1 million in 2022, 2023 and 2024, respectively. Our capital expenditures comprised of expenditures for property, plant and equipment, intangible assets and investment properties.

CAPITAL COMMITMENTS

See Note 35 to the Accountants' Report as set forth in Appendix I to this document for details.

INDEBTEDNESS

Our indebtedness mainly included bank borrowings and lease liabilities during the Track Record Period. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank borrowings	37,622	19,922	—	—
Lease liabilities	319	342	—	69
Non-current				
Lease liabilities	1,220	860	720	793
Total	**39,161**	**21,124**	**720**	**862**

As of February 28, 2025, we had outstanding indebtedness representing bank borrowings of nil and lease liabilities of RMB0.9 million.

Except as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2024 and February 28, 2025. Since February 28, 2025 and up to the date of the document, there had not been any material adverse change to our indebtedness.

Bank Borrowings

We recorded bank borrowings of RMB37.6 million, RMB19.9 million and nil as of December 31, 2022 and 2023 and 2024, respectively. As of December 31, 2022, 2023 and 2024, the range of the effective interest rate of our bank loans was 3.85% to 4.2% per annum, 3.65% to 4.35% per annum and nil, respectively. During the Track Record Period, all of our interest-bearing bank loans and other borrowings are denominated in RMB. As of December 31, 2024, we have credit facilities of RMB10.0 million, of which nil was subsequently utilized as of February 28, 2025.

Lease Liabilities

We recognize lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. We had lease liabilities of RMB1.5 million, RMB1.2 million and RMB0.7 million as of December 31, 2022, 2023 and 2024, respectively.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, we did not have any contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios for the years/as of the dates indicated:

	As of/Year Ended December 31,		
	2022	**2023**	**2024**
Gross profit margin[(1)] (%)	75.4	67.8	70.3
Net profit margin[(2)] (%)	18.6	28.0	34.0
Return on equity[(3)] (%)	7.4	14.7	19.6
Current ratio[(4)]	1.7	1.4	2.3
Quick ratio[(5)]	1.2	1.0	1.6
Gearing ratio[(6)] (%)	10.4	17.5	2.7
Debt to equity ratio[(7)] (%)	—	1.4	—

Notes:

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.

(2) Net profit margin was calculated based on net profit after taxes divided by revenue for the respective year.

(3) Return on equity was calculated based on net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as of the relevant dates.

(5) Quick ratio was calculated based on the total current assets less inventories and divided by the total current liabilities as of the relevant dates.

(6) Gearing ratio was calculated based on total borrowings, including bank borrowings, loan from a related party and lease liabilities divided by total equity as of the relevant dates and multiplied by 100%.

(7) Debt to equity ratio was calculated based on total borrowings, including bank borrowings, loan from a related party and lease liabilities less cash and cash equivalents divided by total equity as of the relevant date and multiplied by 100%. As of December 31, 2022 and 2024, the debt to equity ratio is not meaningful because total borrowings, including bank borrowings, loan from a related party, and lease liabilities less cash and cash equivalents, resulted in a negative value.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions. For more details, see Note 40 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that, all material related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance. The pricing for the related party transactions was primarily based on (i) arm's length negotiation; (ii) comparable market price; (iii) the total sales/purchase volume of the transaction. The pricing and credit terms for the related party transactions are comparable those similar transactions with the Independent Third Parties and no favorable terms has been granted to/by such related party. The prices are mutually agreed after taking the prevailing market prices into consideration. Excepted for the transaction between our Group and Shenzhen Qianhai Tianzheng Biotechnology Co., Ltd in connection with which we recorded as "amounts to related parties" in our consolidated statements of financial position, all the other related party transactions were trade in nature, and our Directors and management will consider a series of factors to determine whether to continue such an arrangement upon [REDACTED] and the [REDACTED], in the best interest of our Group. For details of the transaction between our Group and Shenzhen Qianhai Tianzheng Biotechnology Co., Ltd, see "History, Development and Corporate Structure — Equity Transfers Involving Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司) ("**Hainan Pharmaceutical**") During Track Record Period" of this document. See also Note 40 of the Accountants' Report as set forth in Appendix I to this document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RISK DISCLOSURES

We are exposed to a variety of financial risks, including credit risk, liquidity risk, and exchange risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. For more details, see Note 37 to the Accountants' Report in Appendix I to this document. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks.

Credit Risk

Our Group trades with recognized and creditworthy third parties. It is our Group's policy that customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as the customer bases of our Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

The accounts receivable and financial assets included in prepayments, deposits and other assets represent our Group's major exposure to the credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statement of financial position. Our Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimize the credit risk. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by senior management.

For more details, see Note 37 to the Accountants' Report in Appendix I to this document.

Liquidity Risk

Our Group manages the risk of fund deficiency with a circular liquidity planning tool. The tool take both the due date of financial instrument and the expected cash flow generated from operations of our Group into consideration. Our Group aims to utilize bank loan along with other financing methods to maintain the balance between the consistency and flexibility financing activities.

For more details, see Note 37 to the Accountants' Report in Appendix I to this document.

Exchange Rate Risk

Our management believes the exchange risk of foreign currency is not significant as the majority of business transactions occur in mainland China and all domestic transactions are denominated in Renminbi. We are mainly exposed to the effects of fluctuation in RMB against US$. The following table details our sensitivity to a 5% increase or decrease in RMB against US$. The percentage represents management's assessment of the reasonably possible change in foreign exchange rate. As of December 31, 2022, 2023 and 2024, if the exchange rate had been weakened/strengthened in RMB against US$ by 5% and all other variables were held constant, our net profit for each year would decrease/increase as follow:

	As of December 31,		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Change in foreign exchange rates			
+/–5%	+/–78	+/–309	+/–153
+/–10%	+/–156	+/–619	+/–307
+/–15%	+/–234	+/–928	+/–460
+/–20%	+/–312	+/–1,238	+/–613

Capital Management

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

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. Our investments are primarily in unlisted wealth management products issued by reputable banks in mainland China. These products are selected for their low-risk profiles, predictable cash flows, and alignment with our overall financial strategy of optimizing liquidity management while balancing risk and return. To ensure proper oversight and mitigate risks, we have established a robust internal control mechanism for managing investments. All potential investments undergo a rigorous evaluation process, including an assessment of the risk-return profile, the creditworthiness of the issuing bank, and compliance with our investment policies. Once investments are made, we continuously monitor their performance and credit risk, providing regular updates to senior management and the Board. Additionally, our internal audit team periodically reviews the investment process to ensure compliance with regulatory requirements and internal policies.

Our management team possesses significant expertise in evaluating and managing financial investments, particularly wealth management products. With strong backgrounds in finance, accounting, and risk management, the team is well-equipped to analyze market trends, assess risks, and make informed decisions. We remain proactive in responding to changes in financial markets and regulatory developments, ensuring effective and vigilant investment management.

The Board plays an active role in overseeing and governing investment activities. It approves the overall investment policy to ensure alignment with strategic objectives and provides oversight for key decisions regarding wealth management investments. Any proposed investment exceeding a predetermined threshold or carrying a higher risk level requires prior Board approval. The Board also receives regular reports on investment performance and risk assessments, enabling it to provide continued guidance and oversight.

Investments in wealth management products are subject to a multi-level approval process involving both the management team and the Board, depending on the size and risk profile of the investment. This rigorous framework ensures all investment decisions are thoroughly scrutinized and align with our financial and risk management objectives. Upon the [REDACTED] and [REDACTED], investments will comply with Chapter 14 of the Listing Rules.

For more details, see Note 38 to the Accountants' Report in Appendix I to this document.

PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer (the "**Independent Property Valuer**"), has valued the property interests of our Group, comprising our operations, as of February 28, 2025. Texts of this letter summary of valuation and valuation reports issued are included in Appendix III to this document.

The following table sets forth the reconciliation of the carrying values of these property interests as reflected in our consolidated balance sheet as of December 31, 2024 included in Appendix I to this document with our Independent Property Valuer's valuation of the same property interests as of February 28, 2025 as set out in Appendix III to this document.

	RMB'000
Net book value as of December 31, 2024	97,943
Amortization and depreciation for the two months ended February 28, 2025	3,175
Additions	(101)
Unaudited net book value as of February 28, 2025	101,017
Decrease in valuation*	(82,437)
Valuation as of February 28, 2025	18,580

Note:

* Certain of our properties under valuation had not obtained any title certificate. Therefore, the Independent Property Valuer attributed no commercial value to these properties. See the Property Valuation Report as set forth in Appendix III to this document for details.

DIVIDENDS

In May 2023 and October 2023, we declared a dividend of RMB10.0 million and RMB76.2 million to the existing shareholders based on the consolidated retained profits as of December 31, 2022. In September 2024, we declared a dividend of RMB40.8 million to the existing shareholders based on the consolidated retained profits as of December 31, 2023. As of the Latest Practicable Date, our declared dividends have been paid in full.

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. As of the Latest Practicable Date, we did not have any dividend policy.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. We will pay dividends according to the applicable PRC laws and our Articles of Association.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of December 31, 2024, we did not have any distributable reserves.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] (HK$[REDACTED]) (including [REDACTED]), at the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document), and assuming the [REDACTED] is not exercised, among which (i) [REDACTED], including [REDACTED] and other expenses are approximately RMB[REDACTED] (HK$[REDACTED]) and (ii) [REDACTED] expenses are approximately RMB[REDACTED] (HK$[REDACTED]), comprising (a) fees and expenses of legal advisors and accountants of approximately RMB[REDACTED] (HK$[REDACTED]) and (b) other fees and expenses of approximately RMB[REDACTED] (HK$[REDACTED]). As of December 31, 2024, we incurred a total of RMB[REDACTED] (HK$[REDACTED]) in [REDACTED], among which RMB[REDACTED] (HK$[REDACTED]) were recognized in our statement of profit or loss, and RMB[REDACTED] (HK$[REDACTED]) were capitalized.

We estimate that additional [REDACTED] of approximately RMB[REDACTED] (HK$[REDACTED]) (including [REDACTED] of approximately RMB[REDACTED] (HK$[REDACTED]), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document)) will be incurred by our Company, approximately RMB[REDACTED] (HK$[REDACTED]) of which is expected to be charged to our statements of profit or loss, and approximately RMB[REDACTED] (HK$[REDACTED]) of which is expected to be capitalized. Our [REDACTED] as a percentage of gross [REDACTED] is [REDACTED]%, assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document) and that the [REDACTED] is not exercised. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document there had been no material adverse change in our financial, operational or prospects since December 31, 2024, being the latest balance sheet date of our combined financial statements in the Accountants' in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK$[REDACTED], after deducting [REDACTED] and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] being not exercised and an [REDACTED] of HK$[REDACTED] per [REDACTED], which is the mid-point of the indicative [REDACTED] stated in this document. If the [REDACTED] is set at HK$[REDACTED] per [REDACTED], which is the high end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will increase by approximately HK$[REDACTED]. If the [REDACTED] is set at HK$[REDACTED] per [REDACTED], which is the low end of the indicative [REDACTED], the net [REDACTED] from the [REDACTED] will decrease by approximately HK$[REDACTED].

Assuming an [REDACTED] at the mid-point of the [REDACTED] and that the [REDACTED] is not exercised, we currently intend to apply these net [REDACTED] for the following purposes:

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the research and development of our product candidates. See "Business — Our Strategies — Rapidly advance the development of human antiserum product pipeline." Specifically, we plan to allocate:

  - [REDACTED]%, or approximately HK$[REDACTED], to the research and development of agkistrodon halys antivenom, which will be used for the planned clinical trials. Specifically, we plan to initiate a Phase I clinical trial in the second quarter of 2025. See "Business — Our Products and Services — Our Pipeline Products Under Development — Snake Antivenom Candidates";

  - [REDACTED]%, or approximately HK$[REDACTED], to the research and development of agkistrodon acutus antivenom, which will be used for the ongoing preclinical studies and planned clinical trials. Specifically, we plan to initiate a Phase I clinical trial in early 2026. See "Business — Our Products and Services — Our Pipeline Products Under Development — Snake Antivenom Candidates";

  - [REDACTED]%, or approximately HK$[REDACTED], to the research and development of polyvalent snake antivenom, which will be used for (i) the ongoing process research which we expect to complete in 2027, (ii) the planned preclinical studies and (iii) a planned Phase I clinical trial. See "Business — Our Products and Services — Our Pipeline Products Under Development — Snake Antivenom Candidates";

- [REDACTED]%, or approximately HK$[REDACTED], to the research and development of equine rabies immunoglobulin F(ab')$_2$, which will be used for (i) the ongoing process research which we expect to complete in 2027, (ii) preclinical studies and (iii) a planned Phase I clinical trial. See "Business — Our Products and Services — Our Pipeline Products Under Development — Equine Rabies Immunoglobulin F(ab')$_2$ Candidate"; and

- [REDACTED]%, or approximately HK$[REDACTED], to the research and development of other antiserum product candidates, including human antiserum products for RSV infections and antibiotic-resistant bacterial infections;

➢ [REDACTED]%, or approximately HK$[REDACTED], will be used for construction and expansion of new facilities and production lines. See "Business — Our Strategies — Further enhance our full-industry-chain capabilities." Specifically:

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the construction of a new biotechnology complex in Ji'an, Jiangxi Province, comprising a new commercial-scale manufacturing facility and a new R&D and pilot-scale manufacturing facility, mainly to support the clinical trials and commercialization of our human antiserum product candidates, especially snakebite antivenoms and equine rabies immunoglobulin F(ab')$_2$. We plan to commence construction of the new commercial-scale manufacturing facility in 2026 and anticipate to complete construction in 2028. See "Business — Production — Production Process and Facilities — Expansion Plan;"

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the construction of a new PMSG production line in Chifeng, Inner Mongolia to comply with EU GMP standards, which we expect to complete in 2026. See "Business — Production — Production Process and Facilities — Expansion Plan;"

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the construction of new production lines in Chifeng, Mongolia for our veterinary anti-infective product candidates, including bursal peptide injection, pig spleen transfer factor and rPoIFN-α. We expect the new production lines of bursal peptide injection and pig spleen transfer factor to complete construction in 2026 and the new production line of rPoIFN-α to complete construction in 2028. See "Business — Production — Production Process and Facilities — Expansion Plan;"

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the expansion of our existing horse breeding base in Zhangye, Gansu and purchases of additional horses to meet the increased demands for immunized equine plasma resulting from the future growth of our business. See "Business — Production — Production Process and Facilities — Expansion Plan;"

➢ [REDACTED]%, or approximately HK$[REDACTED], will be used for the optimization of our technologies and processes, including:

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the integration of innovative technologies, including octanoic acid purification, ion exchange chromatography or pathogen-specific affinity chromatography, into our new production lines to continue to improve our antiserum preparation processes;

- [REDACTED]%, or approximately HK$[REDACTED], will be used for the scaling up of innovative antigen development and testing technologies in our new R&D and pilot-scale manufacturing facility to support our development of new antiserum products and, in the future, active immunization products;

- [REDACTED]%, or approximately HK$[REDACTED], will be used for construction of a new research and development center in Shenzhen, primarily to explore opportunities to develop new product candidates;

➢ [REDACTED]%, or approximately HK$[REDACTED], will be used for the reinforcement of our sales and marketing capabilities, including:

- [REDACTED]%, or approximately HK$[REDACTED], will be used for recruitment of additional sales and marketing personnel and conducting academic marketing activities for our human pharmaceutical products;

- [REDACTED]%, or approximately HK$[REDACTED], will be used for recruitment of additional sales and marketing personnel and conducting academic marketing activities for our veterinary pharmaceutical products; and

➢ [REDACTED]%, or approximately HK$[REDACTED], will be used for general working capital and general corporate purposes.

The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] stated in this document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately HK$[REDACTED], assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED]). In the event that the [REDACTED] is exercised in full, we intent to apply the additional net [REDACTED] to the above purposes in the proportions stated above.

FUTURE PLANS AND USE OF [REDACTED]

To the extent that the net [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, so long as it is deemed to be in the best interests of the Company, we may deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above use of [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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[REDACTED]

STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-76, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGXI INSTITUTE OF BIOLOGICAL PRODUCTS INC., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of 江西生物制品研究所股份有限公司 (Jiangxi Institute of Biological Products Inc., being translation for identification purpose only) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-76 which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-76 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial [REDACTED] of the H-shares of the Company on the [REDACTED].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024, of the Company's financial position as at 31 December 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December								
		2022			2023			2024		
	NOTES	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000
Revenue	6	141,956	—	141,956	198,021	—	198,021	220,755	—	220,755
Cost of sales/services		(28,844)	(6,105)	(34,949)	(49,027)	(14,689)	(63,716)	(52,634)	(12,981)	(65,615)
Gross profit		113,112	(6,105)	107,007	148,994	(14,689)	134,305	168,121	(12,981)	155,140
Other income	7	4,897	—	4,897	2,144	—	2,144	3,538	—	3,538
Impairment losses under expected credit loss model, net of reversal	10	706	—	706	333	—	333	118	—	118
Other gains and losses	8	(462)	—	(462)	393	—	393	114	—	114
Research and development expenses		(16,392)	—	(16,392)	(24,231)	—	(24,231)	(13,681)	—	(13,681)
Distribution and selling expenses		(34,735)	—	(34,735)	(33,028)	—	(33,028)	(26,860)	—	(26,860)
Administrative expenses		(28,886)	—	(28,886)	(29,158)	—	(29,158)	(32,346)	—	(32,346)
Finance costs	9	(1,379)	—	(1,379)	(667)	—	(667)	(2,226)	—	(2,226)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest	20	—	3,829	3,829	—	16,474	16,474	—	17,954	17,954
Loss arising from changes in fair value less costs to sell of biological assets	20	—	(2,832)	(2,832)	—	(2,971)	(2,971)	—	(6,326)	(6,326)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before tax		36,861	(5,108)	31,753	64,780	(1,186)	63,594	93,118	(1,353)	91,765
Income tax expense	11	(5,285)	—	(5,285)	(8,113)	—	(8,113)	(16,625)	—	(16,625)
Profit for the year	12	31,576	(5,108)	26,468	56,667	(1,186)	55,481	76,493	(1,353)	75,140
Profit for the year attributable to:										
Owners of the Company		31,576	(5,108)	26,468	56,680	(1,186)	55,494	76,493	(1,353)	75,140
Non-controlling interests		—	—	—	(13)	—	(13)	—	—	—
		31,576	(5,108)	26,468	56,667	(1,186)	55,481	76,493	(1,353)	75,140

		Year ended 31 December								
		2022			2023			2024		
	NOTE	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000	Results before biological assets and agricultural produce fair value adjustments RMB'000	Biological assets and agricultural produce fair value adjustments RMB'000	Total RMB'000
Other comprehensive expense, net of income tax										
Item that will not be reclassified to profit or loss										
Fair value loss on investments in equity instrument at fair value through other comprehensive income ("**FVTOCI**")		(85)	—	(85)	—	—	—	—	—	—
Total comprehensive income for the year		31,491	(5,108)	26,383	56,667	(1,186)	55,481	76,493	(1,353)	75,140
Total comprehensive income for the year attributable to:										
Owners of the Company		31,491	(5,108)	26,383	56,680	(1,186)	55,494	76,493	(1,353)	75,140
Non-controlling interests		—	—	—	(13)	—	(13)	—	—	—
		31,491	(5,108)	26,383	56,667	(1,186)	55,481	76,493	(1,353)	75,140
Earnings per share (in RMB)										
Basic	*15*			0.10			0.20			0.28

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2022	2023	2024
	NOTES	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*16*	202,627	198,687	196,502
Investment properties	*19*	8,063	31,721	34,492
Right-of-use assets	*18*	41,467	41,395	40,300
Intangible assets	*17*	760	631	502
Biological assets	*20*	8,180	10,540	5,030
Deferred tax assets	*21*	2,908	2,676	2,217
Deposits paid for acquisition of property, plant and equipment/ intangible assets/leasehold land/ biological assets		39,409	22,441	16,398
		303,414	308,091	295,441
CURRENT ASSETS				
Inventories	*23*	64,374	57,536	56,435
Contract cost		1,065	511	771
Trade and bills receivables	*24*	61,861	73,266	67,802
Deposits, other receivables and prepayments	*25*	4,869	3,979	6,235
Amounts due from related parties	*40(a)*	2,330	688	410
Financial assets at fair value through profit or loss ("FVTPL")	*22*	26,995	—	4,106
Restricted bank balances	*26(a)*	129	—	—
Cash and cash equivalents	*26(b)*	53,831	58,199	52,831
		215,454	194,179	188,590
Assets classified as held for sale	*30*	—	—	3,491
		215,454	194,179	192,081

		As at 31 December		
		2022	2023	2024
	NOTES	*RMB'000*	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade and other payables	*27*	74,163	72,982	62,140
Amounts due to related parties	*40(a)*	1,794	42,073	10,012
Contract liabilities	*28*	5,244	3,091	2,443
Bank borrowings	*29*	37,622	19,922	—
Lease liabilities	*31*	319	342	—
Tax payable		5,667	861	8,692
		124,809	139,271	83,287
Liabilities classified as held for sale	*30*	—	—	77
		124,809	139,271	83,364
NET CURRENT ASSETS		90,645	54,908	108,717
TOTAL ASSETS LESS CURRENT LIABILITIES		394,059	362,999	404,158
CAPITAL AND RESERVES				
Share capital	*33*	181,429	272,143	272,143
Reserves		211,195	89,794	131,080
Equity attributable to owners of the Company		392,624	361,937	403,223
Non-controlling interests		—	(13)	—
TOTAL EQUITY		392,624	361,924	403,223
NON-CURRENT LIABILITIES				
Lease liabilities	*31*	1,220	860	720
Deferred income		215	215	215
		1,435	1,075	935
		394,059	362,999	404,158

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	2023	2024
	NOTES	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investment in subsidiaries		187,447	122,996	207,060
Amounts due from subsidiaries	*40(b)*	55,500	68,808	73,298
Property, plant and equipment	*16*	61,403	56,837	54,142
Investment properties	*19*	8,063	7,456	6,849
Right-of-use assets	*18*	2,442	2,360	756
Intangible assets	*17*	304	269	234
Deferred tax assets	*21*	615	1,201	1,060
Deposits paid for acquisition of property, plant and equipment		635	1,300	456
		316,409	261,227	343,855
CURRENT ASSETS				
Inventories	*23*	26,567	25,805	40,964
Trade and bills receivables	*24*	61,542	72,031	66,079
Deposits, other receivables and prepayments	*25*	2,067	1,548	1,102
Amounts due from a related party	*40(b)*	—	41,576	—
Amounts due from subsidiaries	*40(b)*	17,444	5,752	14,452
Financial assets at FVTPL	*22*	24,262	—	—
Cash and cash equivalents	*26(b)*	45,030	36,455	23,029
		176,912	183,167	145,626
Assets classified as held for sale	*30*	—	—	2,000
		176,912	183,167	147,626
CURRENT LIABILITIES				
Trade and other payables	*27*	40,884	38,957	36,578
Amounts due to subsidiaries	*40(b)*	17,796	17,750	10,443
Amounts due to related parties	*40(b)*	—	—	10,000
Contract liabilities	*28*	1,316	221	366
Bank borrowings	*29*	37,622	19,922	—
Tax payable		5,272	38	8,368
		102,890	76,888	65,755

		As at 31 December		
		2022	2023	2024
	NOTES	*RMB'000*	*RMB'000*	*RMB'000*
NET CURRENT ASSETS		74,022	106,279	81,871
TOTAL ASSETS LESS CURRENT LIABILITIES		390,431	367,506	425,726
CAPITAL AND RESERVES				
Share capital	*33*	181,429	272,143	272,143
Reserves	*34*	209,002	95,363	153,583
TOTAL EQUITY		390,431	367,506	425,726

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								
	Share capital *RMB'000*	**Capital reserve** *(note i)* *RMB'000*	**Statutory reserve** *(note ii)* *RMB'000*	**Other Reserve** *RMB'000*	**Investment revaluation reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
As at 1 January 2022	136,401	27,208	28,459	—	(28)	126,801	318,841	—	318,841
Profit for the year	—	—	—	—	—	26,468	26,468	—	26,468
Other comprehensive expense for the year	—	—	—	—	(85)	—	(85)	—	(85)
(Loss) profit and total comprehensive (expense) income for the year	—	—	—	—	(85)	26,468	26,383	—	26,383
Issue of shares *(note 33)*	3,160	44,240	—	—	—	—	47,400	—	47,400
Transfer from capital reserve *(note 33)*	41,868	(41,868)	—	—	—	—	—	—	—
Disposal of investments in equity instruments at FVTOCI	—	—	—	—	113	(113)	—	—	—
Statutory fund appropriation	—	—	4,598	—	—	(4,598)	—	—	—
At 31 December 2022	181,429	29,580	33,057	—	—	148,558	392,624	—	392,624
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	—	—	55,494	55,494	(13)	55,481
Dividend recognised as distribution *(note 13)*	—	—	—	—	—	(86,181)	(86,181)	—	(86,181)
Issue of shares *(note 33)*	90,714	—	—	—	—	(90,714)	—	—	—
Statutory fund appropriation	—	—	4,641	—	—	(4,641)	—	—	—
At 31 December 2023	272,143	29,580	37,698	—	—	22,516	361,937	(13)	361,924
Profit and total comprehensive income for the year	—	—	—	—	—	75,140	75,140	—	75,140
Dividend recognised as distribution *(note 13)*	—	—	—	—	—	(40,819)	(40,819)	—	(40,819)
Deemed contribution *(note iii)*	—	—	—	6,978	—	—	6,978	—	6,978
Statutory fund appropriation	—	—	10,255	—	—	(10,255)	—	—	—
Deregistration of a subsidiary	—	—	—	—	—	(13)	(13)	13	—
At 31 December 2024	272,143	29,580	47,953	6,978	—	46,569	403,223	—	403,223

Notes:

(i) Amount as at 1 January 2022 represents the surplus of the equity contributions from shareholders over the registered capital of the Company accumulated from prior years and the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration when the Group acquired interests in existing subsidiaries.

(ii) According to the relevant laws in the People's Republic of China (the "PRC"), companies established in the Mainland China with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(iii) Amount represents the accumulated losses included by Hainan Pharmaceutical Research Institute Co., Ltd between the equity transfer from October 2023 and September 2024, being borne by the controlling shareholder pursuant to the supplementary agreement. Details of the equity transfer are disclosed in note 40.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit before tax	31,753	63,594	91,765
Adjustments for:			
Loss arising from changes in fair value less costs to sell of biological assets	2,832	2,971	6,326
Bank interest income	(461)	(283)	(311)
Gains arising on initial recognition of agricultural produce at fair value less costs to sell at the point of harvest — unrealised	(2,271)	(4,056)	(9,029)
Finance costs	1,379	667	2,226
Exchange gain	(193)	(94)	(67)
Government grant released from deferred income	(83)	—	—
Fair value change on financial assets at FVTPL	(644)	(263)	(106)
Depreciation of property, plant and equipment	9,560	10,344	9,885
Depreciation of investment properties	607	607	979
Depreciation of right-of-use assets	1,224	1,271	2,344
Amortisation of intangible assets	113	129	129
Loss (gain) on disposal of property, plant and equipment	3	(64)	27
Gain on early termination of lease agreements	—	—	(109)
Reversal of impairment loss under expected credit loss model, net of reversal	(706)	(333)	(118)
Provision of inventories	2,145	3,335	16,526
Impairment losses recognised on deposits paid for acquisition of intangible assets	1,150	—	—

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital	46,408	77,825	120,467
Decrease (increase) in inventories	154	10,104	(4,499)
Decrease (increase) in trade and bills receivables	16,647	(11,250)	5,713
(Increase) decrease in amounts from related parties	(2,330)	1,642	278
Decrease (increase) in other receivables and prepayments	6,263	1,069	(1,747)
(Increase) decrease in contract cost	(1,065)	554	(259)
Increase (decrease) in trade and other payables	6,243	4,650	(6,741)
Increase (decrease) in amounts to related parties	123	(1,431)	(485)
Increase (decrease) in contract liabilities	2,499	(2,152)	(648)
Cash generated from operations	74,942	81,011	112,079
Income tax paid	(5,215)	(12,688)	(8,335)
Interest received	461	283	311
NET CASH FROM OPERATING ACTIVITIES	70,188	68,606	104,055
INVESTING ACTIVITIES			
Proceeds from disposal of equity instruments at FVTOCI	191	—	—
Proceeds from maturity of financial assets at FVTPL	104,649	92,757	17,499
Proceeds on disposal of property, plant and equipment	3	191	286
Proceeds from disposal of biological assets	8,469	6,206	4,059
Purchase of property, plant and equipment and intangible assets	(72,219)	(19,889)	(10,992)
Purchase of leasehold land	(7,573)	(653)	—
Deposit paid for acquisition of leasehold land	(562)	—	—
Payments for biological assets	(2,644)	(10,530)	(5,650)
Purchase of investment properties	(14,296)	(3,750)	—
Purchase of financial assets at FVTPL	(131,000)	(65,500)	(21,500)
Placement of restricted bank balances	(129)	—	—
Withdrawal of restricted bank balances	—	129	—
NET CASH USED IN INVESTING ACTIVITIES	(115,111)	(1,039)	(16,298)

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
FINANCING ACTIVITIES			
Interest paid	(1,392)	(667)	(2,248)
Proceeds from issue of shares	47,400	—	—
Repayment of lease liabilities	(282)	(321)	(3,143)
New bank borrowings raised	37,582	29,900	—
Repayment of bank borrowings	(35,000)	(47,600)	(19,900)
New borrowings raised from related parties	—	—	8,500
Repayment of borrowings from related parties	—	—	(8,500)
Consideration received from the holding company *(note 40)*	—	41,576	—
Return of consideration received *(note 40)*	—	—	(24,598)
Dividends paid to owners of the Company	(10,000)	(86,181)	(40,819)
Payment of [REDACTED] cost for the proposed [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET CASH FROM (USED IN) FINANCING ACTIVITIES	38,308	(63,293)	(91,350)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,615)	4,274	(3,593)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	60,253	53,831	58,199
Effect of foreign exchange rates changes	193	94	67
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	53,831	58,199	54,673
Represented by:			
Cash and cash equivalents	53,831	58,199	52,831
Assets classified as held for sale	—	—	1,842
	53,831	58,199	54,673

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Jiangxi Institute of Biological Products Inc. (formerly known as Jiangxi Institute of Biological Products (formerly known as Shanghai Institute of Biological Products, which was a state-owned enterprise before restructuring, and completed the restructuring of the state-owned enterprise into a private enterprise in 2002)). The Company was changed into a joint stock limited company in 2017. During the Track Record Period, Ms. Jing Yue is the chairman and executive director of the Company and the ultimate controlling shareholder of the Company. Ms. Jing Yue indirectly held 76.64% of the Company's share through Hainan Zhizheng Biotechnology Development Co., Ltd. ("Hainan Zhizheng"), which is held as to 99% by Ms. Jing Yue and Shenzhen Qianhai Tianzheng Biotechnology Co., Ltd. ("Qianhai Tianzheng"), which is wholly owned by Hainan Zhizheng. The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

The Group is principally engaged in the businesses of research and development, and production and sale of human tetanus antitoxin.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. Further details of the material accounting policy information are set out in note 4.

The Historical Financial Information is presented in RMB, which is the currency of the economic environment in which the Company operates and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards which are effective for the accounting period beginning on 1 January 2024 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRS Accounting Standards 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

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements" sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 "Presentation of Financial Statements." The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

Except as described above, the directors of the Company consider that the application of all the amendments to IFRS Accounting Standards is unlikely to have a material impact on the Group's financial position and performance in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and biological assets that are measured at fair value less costs to sell at the end of each reporting period, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets."

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

The consolidated statement of profit or loss includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 "Financial Instruments" ("IFRS 9") which continue to be measured in accordance with the accounting policies as set out below.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 6.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles, machinery and equipment and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income."

Employee benefits

Retirement benefit costs

Payments to state-managed retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes to the same taxable entity levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties and machinery and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties measured using the cost model

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale.

Biological assets

The Group's biological assets mainly include horses. Biological assets are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes. The fair value of biological assets is determined based on their present condition and is determined independently by a professional valuer.

Agricultural produce

Agricultural produce harvested from the biological assets are recognised at the point of harvest at fair value less costs to sell. A gain or loss arising from agricultural produce at the point of harvest measuring at fair value less costs to sell is included in profit or loss for the period in which it arises.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets of financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity investment classified as FVTOCI

Investments in equity investments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investment, and will be transferred to retained earnings.

(iii) Financial assets at FVTPL

Financial instrument that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, other receivables, deposits, amounts due from related parties/subsidiaries, restricted bank balances and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The ECL on trade receivables, except for those assessed individually for debtors with significant balances or other case with specific circumstance, is measured on a collective basis and those financial instruments are grouped under a provision matrix based on shared credit risk characteristics by reference to aging for the debtors.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an equity instrument designated at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

All financial liabilities including trade and other payables, amounts due to related parties, loan from a related party and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value measurement of biological assets — horses

The Group's biological assets are measured at fair value less costs to sell at the end of each reporting period. The Group uses valuation techniques that include inputs that are not based on market observable data to estimate the fair value of biological assets. For horses that are not yet in use for plasma collection (i.e. immature horses), the fair value is determined using the market approach, based on the recent transaction prices. For horses in the plasma collection stage (i.e. horses used for production), replacement cost approach was adopted, with the value derived from the relationship between the plasma collection cycle and the disposal price after productive use, as indicated by historical records. Any changes in the inputs may affect the fair value of the Group's biological assets significantly. The carrying amount of the Group's biological assets are set out in notes 20 and 38c.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of sale of products of similar natures. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates periodically. The carrying amounts of the Group's and the Company's inventories are set out in note 23.

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves several assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

The information about the Group's deferred tax assets is disclosed in note 21.

Estimated impairment of trade receivables and other receivables

Trade receivables and other receivables are assessed individually for debtor with significant balances or other case with specific circumstance. In addition, the Group uses collective assessment to calculate ECL for insignificant trade receivables and other receivables balances at the end of each reporting period. The ECL rates are based on provision matrix by aging. The collective assessments are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. The historical observed default rates are reassessed and changes in the forward-looking information are considered at the end of each reporting period. The provision of ECL is sensitive to changes in estimates.

The information about the Group's trade receivables and other receivables and the related ECL disclosures are set out in notes 24, 25 and 38c, respectively.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Type of goods or services			
Sale of pharmaceutical and other products			
Human Tetanus Antitoxin	133,231	184,069	205,901
Others	1,609	2,888	7,487
	134,840	186,957	213,388
Technical service income	7,116	11,064	7,367
Total	141,956	198,021	220,755
Timing of revenue recognition for contracts with customers			
At point in time	141,956	198,021	220,755
Geographical markets			
Mainland China	140,221	195,002	212,732
Overseas	1,735	3,019	8,023
Total	141,956	198,021	220,755

(ii) Revenue accounting policies and performance obligations for contracts with customers

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at point in time when control of the goods has transferred. For domestic sales, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific locations and accepted. For overseas sales, revenue is recognised when control of the goods has transferred, being the port of discharge of goods. Following the delivery, the customers have the primary responsibility for the risks of obsolescence and loss in relation to the goods while they can request for return only if the goods delivered do not meet the required quality standards.

The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risks and the management of the Group considers that there is no significant financing component. For customers with long-term relationships, the normal credit term granted ranging from 30 to 90 days upon goods accepted by customers and invoices issued. The Group requests advance payments for certain new customers and such advance payments are recorded as contract liabilities until the control of the goods is transferred to the customers. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Technical service income

The Group provides technical service for pharmaceutical testing and inspection. Such services are recognised as a performance obligation at point in time.

The normal credit term is 30 to 90 days upon services provided and invoices issued.

Contract costs capitalised relate to cost to fulfill technical service contracts which are still under research and development process at each reporting date. Contract costs are recognised as part of cost of sales in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue from the related service income is recognised. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Track Record Period.

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

Most of the sale contracts are for periods of one year or less. As permitted by IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

Segment information

For the purpose of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers ("CODMs"), review the overall results and financial position of the Group as a whole and accordingly, the Group has only one reportable segment and no further analysis of this single segment is presented.

Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the CODMs. Accordingly, no segment assets and liabilities are presented.

Geographical information

All of the Group's non-current assets are located in the Mainland China and revenue from geographical markets are stated in the above disaggregation of revenue.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group for each reporting period is as below:

		Year ended 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Customer A	Sale of pharmaceutical products	18,347	N/A[1]	28,631

[1] Revenue from the customers are less than 10% of the total sales of the Group.

7. OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Bank interest income	461	283	311
Rental income *(Note i)*	490	796	1,065
Government grants released from deferred income	83	—	—
Incentive subsidies *(Note ii)*	3,863	1,065	2,162
	4,897	2,144	3,538

Note i: Direct operating expenses related to rental income were RMB707,000, RMB1,033,000 and RMB1,537,000 for the year ended 31 December 2022, 2023 and 2024 respectively.

Note ii: The amounts recognised mainly represent subsidies granted by local government authorities to support the operating activities of the Group, in which no future related cost is expected to be incurred. These government grants with no unfulfilled conditions are recognised when payments were received or became receivable.

8. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	(3)	64	(27)
Gain on early termination of lease agreements	—	—	109
Impairment losses recognised on deposits paid for acquisition of intangible assets *(Note)*	(1,150)	—	—
Fair value change on financial assets at FVTPL	644	263	106
Others	47	66	(74)
	(462)	393	114

Note: During the year ended 31 December 2022, the management of the Group conducted a reassessment of the recoverability of deposits made due to the obsolescence of products to be produced from intangible assets, an impairment loss amounting to RMB1,150,000 in respect of the deposits paid was recognised and charged to profit or loss.

9. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on:			
— lease liabilities	77	42	52
— bank borrowings	1,302	625	328
— loan from a related party	—	—	1,846
Total	1,379	667	2,226

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses reversal (recognised) on:			
— trade receivables	113	155	249
— other receivables	593	178	(131)
Total	706	333	118

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
— PRC Enterprise Income Tax ("EIT")	6,606	7,922	16,096
Under(over)provision in prior years:			
— EIT	4	(41)	70
Deferred tax *(note 21)*	(1,325)	232	459
Total	5,285	8,113	16,625

According to the Enterprise Income Tax Law of the People's Republic of China (the "EIT Law") and the Implementation Regulations of the EIT Law, hi-tech enterprises are entitled to a preferential income tax rate of 15%. The Company and its subsidiaries, Gaotai County Tianhong Biochemical Technology Development Co., Ltd. and Chifeng Bo-en Pharmaceutical Co., Ltd., have obtained high-tech enterprise certification and are subject to a preferential EIT of 15% during the Track Record Period.

In addition, the Announcement of the State Administration of Taxation on Matters Related to the Implementation of Preferential Income Tax Policies for Supporting the Development of Small and Low-profit Enterprises and Individual Industrial and Commercial Households (Announcement No.8 of the State Administration of Taxation 2021) stipulates that from 1 January 2021 to 31 December 2022, the annual taxable income of small-scale low-profit enterprises not exceeding RMB1 million shall be reduced by 12.5%, and enterprise income tax shall be paid at the tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Policies for Income Tax of Small and Micro Enterprises (No.13,2022) issued by the Ministry of Finance and the State Administration of Taxation, from 1 January 2022 to 31 December 2024, the annual taxable income of small and low-profit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be reduced by 25%, and enterprise income tax shall be paid at the tax rate of 20%. During the Track Record Period, Chifeng Bo-en Pharmaceutical Co., Ltd., Jiangsheng (Shenzhen) Biotechnology R & D Center Co., Ltd. and Jiangxi Tianzheng Biotechnology Co., Ltd. enjoyed corresponding enterprise income tax concessions according to the applicable ranges.

According to Item (1) of Article 27 of EIT Law of People's Republic of China, EIT from agricultural, forestry, animal husbandry and fishery projects shall be exempted. Gaotai County Tianhong Sand Grass Industry Development Co., Ltd. which belongs to agricultural, forestry, animal husbandry and fishery projects, enjoys preferential exemption from EIT during the Track Record Period.

Under the EIT Law and Implementation Regulation of the EIT Law, except for the preferential treatments available to the Company and certain subsidiaries as mentioned above, other subsidiaries within the Group operating in the PRC are subject to EIT at the statutory rate of 25% during the Track Record Period.

The taxation for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	31,753	63,594	91,765
Tax at the statutory rate of 25% applicable to the Company	7,938	15,899	22,941
Tax effect of expenses not deductible for tax purposes	76	112	184
Effect of different tax rates of the Company and PRC subsidiaries	(1,965)	(4,617)	(7,657)
Tax effect of tax losses not recognised	2,551	4,619	2,842
Utilisation of tax losses previously not recognised	(34)	—	(105)
Tax effect of deductible temporary differences not recognised	—	—	1,023
Tax effect of deductible expenses eliminated on consolidation	—	(4,212)	—
Utilisation of deductible temporary differences previously not recognised	(349)	(160)	—
Tax effect of additional deduction rate on certain research and development expenses *(Note)*	(2,936)	(3,487)	(2,673)
Under(over)provision in prior years	4	(41)	70
Income tax expense	5,285	8,113	16,625

Note: The eligible expenditures represent research and development costs incurred in the Mainland China and charged to profit or loss, which is subject to a tax deduction ranged from 175% to 200% in the calculation of income tax expense for certain subsidiaries and the Company during the Track Record Period.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Directors', chief executives' and supervisors' remuneration *(note 14)*	2,427	2,834	3,522
Other staff costs	32,824	34,628	32,419
— salaries, wages and allowances	23,220	20,921	19,499
— performance related bonus	1,882	4,075	5,276
— retirement benefits	1,590	2,222	2,143
— other staffs' benefit	6,132	7,410	5,501
Total staff costs	35,251	37,462	35,941
Less: Capitalised in biological assets	(142)	(94)	(20)
Capitalised in inventories	(4,237)	(5,317)	(6,689)
	30,872	32,051	29,232
Depreciation of property, plant and equipment	11,139	13,806	12,054
Depreciation of investment properties	607	607	979
Depreciation of right-of-use assets	1,224	1,271	2,344
Amortisation of intangible assets	113	129	129
Total depreciation and amortisation	13,083	15,813	15,506
Less: Capitalised in biological assets	(9)	(206)	(41)
Capitalised in inventories	(1,570)	(3,256)	(2,128)
Depreciation and amortisation charged directly to profit or loss	11,504	12,351	13,337
Lease payments not included in the measurement of lease liabilities	783	219	135
Research and development costs recognised in profit or loss	16,392	24,231	13,681
Provision for inventories, net (included in cost of sales/services)	2,145	3,335	16,526
Marketing expenses included in distribution and selling expenses *(Note 1)*	29,132	25,916	19,367

Note 1: Amounts mainly represent service fees paid to third-party marketing service providers for various marketing services.

Note 2: Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest — charged to cost of sales included:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales for the year	1,558	12,418	8,925
Inventory as at prior year and realised in cost of sales for the year	4,547	2,271	4,056
	6,105	14,689	12,981

13. DIVIDENDS

During the year ended 31 December 2022, no dividends had been declared. The Company paid dividends payable of the prior year amount to RMB10,000,000 in February 2022.

In May 2023, the Company declared a dividend of RMB9,981,000 (RMB0.055 per share) to the existing shareholders based on the consolidated retained earnings as of 31 December 2022 and it was paid during the year ended 31 December 2023.

In October 2023, the Company declared a dividend of RMB76,200,000 (RMB0.28 per share) to the existing shareholders based on the consolidated retained earnings as of 31 December 2022 and it was paid during the year ended 31 December 2023.

In September 2024, the Company declared a dividend of RMB40,819,000 (RMB0.15 per share) to the existing shareholders based on the consolidated retained earnings as of 31 December 2023 and it was paid during the year ended 31 December 2024.

No dividends had been declared subsequent to the end of the Track Record Period to the date of this report.

14. DIRECTORS', CHIEF EXECUTIVES', SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the individuals who were appointed as the directors, supervisors and chief executive of the Company during the Track Record Period are as follow:

	Salaries, allowance and benefits in kind *RMB'000*	**Performance related bonus** *RMB'000*	**Retirement benefit** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2022				
Executive directors				
Ms. Jing Yue[1]	243	5	25	273
Mr. Liu Yurui[2]	240	10	—	250
Mr. Yao Xiaodong	305	91	10	406
Ms. Li Ling	240	40	—	280
	1,028	146	35	1,209
Non-executive directors				
Ms. Yu Ailian	240	10	—	250
Mr. Xiao Changqing	240	10	—	250
	480	20	—	500
Independent non-executive directors				
Mr. Meng Hong	120	5	—	125
Mr. Wang Peng[4]	30	—	—	30
	150	5	—	155
Supervisors				
Mr. Zhou Xing	148	99	15	262
Mr. Wan Xiaoping	151	6	8	165
Mr. Kang Weishan	150	8	8	166
	449	113	31	593
	2,107	284	66	2,457

	Salaries, allowance and benefits in kind *RMB'000*	Performance related bonus *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
Year ended 31 December 2023				
Executive directors				
Ms. Jing Yue	232	137	28	397
Mr. Liu Yurui[2]	80	—	—	80
Mr. Yao Xiaodong	352	372	17	741
Ms. Li Ling[3]	240	18	—	258
	904	527	45	1,476
Non-executive directors				
Ms. Yu Ailian	240	68	—	308
Mr. Xiao Changqing	240	68	—	308
	480	136	—	616
Independent non-executive director				
Mr. Meng Hong	230	—	—	230
Supervisors				
Mr. Zhou Xing[9]	148	10	15	173
Mr. Wan Xiaoping	151	22	—	173
Mr. Kang Weishan	144	14	8	166
	443	46	23	512
	2,057	709	68	2,834

	Salaries, allowance and benefits in kind *RMB'000*	Performance related bonus *RMB'000*	Retirement benefit *RMB'000*	Total *RMB'000*
Year ended 31 December 2024				
Executive directors				
Ms. Jing Yue	363	405	29	797
Mr. Yao Xiaodong	248	484	13	745
Ms. Jing Ruihua[8]	20	61	—	81
Mr. Li Changqing[5]	242	133	43	418
	873	1,083	85	2,041
Non-executive directors				
Ms. Yu Ailian	240	61	—	301
Mr. Xiao Changqing	240	61	—	301
	480	122	—	602
Independent non-executive directors				
Mr. Meng Hong[6]	10	—	—	10
Mr. Dong Tao[8]	10	—	—	10
Mr. Zou Pingxue[7]	110	—	—	110
Mr. Zeng Xiaoliang[7]	90	—	—	90
	220	—	—	220
Supervisors				
Mr. Wan Xiaoping	151	18	—	169
Mr. Kang Weishan	142	24	10	176
Ms. Wang Li[9]	177	110	27	314
	470	152	37	659
	2,043	1,357	122	3,522

1 Ms. Jing Yue was appointed as executive director of the Company on 13 January, 2022.

2 Mr. Liu Yurui was appointed as executive director of the Company on 13 January, 2022 and resigned as executive director on 27 May, 2023.

3 Ms. Li Ling resigned as executive director of the Company on 25 November, 2023.

4 Mr. Wang Peng resigned as independent non-executive directors of the Company on 20 March, 2022.

5 Mr. Li Changqing was appointed as executive director of the Company on 6 January, 2024.

6 Mr. Meng Hong resigned as independent non-executive directors of the Company on 20 January, 2024.

[7] Mr. Zou Pingxue was appointed as independent non-executive directors of the Company on 6 January, 2024 and Mr. Zeng Xiaoliang was appointed as independent non-executive directors of the Company on 20 March, 2024.

[8] Ms. Jing Ruihua was appointed as executive director of the Company and Mr. Dong Tao was appointed as independent non-executive directors of the Company on 23 November, 2024.

[9] Mr. Zhou Xing resigned as supervisor of the Company on 25 November, 2023 and Ms. Wang Li was appointed as supervisors of the Company on 6 January, 2024.

The discretionary bonus is determined based on the performance of individual and market trend during the Track Record Period.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors', independent non-executive directors' and supervisors' emoluments shown above were for their services as directors/supervisors of the Company.

During the years ended 31 December 2022, 2023 and 2024, the five highest paid individuals of the Group include three, two and three directors, respectively. The remunerations of the remaining individuals during the Track Record Period are set out below:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Employees			
— salaries and other benefits	343	568	383
— performance related bonus	153	601	537
— contributions to retirement benefit scheme	25	20	26
	521	1,189	946

The number of the highest paid employees who are not the directors nor supervisors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 31 December		
	2022	**2023**	**2024**
Nil to Hong Kong Dollar ("HK$") 1,000,000	2	3	2

During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors or the five highest paid individuals (including directors, supervisors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no directors or supervisors waived any emoluments during the Track Record Period.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December		
	2022	2023	2024
Earnings for the year (RMB'000):			
Earnings for the purpose of basic earnings per share	26,468	55,494	75,140
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of basic earnings per share	270,168	272,143	272,143

The weighted average number of ordinary shares for the purpose of calculation of basic earnings per share for the years ended 31 December 2022 and 2023 have been adjusted retrospectively for the Company's issue of shares by way of transfer from capital reserve in 2022 and the conversion of undistributed profits by way of transfer from retained earnings in 2023.

No diluted earnings per share for each reporting period were presented as there were no potential ordinary shares in issue for those years.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST:						
At 1 January 2022	65,390	54,552	5,466	73,240	—	198,648
Additions	—	8,517	—	69,331	—	77,848
Transfer	15,781	30,817	—	(46,598)	—	—
Disposals	—	(112)	—	—	—	(112)
At 31 December 2022	81,171	93,774	5,466	95,973	—	276,384
Additions	—	4,424	3	5,223	343	9,993
Transfer	9,561	922	—	(10,483)	—	—
Disposals	—	(3,623)	—	—	—	(3,623)
At 31 December 2023	90,732	95,497	5,469	90,713	343	282,754
Additions	4,375	2,815	2	3,118	—	10,310
Disposals	—	(1,269)	(413)	—	—	(1,682)
Transfer to assets classified as held for sale *(note 30)*	(720)	(72)	—	—	—	(792)
At 31 December 2024	94,387	96,971	5,058	93,831	343	290,590
ACCUMULATED DEPRECIATION:						
At 1 January 2022	23,807	35,202	3,715	—	—	62,724
Provided for the year	3,966	6,512	661	—	—	11,139
Eliminated on disposals	—	(106)	—	—	—	(106)
At 31 December, 2022	27,773	41,608	4,376	—	—	73,757
Provided for the year	4,758	8,510	433	—	105	13,806
Eliminated on disposals	—	(3,496)	—	—	—	(3,496)
At 31 December, 2023	32,531	46,622	4,809	—	105	84,067
Provided for the year	4,925	6,779	236	—	114	12,054
Eliminated on disposals	—	(969)	(400)	—	—	(1,369)
Transfer to assets classified as held for sale *(note 30)*	(628)	(36)	—	—	—	(664)
At 31 December, 2024	36,828	52,396	4,645	—	219	94,088
CARRYING AMOUNTS:						
At 31 December 2022	53,398	52,166	1,090	95,973	—	202,627
At 31 December 2023	58,201	48,875	660	90,713	238	198,687
At 31 December 2024	57,559	44,575	413	93,831	124	196,502

The Company

	Buildings	Machinery and equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST:					
At 1 January 2022	16,052	20,768	2,920	41,718	81,458
Additions	—	2,114	—	9,925	12,039
Transfer	15,781	30,817	—	(46,598)	—
Disposals	—	(88)	—	—	(88)
At 31 December 2022	31,833	53,611	2,920	5,045	93,409
Additions	—	1,611	—	474	2,085
Transfer	932	709	—	(1,641)	—
Disposals	—	(42)	—	—	(42)
At 31 December 2023	32,765	55,889	2,920	3,878	95,452
Additions	—	1,182	—	2,251	3,433
Transferred to a subsidiary *(note i)*	(721)	(72)	—	—	(793)
Disposals	—	(855)	(372)	—	(1,227)
At 31 December 2024	32,044	56,144	2,548	6,129	96,865
ACCUMULATED DEPRECIATION:					
At 1 January 2022	11,846	13,717	2,025	—	27,588
Provided for the year	861	3,201	438	—	4,500
Eliminated on disposals	—	(82)	—	—	(82)
At 31 December 2022	12,707	16,836	2,463	—	32,006
Provided for the year	1,315	5,078	254	—	6,647
Eliminated on disposals	—	(38)	—	—	(38)
At 31 December 2023	14,022	21,876	2,717	—	38,615
Provided for the year	1,349	4,287	108	—	5,744
Transferred to a subsidiary *(note i)*	(625)	(37)	—	—	(662)
Eliminated on disposals	—	(613)	(361)	—	(974)
At 31 December 2024	14,746	25,513	2,464	—	42,723
CARRYING AMOUNTS:					
At 31 December 2022	19,126	36,775	457	5,045	61,403
At 31 December 2023	18,743	34,013	203	3,878	56,837
At 31 December 2024	17,298	30,631	84	6,129	54,142

Note i: The Company signed an agreement to transfer parts of its assets' ownership to its subsidiary, Ji' an Haotian Culture Development Co., Ltd. In year 2024, these assets were transferred to the subsidiary free of charge at the date of the transfer.

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings	4.85%, 9.70%
Machinery and equipment	9.70%–32.33%
Motor vehicles	19.40%–24.25%
Leasehold improvement	33.33%

The Group has not obtained property certificates of certain buildings with carrying amounts of RMB16,803,000, RMB23,607,000 and RMB21,017,000 as at 31 December 2022, 2023 and 2024.

17. INTANGIBLE ASSETS

The Group

	Patent right *RMB'000*	Software *RMB'000*	Total *RMB'000*
COST:			
At 1 January 2022	2,650	1,049	3,699
Additions	140	103	243
At 31 December 2022, 2023 and 2024	2,790	1,152	3,942
ACCUMULATED DEPRECIATION:			
At 1 January 2022	—	419	419
Provided for the year	4	109	113
At 31 December 2022	4	528	532
Provided for the year	14	115	129
At 31 December 2023	18	643	661
Provided for the year	14	115	129
At 31 December 2024	32	758	790
IMPAIRMENT			
At 1 January 2022, 31 December 2022, 2023 and 2024	2,650	—	2,650
CARRYING AMOUNTS:			
At 31 December 2022	136	624	760
At 31 December 2023	122	509	631
At 31 December 2024	108	394	502

The Company

	Software *RMB'000*
COST:	
At 1 January 2022	249
Additions	103
At 31 December 2022, 2023 and 2024	352
ACCUMULATED DEPRECIATION:	
At 1 January 2022	18
Provided for the year	30
At 31 December 2022	48
Provided for the year	35
At 31 December 2023	83
Provided for the year	35
At 31 December 2024	118
CARRYING AMOUNTS:	
At 31 December 2022	304
At 31 December 2023	269
At 31 December 2024	234

The above intangible assets have finite useful lives, and are amortised on a straight-line basis over the following periods:

Patent right	10 years
Software	10 years

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands *RMB'000*	**Leased properties** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	33,359	1,759	35,118
Addition	7,573	—	7,573
Depreciation	(894)	(330)	(1,224)
At 31 December 2022	40,038	1,429	41,467
Addition	1,215	—	1,215
Lease modifications	—	(16)	(16)
Depreciation	(944)	(327)	(1,271)
At 31 December 2023	40,309	1,086	41,395
Addition	3,693	—	3,693
Depreciation	(2,181)	(163)	(2,344)
Termination of a lease	—	(923)	(923)
Transfer to assets classified as held for sale *(note 30)*	(1,521)	—	(1,521)
At 31 December 2024	40,300	—	40,300

The Company

	Leasehold lands *RMB'000*
At January 1 2022	2,524
Depreciation	(82)
At December 31 2022	2,442
Depreciation	(82)
At December 31 2023	2,360
Depreciation	(46)
Transferred to a subsidiary *(note 16 (i))*	(1,558)
At December 31 2024	756

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives based on lease terms at the following rates per annum:

Leasehold lands	2.00%–33.33%
Leased properties	16.67%

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases and low-value assets	783	219	135
Total cash outflow for leases	1,142	582	3,330

The Group leases various land and properties for its operations during the Track Record Period. Lease contracts are entered into for fixed term of 12 months to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for motor vehicles, machinery and equipment and buildings. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The Group leased a piece of land from a related party (Gaotai County Jinlucao Industry Co., Ltd) for planting plants as feed, with a lease term of 3 years, and recognised a right-of-use-asset of RMB3,693,000 during the year 2024.

Restrictions or covenants on leases

Lease liabilities of RMB1,539,000, RMB1,202,000 and RMB720,000 were recognised with related right-of-use assets with an aggregate carrying amount of RMB1,429,000, RMB1,086,000 and RMB2,461,000 as at 31 December 2022, 2023 and 2024. These lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
COST			
At the beginning of the year	12,523	12,523	36,788
Addition	—	24,265	3,750
At the end of the year	12,523	36,788	40,538
ACCUMULATED DEPRECIATION			
At the beginning of the year	3,853	4,460	5,067
Provided for the year	607	607	979
At the end of the year	4,460	5,067	6,046
CARRYING AMOUNTS			
At the end of the year	8,063	31,721	34,492

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
COST			
At the beginning and the end of the year	12,523	12,523	12,523
ACCUMULATED DEPRECIATION			
At the beginning of the year	3,853	4,460	5,067
Provided for the year	607	607	607
At the end of the year	4,460	5,067	5,674
CARRYING AMOUNTS			
At the end of the year	8,063	7,456	6,849

The above investment properties are measured using the cost model and represent buildings located in the PRC and are depreciated on a straight-line basis over 20 to 67 years.

The fair value of the Group's investment properties at 31 December, 2022, 2023 and 2024 was RMB9,210,000, RMB33,280,000 and RMB41,070,000 and the fair value of the Company's investment properties at 31 December, 2022, 2023 and 2024 was RMB9,210,000, RMB9,010,000 and RMB8,680,000, respectively which has been arrived at on the basis of a valuation carried out as at that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), independent qualified professional valuer which is not connected to the Group. The address of JLL is 7th Floor, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

The fair values of individual investment properties were valued by using cost approach or income approach or direct comparison approach, where appropriate.

In estimating the fair value of investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

There has been no change in the valuation techniques during the Track Record Period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair values of the Group's investment properties as at 31 December, 2022, 2023 and 2024 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the Track Record Period.

20. BIOLOGICAL ASSETS

The Group

A. Nature of activities

The biological assets of the Group are horses held to produce horse plasma. The quantity of the biological assets owned by the Group at the end of the reporting period is shown below:

	As at 31 December		
	2022	**2023**	**2024**
	Heads	*Heads*	*Heads*
Horses	1,010	1,251	920

In general, horses that are eligible for horse plasma are usually available for extraction for about 18 months.

The Group is exposed to a number of risks related to its biological assets as follows:

i. Regulatory and environmental risks

The Group is subject to laws and regulations in the location in which it operates breeding. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage these risks.

ii. Climate, disease and other natural risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular inspections and disease controls.

B. Quantity of the agricultural produce of the Group's biological assets

	Year ended 31 December		
	2022	**2023**	**2024**
Volume of horse plasma for production (Liter)	21,090	73,500	113,690

C. Value of biological assets

The fair values of biological assets at the end of the reporting period are set out below:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Horses	8,180	10,540	5,030

The movements in biological assets are set out below:

	Immature horses	**Horses used for production**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022	4,085	10,905	14,990
Purchase cost	—	3,189	3,189
Feeding and other related costs	893	—	893
Transfer	(380)	380	—
Decrease due to disposal/death	(1,584)	(6,476)	(8,060)
Loss arising from changes in fair value less costs to sell of biological assets	(1,636)	(1,196)	(2,832)
At 31 December 2022	1,378	6,802	8,180
Purchase cost	263	10,672	10,935
Feeding and other related costs	1,011	—	1,011
Transfer	(1,074)	1,074	—
Decrease due to disposal/death	—	(6,615)	(6,615)
Loss arising from changes in fair value less costs to sell of biological assets	(78)	(2,893)	(2,971)
At 31 December 2023	1,500	9,040	10,540
Purchase cost	—	4,583	4,583
Feeding and other related costs	292	—	292
Transfer	(968)	968	—
Decrease due to disposal/death	(219)	(3,840)	(4,059)
Loss arising from changes in fair value less costs to sell of biological assets	(545)	(5,781)	(6,326)
At 31 December 2024	60	4,970	5,030

The directors of the Company have engaged an independent valuer, JLL, independent qualified professional valuer which is not connected to the Group, to assist the Group in assessing the fair values of Group's biological assets. The independent valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuations have been performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in note 39.

21. DEFERRED TAX ASSETS

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

The Group

	Right-of use assets *RMB'000*	Lease liabilities *RMB'000*	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Differences in tax and accounting depreciation *RMB'000*	Fair value adjustment *RMB'000*	Fair value change on agricultural produce *RMB'000*	Unrealised profit *RMB'000*	Total *RMB'000*
At 1 January 2022	(428)	428	611	92	—	(40)	(682)	1,602	1,583
Credit (charge) to profit or loss	71	(71)	216	(4)	16	71	341	685	1,325
At 31 December 2022	(357)	357	827	88	16	31	(341)	2,287	2,908
Credit (charge) to profit or loss	86	(86)	180	55	250	(246)	(268)	(203)	(232)
At 31 December 2023	(271)	271	1,007	143	266	(215)	(609)	2,084	2,676
(Charge) credit to profit or loss	(98)	(163)	(73)	(69)	(131)	(340)	(746)	1,161	(459)
At 31 December 2024	(369)	108	934	74	135	(555)	(1,355)	3,245	2,217

The Company

	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Differences in tax and accounting depreciation *RMB'000*	Total *RMB'000*
At 1 January 2022	646	92	—	738
(Charge) credit to profit or loss	(79)	(4)	(40)	(123)
At 31 December 2022	567	88	(40)	615
Credit to profit or loss	525	55	6	586
At 31 December 2023	1,092	143	(34)	1,201
(Charge) credit to profit or loss	(79)	(69)	7	(141)
At 31 December 2024	1,013	74	(27)	1,060

As at 31 December 2022, 2023 and 2024, the Group had unused tax losses of RMB24,750,000, RMB43,226,000 and RMB54,172,000, under PRC EIT, respectively, available to offset against future profits. No deferred tax asset has been recognised as at 31 December 31 2022, 2023 and 2024 due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of each reporting period will expire in the following years:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
2025	5,531	5,531	5,111
2026	2,764	2,764	2,764
2027	9,340	9,340	9,340
2028	—	14,365	14,365
2029	—	—	7,962
2031	1,858	1,858	1,858
2032	5,257	5,257	5,257
2033	—	4,111	4,111
2034	—	—	3,404
	24,750	43,226	54,172

No deferred tax asset has been recognised in respect of the deductible temporary differences of RMB890,000, RMB250,000 and RMB4,092,000 due to the unpredictability of future profit streams as at 31 December 2022, 2023 and 2024.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial products	26,995	—	4,106

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Financial products	24,262	—	—

Details of the fair value measurement for the financial assets at FVTPL are set out in note 39. All of the financial assets at FVTPL are denominated in RMB, which is the same as the functional currency of the Company.

The directors of the Company determine these financial products are mainly for the purpose of short-term fund management, which can be withdrawn on demand, therefore these financial products are classified as current assets.

23. INVENTORIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	14,588	10,492	7,197
Work in progress	45,598	38,634	39,376
Finished goods	4,188	8,410	9,862
Total	64,374	57,536	56,435

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	5,002	3,998	1,848
Work in progress	16,564	11,543	25,898
Finished goods	5,001	10,264	13,218
Total	26,567	25,805	40,964

24. TRADE AND BILLS RECEIVABLES

	The Group As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables — contracts with customers	57,181	65,770	60,190
Less: allowance for credit losses	(3,447)	(3,292)	(3,043)
	53,734	62,478	57,147
Bills receivables	8,127	10,788	10,655
Total trade and bills receivables	61,861	73,266	67,802

The following is an aging analysis of trade and bills receivables, net of allowance for credit losses, presented based on the delivery dates:

	The Group As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	32,590	47,528	34,534
91 days to 180 days	11,734	18,838	20,437
181 days to 1 year	11,315	6,882	12,394
More than 1 year	6,222	18	437
	61,861	73,266	67,802

The following is the past due analysis of the carrying amount of trade and bills receivables:

	The Group As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Not yet past due	22,050	21,431	23,047
Past due less than 30 days	11,591	18,386	11,880
Past due more than 30 days but less than 90 days	8,691	18,337	17,225
Past due more than 90 days	19,529	15,112	15,650
	61,861	73,266	67,802

	The Company As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables — contracts with customers	56,844	64,466	58,355
Less: allowance for credit losses	(3,429)	(3,223)	(2,931)
	53,415	61,243	55,424
Bills receivables	8,127	10,788	10,655
Total trade and bills receivables	61,542	72,031	66,079

The following is an aging analysis of trade and bills receivables, net of allowance for credit losses, presented based on the delivery dates:

	The Company As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within than 90 days	32,325	46,872	34,261
91 days to 180 days	11,699	18,540	20,437
181 days to 1 year	11,315	6,619	11,150
More than 1 year	6,203	—	231
	61,542	72,031	66,079

The following is the past due analysis of the carrying amount of trade and bills receivables:

	The Company As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Not yet past due	21,917	21,174	23,023
Past due less than 30 days	11,449	18,331	11,705
Past due more than 30 days but less than 90 days	8,652	17,978	17,165
Past due more than 90 days	19,524	14,548	14,186
	61,542	72,031	66,079

The above trade and bills receivables which have been past due more than 90 days are not considered as in default because these trade receivables relate to a number of independent customers for whom there was no recent history of default and they have a good track record with the Group.

As at 1 January 2022, the carrying amount of trade and bills receivables net of allowance for credit losses from contracts with customers of the Group and the Company amounted to RMB63,456,000.

As at 31 December 2022, 2023 and 2024, total bills received amounting to RMB8,127,000, RMB10,788,000 and RMB10,655,000 are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 41. All bills received by the Group are with a maturity period of less than one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. For debtor with significant balances and other case with specific circumstance, management will consider the corresponding expected credit loss separately. The provision rates are based on ageing. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Company does not hold any collateral over these balances. Further details of impairment assessment of trade and bills receivables under IFRS 9 are set out in note 38.

25. OTHER RECEIVABLES AND PREPAYMENTS

	The Group As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deposit	64	84	216
Value-added tax recoverable	606	1,134	1,278
Prepayment	2,692	1,868	2,812
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,806	1,014	1,539
	5,168	4,100	6,487
Less: allowance for credit losses	(299)	(121)	(252)
	4,869	3,979	6,235

	The Company As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deposit	5	29	9
Prepayments	1,991	1,449	458
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	80	77	—
	2,076	1,555	1,109
Less: allowance for credit losses	(9)	(7)	(7)
	2,067	1,548	1,102

26. RESTRICTED BANK BALANCES/CASH AND CASH EQUIVALENTS

(a) Restricted bank balances

Restricted bank balances of the Group as at 31 December 2022 represented bank balances placed in a designated bank account of the Group whose uses were restricted for debt dispute and interest bearing at 0.25% per annum. The bank balances were released upon conclusion of the dispute during the year ended 31 December 2023.

(b) Cash and cash equivalents

Cash and cash equivalents consist of bank balances for the purpose of meeting the Group's short term cash commitment.

The ranges of effective interest rate of the bank balances are:

	The Group As at 31 December		
	2022	**2023**	**2024**
Interest rate per annum:			
— Bank balances	0.05%–1.65%	0.05%–1.26%	0.05%–0.95%

	The Company As at 31 December		
	2022	**2023**	**2024**
Interest rate per annum:			
— Bank balances	0.05%–1.65%	0.05%–1.26%	0.10%–0.95%

Details of impairment assessment of bank balances are set out in note 38.

27. TRADE AND OTHER PAYABLES

	The Group As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	7,347	12,334	13,024
Salaries and wages payables	5,990	9,251	11,549
Other tax payables	3,148	3,736	1,907
Payables for acquisition of property, plant and equipment	18,764	12,977	8,936
Payables for marketing and promotion expenses	23,314	24,054	21,013
Compensation for forest land	3,954	3,654	2,266
Payables for acquisition of biological assets	662	1,066	117
Advance received for sales of biological assets	409	—	—
Deposit received	6,599	563	775
Other payables	3,976	5,347	2,553
	74,163	72,982	62,140

	The Company As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,283	2,237	2,593
Salaries and wages payables	2,471	4,930	5,961
Other tax payables	2,194	2,740	1,583
Payables for acquisition of property, plant and equipment	4,058	2,756	2,638
Payables for marketing and promotion expenses	23,314	24,034	20,993
Deposit received	6,508	450	663
Other payables	1,056	1,810	2,147
	40,884	38,957	36,578

The normal credit term to the Group and the Company ranged between 30 to 90 days.

The following is an aging analysis of trade payables of the Group and the Company presented based on the invoice date/delivery date at the end of each reporting period:

	The Group As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Less than 90 days	3,780	8,449	3,309
More than 90 days and less than 1 year	185	1,304	7,579
More than 1 year	3,382	2,581	2,136
	7,347	12,334	13,024

	The Company As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Less than 90 days	426	1,633	2,171
More than 90 days and less than 1 year	122	209	194
More than 1 year	735	395	228
	1,283	2,237	2,593

28. CONTRACT LIABILITIES

	The Group As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	1,338	230	374
Service income	3,906	2,861	2,069
	5,244	3,091	2,443

	The Company As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	1,316	221	366

As at 1 January 2022, the Group had contract liabilities of RMB2,745,000 including contract liabilities for sale of goods amounting to RMB276,000 and technical service amounting to RMB2,469,000.

As at 1 January 2022, the Company had contract liabilities of RMB226,000 for sale of goods.

Contract liabilities are expected to be settled within the Group's and the Company's normal operating cycle.

The contract liabilities for sales of goods are classified as current based on the Group's and the Company's earliest obligation to transfer goods to the customers. The contract liabilities for service income are classified as current based on the Group's earliest obligation to provide service to the customers. Revenue recognised during each reporting period with performance obligation satisfied includes the entire balance of contract liabilities at the beginning of each reporting period.

29. BANK BORROWINGS

The Group and the Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings:			
— Fixed rate, secured and repayable within one year	37,622	19,922	—

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates of the Group's and the Company's borrowings are as follows:

	As at 31 December		
	2022	2023	2024
	%	%	%
Effective interest rates:			
— Fixed rate borrowing	3.85–4.2	3.65–4.35	—

The bank borrowing as at 31 December 2022 and 2023 was secured by 25 patents of the Group.

30. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In December 2024, the Company passed a resolution to dispose 100% equity interest in Ji' an Haotian Cultural Development Co., Ltd., a subsidiary of the Group. A sale and purchase agreement was signed with a related party and the disposal was completed on 3 January 2025. Details of the disposal on 3 January 2025 are stated in note 45.

The Group

Assets classified as held for sale

	2024
	RMB'000
Cash and cash equivalents	1,842
Property, plant and equipment	128
Right-of-use assets	1,521
	3,491

Liabilities classified as held for sale

	2024
	RMB'000
Trade and other payables	77

The Company

Assets classified as held for sale

	2024
	RMB'000
Investment in subsidiaries	
— Ji 'an Haotian Culture Development Co., Ltd.	2,000

31. LEASE LIABILITIES

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	319	342	—
Within a period of more than one year but not more than two years	347	357	720
Within a period of more than two years but not more than five years	743	503	—
More than five years	130	—	—
	1,539	1,202	720
Less: Amount due for settlement within 12 months shown under current liabilities	319	342	—
Amount due for settlement after 12 months shown under non-current liabilities	1,220	860	720

The weighted average incremental borrowing rates applied to lease liabilities is 4.65%, 4.65% and 4.20% per annum as at 31 December 2022, 2023 and 2024, respectively.

32. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the Mainland China, the employees of the Group based in the Mainland China participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the Mainland China under which the Group and the relevant employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired Mainland-China-based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans are recognised as employee benefit charged to profit or loss and capitalised where applicable. Further details are set out in notes 12 and 14.

33. SHARE CAPITAL

Details of movements of authorised and issued share capital of the Company are as follows:

	Number of shares *'000*	Share capital *RMB'000*
Ordinary shares of RMB1 each		
Issued and fully paid:		
At 1 January 2022	136,401	136,401
Issue of shares *(note i)*	3,160	3,160
Transfer from capital reserve *(note ii)*	41,868	41,868
At 31 December 2022	181,429	181,429
Transfer from retained earnings *(note iii)*	90,714	90,714
At 31 December 2023 and 2024	272,143	272,143

Notes:

(i) On 28 April 2022, pursuant to the passing of a resolution in an extraordinary shareholders' meeting of the Company, the Company issued 3.16 million shares of RMB1 each at RMB15 per share, for a total consideration of RMB47,400,000.

(ii) On 21 June 2022, the Company issued 41,868,126 shares of RMB1 each by way of transfer from capital reserve to the existing shareholders, on the basis of 3 shares for every 10 existing shares held on the record date.

(iii) On 10 May 2023, the Company issued 90,714,273 shares of RMB1 each being the conversion of undistributed profits for the year ended 31 December 2022 by way of transfer from retained earnings to the existing shareholders, on the basis of 5 shares for every 10 existing shares held on the record date.

All the new shares issued during the years ended 31 December 2022 and 2023 rank *pari passu* with the existing shares in all respects.

34. RESERVES OF THE COMPANY

	Capital reserve	Statutory reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	27,102	28,459	111,560	167,121
Profit for the year	—	—	39,509	39,509
Issue of shares	44,240	—	—	44,240
Transfer from capital reserve	(41,868)	—	—	(41,868)
Statutory fund appropriation	—	4,598	(4,598)	—
As at 31 December 2022	29,474	33,057	146,471	209,002
Profit for the year	—	—	63,256	63,256
Issue of shares	—	—	(90,714)	(90,714)
Statutory fund appropriation	—	4,641	(4,641)	—
Dividend recognised as distribution	—	—	(86,181)	(86,181)
As at 31 December 2023	29,474	37,698	28,191	95,363
Profit for the year	—	—	99,039	99,039
Statutory fund appropriation	—	10,255	(10,255)	—
Dividend recognised as distribution	—	—	(40,819)	(40,819)
As at 31 December 2024	29,474	47,953	76,156	153,583

35. CAPITAL COMMITMENT

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of:			
— acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	670	101	428

36. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the buildings held by the Group for rental purposes have committed lessees for the next three years as at 31 December 2022, next two years as at 31 December 2023 and next one year as at 31 December 2024. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property or machineries at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	293	848	492
In the second year	276	610	—
In the third year	157	—	—
	726	1,458	492

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes lease liabilities, amounts due to related parties and bank borrowings disclosed in notes 31, 40 and 29 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure on a continuous basis. The Group considers the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through new share issues as well as the issue of new debts or the redemption of existing debts.

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL	26,995	—	4,106
At amortised cost			
— Cash and cash equivalents	53,831	58,199	52,831
— Restricted bank balances	129	—	—
— Trade and bills receivables	61,861	73,266	67,802
— Amounts due from related parties	2,330	688	410
— Other receivables[1]	1,571	977	1,503
	146,717	133,130	126,652
Financial liabilities			
At amortised cost			
— Bank borrowings	37,622	19,922	—
— Trade and other payables[2]	64,666	59,995	48,684
— Amounts due to related parties	1,744	42,073	10,012
	104,032	121,990	58,696
Lease liabilities			
— Lease liabilities — current	319	342	—
— Lease liabilities — non-current	1,220	860	720
	1,539	1,202	720

The Company	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL	24,262	—	—
At amortised cost			
— Cash and cash equivalents	45,030	36,455	23,029
— Amounts due from a related party	—	41,576	—
— Amounts due from subsidiaries	72,944	74,560	87,750
— Trade and bills receivables	61,542	72,031	66,079
— Other receivables[1]	76	99	2
	203,854	224,721	176,860
Financial liabilities			
At amortised cost			
— Bank borrowings	37,622	19,922	—
— Amounts due to subsidiaries	17,796	17,750	10,443
— Amounts due to related parties	—	—	10,000
— Trade and other payables[2]	36,219	31,287	29,034
	91,637	68,959	49,477

[1] Value-added tax recoverable, prepayment and [REDACTED] are excluded.

[2] Salaries and wages payables, other tax payables and advance received for sales of biological assets are excluded.

(b) Financial risk management objectives and policies

The Group's and the Company's major financial instruments include bank balances and cash, trade and bills receivable, deposits and other receivables, amounts due from (to) related parties, loan from a related party, amounts due from subsidiaries, financial assets at FVTPL, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Group operates mainly in the PRC and majority of revenue and cost of goods sold and operations are denominated in RMB. Almost all of the revenue and costs are denominated in the group entities' respective functional currency.

The carrying amounts of the Group's foreign currency denominated monetary items at the end of the reporting period are as follows:

The Group

	Year ended 31 December		
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,500	7,532	3,734
Trade and bills receivables	345	—	—

The Company

	Year ended 31 December		
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	1,399	5,395	2,650
Trade and bills receivables	345	—	—

The Group and the Company currently does not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

No sensitivity analysis is presented for the years ended 31 December 2022, 2023 and 2024 as the directors of the Company consider that the impact on profit or loss during the reporting period is insignificant, taking into account the carrying amount of monetary items that are denominated in a foreign currency.

(ii) Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Group considers that the impacts of interest rate risk to profit or loss for the years ended 31 December 2022, 2023 and 2024 are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade and bills receivables, certain other receivables (including rental deposits), amounts due from related parties, amounts due from subsidiaries, restricted bank balances and cash and cash equivalents. The Group or the Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bill receivables is mitigated because settlement of certain bills receivables are backed by bills issued by reputable banks and financial institutions. Except for financial assets at FVTPL, the Group and the Company performed impairment assessment for financial assets and other items under ECL model.

The Group and the Company manages the risk with respect to restricted bank balances and bank balances by placing in or entered into the contract with the banks with high reputation only.

The Group and the Company has policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group and the Company reviews regularly the authorisation of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the business of sale of pharmaceutical products, the Group and the Company normally grants credit periods from 30 to 90 days to reputable customers only and request for full payments upon deliveries for other customers.

The Group and the Company have receivables from different customers and other debtors operate in different geographic regions in the country and of different commercial scales. Thus, the Group and the Company classified the above assets into below categories:

- Category 1: trade receivables;
- Category 2: bills receivables;
- Category 3: other receivables, amounts due from related parties and amounts due from subsidiaries; and
- Category 4: restricted bank balances and cash and cash equivalents.

(i) Trade receivables

The Group and the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by reference to aging based on the dates of sales invoices issued.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index to be the most relevant factors for pharmaceutical customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as a net basis in the profit or loss.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired) *RMB'000*
As at 1 January 2022	3,560
— Impairment losses reversed, net	(113)
As at 31 December 2022	3,447
— Impairment losses reversed, net	(155)
As at 31 December 2023	3,292
— Impairment losses reversed, net	(249)
As at 31 December 2024	3,043

The Company

	Lifetime ECL (not credit-impaired) *RMB'000*
As at 1 January 2022	3,385
— Impairment losses recognised, net	44
As at 31 December 2022	3,429
— Impairment losses reversed, net	(206)
As at 31 December 2023	3,223
— Impairment losses reversed, net	(292)
As at 31 December 2024	2,931

In the opinion of the management, there was no significant changes to the loss rates for each ageing category during the Track Record Period.

(ii) Bills receivables

The Group and the Company only accepts bank acceptance bills issued by reputable PRC banks. The management of the Group and the Company considers the credit risk arising from the bills is insignificant.

(iii) Other receivables, amounts due from related parties and amounts due from subsidiaries

The Group and the Company applies the IFRS 9 to measuring expected credit losses for all other receivables, amounts due from related parties and amounts due from subsidiaries. To measure the expected credit losses, other receivables and amounts due from related parties have been grouped based on shared credit risk characteristics.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

The credit risk of amounts due from subsidiaries is insignificant, since the management of the Company considers the loss given default arising from the subsidiaries is insignificant.

Impairment losses on other receivables and amounts due from related parties are presented as a net basis in the profit or loss.

The following table shows the movement that has been recognised for other receivables and amounts due from related parties.

The Group

	12m ECL *RMB'000*
As at 1 January 2022	892
— Impairment losses reversed, net	(593)
As at 31 December 2022	299
— Impairment losses reversed, net	(178)
As at 31 December 2023	121
— Impairment losses recognised, net	131
As at 31 December 2024	252

The Company

	12m ECL *RMB'000*
As at 1 January 2022	4
— Impairment losses recognised, net	5
As at 31 December 2022	9
— Impairment losses reversed, net	(2)
As at 31 December 2023	7
— Impairment losses reversed, net	—
As at 31 December 2024	7

(iv) Restricted bank balances and cash and cash equivalents

The credit risk on restricted bank balances and cash and cash equivalents of the Group and the Company is limited because the counterparties are banks or other financial institutions with good reputation in the PRC.

Liquidity risk

The management of the Group and the Company are satisfied that the Group and Company will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account the Group's and the Company's cash flow projection, and the Group's and the Company's future capital expenditure in respect of its non-cancellable capital commitments, the management considers that the Group and the Company has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of each reporting period.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows. The table includes both interest and principal cash flows, where applicable.

As of 31 December, 2022, 2023 and 2024, the Company's bank borrowings with floating interest rates amounted to RMB37,622,000, RMB19,922,000 and Nil, respectively. Assuming that other variables remain unchanged and that interest rates fluctuate by 50 basis points, such a change would not have a significant impact on the Company's total profit and shareholders' equity.

The Group

	Weighted average interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at 31 December 2022							
Non-interest bearing							
Amounts due to related parties	N/A	1,794	—	—	—	1,794	1,794
Trade and other payables	N/A	64,666	—	—	—	64,666	64,666
		66,460	—	—	—	66,460	66,460
Interest bearing							
Bank borrowings	3.85%–4.2%	38,456	—	—	—	38,456	37,622
Lease liabilities	4.65%	383	395	790	132	1,700	1,539
		38,839	395	790	132	40,156	39,161
As at 31 December 2023							
Non-interest bearing							
Amounts due to related parties	N/A	42,073	—	—	—	42,073	42,073
Trade and other payables	N/A	59,995	—	—	—	59,995	59,995
		102,068	—	—	—	102,068	102,068
Interest bearing							
Bank borrowings	3.65%–4.35%	21,886	—	—	—	21,886	19,922
Lease liabilities	4.65%	389	389	519	—	1,297	1,202
		22,275	389	519	—	23,183	21,124
As at 31 December 2024							
Non-interest bearing							
Amounts due to related parties	N/A	10,012	—	—	—	10,012	10,012
Trade and other payables	N/A	48,684	—	—	—	48,684	48,684
		58,696	—	—	—	58,696	58,696
Interest bearing							
Lease liabilities	4.20%	—	782	—	—	782	720
		—	782	—	—	782	720

The Company

	Weighted average interest rate	On demand or within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022							
Non-interest bearing							
Amounts due to subsidiaries	N/A	17,796	—	—	—	17,796	17,796
Trade and other payables	N/A	36,219	—	—	—	36,219	36,219
		54,015	—	—	—	54,015	54,015
Interest bearing							
Bank borrowings	3.85%–4.2%	38,456	—	—	—	38,456	37,622
		38,456	—	—	—	38,456	37,622
As at 31 December 2023							
Non-interest bearing							
Amounts due to subsidiaries	N/A	17,750	—	—	—	17,750	17,750
Trade and other payables	N/A	31,287	—	—	—	31,287	31,287
		49,037	—	—	—	49,037	49,037
Interest bearing							
Bank borrowings	3.65%–4.35%	21,886	—	—	—	21,886	19,922
		21,886	—	—	—	21,886	19,922
As at 31 December 2024							
Non-interest bearing							
Amounts due to related parties	N/A	10,000	—	—	—	10,000	10,000
Amounts due to subsidiaries	N/A	10,443	—	—	—	10,443	10,443
Trade and other payables	N/A	29,034	—	—	—	29,034	29,034
		49,477	—	—	—	49,477	49,477

39. FAIR VALUE MEASUREMENTS

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements of financial instruments and biological assets. In estimating the fair value of financial instruments and biological assets, the Group uses market-observable data to the extent it is available. The following table gives information about how the fair values of these financial assets and biological assets are determined (in particular, the valuation technique(s) and inputs used).

The Group

	Fair value As at 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)
	2022	2023	2024		
	RMB'000	*RMB'000*	*RMB'000*		
Financial assets at FVTPL					
Unlisted money market funds	26,995	—	4,106	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities and bonds) of the fund
Biological assets					
Horses used for production (in plasma collection status)	4,018	7,400	2,906	Level 2	Replacement cost approach The value was adjusted based on the implied relationship between the plasma collection stage and the disposal price, as indicated by historical records.
Horses used for production (in preparation status)	2,784	1,640	2,064	Level 2	Market approach Recent transaction price
Immature horses	1,378	1,500	60	Level 2	Market approach Recent transaction price

The Company

	Fair value As at 31 December			Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets	2022	2023	2024		
	RMB'000	*RMB'000*	*RMB'000*		
Financial assets at FVTPL					
Unlisted money market funds	24,262	—	—	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities and bonds) of the fund

The management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company at amortised cost recognised in the statements of financial position approximate their fair values.

40. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in the Historical Financial Information, the Group has following transactions and balances with related parties:

Relationships	Company name	Nature of balances/ transactions	As at 1 January 2022	As at/For the year ended 31 December 2022	2023	2024	Maximum amount outstanding during the year ended 31 December 2022	2023	2024
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Related party controlled by the Company's ultimate controlling shareholder's close family member	Gaotai County Jianquanzilin Animal Husbandry Technology Development Co., Ltd	Purchase of raw materials	N/A	3,362	4,022	2,451	N/A	N/A	N/A
		Expenses relating to short-term leases and leases of low-value assets	N/A	—	72	72	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Hainan Chuangxin Pharmaceutical Technology Development Co., Ltd	Purchase of other materials	N/A	677	295	266	N/A	N/A	N/A
		Technical service income	N/A	3	—	120	N/A	N/A	N/A
		Interest expense	N/A	—	—	193	N/A	N/A	N/A
		Rental income	N/A	58	423	423	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Hainan Huaruida Investment Development Co., Ltd	Rental income	N/A	17	16	11	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Hainan Chuangxin Pharmaceutical Technology Development Co., Ltd	Amount due from related parties — lease receivable	N/A	—	688	—	N/A	N/A	N/A
		Amount due to related parties	N/A	120	—	9	N/A	N/A	N/A
		Amount due to related parties — advance receipt of rental fee	N/A	—	10	—	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Gaotai County Jianquanzilin Animal Husbandry Technology Development Co., Ltd	Amount due from related parties — refund of goods	N/A	2,330	—	—	N/A	N/A	N/A
		Amount due from related parties — payment in advance	N/A	—	—	410	N/A	N/A	N/A
		Amount due to related parties — trade payable	N/A	1,611	174	—	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Hainan Huaruida Investment Development Co., Ltd	Amount due to related parties — rental deposit	N/A	63	13	3	N/A	N/A	N/A
Holding company	Qianhai Tianzheng	Amount due to related parties	370	—	41,876	10,000	10,000	56,323	41,876
		Interest expense(*)	N/A	—	—	1,653	N/A	N/A	N/A
Related party controlled by the Company's ultimate controlling shareholder's close family member	Gaotai Country Jinlucao Industry Co., Ltd	Initial recognition of right-of-use assets	N/A	—	—	3,693	N/A	N/A	N/A
		Lease liability	N/A	—	—	720	N/A	N/A	N/A

*: In October 2023, the Company and its controlling shareholder, Qianhai Tianzheng entered into an equity transfer agreement to transfer 100% equity interest in Hainan Pharmaceutical Research Institute Co., Ltd. from the Company to Qianhai Tianzheng at a consideration of RMB83,152,000. During the year ended 31 December 2023, the Company partially received the consideration of RMB41,576,000.

In September 2024, the Company and Qianhai Tianzheng entered into a supplementary agreement to terminate the equity transfer agreement signed in October 2023. In accordance with the supplementary agreement, the Company would repay partial consideration to Qianhai Tianzheng of RMB34,598,000 together with an interest charge of RMB1,653,000 (representing an interest rate of 4.35% per annum). Up to 31 December 2024, RMB24,598,000 and interest of RMB1,653,000 have been settled.

As Hainan Pharmaceutical Research Institute Co., Ltd. is controlled under Qianhai Tianzheng before and after the equity transfers, it was accounted for under the merger accounting throughout the Track Record Period.

(b) The Company's amounts due from subsidiaries and amounts due from/to related parties are unsecured, interest free and repayable on demand.

41. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's financial assets as at 31 December 2022, 2023 and 2024 that were transferred to suppliers by endorsing on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amount. These financial assets are carried at amortised cost in the consolidated statement of financial position.

	Bills endorsed to suppliers with full recourse As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	2,254	2,390	3,913
Carrying amount of associated liabilities	(2,254)	(2,390)	(3,913)

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	[REDACTED] *RMB'000*	**Dividend payable** *RMB'000*	**Amounts due to related parties (non-trade)** *RMB'000*	**Bank borrowing** *RMB'000*	**Lease liabilities** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	[REDACTED]	10,000	—	35,053	1,821	46,874
Financing cash flows	[REDACTED]	(10,000)	—	1,267	(359)	(9,092)
Non-cash change						
Finance costs recognised *(note 9)*	[REDACTED]	—	—	1,302	77	1,379
At 31 December 2022	[REDACTED]	—	—	37,622	1,539	39,161
Financing cash flows	[REDACTED]	(86,181)	41,576	(18,325)	(363)	(63,293)
Non-cash change						
Dividends declared	[REDACTED]	86,181	—	—	—	86,181
Lease modified	[REDACTED]	—	—	—	(16)	(16)
Finance costs recognised *(note 9)*	[REDACTED]	—	—	625	42	667
At 31 December 2023	[REDACTED]	—	41,576	19,922	1,202	62,700
Financing cash flows	[REDACTED]	(40,819)	(26,444)	(20,250)	(3,195)	(91,350)
Non-cash change						
New leased entered	[REDACTED]	—	—	—	3,693	3,693
Dividends declared	[REDACTED]	40,819	—	—	—	40,819
Early termination of lease agreements	[REDACTED]	—	—	—	(1,032)	(1,032)
Deemed contribution	[REDACTED]	—	(6,978)	—	—	(6,978)
Finance costs recognised *(note 9)*	[REDACTED]	—	1,846	328	52	2,226
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At 31 December 2024	[REDACTED]	—	10,000	—	720	10,720

43. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group entered into certain new lease agreements for the use of office premises. On the date of commencement of leases, the Group recognised right-of-use assets of RMB3,693,000 and lease liabilities of and RMB3,693,000 for the year ended 31 December 2024.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of each reporting period and at the date of this report are set out below.

Name of subsidiaries	Place and date of incorporation	Equity interest attributable to the Group As at 31 December 2022	2023	2024	At date of this report	Paid up issued/ registered capital at date of this report	Principal activities
Jiangxi Tianzheng Biotechnology Co., Ltd. *(Note i & Note v)*	PRC 8 Jul 2016	100%	100%	100%	100%	RMB5,000,000	Sales and distribution of pharmaceutical products
Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd. *(Note i & Note vi)*	PRC 29 Nov 2019	100%	100%	100%	100%	RMB30,000,000	Research and development of anti toxin biological products
Gaotai County Tianhong Sand Grass Industry Development Co., Ltd. *(Note i & Note v)*	PRC 24 Oct 2013	100%	100%	100%	100%	RMB10,000,000	Production of raw materials
Gaotai County Tianhong Biochemical Technology Development Co., Ltd. *(Note i & Note vi)*	PRC 9 Jan 2012	100%	100%	100%	100%	RMB50,000,000	Production of raw materials
Chifeng Bo-en Pharmaceutical Co., Ltd. *(Note iv & Note vi)*	PRC 19 May 2004	100%	100%	100%	100%	RMB35,000,000	Production of veterinary drug products
Chifeng Bo-en Pharmaceutical Operation Co., Ltd. *(Note i & Note v)*	PRC 16 Apr 2021	100%	100%	100%	100%	RMB500,000	Sales of veterinary drug products
Shenzhen Jiangsheng Biotechnology Co., Ltd. *(Note ii & Note vi)*	PRC 7 Feb 2023	—	66%	—	—	RMB100,000/ RMB10,000,000	Sales and distribution of pharmaceutical products
Ji'an Haotian Cultural Development Co., Ltd. *(Note i & Note vi)*	PRC 8 Sep 2023	—	100%	100%	—	RMB2,000,000	Investment holding
Hainan Pharmaceutical Research Institute Co., Ltd. *(Note iii & Note vi)*	PRC 16 Jul 2020	100%	100%	100%	100%	RMB100,000,000	Research and development of anti toxin biological products
Jiangsheng (Hainan) Biotechnology Co., Ltd *(Note i & Note vi)*	PRC 29 Nov 2024	—	—	100%	100%	—/ RMB10,000,000	Research and development of anti toxin biological products

All the subsidiaries of the Company are limited liability companies. None of the subsidiaries had any debt securities outstanding as at 31 December 2022, 2023 and 2024 or at any time during the Track Record Period.

Notes:

i. No audited statutory financial statements were prepared for these subsidiaries for the Track Record Period as there are no statutory audit requirements.

ii. The subsidiary was deregistered during the year ended 31 December 2024.

iii. The financial statements for each of the years ended 31 December 2022 and 2023 were audited by Shenzhen Jintian Certified Public Accountants (Common Cooperate). No audited statutory financial statements were prepared for Hainan Institute of Medicine Co., Ltd. for the year ended 31 December 2024 as there are no statutory audit requirements.

iv. The financial statements for the year ended 31 December 2022 were audited by Pan-China Certified Public Accountants LLP Chongqing Branch. No audited statutory financial statements were prepared for Chifeng Bo-en Pharmaceutical Co., Ltd. for the years ended 31 December 2023 and 2024 as there are no statutory audit requirements.

v. The subsidiaries are indirectly held by the Company.

vi. The subsidiaries are directly held by the Company.

45. EVENTS AFTER REPORTING PERIOD

On 3 January 2025, the Company signed an equity transfer agreement with Jiangxi Duihua Wine Co., Ltd., which is controlled by the Company's ultimate controlling shareholder's close family member, to transfer 100% equity of Ji'an Haotian Culture Development Co., Ltd. to Jiangxi Duihua Wine Co., Ltd.. The consideration of the equity transfer is RMB7,200,000. The directors of the Company are in the process of estimating the financial impact on the Group.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, its subsidiary or the Group has been prepared in respect of any period subsequent to 31 December 2024.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 28 February 2025 of the selected property interests of the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

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[•] April 2025

The Board of Directors
Jiangxi Institute of Biological Products Inc.
No. 198 Huoju Avenue,
Jinggangshan Economic and Technological Development Zone,
Ji'an,
Jiangxi Province,
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the selected properties in which Jiangxi Institute of Biological Products Inc. (江西生物製品研究所股份有限公司, the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 28 February 2025 (the "**valuation date**").

As instructed by the Company, we have valued the selected property interests owned by the Company. The property interests not subject to our valuation are the property interests (i) that form part of the Company's property activities and with a carrying amount below 1% of the Company's total assets, and the total carrying amount of such property interests not valued does not exceed 10% of the Company's total assets, or (ii) that do not form part of the Company's property activities and the carrying amount of such property interest is below 15% of the Company's total assets.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

Due to the nature of the buildings and structures of property No. 1 in Group I and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by the cost approach with reference to its depreciated replacement cost. Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have valued the property interest of property No. 2 in Group II by income approach by taking into account the net rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

We have valued the property interests of property Nos. 3 and 4 in Group II by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements and all other relevant matters.

We have been shown copies of title documents including state-owned land use rights grant contracts, real estate title certificates, construction land planning permits, construction work planning permits, construction work commencement permits, property sales contracts, tenancy agreements and other title documents relating to the property interests and have made relevant enquiries. However, we have not examined the original documents and assumed that the copies of the documents obtained are consistent with their originals. We have relied considerably on the advice given by the Company's PRC legal adviser — Beijing Kangda Law Firm, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out between 4 March 2025 and 13 March 2025 by Cyndi Huang, who is a Chartered Surveyor and a China Real Estate Appraiser and has more than 12 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (2nd Edition)." While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence.

Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 31 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Market value in existing state as at 28 February 2025 *RMB*
1.	Factory Complex of Chifeng Bo-en Pharmaceutical Co., Ltd. located at Yuanbaoshan Industrial Park, Chifeng High-tech Industrial Development Zone, Yuanbaoshan District, Chifeng, Inner Mongolia Autonomous Region, The PRC (赤峰博恩藥業有限公司廠區)	10,000,000 (Refer to note 1)
	Sub-total:	**10,000,000**

Group II — Property interests held for investment by the Group in the PRC

No.	Property	Market value in existing state as at 28 February 2025 *RMB*
2.	3 office units of Tower 2, Chongqing International Finance Square located at No. 16 Qingyun Road, Jiangbei District, Chongqing, The PRC (重慶國金中心T2棟3個辦公單元)	8,580,000
3.	20 residential units of Mei'an South Fulin Center located at No. 23 Mei'an Third Street, Mei'an Technology New City South Area, Xiuying District, Haikou Hainan Province, The PRC (美安南區福鄰中心20個住宅單元)	No commercial value (Refer to note 2)

No.	Property	Market value in existing state as at 28 February 2025 *RMB*
4.	10 residential units of Yaogu Talent Room located at No. 6 Yaogu Yiheng Street, Xiuying District, Haikou, Hainan Province, The PRC (藥谷人才房10個住宅單元)	No commercial value (Refer to note 3)
	Sub-total:	**8,580,000**
	Grand total:	**18,580,000**

Notes:

1. In the valuation of property No. 1 in Group I, we have attributed no commercial value to the 13 buildings with a total gross floor area of approximately 28,570.57 sq.m. which have not obtained relevant title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 13 buildings (exclusive of the land) of property No. 1 in Group I as at the valuation date would be RMB92,000,000.

2. As at the valuation date, property No. 3 in Group II had not obtained any title certificate. Therefore, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the market value of property No. 3 in Group II as at the valuation date would be RMB24,265,116 assuming all relevant title certificates have been obtained and the property could be freely transferred.

3. As at the valuation date, property No. 4 in Group II had not obtained any title certificate. Therefore, we have attributed no commercial value to it. However, for reference purpose, we are of the opinion that the market value of property No. 4 in Group II as at the valuation date would be RMB8,120,520 assuming all relevant title certificates have been obtained and the property could be freely transferred.

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
1.	Factory Complex of Chifeng Bo-en Pharmaceutical Co., Ltd. located at Yuanbaoshan Industrial Park, Chifeng High-tech Industrial Development Zone, Yuanbaoshan District, Chifeng, Inner Mongolia Autonomous Region, The PRC (赤峰博恩藥業有限公司廠區)	Factory Complex of Chifeng Bo-en Pharmaceutical Co., Ltd. is located in Yuanbaoshan Industrial Park of Chifeng High-tech Industrial Development Zone. Chifeng High-tech Industrial Development Zone is a first-class development zone in Inner Mongolia, with a planned land area of approximately 77.9 sq.km. and a built-up area of approximately 54.4 sq.km. Yuanbaoshan Industrial Park is one of the four parks of Chifeng High-tech Industrial Development Zone. The locality of the property is a newly developed area where public facilities such as municipal facilities and amenities are under further improvement. The property comprises 3 parcels of land with a total site area of approximately 53,975.06 sq.m. and various buildings and structures erected thereon.	As at the valuation date, the construction work (exclusive of interior decoration) of 13 buildings of the property was completed. The interior decoration of the dormitory was completed, the interior decoration of several buildings was in progress, whilst the interior decoration of the remaining buildings had not started yet.	10,000,000 (Refer to note 18)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
		The site area of land parcel No. 1 of the property is approximately 33,334.59 sq.m. There are 9 buildings with a total gross floor area of approximately 17,344.25 sq.m. erected on it. The construction work (exclusive of interior decoration) of these buildings was completed in 2023. Moreover, a small portion of vacant land has been reserved on land parcel No. 1 for the future construction of Workshop No. 2. The details of the 9 buildings are set out as follows:		

Building Name	**Gross Floor Area** *(sq.m.)*
Multi-functional Building	1,001.15
Workshop No. 1	6,495.50
Vaccine Workshop	411.25
Dormitory	2,177.60
Material Warehouse	700.00
Animal House	2,200.00
Subsidiary Room	800.00
R&D Center	3,498.75
Guard Room	60.00
Total:	**17,344.25**

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
		The site area of land parcel No. 2 of the property is approximately 16,863.47 sq.m. There are 4 buildings with a total gross floor area of approximately 11,226.32 sq.m. erected on it. The construction work (exclusive of interior decoration) of these buildings was completed in 2023. The details of the buildings are set out as follows: **Building Name** / **Gross Floor Area** *(sq.m.)* Workshop No. 3: 3,739.20 Workshop No. 4: 7,233.13 Dangerous Goods Warehouse: 144.00 Sewage Treatment Room: 109.99 **Total: 11,226.32** The site area of land parcel No. 3 of the property is approximately 3,777.00 sq.m. Warehouse Nos. 1 and 2 with a total planned gross floor area of approximately 1,541.00 sq.m. are planned to be constructed on it.		

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
		The structures of the property mainly include an underground accidental water pool, an emergency sewage treatment water storage pool, boundary walls and roads. The land use rights of land parcel No. 1 of the property have been granted for a term of 50 years expiring on 28 June 2068 for industrial use. The land use rights of land parcel No. 2 of the property have been granted for a term of 50 years expiring on 15 November 2070 for industrial use. The land use rights of land parcel No. 3 of the property have been granted for a term of 50 years expiring on 14 September 2073 for industrial use.		

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — (Meng) 0005430 dated 29 June 2018, the land use rights of a parcel of land with a site area of approximately 33,334.59 sq.m. (land parcel No. 1 of the property) were contracted to be granted to Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司, "Chifeng Bo-en Pharmaceutical", a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use. The land premium was RMB4,800,181.

2. Pursuant to a State-owned Land Use Rights Grant Contract — (Meng) 0005515 dated 16 November 2020, the land use rights of a parcel of land with a site area of approximately 16,863.47 sq.m. (land parcel No. 2 of the property) were contracted to be granted to Chifeng Bo-en Pharmaceutical for a term of 50 years for industrial use. The land premium was RMB2,428,340.

3. Pursuant to a State-owned Land Use Rights Grant Contract — (Meng) 0005587 dated 15 September 2023, the land use rights of a parcel of land with a site area of approximately 3,777.00 sq.m. (land parcel No. 3 of the property) were contracted to be granted to Chifeng Bo-en Pharmaceutical for a term of 50 years for industrial use. The land premium was RMB543,888.

4. Pursuant to a Real Estate Title Certificate (Land) — Meng (2018) Yuan Bao Shan Qu Bu Dong Chan Quan Di No. 0010774, the land use rights of a parcel of land with a site area of approximately 33,334.59 sq.m. (land parcel No. 1 of the property) have been granted to Chifeng Bo-en Pharmaceutical for a term of 50 years expiring on 28 June 2068 for industrial use.

5. Pursuant to a Real Estate Title Certificate (Land) — Meng (2021) Yuan Bao Shan Qu Bu Dong Chan Quan Di No. 0008156, the land use rights of a parcel of land with a site area of approximately 16,863.47 sq.m. (land parcel No. 2 of the property) have been granted to Chifeng Bo-en Pharmaceutical for a term of 50 years expiring on 15 November 2070 for industrial use.

6. Pursuant to a Real Estate Title Certificate (Land) — Meng (2023) Yuan Bao Shan Qu Bu Dong Chan Quan Di No. 0006706, the land use rights of a parcel of land with a site area of approximately 3,777.00 sq.m. (land parcel No. 3 of the property) have been granted to Chifeng Bo-en Pharmaceutical for a term of 50 years expiring on 14 September 2073 for industrial use.

7. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 150403201810011, permission towards the planning of the land parcel with a site area of approximately 33,334.59 sq.m. (land parcel No. 1 of the property) has been granted to Chifeng Bo-en Pharmaceutical.

8. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 150403202110002, permission towards the planning of the land parcel with a site area of approximately 16,863.47 sq.m. (land parcel No. 2 of the property) has been granted to Chifeng Bo-en Pharmaceutical.

9. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 1504032023YG0008345, permission towards the planning of the land parcel with a site area of approximately 3,777.00 sq.m. (land parcel No. 3 of the property) has been granted to Chifeng Bo-en Pharmaceutical.

10. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 150403202110009, 9 buildings with a total gross floor area of approximately 17,344.25 sq.m. have been approved for construction on land parcel No. 1 of the property.

11. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 150403202210007, 4 buildings with a total gross floor area of approximately 11,226.32 sq.m. and an underground accidental water pool have been approved for construction on land parcel No. 2 of the property.

12. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 1504032024GG0034474, 2 buildings with a total gross floor area of approximately 1,541.00 sq.m. and an emergency sewage treatment water storage pool have been approved for construction on land parcel No. 3 of the property.

13. Pursuant to 2 Construction Work Commencement Permits — Nos. 150403202110007 and 150403202110012 in favour of Chifeng Bo-en Pharmaceutical, permission by the relevant local authority was given to commence the construction of 9 buildings on land parcel No. 1 of the property with a total gross floor area of approximately 17,344.25 sq.m.

14. Pursuant to 2 Construction Work Commencement Permits — Nos. 150403202210005 and 150403202210006 in favour of Chifeng Bo-en Pharmaceutical, permission by the relevant local authority was given to commence the construction of 4 buildings on land parcel No. 2 of the property with a total gross floor area of approximately 11,226.32 sq.m.

15. Pursuant to 6 Certificates of Completion and Acceptance of Construction Project, an Opinion on Unit Work Quality Verification and a Construction Work Quality Service Report, the construction work of 9 buildings on land parcel No. 1 of the property was completed between April 2023 and November 2023.

16. Pursuant to 2 Opinions on Quality and Technical Inspection of Construction Project and a Construction Work Quality Service Report, the construction work of 4 buildings on land parcel No. 2 of the property was completed in June 2023.

17. Pursuant to 3 Certificates of Completion and Acceptance of Construction Project, the construction work of road network on land parcel No. 1 of the property and the external facility network of the property was completed between November 2022 and May 2023.

18. In the valuation of the property, we have attributed no commercial value to the 13 buildings with a total gross floor area of approximately 28,570.57 sq.m. of the property which have not obtained relevant title certificates. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 13 buildings (exclusive of the land) as at the valuation date would be RMB92,000,000.

19. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. Chifeng Bo-en Pharmaceutical has completed the necessary approval and construction procedures for the property at the current stage.

VALUATION CERTIFICATE

Group II — Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
2.	3 office units of Tower 2, Chongqing International Finance Square located at No. 16 Qingyun Road, Jiangbei District, Chongqing, The PRC (重慶國金中心T2棟3個辦公單元)	Chongqing International Finance Square, located at Jiangbeizui Central Business District, is the largest integrated development project in the area. With a gross floor area of approximately 660,000 sq.m., the project includes a 300-meter-high landmark skyscraper, a high-end shopping mall, 4 Grade-A office buildings (namely T2, T3, T5 and T6) and a deluxe hotel. With seamless linkage to the interchange station for metros Line 6 and Line 9, the project enjoys very good transportation accessibility. The property comprises an office unit on Level 30 and 2 office units on Level 31 of Tower 2 of Chongqing International Finance Square. Completed in 2015, Tower 2 of Chongqing International Finance Square is a 34-storey office building with 32 stories aboveground and 2 stories underground. The total gross floor area of the property is approximately 518.12 sq.m., the details of which are set out as follows: **Unit No.** — **Gross Floor Area** *(sq.m.)* 3006 — 174.88 3106 — 174.88 3107 — 168.36 **Total:** — **518.12** The land use rights of the property have been granted for a term expiring on 4 August 2051 for business and financial uses.	As at the valuation date, 2 units of the property with a total gross floor area of approximately 343.24 sq.m. on Level 31 of Tower 2 of Chongqing International Finance Square were rented to an independent third party for office use, and the remaining unit of the property with a gross floor area of approximately 174.88 sq.m. on Level 30 was vacant.	8,580,000

Notes:

1. Pursuant to 3 Property Sale Contracts of Chongqing — CQ-103–00800790, CQ-6097640 and CQ-6097649 dated between 23 July 2015 and 11 April 2017, the property with a total gross floor area of approximately 518.12 sq.m. was contracted to be purchased by Jiangxi Institute of Biological Products (江西生物製品研究所, the predecessor of the Company) at a total consideration of RMB12,131,986.

2. Pursuant to 3 Real Estate Title Certificates — Yu (2022) Jiang Bei Qu Bu Dong Chan Quan Di Nos. 000129026, 000129049 and 000129225, 3 units with a total gross floor area of approximately 518.12 sq.m. are owned by the Company. The relevant land use rights of the units have been granted to the Company for a term of 40 years expiring on 4 August 2051 for business and financial uses.

3. According to 2 Tenancy Agreements, 2 office units of the property with a total gross floor area of approximately 343.24 sq.m. are rented to an independent third party with the expiry date on 23 May 2025 and 30 September 2025 at a total monthly rent of RMB36,383.44, exclusive of management fees, water and electricity charges.

4. Our valuation has been made on the following basis and analysis:

   a. in valuing the property, we have considered the actual rents in the existing tenancy agreements and also compared similar properties located in the same business circle and/or nearby within reasonable walking distance. We adopted market rents when calculating (i) the reversionary rental income after the expiry of the existing tenancy agreements for occupied area, and (ii) the rental income of vacant area;

   b. as at the valuation date, the monthly unit rents of the comparable properties ranged from RMB95 to RMB110 per sq.m. for office units. Appropriate adjustments and analysis are considered to the differences in several aspects including location, decoration, layout, year of completion and other characters between the comparables and the property to arrive at the market rent. We summed up the adjustment factors to reach the total adjustment. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Based on the analysis of the comparables, the monthly market unit rent of the property as at the valuation date is RMB106.7 per sq.m.

   c. based on our research, the stabilized market yield of similar office properties is in the range of 4.25% to 4.75%. Considering the location and characteristics of the property, we have applied a market yield of 4.50% for office units in the valuation.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Company legally owns the real estate title rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
3.	20 residential units of Mei'an South Fulin Center located at No. 23 Mei'an Third Street, Mei'an Technology New City South Area, Xiuying District, Haikou Hainan Province, The PRC (美安南區福鄰中心20個住宅單元)	Mei'an South Fulin Center is located at the intersection of Mei'an Third Street and Anling Second Road. The project includes 5 residential buildings with over 300 residential units. Mei'an South Fulin Center is one of the affordable housing projects in Haikou. The locality is a newly developed area where public facilities such as municipal facilities and amenities are under further development.	As at the valuation date, 4 units of building No. 1 and 5 units of building No. 2 of the property with a total gross floor area of approximately 1,024.47 sq.m. were rented to an independent third party for residential use, 3 units of block 2 of building No. 5 of the property with a total gross floor area of approximately 315.81 sq.m. were occupied by the Group for self-use and the remaining 8 units of the property with a total gross floor area of approximately 906.49 sq.m. were vacant.	No commercial value (Refer to note 4)

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 28 February 2025 *RMB*
		The property comprises 4 residential units of building No. 1, 6 residential units of building No. 2, 2 residential units of Entrance 1 of building No. 5 and 8 residential units of Entrance 2 of building No. 5 of Mei'an South Fulin Center. Completed in 2022, building Nos. 1, 2 and 5 are 14-storey residential buildings with 13 stories aboveground and a storey underground. The total gross floor area of the property is approximately 2,246.77 sq.m., the details of which are set out as follows:		

Building No.	Entrance No.	Unit No.	Gross Floor Area *(sq.m.)*
1	—	501	124.33
1	—	502	92.83
1	—	503	92.83
1	—	505	124.33
2	—	501	124.33
2	—	502	92.83
2	—	605	124.33
2	—	705	124.33
2	—	905	124.33
2	—	1005	124.33
5	1	902	92.94
5	1	903	92.94
5	2	601	124.47
5	2	901	124.47
5	2	1001	124.47
5	2	1002	92.94
5	2	1101	129.93
5	2	1102	92.94
5	2	1201	129.93
5	2	1202	92.94
		Total:	**2,246.77**

Notes:

1. Pursuant to a Letter of Intent for Subscribing Mei'an South Fulin Center Project dated 16 August 2021, 20 residential units with a total gross floor area of approximately 2,246.77 sq.m. were contracted to be purchased by Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司, "Hainan Pharmaceutical Research Institute", a wholly-owned subsidiary of the Company) at a total consideration of RMB24,265,116. As confirmed by the Group, the total consideration had been fully paid as at the valuation date.

2. Pursuant to a Supplementary Agreement to the Letter of Intent for Talent Housing Purchase dated 21 March 2023, the 20 residential units subscribed by Hainan Pharmaceutical Research Institute have met the conditions for signing the Affordable Housing Sales Contract, but Hainan Pharmaceutical Research Institute applies for an extension of the contract due to personal reasons. Both parties of the supplementary agreement confirm that the extension period shall not exceed 3 years (from the date of signing the supplementary agreement). The final transaction price for the purchase of the units shall be based on the area of the surveying report, with refunds for any excess or supplements for any shortfall.

3. According to a Tenancy Agreement, 9 residential units of the property with a total gross floor area of approximately 1,024.47 sq.m. are rented to an independent third party with the expiry date on 31 December 2025 at a monthly rent of RMB21,000, exclusive of management fees, water and electricity charges.

4. As at the valuation date, the property had not obtained any title certificate. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB24,265,116 assuming all relevant title certificates have been obtained and the units could be freely transferred

5. Our valuation has been made on the following basis and analysis:

    a. Mei'an South Fulin Center is one of the affordable housing projects in Haikou. The sales price of the residential units of this project is restricted at fixed unit price by relevant policies. As at the valuation date, the unit price of the comparable properties in Mei'an South Fulin Center is RMB10,800 per sq.m. for residential units.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The letter of Intent mentioned in note 1 and the supplementary agreement mentioned in note 2 are legal and valid. There are no other mortgages, pledges or judicial seizures that may limit the rights of use.

VALUATION CERTIFICATE

<table>
<tr><th>No.</th><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 28 February 2025
RMB</th></tr>
<tr><td>4.</td><td>10 residential units of Yaogu Talent Room
located at
No. 6 Yaogu Yiheng Street,
Xiuying District,
Haikou,
Hainan Province,
The PRC
(藥谷人才房10個住宅單元)</td><td>Yaogu Talent Room is located at Yaogu Yiheng Street and near Nanhai Avenue. The project includes 4 residential buildings. Yaogu Talent Room is one of the affordable housing projects in Haikou. The locality is a developed area. There are several residential projects and factories around the project.

The property comprises 6 residential units of building No. N2 and 4 residential units of building No. N3 of Yaogu Talent Room. Completed in 2022, building Nos. N2 and N3 are 22-storey residential buildings with 21 stories aboveground and a storey underground. The total gross floor area of the property is approximately 676.71 sq.m., the details of which are set out as follows:

<table><tr><th>Building No.</th><th>Unit No.</th><th>Gross Floor Area
(sq.m.)</th></tr><tr><td>N2</td><td>709</td><td>62.54</td></tr><tr><td>N2</td><td>1905</td><td>80.90</td></tr><tr><td>N2</td><td>1906</td><td>59.20</td></tr><tr><td>N2</td><td>1909</td><td>62.54</td></tr><tr><td>N2</td><td>2005</td><td>80.90</td></tr><tr><td>N2</td><td>2009</td><td>62.54</td></tr><tr><td>N3</td><td>909</td><td>62.42</td></tr><tr><td>N3</td><td>1905</td><td>80.83</td></tr><tr><td>N3</td><td>1909</td><td>62.42</td></tr><tr><td>N3</td><td>1910</td><td>62.42</td></tr><tr><td></td><td>Total:</td><td>676.71</td></tr></table></td><td>As at the valuation date, a unit of building No. N3 of the property with a gross floor area of approximately 62.42 sq.m. was rented to an independent third party for residential use, 5 units of building No. N2 and 2 units of building No. N3 of the property with a total gross floor area of approximately 489.33 sq.m. were occupied by the Group for self-use and the remaining 2 units of the property with a total gross floor area of approximately 124.96 sq.m. were vacant.</td><td>No commercial value
(Refer to note 4)</td></tr>
</table>

Notes:

1. Pursuant to a Letter of Intent for subscribing Yaogu Anju Talent Room Project dated 16 August 2021, 10 residential units with a total gross floor area of approximately 677.31 sq.m. were contracted to be purchased by Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司, "Hainan Pharmaceutical Research Institute", a wholly-owned subsidiary of the Company) at a total consideration of RMB8,127,840. As confirmed by the Group, the total consideration had been fully paid as at the valuation date.

2. Pursuant to a Supplementary Agreement to the Letter of Intent for Talent Housing Purchase dated 3 August 2023, 10 residential units with a total gross floor area of approximately 677.07 sq.m. was contracted to be purchased by Hainan Pharmaceutical Research Institute at a total consideration of RMB8,127,840. The 10 residential units have met the conditions for signing the Affordable Housing Sales Contract, but Hainan Pharmaceutical Research Institute applies for an extension of the contract due to personal reasons. Both parties of the supplementary agreement confirm that the extension period shall not exceed 3 years (from the date of signing the supplementary agreement).

3. According to a Tenancy Agreement, a residential unit of the property with a gross floor area of approximately 62.42 sq.m. is rented to an independent third party with the expiry date on 4 December 2025 at a monthly rent of RMB1,700, exclusive of management fees, water and electricity charges.

4. As at the valuation date, the property had not obtained any title certificate. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB8,120,520 assuming all relevant title certificates have been obtained and the units could be freely transferred

5. Our valuation has been made on the following basis and analysis:

    a. Yaogu Talent Room is one of the affordable housing projects in Haikou. The sales price of the residential units of this project is restricted at fixed unit price by relevant policies. As at the valuation date, the transaction unit price of the comparable properties in Yaogu Talent Room is RMB12,000 per sq.m. for residential units.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The letter of Intent mentioned in note 1 and supplementary agreement mentioned in note 2 are legal and valid. There are no other mortgages, pledges or judicial seizures that may limit the rights of use.

THE PRC TAXATION

Taxation on dividends

Individual investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), which was latest amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), which was latest amended on December 18, 2018 (hereinafter collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), (hereinafter referred to as the "**Arrangement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion**") which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable. If a Hong Kong resident directly holds more than 25% of the equity interest in a Chinese company and is the beneficial owner of the dividends, and meets other conditions, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《國家税務總局關於〈內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排〉第五議定書》) (the "**Fifth Protocol**") issued by the State Administration of Taxation, which came into effect on December 6, 2019, stipulates that the aforementioned provisions shall not apply to arrangements or transactions made with one of the main purposes of obtaining the aforementioned tax benefits.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by NPC on March 16, 2007, and latest amended on December 29, 2018 and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007, latest amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises are deducted at source, where the

payer of the income is required to withhold the income tax from the payments due to the non-resident enterprise. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation.

The Circular of the SAT on Issues Relating to the Withholding and Remitting of Enterprise Income Tax by PRC Resident Enterprises on Dividends Distributed to Overseas Non-Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued and implemented by the SAT on November 6, 2008, further clarified that a PRC resident enterprise is required to withhold and remit enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares from profits generated since 2008. Non-PRC resident enterprise shareholders who wish to enjoy the benefits of a tax treaty should comply with the relevant provisions of that tax treaty.

Pursuant to the Arrangement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable. If a Hong Kong resident directly holds more than 25% of the equity interest in a Chinese company and is the beneficial owner of the dividends, and meets other conditions, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol stipulates that the aforementioned provisions shall not apply to arrangements or transactions made with one of the main purposes of obtaining the aforementioned tax benefits.

Although there may be other provisions under the Arrangement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in

accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

TAXATION ON SHARE TRANSFER

VAT and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (the "**Notice 36**"), which was implemented on May 1, 2016, partially repealed and took effect on July 1, 2017, January 1, 2018, and April 1, 2019, entities and individuals engaged in the sale services in the PRC are subject to Value-added Tax ("**VAT**") and "engaged in the sale services in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Notice 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and the SAT on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家税務總局關於個人金融商品買賣等營業税若干免税政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT.

However, in view of no clear regulations, it is still uncertain whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge, which shall usually equal to 12% of the VAT payable (if any).

Income Tax

Individual Investors:

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

However, on December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on January 1, 2010, which states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the SSE and the SZSE shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors:

In accordance with the EIT Laws, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to or due to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on June 10, 2021 and effective on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "**an enterprise**" or "**enterprises**") within the territory of the PRC are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

VAT

Pursuant to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016 and November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) issued on December 25, 1993 by the Ministry of Finance, came into effect on the same day and revised on December 15, 2008 and October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業税改徵增值税試點的通知》) (Caishui [2016] No. 36) and its appendix, the "Measures for the Implementation of Pilot Reform for Transition from Business Tax to Value-added tax (《營業税改征增值税試點實施辦法》)," which took effect on May 1, 2016, the tax rates for taxpayers selling different goods and providing different services are 17%, 11%, 6%, and 0%, respectively. The MOF and the SAT issued the Notice of on Adjusting VAT Rates (《財政部、國家税務總局關於調整增值税税率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

TAXATION IN HONG KONG

Taxation on Dividends

No tax is payable by any person or corporation under the laws of Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any shareholders (other than shareholders carrying on a trade, profession or business in Hong Kong and holding the shares for trading purposes) on any capital gains made on the sale or other disposal of the shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the shares being sold or purchased, in total, whether or not the sale or purchase is on or off the Hong Kong Stock Exchange. The shareholder selling the shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China ("**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》)which was issued by the State Council on January 29, 1996, implemented on April 1, 1996 and latest amended on August 5 2008, classifies all international revenues and expenditure and transfers into current items and capital items. Current items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital items, overseas organizations and overseas individuals making direct investments in the PRC shall, upon

approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996 and implemented on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts opened at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated and implemented by the SAFE on June 9, 2016, partially repealed and took effect on March 23, 2023, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions.

On October 23, 2019, the SAFE issued the Circular on Further Promoting the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), which removed the restrictions on non-investment foreign enterprises using capital funds for domestic equity investments. Additionally, the state abolished the restrictions on the use of funds after settlement in domestic asset realization accounts and relaxed the restrictions on the use and settlement of foreign exchange of the margins by foreign investors. Qualified enterprises in pilot regions are also allowed to use capital account income, such as capital funds, foreign debts, and overseas listing proceeds, for domestic payments without the need to provide proof of authenticity for each transaction to banks in advance. The use of such funds must be genuine, compliant, and in accordance with the current regulations on capital account income management.

PRC LAWS AND REGULATIONS

This Appendix sets out summaries of certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "**Appendix IV — Taxation and Foreign Exchange" to this document**. The principal objective of this summary is to provide potential [REDACTED] with an overview of the principal PRC laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which may be important to the potential [REDACTED]. For more details of laws and regulations which are relevant to our business, see the section headed "**Regulatory Overview" in this document**.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "PRC Constitution"), and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties and other regulatory documents signed by the PRC government. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the PRC Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (the "PRC Legislation Law"), both the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the PRC Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the PRC Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations with respect to urban and rural construction and management, environmental protection and historical and cultural protection and other aspects based on the specific circumstances and actual needs of such cities. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the

relevant provinces or autonomous regions if they are not in conflict with the PRC Constitution, laws, administrative regulations and local regulations of the provinces or autonomous regions concerned.

The ministries and commissions of the State Council, the PBOC, the NAO and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the competence of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities directly under the central government and cities divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities directly under the central government.

The PRC Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations may contravene the PRC Constitution. The authority of the PRC laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts and autonomous prefectures within their respective administrative regions of such provinces and autonomous regions

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the PRC Constitution and the PRC Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the PRC Constitution and laws, to annul local regulations that contravene the PRC Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the PRC Constitution and the PRC Legislation Law. The State Council has the power to alter or annul any inappropriate departmental regulations and rules of local governments. The people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the PRC Constitution, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) adopted on June 10, 1981, issues related to the further clarification or supplement of laws shall be interpreted or provided by the SCNPC; issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court; issues related to the specific application of laws and decrees in the procuratorial work during the prosecution process shall be interpreted by the Supreme People's Procuratorate, and all other legal matters are to be interpreted by the State Council and its relevant competent departments. If there are differences in principle in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. The State Council and its ministries and commissions also have the right to interpret the administrative rules and departmental regulations issued by them. At the local level, the power to interpret local laws resides with the local legislative and administrative authorities that enacted those laws.

PRC JUDICIAL SYSTEM

According to the PRC Constitution and the Law of Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) most recently amended on October 26, 2018 and effective on January 1, 2019, the people's courts are made up of the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

The local people's courts are divided into three levels, namely the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are further divided into civil, criminal and economic tribunals. The intermediate people's courts have structure similar to those of the primary people's courts and other special courts, such as the intellectual property courts, military courts and maritime courts. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Procuratorate is authorized to supervise the judgement and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgement and ruling of a people's court at a lower level which have been legally effective. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts employ a two-tier appellate system. The judgements or rulings of the second instance at a people's court are final. A party may appeal against the judgement or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgements or rulings of the people's court are final. Judgements or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. Judgements or rulings of the first instance of the Supreme People's Court are also

final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in a final and binding judgement or ruling which has taken effect in a people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgement or ruling which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) adopted on April 9, 1991 and most recently amended on September 1, 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action, and the procedures for enforcement of a civil judgement or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. However, such choice shall not in any circumstances contravene the provisions on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization that institute or respond to proceedings in a people's court is given the same litigation rights and obligations as a citizen or legal person of the PRC. Should a foreign court limit the litigation rights of PRC citizens and enterprises, the PRC court shall apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A PRC court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement.

A party seeking to enforce a judgement or ruling of a people's court against another party who is not or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or ruling. Alternatively, the people's court may, pursuant to an international treaty to which the PRC is a signatory or a participant or according to the principle of reciprocity, request the foreign court to recognize and execute the judgement or ruling. Likewise, if the PRC has entered into either a treaty relating to judicial enforcement with the relevant foreign country or according to the principle of reciprocity, a foreign judgement or ruling may also be recognized and enforced in accordance with the PRC enforcement procedures by a PRC court unless the people's court considers that the recognition or enforcement of such judgement or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or would not be in the public interest.

The Company Law of the People's Republic of China (《中華人民共和國公司法》), Overseas Listing Trial Measures (《境外上市試行辦法》) and Guidance for Articles of Association

A joint stock limited company incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

(i) The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the PRC Company Law) which was promulgated on December 29, 2023 and took effect on July 1, 2024;

(ii) The Overseas Listing Trial Measures (《境外上市試行辦法》) which were promulgated by the CSRC on February 17, 2023 pursuant to the Securities Law of the People's Republic of China (《中華人民共和國證券法》) and are applicable to the direct and indirect overseas share offering or listing of domestic companies;

(iii) The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was most recently amended on March 28, 2025 by the CSRC. The articles of association is formulated based on the Guidance for Articles of Association on a reference basis, the summary of which is set out in the section entitled "Appendix VI — Summary of Articles of Association" to this document.

Set out below is a summary of the major provisions of the currently effective PRC Company Law, the Overseas Listing Trial Measures and the Guidance for Articles of Association which are applicable to [REDACTED].

General

A joint stock limited company refers to a corporate legal person established in China under the Company Law of the People's Republic of China with its registered capital divided into shares. All shares of the company shall be either par value shares or no par value shares in accordance with the articles of association. Where par value shares are adopted, each share shall have equal value. The liability of the company is limited to the total amount of all assets it owns and the liability of its shareholders is limited to the extent of the shares they subscribe for.

The company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the company may not be a contributor that undertakes joint liabilities for the debts of the invested companies.

Incorporation

A company may be incorporated by promotion or public subscription. A company shall be incorporated by a minimum of one but no more than 200 promoters, and at least half of the promoters must be residents within the PRC. Companies incorporated by promotion are companies of which the entire registered capital is subscribed for by the promoters. Shares in the company incorporated by promotion shall not be offered to others unless the registered capital has been fully paid up. If laws, administrative regulations and decisions of the State Council have separate provisions on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. Procedures relating to the transfer of titles to non-monetary assets shall be duly completed if such assets are to be contributed as capital. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreements. After the promoters have confirmed the capital contribution under the articles of association, a board of directors and a supervisory committee shall be elected (except for those not required by law to establish a supervisory committee) and the board of directors shall apply for registration of incorporation by filing the articles of association with the company registration authority, and other documents as required by laws or administrative regulations.

Where companies are incorporated by floatation, not less than 35% of their total number of shares shall be subscribed for by the promoters, unless otherwise provided for by laws or administrative regulations. The promoters shall preside over and convene an inauguration meeting within thirty days from the date of the full payment of subscription capital contribution. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued are not fully subscribed for within the offer period stipulated in the share offering document, or where the promoter fails to convene an

inauguration meeting within thirty days of the subscription capital contribution for the shares issued being fully paid up, the subscribers may demand that the promoters refund the fully paid subscription capital contribution together with the interest calculated at bank rates of a deposit for the same period. Within thirty days of the conclusion of the inauguration meeting, the board of directors shall apply to the registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after the registration with the relevant administration for market regulation has been completed and a business licence has been issued.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of laws or administrative regulations on valuation without any over-valuation or under-valuation.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. The shares of a company are represented by stocks. A stock is a certificate issued by the company to certify the share held by a shareholder. The stock issued by the company shall be in the form of registered stock.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares of the same class issued at the same time must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber (whether an entity or an individual). The share offering price may be equal to or greater than the par value of the share, but may not be less than the par value.

Under the Overseas Listing Trial Measures, if a domestic company offers shares overseas, it may raise funds and dividend distributions in foreign currency or Renminbi.

Under the PRC Company Law, a company issuing registered share certificates shall maintain a shareholder register which sets forth the following matters:

(i) the name and domicile of each shareholder;

(ii) the number of shares held by each shareholder;

(iii) the serial numbers of shares held by each shareholder;

(iv) the date on which each shareholder acquired the shares.

Increase in Share Capital

In response to its operational and development needs and in accordance with laws and regulations, a company may increase its share capital under any of the following methods, after the resolutions is passed at a shareholders' general meeting: (i) a public offering of shares; (ii) a private placement of shares; (iii) offering of bonus shares to existing shareholders; (iv) the conversion of reserve funds into shares; and (v) any other methods provided in law and administrative regulations and approved by the CSRC.

Pursuant to the PRC Company Law, a company may, according to its articles of association, issue the following classes of shares, which have different rights from those of the ordinary shares: (i) shares with priority or inferior rights to profits or remaining property in distribution; (ii) shares with more or less voting rights per share than those of the ordinary shares; (iii) shares whose transfer is subject to the consent of the company and other restrictions; (iv) other classes of shares provided by the State Council. A company making a public offering of shares shall not issue any of the classes of shares as prescribed on items (ii) and (iii), except those issued prior to the public offering. Where a company is issuing new shares, resolutions shall be passed at general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and when the new shares are proposed to be issued to existing shareholders, the class and amount of such new shares.

When a domestic company offers shares overseas, it shall report the application documents for offering and listing to the CSRC for record-filing within three business days after submission of the application documents for offering and listing overseas.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

(i) the company shall prepare a balance sheet and a list of properties;

(ii) the reduction of registered capital must be approved by shareholders at the general meeting;

(iii) the company shall notify its creditors of the reduction in registered capital within ten days and publish an announcement of the reduction in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the resolution approving the reduction being passed;

(iv) the creditors of the company may within the statutory time limit require the company to repay its debts or provide guarantees for covering the debts;

(v) the company must apply to the relevant company registration authority for registration of the change and reduction in registered capital.

Repurchase of Shares

Pursuant to the PRC Company Law, a company shall not purchase its own shares other than in any of the following circumstances:

(i) reducing its registered capital;

(ii) merging with another company which holds its shares;

(iii) utilising the shares for employee stock ownership plan or share incentive scheme;

(iv) acquiring its own shares at the request of its shareholders who vote in a shareholders' general meeting against a resolution regarding a merger or separation;

(v) utilising the shares for conversion of corporate bonds which are convertible into shares issued by a listed company;

(vi) where it is necessary for a listed company to maintain its corporate value and shareholders' equity.

Any company's purchase of its own shares for any reason specified in item (i) and item (ii) of the preceding paragraph shall be subject to a resolution of the general meeting; any company's purchase of its own shares for any reason specified in item (iii), item (v) and item (vi) of the preceding paragraph may be subject to a resolution of the board meeting with more than two thirds of directors present, according to the provisions of the articles of association or upon authorisation by the general meeting.

The shares acquired under the circumstance stipulated in item (i) hereof shall be deregistered within ten days from the date of acquisition of shares; the shares repurchased under the circumstances stipulated in either item (ii) or item (iv) shall be assigned or deregistered within six months; and the shares held in total by a company after the repurchase under any of the circumstances stipulated in item (iii), item (v) or item (vi) shall not exceed 10% of the company's total shares in issue, and shall be assigned or deregistered within three years.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws. Pursuant to the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by laws or administrative regulations. Following the transfer, the company shall enter the names and addresses of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of twenty days prior to convening a shareholders'

general meeting or five days prior to the record date for the purpose of determining entitlements to dividend distributions, subject to any legal provisions on the registration of changes in the share register of listed companies.

Pursuant to the PRC Company Law, shares of the company issued prior to the public offering of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in the company and any changes thereof. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company per annum. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within half a year after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

Shareholders

Under the PRC Company Law, the rights of shareholders include the rights:

(i) to receive a return on assets, participate in significant decision-making and select management personnel;

(ii) to petition the people's court to revoke any resolution passed on a shareholders' general meeting or a meeting of the board of directors that has not been convened in accordance with the laws and regulations or the articles of association or whose voting has violated the laws, administrative regulations or the articles of association of the company, or any resolution the contents of which is in violation of the articles of association, provided that such petition shall be submitted within sixty days of the passing of such resolution;

(iii) to transfer the shares according to the applicable laws and regulations and the articles of association;

(iv) to attend or appoint a proxy to attend general meetings and exercise the voting rights;

(v) to inspect the articles of association, share register, counterfoil of company debentures, minutes of general meetings, board resolutions, resolutions of the supervisory committee and financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(vi) to receive dividends in respect of the number of shares held;

(vii) to participate in distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(viii) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the articles of association.

The obligations of shareholders include the obligation to abide by the company's articles of association, to pay the subscription capital contribution in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of subscription capital agreed to be paid in respect of the shares taken up by them and any other shareholder obligation specified in the articles of association.

General Meeting

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(i) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(ii) to review and approve the reports of the board of directors;

(iii) to review and approve the reports of the supervisory committee or supervisors;

(iv) to review and approve the company's annual financial budgets and final accounts plan;

(v) to review and approve the company's profit distribution proposals and loss recovery proposals;

(vi) to decide on any increase or reduction of the company's registered capital;

(vii) to decide on the issue of corporate bonds;

(viii) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(ix) to amend the company's articles of association;

(x) to exercise any other authority stipulated in the articles of association.

The general meeting may authorise the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law, a general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;

(ii) the outstanding losses of the company amounted to one-third of the company's total share capital;

(iii) shareholders individually or in aggregate holding 10% or more of the company's shares request that an extraordinary general meeting is convened;

(iv) the board of directors deems it necessary to convene a meeting;

(v) the supervisory committee so proposes;

(vi) any other circumstances as provided for in the articles of association.

A general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory committee shall convene and preside over such meeting in a timely manner. If the supervisory committee fails to convene and preside over such meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for ninety days or more consecutively may unilaterally convene and preside over such meeting. Where shareholders individually or in aggregately holding 10% or more of the company's shares request to convene an extraordinary general meeting, the board of directors and the supervisory committee shall, within ten days after receipt of such request, decide whether to convene the extraordinary general meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders twenty days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders fifteen days prior to the meeting.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a general meeting.

Pursuant to the PRC Company Law, shareholders (excluding classified shareholders) present at a general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Pursuant to the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of resolutions relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association, which in each case must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company must be approved by way of resolution of the general meeting, the board of directors shall convene a general meeting promptly to vote on such matters.

A shareholder may entrust a proxy to attend the general meeting on his/her behalf and the matters, power and time limit of the proxy shall be clarified by such shareholder. The proxy shall present the shareholders' power of attorney to the company and exercise voting rights within the scope of authorisation.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairman and directors attending the meeting shall endorse such minutes by signature. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board of directors which shall have at least three members. For a company that has three hundred or more employees, the board of directors shall include the staff representative unless the supervisory committee has been established and already included the staff representative supervisor. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(i) to summon the general meetings and report its works to the general meetings;

(ii) to implement the resolutions passed by the shareholders at the general meetings;

(iii) to decide on the company's operational plans and investment proposals;

(iv) to formulate the company's profit distribution proposals and loss recovery proposals;

(v) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(vi) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(vii) to decide on the setup of the company's internal management organs;

(viii) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and the person responsible for financial matters of the company and to decide on their remunerations;

(ix) to formulate the company's basic management system;

(x) to exercise any other authority as is stipulated in the articles of association.

Restrictions on the board of directors' powers in the articles of association shall not be used against a third party in good faith.

The board meetings shall be convened at least twice each year. Notices of meetings shall be given to all directors and supervisors at least 10 days prior to the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board of directors may otherwise determine the means and the period of notice for summoning an interim board meeting. The board meetings shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization. The board of directors shall prepare minutes of the resolutions adopted at the meeting, which shall be signed by the directors present at the meeting.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company:

(i) a person with no capacity for civil conduct or limited capacity for civil conduct;

(ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or sabotaging the order of socialist market economy, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence, in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

(iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation or the order for closure;

(v) a person being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of debts which has fall due.

Any election or appointment of directors by the company, to whom any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board of directors shall have a chairman and may have a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall summon and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing, or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing, or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

Supervisory Committee

Under the PRC Company Law, a joint stock limited company shall establish an audit committee composed of directors within the board of directors to exercise the supervisory committee's functions. A joint stock limited company with a smaller scale or fewer shareholders may choose not to establish a supervisory committee and instead appoint a single supervisor. A joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, among which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory committee shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The supervisory committee shall have a chairman and may have a vice chairman. The chairman and the vice chairman of the supervisory committee shall be elected by more than half of all the supervisors. Directors and senior management members shall not act concurrently as supervisors.

The chairman of the supervisory committee shall summon and preside over supervisory committee meetings. Where the chairman of the supervisory committee is incapable of performing, or is not performing his/her duties, the vice chairman of the supervisory committee shall summon and preside over supervisory committee meetings. Where the vice chairman of the supervisory committee is incapable of performing, or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall summon and preside over supervisory committee meetings.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if re-elected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisor results in the number of supervisors being less than the quorum.

The supervisory committee may exercise its powers:

(i) to review the company's financial position;

(ii) to supervise the acts of directors and senior management members in their performance of their duties and to propose the removal of directors and senior management members who have violated laws, regulations, the articles of association or the shareholders' resolutions;

(iii) when the acts of a director or senior management members are detrimental to the company's interests, to require the director and senior management members to correct these acts;

(iv) to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the board of directors fails to perform the duty of convening and presiding over general meetings under the PRC Company Law;

(v) to submit proposals to the general meetings;

(vi) to bring actions against directors and senior management members pursuant to the relevant provisions of the PRC Company Law;

(vii) any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board of directors. The supervisory committee may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Audit Committee

Under PRC Company Law, a joint stock limited company may establish an audit committee composed of directors within its board of directors pursuant to the provisions of its articles of association to exercise the functions and powers of a supervisory committee as prescribed by PRC Company Law, in lieu of establishing a supervisory committee or supervisor.

The audit committee shall comprise at least three members, with a majority not holding any position in the company other than that of director, and having no relationship with the company that may affect their independent and objective judgment. Employee representatives serving on the board of directors may be appointed as audit committee members.

For listed companies with audit committees, the following matters shall require approval by a majority of all audit committee members before being resolved by the board of directors:

(1) Appointment or dismissal of accounting firms engaged for the company's audit work;

(2) Appointment or removal of the financial controller;

(3) Disclosure of financial accounting reports;

(4) Other matters specified by the securities regulatory authority under the State Council.

The Guidance for Articles of Association stipulates that the audit committee shall consist of at least three members, with independent directors constituting the majority and an accounting professional among the independent directors serving as convener. Employee representatives on the board may serve as audit committee members. The audit committee shall be responsible for reviewing the company's financial information and disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board meetings only after obtaining approval by a majority of all audit committee members:

(1) Disclosure of financial accounting reports, financial information in periodic reports, and internal control evaluation reports;

(2) Appointment or dismissal of accounting firms engaged for the listed company's audit work;

(3) Appointment or removal of the listed company's financial controller;

(4) Changes in accounting policies or accounting estimates, or corrections of material accounting errors not resulting from changes in accounting standards;

(5) Other matters stipulated by laws, administrative regulations, CSRC regulations and the company's articles of association.

The audit committee shall convene a meeting at least once a quarter. Interim meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum. Resolutions of the audit committee shall require approval by a majority of its members.

Manager and the Senior Management Members

Under the PRC Company Law, a company may have a manager who shall be appointed or removed by the board of directors. The manager shall exercise his duties and powers in accordance with the provisions of the company's articles of association or the authorization of the board of directors.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at the board meetings. However, the manager shall have no voting rights at the board meetings unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management members refer to manager, deputy manager, financial officer, secretary to the board of directors of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors, Managers and Other Senior Management Members

Directors, supervisors and senior management members are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. The provisions of the preceding paragraph shall also apply to controlling shareholders or de facto controllers of the company who, although not serving as directors of the company, are actually involved in the company's affairs.

Directors, supervisors and senior management members are prohibited from abusing their authority in accepting bribes or other unlawful revenue and from misappropriating the company's property.

Directors, supervisors, and senior management members are prohibited from:

(i) embezzlement of company properties and misappropriating company funds;

(ii) depositing company funds into accounts under their own names or the names of other individuals;

(iii) utilising power to accept bribe or accept other illegal revenue;

(iv) accepting for their own benefit commissions from third parties for transactions conducted with the company;

(v) unauthorized divulgence of confidential information of the company;

(vi) other acts in violation of their duty of loyalty to the company.

If any director, supervisor, and senior management members directly or indirectly enters into any contract or engages in any transaction with the company, he/she shall report such matter to the board of directors or the general meeting, and such contract or transaction shall be approved by a resolution of the board of directors or the general meeting in accordance with the provisions of the articles of association. The provisions of the preceding paragraph shall also apply to contracts or transactions entered into by close relatives of directors, supervisors, and senior management members, enterprises directly or indirectly controlled by such close relatives, or any other persons having an affiliated relationship with directors, supervisors, and senior management members.

Directors, supervisors, and senior management members shall not exploit their positions to seize business opportunities that rightfully belong to the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association; or the company is unable to exploit such business opportunity under applicable laws, administrative regulations, or the articles of association.

Directors, supervisors, and senior management members shall not engage in any business that competes with the company, whether for their own benefit or for the benefit of others, unless such conduct has been reported to the board of directors or the general meeting and approved in accordance with the provisions of the articles of association.

Any revenue derived by a director or senior management members in violation of the provisions of the preceding paragraph shall be returned to the company.

A director, supervisor or senior management member who contravenes law, regulation or the articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

The Guidance for Articles of Association stipulates that directors and senior management members of the company owe a duty of diligence to the company. For example, directors and senior management members shall exercise the powers granted by the company prudently, diligently, and in good faith to ensure that the company's business operations comply with national laws, administrative regulations, and relevant economic policies, and that such operations do not exceed the scope of business activities specified in the company's business license. Directors and senior management members shall treat all shareholders fairly. Directors and senior management members shall sign written confirmation statements for the company's periodic reports to ensure that the information disclosed by the company is true, accurate, and complete. Directors and senior management members shall truthfully provide accurate information and materials to the audit committee and shall not obstruct the audit committee in the performance of their duties. Directors and senior management members shall also perform other duties of diligence as prescribed by laws, administrative regulations, departmental rules, and the company's articles of association.

Finance and Accounting

Under the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with laws. The financial and accounting reports shall be prepared in accordance with laws, administrative regulations and the regulations of the financial departments under the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall announce its financial reports.

When distributing each year's profits after taxation, the company shall allocate 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached more than 50% of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the losses for the previous years, the current year's profits shall first be used to offset such losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After a company has offset its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except otherwise provided for in the articles of association.

Any profits distributed to shareholders in violation of the provisions of the preceding paragraph shall be returned to the company. The company shall not be entitled to receive any profit distribution in respect of the shares it holds.

The premium on the par value of the company's issued shares and other revenue designated as capital reserve by the relevant government authorities shall be recorded as capital reserve. The company's reserve funds shall be used to offset the company's losses, expand the company's business operations, or increase the company's capital. When the company needs to use reserve funds to offset losses, it shall first allocate from the discretionary reserve fund and the statutory reserve fund; if such funds are insufficient, the company may allocate from the capital reserve fund in accordance with applicable regulations. When the statutory reserve fund is converted into capital, the balance of the reserve fund shall not be less than 25% of the company's registered capital prior to such conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accountants

The Guidance for Articles of Association stipulates that the company must engage an accounting firm that complies with the provisions of the Securities Law of the People's Republic of China to provide services, including financial statement audits, net asset verification, and other relevant consulting services. The engagement period is one year and can be renewed.

Pursuant to the PRC Company Law, when a company engages or dismisses an accounting firm responsible for the company's audit work, it shall be determined by the shareholders at the general meeting in accordance with the articles of association. When the general meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to make representations. The company shall provide the engaged accounting firm with true and complete accounting evidence, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or forge

any materials. In addition, the Guidance for Articles of Association stipulates that the audit fees of the accounting firm shall also be determined by the shareholders at the general meeting.

Profit Distribution

According to the PRC Company Law, a company shall not distribute any profits before losses are covered and the statutory common reserve fund is provided.

Amendments to the Articles of Association

According to the provisions of the PRC Company Law, a resolution of the general meeting regarding any amendment to the company's articles of association shall be passed by more than two-thirds of the votes held by the shareholders present at the general meeting.

According to the provisions of the Guidance for Articles of Association, the company shall amend its articles of association under any of the following circumstances:

(i) after any amendment to the PRC Company Law or any other applicable laws or administrative regulations, the provisions of the articles of association conflict with the amended laws and/or administrative regulations;

(ii) changes in the actual situation of the company result in inconsistencies with the content set forth in the articles of association;

(iii) the general meeting resolves to amend the articles of association.

The Guidance for Articles of Association further stipulates that any amendment to the articles of association adopted by the general meeting shall be submitted for approval if approval from the competent departments is required; if the amendment involves matters of company registration, the registration information of the company with the competent departments shall also be amended. In addition, if any laws or regulations require the disclosure of amendments to the articles of association, a public announcement shall be made in accordance with the applicable regulations.

Dissolution and Liquidation

In accordance with the provisions of the Company Law of the PRC, the Company shall be dissolved under any of the following circumstances:

(i) the business operating period stipulated by the Articles of Association has expired or other events causing dissolution, as stipulated by the Articles of Association, have materialized;

(ii) the shareholders resolve to dissolve the Company at a general meeting;

(iii) the Company has to be dissolved on account of its merger or division;

(iv) the Company's business license is revoked, or the Company is ordered to close or dissolve in accordance with the law;

(v) the Company experiences severe difficulties in its operations and management, and such difficulties cannot be resolved through other means, resulting in significant losses to the shareholders' interests if the Company continues to exist. In such cases, the people's court shall, upon the request of shareholders holding 10% or more of the total voting rights of the Company, order the dissolution of the Company. If any of the aforementioned grounds for dissolution arises, the Company shall, within ten days, publicly announce the grounds for dissolution through the National Enterprise Credit Information Publicity System.

In the event of the circumstances described in items (i) and (ii) above, the Company may continue to exist by amending its Articles of Association without distributing any assets to any shareholders. Any amendment to the Articles of Association in accordance with the aforementioned provisions shall require the approval of shareholders representing more than two-thirds of the voting rights present at the general meeting.

If the Company is dissolved due to the circumstances listed in items (i), (ii), (iv), or (v) above, a liquidation process must be initiated. The directors shall act as the liquidators of the Company and shall establish a liquidation committee within fifteen days from the date of the occurrence of the dissolution event. The liquidation committee shall be composed of directors or any other persons determined by the general meeting. If the liquidation committee is not established within the specified period or if the liquidation is ineffective after the establishment of the liquidation committee, interested parties may apply to the people's court to request the appointment of relevant persons to form a liquidation committee to manage the liquidation process. The people's court shall accept such applications and promptly establish a liquidation committee to carry out the liquidation.

During the liquidation process, the liquidation committee shall perform the following functions and powers:

(i) dispose of the Company's assets and prepare a balance sheet and an inventory of assets;

(ii) notify the Company's creditors or publish announcements;

(iii) handle and settle any outstanding business related to the liquidation;

(iv) pay any outstanding taxes and taxes arising during the liquidation process;

(v) settle the Company's claims and liabilities;

(vi) distribute the remaining assets of the Company after the repayment of all debts;

(vii) participate in civil proceedings on behalf of the Company.

The liquidation committee shall notify the Company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

The creditors shall submit their claims to the liquidation committee within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In filing their claims, creditors shall explain matters relating to the claims and provide the supporting documents. The liquidation committee shall register such claims. During the claim declaration period, the liquidation committee shall not repay any debt to any creditor.

After the liquidation committee has disposed of the properties of the Company and prepared a balance sheet and a property inventory as required, it shall formulate a liquidation proposal and submit it to the general meeting or the people's court for approval. The remaining assets of the Company after paying the costs of liquidation, the employees' salaries, social insurance contributions and legal compensation, taxes and debts of the Company, shall be distributed to the shareholders in proportion to their respective shareholding. During the period of liquidation, the Company shall continue to exist but shall not engage in any business activity except for those relating to the liquidation. Before repayment in accordance with the aforementioned provisions, the assets of the Company shall not be distributed to shareholders.

After the liquidation committee has sorted out the assets of the Company and prepared a balance sheet and a property inventory as required, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall apply to the people's court in accordance with the law to declare bankruptcy. Upon the people's court declaring bankruptcy, the liquidation committee shall hand over the management matters to the bankruptcy administrator designated by the people's court.

After completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit the same to the general meeting or the people's court for confirmation, then deliver the same to the Company's registration authority to apply for cancellation of the Company's registration and publicly announce the Company's dissolution. Members of the liquidation committee shall perform their duties in good faith in accordance with the relevant laws. Any member of the liquidation committee shall not take advantage of his/her powers to accept bribes or other illegal payments or embezzle the property of the Company. Members of the liquidation committee shall compensate the Company and its creditors for any losses caused by their intentional acts or gross negligence.

If the Company declares bankruptcy according to law, it shall perform liquidation procedures in accordance with the relevant provisions of the Enterprise Bankruptcy Law.

Overseas Listing

In accordance with the Trial Measures for Overseas Listing (境外上市試行辦法), an initial public offering or listing on an overseas market shall be filed with the CSRC within three business days after submitting the relevant application overseas. If the issuer issues securities again on an overseas market where it has previously issued and listed securities, it shall file with the CSRC within three business days from the date of completion of the issuance. Furthermore, if the filing documents are complete and meet the regulatory requirements, the CSRC will complete the filing process within twenty business days from the date of receiving the filing documents and publish the filing results on the website of the CSRC. If the filing documents are incomplete or do not meet the regulatory requirements, the CSRC will request supplementation and amendments within five business days from the date of receiving the filing documents, and the issuer shall complete such supplementation and amendments within thirty business days.

Loss of Share Certificates

If the share certificate(s) of shareholders in registered form is either stolen, lost or destroyed, a shareholder may, in accordance with the public announcement procedures set out in the Civil Procedure Law of the PRC, apply to the people's court for a declaration that such certificate(s) will no longer be valid. After such declaration has been obtained, the shareholder may apply to the Company for the issue of a replacement certificate(s).

Merger and Division

A company merger may be conducted either through absorption or through the establishment of a new entity. In the case of an absorption merger, the absorbed company shall be dissolved. In the case of a merger through the establishment of a new entity, all merging parties shall be dissolved.

The parties involved in the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the merger resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. Creditors may, within thirty days from the date of receiving the notice, demand the Company to repay its debts or provide guarantee for such repayment; those who have not received the notice may make such demands within forty-five days from the date of the announcement. In the event of a merger, the rights and obligations of the merging parties shall be assumed by the surviving company or the newly established company.

Where a company merges with another company in which it holds not less than 90% of the shares, the acquired company is not required to obtain approval through a general meeting resolution, but it must notify other shareholders who have the right to require the company to acquire their equity or shares at a reasonable price. If the price paid for the company merger does not exceed 10% of the company's net assets, approval through a general meeting resolution is not required, unless otherwise stipulated in the company's

articles of association. If the company merger is exempt from approval through a general meeting resolution under the aforementioned two circumstances, it must be approved by the resolution of the board of directors.

If the Company undergoes a division, its assets must also be divided, and a balance sheet and an inventory of assets must be prepared. The Company shall notify its creditors within ten days from the date of the division resolution and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within thirty days. The liabilities of the Company prior to the division shall be jointly assumed by the divided companies, unless otherwise stipulated in a written agreement regarding the repayment of debts entered into between the Company and its creditors prior to the division.

The PRC Securities Laws, Regulations and Regulatory Regimes

The PRC has promulgated a number of regulations that relate to the issuance and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council merged the Securities Committee with the CSRC and restructured the CSRC.

The Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) cover the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issuance, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**") came into effect on July 1, 1999, and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The most recent amended Securities Law became effective on March 1, 2020. This law is the first national securities law in China, comprising 14 chapters and 226 articles, regulating, among other things, the issuance and trading of securities, the acquisition of listed companies, securities exchanges, the obligations and responsibilities of securities companies and the securities regulatory authority under the State Council. The Securities Law comprehensively oversees the activities of China's securities market. Article 224 of the Securities Law stipulates that domestic enterprises listing their shares overseas must comply with the relevant regulations of the State Council.

Currently, the issuance and trading of overseas stock offerings are primarily regulated by rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) was enacted by the SCNPC on August 31, 1994, which became effective on September 1, 1995 and was last amended on September 1, 2017. Pursuant to the Arbitration Law of the PRC, an arbitration committee may, before the promulgation of arbitration regulations by the China Arbitration Association, formulate interim arbitration rules in accordance with the Arbitration Law of the PRC and the Civil Procedure Law of the PRC. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement has lapsed.

Under the Arbitration Law of the PRC and the Civil Procedure Law of the PRC, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the award, the other party to the award may apply to a people's court for its enforcement.

If the respondent provides evidence proving that the arbitration award involves any of the following circumstances, and upon review and verification by the people's court, the court shall rule not to enforce the award:

(i) the parties did not include an arbitration clause in the contract, nor did they subsequently reach a written arbitration agreement;

(ii) the matters ruled upon fall outside the scope of the arbitration agreement, or the arbitration institution had no authority to arbitrate;

(iii) the composition of the arbitration tribunal or the arbitration procedure violated statutory procedures;

(iv) the evidence on which the award is based was forged;

(v) the other party concealed evidence from the arbitration institution that could have affected a fair ruling;

(vi) the arbitrator engaged in embezzlement, bribery, malpractice, or other illegal conduct during the arbitration of the case.

If the people's court determines that enforcing the award would violate public interest, it shall rule not to enforce the award.

Any party seeking to enforce an arbitral award of a foreign affairs arbitration organ of the PRC against a party who or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitration body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international convention concluded or acceded to by the PRC.

Pursuant to the resolution adopted by the SCNPC on December 2, 1986, the PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "**New York Convention**") adopted on June 10, 1958. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the convention, the SCNPC declared that (i) the PRC will only recognise and enforce foreign arbitral awards based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC law to be arising from contractual or non-contractual mercantile legal relations.

The Judicial Committee of the Supreme People's Court adopted the Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which came into effect on February 1, 2000. The Supreme People's Court promulgated the Supplementary Arrangement Concerning Mutual Enforcement of Arbitration Awards Between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020. Under these arrangements, if one party fails to comply with an arbitration award made in the Mainland or Hong Kong, the other party may apply to the relevant court in the place of the respondent's domicile or where their assets are located for compulsory enforcement.

Judicial Judgments and Their Enforcement

In accordance with the Arrangement of the Supreme People's Court on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), promulgated by the Supreme People's Court on July 3, 2008, and effective from August 1, 2008, if any designated court in the Mainland China or Hong Kong renders an enforceable final judgment requiring the payment in a civil or commercial case based on a written jurisdiction agreement, the relevant parties may apply to the corresponding Mainland China or Hong Kong court for recognition and enforcement of the judgment. If the disputing parties have not agreed to enter into a written jurisdiction agreement, a judgment rendered by a Hong Kong court may not be enforceable in the Mainland China.

On January 18, 2019, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), aiming to establish a clearer and more certain mechanism for the mutual recognition and enforcement of a broader range of civil and commercial judgments between the Mainland China and Hong Kong. The New Arrangement does not require the parties to enter into a written jurisdiction agreement. The New Arrangement came into effect on January 29, 2024, and replaced the previous arrangement.

SHARES AND REGISTERED CAPITAL

Issuance of Shares

The shares of the Company shall be in registered form. The shares issued by the Company are all par value shares and shall be denominated in RMB and have a par value of RMB1 each.

The shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank *pari passu* in all respects.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by subscribers.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Increase and Reduction of Shares

Subject to the provisions of laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the Company may, upon resolution by a general meeting, increase its capital on the basis of its business and development needs, by any of the following methods:

(i) public offering of shares;

(ii) non-public offering of shares;

(iii) distribute bonus shares to existing shareholders;

(iv) convert capital reserves into share capital;

(v) other means which is permitted by the laws, administrative regulations, and approved by securities regulatory authorities of the State Council, regulatory authorities of the place where the Company's shares are listed and other relevant regulatory authorities.

The Company may reduce its registered capital. Reduction of the registered capital by the Company shall be implemented according to the Company Law and other relevant regulations and the procedures stipulated in the Articles of Association.

Repurchase of Shares

The Company shall not acquire its own shares, except in any of the following circumstances:

(i) reducing the registered capital of the Company;

(ii) merger with another company which holds the shares of the Company;

(iii) using such shares in connection with employee share ownership schemes or share incentives;

(iv) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company;

(v) using the shares for conversion of convertible corporate bonds issued by the listed company;

(vi) it is necessary for the Company to maintain its value and the shareholders' equity;

(vii) other circumstances stipulated by laws, administrative regulations and the regulatory rules of the place where the Company's shares are listed.

The Company may repurchase its own shares by way of open and centralized transaction, or other means approved by laws, administrative regulations, the securities regulatory authorities and stock exchanges of the place where the Company's shares are listed and shall comply with applicable laws and regulations and requirements of the securities regulatory rules of the place where the Company's shares are listed. Subject to the compliance with the applicable securities regulator rules of the place where the Company's shares are listed, the repurchase of shares under the circumstances set out in items (iii), (v) and (vi) above shall be conducted by way of open and centralized transaction.

Where the Company repurchases its shares under the circumstances set out in items (i) and (ii) above, a resolution shall be passed at the general meeting. Where the Company repurchases its shares under the circumstances set out in items (iii), (v) and (vi) above, a resolution shall be passed at a Board meeting attended by more than two-thirds of the Directors, according to the Articles of Association or the general mandate granted by general meeting and subject to the compliance with the applicable securities regulatory rules of the place where the Company's shares are listed.

Upon the Company repurchases its own shares according to the circumstances set out in items above, such shares under the circumstances set out in item (i) shall be canceled within ten days from the date of repurchase; such shares under the circumstances set out in items (ii) and (iv) shall be transferred or canceled within six months. Where the Company repurchases its shares under the circumstances set out in item (iii), (v) and (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

TRANSFER OF SHARES

The shares issued before the Company's public offering of shares shall not be transferred within one year from the date the Company's shares are listed and traded on a stock exchange.

The Directors and senior management members of the Company shall declare to the Company the number of shares of the Company they hold and the subsequent changes in their shareholdings. The number of shares that such persons may transfer every year during their term of office determined at the time of appointment shall not exceed 25% of the total number of the same class of shares of the Company held by them; the shares held in the Company shall not be transferred within one year as from the date when the Company shares have been listed. Such personnel shall not transfer the Company's shares held within half a year after they have terminated their employment with the Company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

The Company shall establish a register according to the certificates provided by the securities registration and clearing authorities and the register shall be the ample evidence that the shareholders hold any shares in the Company. The original copy of the register of holders of [REDACTED] shall be kept in [REDACTED]. A duplicate register of shareholders for the holders of overseas-[REDACTED] foreign-invested shares shall be maintained at the Company's residence, and the appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times. If there is any inconsistency between the original and the duplicate register of shareholders for the holders of overseas-[REDACTED] foreign-invested shares, the original version shall prevail. The register of members kept in [REDACTED] must be available for inspection by shareholders, but the Company may close the register of members on terms equivalent to those of section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). A shareholder shall enjoy rights and assume obligations pursuant to the class of shares held; holders of the same class of share shall enjoy equal rights and assume equal obligations.

The Shareholders of the Company shall have the following rights:

(i) to receive dividends and other profit distributions according to the number of shares held;

(ii) to require convening of, convene, preside over, attend or appoint a proxy to attend general meetings, and exercise their corresponding voting right according to the laws;

(iii) to supervise and manage business operations of the Company and to raise proposals or address inquiries accordingly;

(iv) to transfer, donate or pledge the shares held by him pursuant to the provisions of laws, administrative regulations and the Articles of Association;

(v) to review and copy the Articles of Association, register, minutes of general meetings, resolutions of board meetings and financial accounting Reports. A qualified shareholder may inspect the accounting books and vouchers of the Company;

(vi) to participate in, upon the Company's termination or liquidation, the distribution of the Company's remaining assets according to the quantity of shares held;

(vii) with respect to shareholders voting against any resolution adopted at the general meetings on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;

(viii) to have other rights conferred in accordance with the laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed or the Articles of Association.

A shareholder who individually or jointly holds more than 3% of the Company's shares for over 180 consecutive days may request to inspect the Company's accounting books and vouchers by submitting a written request stating the purpose to the Company. If the Company has reasonable grounds to believe that the shareholder's request to inspect the Company's accounting books and vouchers serves an improper purpose and may harm the Company's legitimate interests, it may refuse the inspection. The Company must respond to the shareholder in writing within 15 days of receiving the written request, providing reasons for the refusal. If the inspection is denied, the shareholder may file a lawsuit with the people's court.

If the contents of a resolution passed at the general meeting or board meeting of the Company violates relevant the laws or administrative regulations, the shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

If the procedures for convening, or the methods of voting at, a general meeting or board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders shall be entitled to submit a petition to the people's court to rescind such resolution within 60 days from the date on which such resolution is passed, except for the circumstances where the convening procedures and voting ways have only minor flaws and there's no substantial impact on resolutions. Shareholders who have not been notified to participate in the general meeting may file a petition with the people's court to revoke the resolution within 60 days from the date when they know or should know that the resolution is made at the general meeting; if they do not exercise the right to revoke within one year from the date of the resolution, the revoke right shall be extinguished.

Resolutions of a general meeting or the Board of the Company shall not be established in any of the following circumstances:

(i) a general meeting or a meeting of the Board was not convened to make the resolution;

(ii) the resolution was not voted at a general meeting or a meeting of the Board;

(iii) the number of attenders of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association;

(iv) the number of attenders in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association.

If Directors other than members of the Audit Committee or senior management members violate the laws, administrative regulations or the Articles of Association while performing their duties, causing losses to the Company, shareholder(s) individually or jointly holding 1% or more of the shares of the Company for more than 180 consecutive days shall be entitled to request in writing the Audit Committee to initiate proceedings to the people's court. If the members of the Audit Committee violates the laws, administrative regulations or the Articles of Association while performing their duties, causing losses to the Company, the aforementioned shareholder(s) may request in writing to the Board to initiate proceedings to the people's court.

In the event that the Audit Committee or the Board refuses to initiate proceedings after receiving the written request of shareholders stated in the foregoing paragraphs, or fails to initiate such proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, shareholders described in the preceding paragraphs shall have the right to initiate proceedings to the people's court directly in their own names in the interest of the Company.

If any other person infringes upon the lawful rights and interests of the Company, thereby resulting in the Company incurring any loss, shareholders described in the first paragraph of this Article may institute legal proceedings to the people's court in accordance with the preceding two paragraphs.

If the Directors, Supervisors or senior management members of a wholly-owned subsidiary of the Company violate the laws, administrative regulations or the Articles of Association while performing their duties, causing losses to the Company, or if any person infringes the lawful rights and interests of a wholly-owned subsidiary of the Company and thus causes losses, a shareholder or shareholders individually or jointly holding over 1% of the shares of the Company for more than 180 consecutive days, may request in writing, in accordance with the provisions of the preceding three paragraphs, that the Supervisory Committee or the Board of the wholly-owned subsidiary to initiate litigation before the people's court, or initiate litigation before the people's court directly in its or their own names.

If any director or senior management member violates the laws, administrative regulations or the Articles of Association, thereby resulting in the shareholders incurring any loss, the shareholders may institute legal proceedings in the people's court.

The shareholders of the Company shall assume the following obligations:

(i) to abide by laws, administrative regulations and the Articles of Association;

(ii) to pay for the shares pursuant to the quantity and the method of subscription;

(iii) not to withdraw their contributed share capital except in circumstances allowed by the laws and regulations;

(iv) not to abuse his rights as a shareholder to damage the Company's or other shareholder's interests; not to abuse the independent legal person status of the Company and the limited liability of the shareholders to damage the interests of creditors;

(v) other obligations as stipulated in laws, administrative regulations, departmental rules, normative documents and listing rules of the stock exchange(s) of the places where the Company's shares are listed and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to the laws. Where shareholders of the Company abuse the independent legal person status of the Company and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company. If any Shareholder conducts any action as specified in the preceding paragraph by using two or more companies controlled by him/her, each of the company shall bear joint liability for the debts of any one of the companies.

Shareholders who hold more than 5% or more voting shares of the Company pledge any of their shares shall report the same to the Company in writing on the day the fact occurs.

Controlling shareholders and the de facto controllers of the Company shall not take advantage of their connected relationship with the Company to act in detriment to the interests of the Company. If he/she violates the provisions, causing losses to the Company, he/she shall be liable for compensation. Any controlling shareholder or de facto controller of the Company who instructs a Director or a senior management member to engage in an act detrimental to the interests of the Company or its shareholders shall bear joint and several liability with such Director or senior management member.

General Provisions of General Meeting

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the laws:

(i) to elect and replace Directors and to determine matters relating to the remuneration of the Directors;

(ii) to consider and approve reports made by the Board;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to resolve on the increase or reduction of the Company's registered capital;

(v) to resolve on the issuance of corporate bonds or other securities and listing;

(vi) to resolve on matters such as the merger, division, dissolution, liquidation or transformation of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on Company's appointment or removal of the accounting firm undertaking audit services of the Company;

(ix) to consider and approve guarantees required by Article 47 of the Articles of Association;

(x) to consider matters relating to the purchase and sale of material assets by the Company (including controlling subsidiaries) within one year valued at more than 30% of the audited total assets of the Company as at the latest period;

(xi) to consider and approve the change in use of proceeds raised;

(xii) to consider equity incentive plans and employee stock ownership plans;

(xiii) to consider other matters and transactions which, in accordance with the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association, shall be approved by the general meeting.

The general meeting may authorize the Board to resolve on the issue of corporate bonds.

The following external guarantees given by the Company (including controlling subsidiaries) shall be examined and approved by the general meeting subject to consideration and approval of the Board:

(i) any guarantee to be provided after the total amount of external guarantee provided by the Company has reached or exceeded 50% of the audited net assets for the most recent period;

(ii) any guarantee to be provided after the total amount of external guarantee provided by the Company has reached or exceeded 30% of the audited total assets for the most recent period;

(iii) guarantees provided by the Company's to others with the amount reaching or exceeding 30% of the Company's audited total assets within one year for the most recent period;

(iv) guarantees to be provided in favor of a guarantee recipient whose gearing ratio exceeds 70%;

(v) guarantees with a single guaranteed amount in excess of 10% of the audited net asset value for the most recent period;

(vi) guarantees to be provided in favor of shareholder, de facto controllers and their respective connected parties;

(vii) other guarantees as stipulated in laws, regulations, normative documents, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where any external guarantee considered and approved in violation of the approval power or review procedure causes a loss to the Company, the related Directors, senior management members or any other person held liable shall bear the liability for damages in accordance with the laws.

General meetings shall be divided into annual general meeting and extraordinary general meetings. Annual general meetings are held once every accounting year and within 6 months from the end of the preceding accounting year.

The Company shall convene an extraordinary general meeting within 2 months after the occurrence of any one of the following circumstances:

(i) where the number of Directors falls short of the minimum number required by the Company Law or is no more than two-thirds of the number required by the Articles of Association;

(ii) where the unrecovered losses of the Company amount to one-third of its total share capital;

(iii) where written requests by shareholder(s) individually or jointly holding more than 10% of the total number of the Company's shares with voting rights;

(iv) where the Board considers it necessary;

(v) where the Audit Committee so request;

(vi) other circumstances stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Controlling Shareholders and De Facto Controllers

The Controlling Shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, departmental rules, normative documents and other provisions of the securities regulatory authorities where the Company's shares are listed, and safeguard the interests of the Company.

The Controlling Shareholders and de facto controllers of the Company shall comply with the following provisions:

(i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their connected relationships to prejudice the legitimate interests of the Company or other shareholders;

(ii) to strictly implement the public statements and undertakings made and shall not change or waive them;

(iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(iv) not to appropriate the Company's funds in any way;

(v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, foreign investment or any other means;

(viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;

(ix) other provisions of laws, administrative regulations, departmental rules, normative documents, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where a Controlling Shareholder or de facto controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply.

Where a Controlling Shareholder or de facto controller of the Company instructs a director or senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or senior management.

Where a Controlling Shareholder or de facto controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the Company's control and production operations.

Where a Controlling Shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, departmental rules, normative documents and securities regulatory rules of the place where the Company's shares are listed, as well as his/her undertakings in respect of the restriction on the transfer of shares.

Convening of General Meeting

The Board shall convene the general meeting on time within the specified period. Subject to the consent of more than half of all the independent non-executive Directors, the independent non-executive Directors shall have the right to propose the Board to convene an extraordinary general meeting. In respect of a proposal by an independent non-executive Director to convene an extraordinary general meeting, the Board shall give a written reply on whether or not it agrees to hold such extraordinary general meeting within 10 days after receipt of the request, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene the extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the Board. If the Board does not agree to convene such extraordinary general meeting, reasons shall be explained and the announcement shall be made.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall propose to the Board in writing. The Board shall give a written reply on whether or not it agrees to hold such extraordinary general meeting within 10 days after receipt of the request, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene the extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the Board, and any changes to the original proposal contained in the notice shall be subject to the approval of the Audit Committee. If the Board does not agree to convene such extraordinary general meeting, or fails to give a response in writing within ten days after receipt of the proposal, the Board shall be deemed to be unable to or have failed to perform its duty to convene the general meeting, and the Audit Committee shall have the right to convene and preside over such meeting on its own.

Shareholder(s) individually or jointly holding 10% or more of the total number of the Company's shares with voting rights shall have the right to request the Board to hold an extraordinary general meeting and to include proposals in the agenda of the meeting, which shall be submitted in writing to the Board. The Board shall give a written reply on whether or not it agrees to hold such extraordinary general meeting within 10 days after receipt of the written request, in accordance with laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene the extraordinary general meeting, a notice for convening such meeting shall be issued within five days after the date of the resolution of the Board and any changes to the original proposal contained in the notice shall be subject to the approval of the relevant shareholders. If the Board does not agree to convene such meeting, or fails to give a response within ten days after receipt of the request, shareholder(s) individually or jointly holding 10% or more of the shares of the Company shall have the right to request the Audit Committee to convene an extraordinary general meeting and to include proposals in the agenda of the meeting, which shall be submitted in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary general meeting, a notice for convening such meeting shall be issued within five days after receipt of the request and any changes to the original request contained in the notice shall be subject to the approval of the relevant shareholders. If the Audit Committee fails to issue a notice convening the general meeting by the prescribed period, the Audit Committee shall be deemed to refuse to convene and preside over such meeting, and shareholder(s) individually or jointly holding 10% or more of the shares of the Company for no less than 90 consecutive days shall have the right to convene and preside over the meeting on their own.

Proposals and Notices of the General Meeting

The substance of the motion proposed shall fall within the terms of reference of the general meeting, with clear subjects for discussion and specific issues for resolution and in compliance with the relevant provisions of the laws, administrative regulations and the Articles of Association.

Whenever the Company convenes a general meeting, the Board, the Audit Committee and shareholder(s) individually or jointly holding 1% or more of the total number of the Company's shares shall have the right to propose motions to the Company.

Shareholder(s) individually or in aggregate holding 1% or more of the total number of the Company's shares shall have the right to submit an interim proposals in writing to the convener 10 days prior to the general meeting. The interim proposals shall have clear subjects for discussion and specific issues for resolution. The convener shall serve a supplementary notice of general meeting by announcement within two days after receipt of the proposals which shall contain contents of the interim proposals, and submit the interim proposal to the general meeting for consideration, unless the interim proposals violate the laws, administrative regulations or provisions of the Articles of Association, or do not fall within the functions and powers of the general meeting. The Company shall not increase the shareholding of shareholders who submit the interim proposal.

Save as specified in the preceding paragraph, the convener, after issuing the notice of the general meeting, shall neither revise the proposals stated in the notice of general meetings nor add new proposals. Proposals not set out in the notice of general meeting or not complying with the provisions of the Articles of Association shall not be voted on or resolved at the general meeting.

The convener shall notify all the shareholders of an annual general meeting by way of announcement at least 21 days prior to the convening thereof, and shall notify all the shareholders of an extraordinary general meeting by way of announcement at least 15 days prior to the convening thereof. The aforesaid duration shall not include the date on which the meeting is convened. If laws, regulations and the securities regulatory authorities where the Company's shares are listed stipulate otherwise, such provisions shall prevail.

Notice of a general meeting shall include the following particulars:

(i) the time, venue and duration of the meeting;

(ii) the matters and proposals submitted to the meeting for consideration;

(iii) contain a clear statement that all ordinary shareholders (including preferred shareholders with the resumed voting right) are entitled to attend the general meeting and they may appoint one or more proxies in writing to attend and vote on his behalf and that such proxy may not be shareholders of the Company;

(iv) the equity registration date of shareholders entitled to attend the general meeting;

(v) the name and telephone number of the regular contact person of the meeting;

(vi) the time and procedures for voting by internet or other means;

(vii) other requirements stipulated by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The notice and the supplementary notice of the general meeting shall fully and completely disclose all the specific content of all proposals.

Upon issuance of the notice of a general meeting, the general meeting shall neither be postponed nor canceled without proper reasons. Proposals listed in such notice shall not be canceled. Once a postponement or cancellation occurs, the Company or the convener shall publish an announcement and specify the cause in accordance with laws, regulations and securities regulatory rules of the place where the Company's shares are listed.

Convening of the General Meeting

All shareholders recorded in the register of shareholders on the equity registration date or their proxies shall be entitled to attend the general meeting, and speak and exercise the voting rights at general meeting in accordance with the relevant laws, regulations, the listing rules of the stock exchange of the place where the Company's shares are listed and the Articles of Association (unless the shareholder waives its voting right in respect of a specific matter in accordance with relevant regulations, for example, that the shareholder holds a substantial interest in a specific transaction or arrangement being voted on).

A shareholder may attend the general meeting in person, and may also appoint a proxy to attend and vote on his behalf. Each shareholder is entitled to appoint a proxy, but such proxy may not be a shareholder of the Company. If the shareholder is a recognized clearing house (or its proxy) as defined in the relevant regulations enacted by Hong Kong from time to time, the shareholder may authorize one or more persons as he/she thinks fit to act as his/her proxy at any general meeting.

Individual shareholders attending the meeting in person shall present their identity cards or other effective document or proof of identity. If a proxy is appointed to attend the meeting on his/her behalf, the proxy shall present his/her own valid proof of identity and the power of attorney of the shareholder. Shareholder that is a legal person shall be represented at the meeting by its legal representative or a proxy appointed by the legal representative. If legal representatives attend the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative; if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney duly issued by the legal representative of the shareholder that is a legal person or form of proxy appointment. If a shareholder that is a legal person has appointed a proxy to attend any meeting, he/she shall be deemed to attend himself/herself (unless if a shareholder is a recognized clearing house (or its proxy) as is defined in the relevant ordinances enacted from time to time under the laws of Hong Kong). If a shareholder is a recognized clearing house (or its proxy) as is defined in the relevant ordinances enacted from time to time under the laws of Hong Kong), it may, as it thinks fit, appoint corporate representative(s) or one or more persons as its proxies at any general meeting. However, if more than one person is appointed, the power of attorney or the instrument of proxy shall specify the number and class of the shares relating to which each such proxy is authorized, and shall be executed by the authorized person of the recognized clearing house. The person

so authorized may attend the meeting on behalf of the recognized clearing house (or its proxy) (without being required to present share certificate, notarized authorization and/or further evidence to prove that he/she is duly authorized) to exercise the rights equivalent to those of other shareholders under the law (including the rights to speak and vote) as if he/she was an individual shareholder of the Company.

The convener shall verify the legitimacy of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing authorities, and register the names of the shareholders together with the numbers of voting shares represented. The registration of the meeting shall be closed until the chairman of the meeting announces the number of shareholders and proxies present at the meeting and the total number of shares with voting rights.

Where the general meeting requires Directors and senior management members to attend the meeting, the Directors and senior management members shall attend the meeting and answer the inquiries of shareholders.

The general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board is unable to discharge or fails to discharge his/her duties, the meeting shall be chaired and presided over by the vice chairman of the Board (if there are two or more vice chairmen, the one elected by more than one half of the Directors). Where the vice chairman of the Board is unable to discharge or fails to discharge his/her duties, half or more of the Directors shall designate a Director to preside over the meeting. If a general meeting is convened by the Audit Committee on its own, the convenor of the Audit Committee shall preside over the meeting. If the convenor is unable or fails to discharge his/her duties, the meeting shall be presided over by a member of the Audit Committee nominated by a majority of Audit Committee. If a general meeting is convened by the shareholders themselves, the meeting shall be presided over by the convener or a representative nominated by him/her. When a general meeting is convened, if the chairman of the meeting contravenes the Rules of Procedures for general meetings, rendering the meeting impossible to proceed, with the consent from half or more of the attending shareholders with voting rights, one person may be nominated at the general meeting to serve as the chairman and the meeting may proceed.

The Company shall formulate the rules of procedures for general meeting specifying the summoning, convening and voting procedures of general meeting, including notice, registration, deliberation of and voting on proposals, votes counting, announcement of voting results, drafting of meeting resolutions, meeting minutes and their signature, announcements and other content, as well as the principle of delegation of powers to the Board by the general meeting, and the content of delegation shall be clear and specific. The rules of procedures for the general meeting shall be attached hereto as an appendix, and formulated by the Board and approved by the general meeting.

Voting and Resolutions at General Meetings

The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution made by the general meeting shall be passed by more than half of the votes held by the shareholders (including proxies of shareholders) attending the general meeting. A special resolution made by the general meeting shall be passed by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

The following matters shall be resolved at the general meeting through ordinary resolutions:

(i) work reports of the Board;

(ii) plans of profits distribution and loss recovery schemes proposed by the Board;

(iii) appointment and dismissal of the members of the Board, (including the removal of a director before the expiration of his/her term of office, without prejudice to any claim for damages that the director may have under any contract) and decision on remuneration and payment methods thereof;

(iv) appointment and dismissal of accounting firms that provides regular audit services to the Company, and decision on remuneration and payment methods thereof;

(v) other matters other than those that are required to be adopted by way of special resolution by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

The following matters shall be passed by way of a special resolution at a general meeting:

(i) increase or reduction in the registered capital of the Company;

(ii) spin-off, split, merger, dissolution and liquidation of the Company;

(iii) amendment to the Articles of Association (in whatever form);

(iv) matters on purchase or sale of material assets or provision of external guarantee with an amount of more than 30% of the Company's audited total assets value for the most recent period within one year;

(v) share incentive scheme;

(vi) other matters stipulated by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed or the Articles of Association, and specified by ordinary resolutions of the general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

Shareholders (including proxies of shareholders) shall exercise the voting rights with respect to the number of voting shares represented by them, and each share shall have one vote. When voting at a general meeting, shareholders (including proxies of shareholders) who are entitled to two or more votes are not required to vote for, against or abstain all of their votes.

When material issues affecting the interests of minority investors are considered at a general meeting, the votes of minority investors shall be counted separately. The separate voting results shall be promptly disclosed in accordance with the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

Shares held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

Where the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed require any shareholder to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholders or their proxies in contravention of such requirements or restrictions shall not be counted.

When the related or connected transactions are considered at the general meeting, the related or connected shareholders and their associates (as defined in the [REDACTED]) shall abstain from voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes. The resolution announcement of the general meeting shall fully disclose the voting results of the unrelated or unconnected shareholders and other contents required by the rules of securities regulation in the place where the Company's shares are listed. Before the related or connected transactions are considered at the general meeting, the Company shall determine the scope of connected shareholders in accordance with relevant laws, regulations and normative documents. Related or connected persons or their authorized representatives may attend the general meeting and may express their views to the shareholders present in accordance with the procedures of the general meeting, but shall recuse themselves from voting. If the related or connected persons do not recuse themselves from voting, other shareholders attending the meeting shall have the right to request them to recuse themselves from voting. After the avoidance of the related or connected persons, other shareholders shall vote according to their voting rights and adopt the corresponding resolution in accordance with the provisions of the Articles of Association; the presider shall announce the number of shareholders and proxies other than the related or connected persons present at the meeting and the total number of shares with voting rights. Ordinary resolutions on related or connected transactions shall be passed by unrelated or unconnected shareholders holding over half of the shares with voting rights present at the general meeting; and special resolutions shall be passed by related or unconnected shareholders holding over two-thirds of the shares with voting rights present at the general meeting. If a related or connected person or its close associate participates in the voting in violation of this Article, his/her vote on relevant related or connected transactions shall be invalid.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company shall be natural persons, and none of the following persons may serve as a Director of the Company:

(i) a person without capacity or with limited capacity for civil acts;

(ii) a person who was sentenced to criminal punishment for the crime of corruption, bribery, encroachment or embezzlement of property or disruption of the order of socialist market economy; or a person who was deprived of his/her political rights for committing a crime and not more than 5 years has elapsed since the expiration of the enforcement period; or a person who was given a suspended sentence and not more than 2 years has elapsed since the expiration of the suspended sentence;

(iii) a director, factory director or general manager of a company or enterprise liquidated upon bankruptcy that was personally responsible for the bankruptcy of the Company or enterprise, and not more than 3 years has elapsed since the date of completion of the bankruptcy liquidation;

(iv) the legal representatives of a company or enterprise that had its business licenses revoked and had been closed down by order for violation of law, for which such representatives bear individual liability, and not more than 3 years has elapsed since the date of revocation of such business licenses;

(v) a person who is listed as a defaulter by a people's court since he/she owes a large amount of debts due and unsettled;

(vi) a person who is imposed by the CSRC a ban from entering into the securities market for a period which has not yet expired;

(vii) a person who has been publicly identified by the stock exchange as being unsuitable to serve as Directors or senior management members of listed companies for a period which has not yet expired;

(viii) any other circumstances as prescribed by the laws, administrative regulations, departmental rules, normative documents, listing rules of the stock exchange where the Company's shares are listed or relevant regulatory authorities.

Elections, appointments or employment of Directors in violation of the preceding paragraphs of this Article shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of appointment of Directors, the Company shall dismiss the appointment and terminate the performance of duties.

Directors shall be elected or replaced at the general meeting and may be removed by the general meeting before the expiration of their term of office, with the removal taking effect on the date of the resolution. If a Director is removed from office before the expiration of his/her term without just cause, the Director may claim compensation from the Company. A Director shall serve a term of three years and can be re-elected upon the expiry of the tenure.

The term of office of a Director shall start from the date on which the Director assumes office to the expiration of the term of office of the current Board. If the term of office of a Director expires but re-election is not made in a timely manner, the said Director shall continue to perform the duties as Director pursuant to laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association until a new Director is elected.

If a Director resigns, he/she shall notify the company in writing, and the resignation shall take effect on the date the Company receives the notice. However, under the circumstances specified in the preceding paragraph above, the Director shall continue to perform their duties.

A Director may be the general manager or other senior management members concurrently, provided that the total number of Directors who concurrently serve as the general manager or other senior management members and Directors who are employee representatives shall not exceed half of the total number of Directors of the Company.

Directors shall abide by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, take measures to avoid the conflict between their own interests and those of the Company and may not seek any improper interests by taking advantage of their powers, and shall have the following duty of loyalty to the Company:

(i) shall not abuse their authority by accepting bribes or other illegal income, and shall not encroach on the Company's property;

(ii) shall not misappropriate company funds;

(iii) shall not deposit Company's assets or funds into accounts held in their own names or in the name of any other individual;

(iv) shall not conclude any contract or engage in any transaction with the Company in violation of the Articles of Association. Where any Director directly or indirectly concludes a contract or conducts a transaction with the Company, he/she shall report the matters relating to the conclusion of the contract or transaction to the Board of Directors or the general meeting. Such matters shall be subject to the resolution of the Board of Directors or the general meeting according to the Articles of Association. This also applies when the close family members of the Directors, the enterprises directly or indirectly controlled by the Directors or their

close family members, and the related persons who have other related relationships with the Directors enter into contracts or conduct transactions with the Company;

(v) shall not take advantage of duty to seek business opportunities for themselves or others that would have been directed to the company, unless such act has been reported to and approved by the board of directors or the general meeting in accordance with the articles of association or the company is unable to take the business opportunity in accordance with applicable laws, administrative regulations, and the articles of association;

(vi) not to engage in business similar to that of the Company for himself/herself or others, unless such act has been reported to and approved by the Board or the general meeting in accordance with the Articles of Association;

(vii) not to receive as their own commission for transactions between others and the Company;

(viii) not to disclose secrets of the Company without authorization;

(ix) not to damage the interests of the Company by taking advantage of his/her related or connected relationship;

(x) other fiduciary duties stipulated by laws, administrative regulations, and departmental rules and the Articles of Association.

The income obtained by the Directors in violation of this Article shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

Where the Board resolves on a matter specified in items (iv), (v) and (vi) of this Article, the interested Directors shall not participate in the voting and their voting rights shall not be counted towards the total number of voting rights. If less than three uninterested Directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.

The Directors shall comply with the laws, administrative regulations and the Articles of Association and shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company, and shall diligently perform the following obligations to the Company:

(i) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;

(ii) to treat all shareholders fairly;

(iii) to understand the operation and management of the Company in a timely manner;

(iv) to approve regular reports of the Company in written form and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(v) to provide all relevant information and materials required by the Audit Committee and shall not intervene the performance of duties of the Audit Committee;

(vi) other diligence obligations required by laws, administrative regulations, departmental rules, the Articles of Association and regulatory rules of the place where the Company's shares are listed.

Where a controlling shareholder and a de facto controller who does not act as a Director of the Company but actually handles the affairs of the Company, the relevant provisions on the preceding article and this article shall apply thereto.

Directors may resign before the expiration of their term of office. The resigning Director shall submit a written resignation report to the Board, and the Board shall disclose the relevant information within two days. In the event that the resignation of any Directors results in the number of members of the Board of the Company being less than the statutory minimum requirement, the said Director shall continue to perform duties as Director pursuant to the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association until the elected Director assumes his/her office. The Board shall convene an extraordinary general meeting as early as possible to elect the Director and fill up the vacancy resulting from the said resignation. Subject to the relevant laws and regulations of the place where the Company's shares are listed, if the Board appoints a new Director to fill a casual vacancy or as an additional Director, the term of appointed Director shall expire at the next annual general meeting of the Company after his/her appointment and he/she shall be eligible for re-election. All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first annual general meeting after appointment. Save for the circumstances referred to in the preceding paragraph, the Director's resignation takes effect upon delivery of his/her resignation report to the Board.

The Company has established a management system for director resignations, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. A Director whose resignation takes effect or whose term of office expires shall complete all formalities of transfer to the Board, and his/her duty of loyalty to the Company and the shareholders shall not be discharged after the expiration of his/her term of office and shall remain effective for 3 years after the effectiveness of resignation or expiration of his/her term of office. After the effectiveness of the resignation of a Director or the expiration of his or her term of office, his or her obligation to keep in confidence the trade secrets of the Company shall survive the termination of his or her term of office, and such Director shall not conduct any business

the same as or similar to that of the Company by making use of the key technology of the Company. The continuation period of the other obligations shall be determined in accordance with the principle of fairness, taking into account of the lapse between the occurrence of relevant event and his or her departure and the circumstance and condition under which his or her relation with the Company is terminated.

Save as specified in the Articles of Association or legally authorized by the Board, no Director shall act on behalf of the Company or the Board in his/her own name. If a Director acts in his/her own name but a third party may reasonably think that the said Director is acting on behalf of the Company or the Board, the said Director shall make a prior statement of his/her standpoint and capacity.

Independent non-executive Directors shall earnestly fulfill their responsibilities in accordance with the relevant provisions of laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed and departmental rules. They shall play a role in participating in decision-making, supervising and balancing, and providing professional advice in the Board to maintain the overall interests of the Company and protect the legitimate rights and interests of minority shareholders. An independent non-executive Director may tender resignation before the expiry of his or her term of office. If at any time the Company's independent non-executive Directors do not meet the requirements specified by the regulatory rules of the place where the Company's shares are listed, the Company must announce and rectify the situation in accordance with the requirements of the regulatory authority or the regulatory rules of the place where the Company's shares are listed.

Board of Directors

The Company shall have a Board which shall be accountable to the general meeting.

The Board consists of 9 Directors, with one chairman of the Board. Among them, at least three shall be independent non-executive Directors and shall not be less than one-third of the number of Directors of the Company. At least one of the independent non-executive Director must have appropriate accounting or related financial management expertise, or appropriate professional qualifications, as defined by the stock exchange where the Company's shares are listed. With respect to the system of independent non-executive directors, if not provided for in this Articles, the relevant provisions of the relevant laws, administrative regulations and the listing rules of the stock exchange where the Company's shares are listed shall be followed.

The Board exercises the following powers and duties:

(i) to convene a general meeting and submit a work report to such meeting;

(ii) to implement the resolutions of a general meeting;

(iii) to decide on the operation plan and investment scheme of the Company;

(iv) to prepare the profit distribution plan and loss recovery plan of the Company;

(v) to prepare the plan for the Company to increase or reduce its registered capital, issuance of bonds or other securities and listing plans;

(vi) to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division, dissolution and transformation of the Company;

(vii) to decide on the Company's outbound investments, acquisition and sale of assets, pledge of assets, external guarantees, entrusted financial management, related or connected transactions and external donations within the scope of authorization of the general meeting;

(viii) to decide on the establishment of the internal management organizations of the Company;

(ix) to appoint or dismiss the manager of the Company, the Secretary of the Board and their remuneration; to appoint or dismiss the senior management members including the deputy general manager and the chief financial officer of the Company based on the nominations made by the general manager, and to determine their remunerations, incentives and punishments;

(x) to establish a basic management system of the Company;

(xi) to prepare plans to amend the Articles of Association;

(xii) to manage information disclosure by the Company;

(xiii) to make the proposal of engaging or replacing an accounting firm to the general meeting;

(xiv) to receive the report by the general manager of the Company and review the work performance of the general manager;

(xv) to consider and approve transactions (including, but not limited to, disclosable transactions and related or connected transactions) that are required to be decided by the Board in accordance with the regulatory rules of the place where the Company's shares are listed;

(xvi) other functions conferred by the laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed, and the Articles of Association or the general meeting.

Except for items (v), (vi) and (xi), and other matters required by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, which shall be passed with the approval of more than two-thirds of the Directors, matters resolved by the Board in the preceding paragraph may be passed with the approval of more than half of the Directors.

Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for consideration.

The Board shall have 1 chairman, who shall be elected and dismissed by a majority of the directors. The term of office of the chairman shall be three years and may be re-elected.

The chairman of the Board shall exercise the following powers and duties:

(i) to preside over the general meeting and convene and preside over the Board meetings;

(ii) to supervise and examine the implementation of the resolutions of the Board;

(iii) to sign securities issued by the Company, important documents of the Board, and other documents required to be signed by the chairman of the Board;

(iv) to nominate any candidate for the position of general manager to the Board for discussion and voting;

(v) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers in compliance with legal requirements and in the interests of the Company with regard to affairs of the Company and provide post event reports to the Board and the general meeting;

(vi) to exercise other duties and powers conferred by the board of directors.

If the chairman of the Board is unable or fails to perform his/her duties, more than half the directors may elect one of the directors to act on his/her behalf.

The Board meetings shall be held at least four times a year, approximately quarterly, and are convened by the chairman, who shall give written notice (including personal delivery, facsimile, and e-mail) to all Directors 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, and more than one-third of the Directors or the Audit Committee may propose an extraordinary Board meeting. The chairman of the Board shall convene and preside over an extraordinary Board meeting within 10 days after receiving the proposal. No regular meeting of the Board shall be held by means of written circulation for signing.

A Board meeting shall be attended by more than one half of the Directors. Save as otherwise specified in the Articles of Association, resolutions made by the Board must be passed by more than half of all Directors. As for the voting on a Board resolution, each director shall have one vote.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall promptly report in writing to the Board. Directors with connected relationships shall not vote on the said resolution for himself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected (related) Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected (related) Directors; while resolutions requiring approval of over two-thirds of the Board of Directors shall be passed

by over two-thirds of the non-connected (related) Directors. If the number of non-connected (related) Directors attending the meetings is less than three, the issue shall be submitted to the general meeting for consideration.

A Director shall attend each Board meeting in person, or if he/she is unable to attend the meeting due to any reason, he/she may entrust any other Director in writing to attend on behalf of him/her. Such instrument of proxy shall specify the name of proxy, matters authorized, powers delegated and validity term, among others, and be signed or stamped by the principal. A Director attending a meeting as the proxy of another director shall exercise the rights of a director within the powers delegated by the principal. A Director shall not make or accept the appointment or carte blanche without any voting intent on the resolutions, or any appointments that are not well defined. At the time of considering connected (related) party transactions, a non-connected (related) Director shall not entrust connected (related) Directors to attend the meeting on his/her behalf. Any Director who fails to attend a Board meeting in person or by proxy shall be deemed to have waived his/her voting rights at such meeting.

Independent Director

Independent directors shall diligently perform their duties in accordance with laws, administrative regulations, departmental rules, normative documents, the regulatory rules of the place where the Company's shares are listed, and the Articles of Association. They shall play their roles in participating in decision-making, supervision and balancing and professional consultancy in the Board, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

The independent directors must be independent. The following persons shall not serve as independent directors:

(i) persons employed by the Company or its subsidiaries and their immediate family members and major social connections (immediate family members shall include spouses, parents, children etc.; and major social connections shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse etc.);

(ii) natural person shareholders as well as their immediate family members who directly or indirectly hold more than 1% of the issued shares (excluding treasury shares) of the Company or who are ranked as the top ten shareholders of the Company;

(iii) persons holding positions at entities which are such shareholders of the Company directly or indirectly holding more than 5% of the issued shares of the Company or which are ranked as the top five shareholders of the Company and their immediate family members;

(iv) persons holding positions at subsidiaries of the controlling shareholders or de facto controllers of the Company and their spouses, parents and children;

(v) persons involved in substantial business dealings with the controlling shareholders or de facto controllers of the Company or their respective subsidiaries or persons holding positions at entities involved in substantial business dealings and their controlling shareholders or de facto controllers;

(vi) persons providing services such as financial, legal, consulting or sponsorship to the Company and its controlling shareholder, de facto controllers or their respective subsidiaries, including but not limited to all members of project teams, vetting personnel at all levels, personnel undersigning reports, partners, directors, senior management and principal officers of the agencies providing the services;

(vii) persons who have satisfied the conditions stated in the above six paragraphs within the most recent year;

(viii) the person who has acquired an interest in any securities of the Company by way of gift or other financial assistance from the Company or its core connected persons (except for permitted exceptions under the [REDACTED]);

(ix) the person is a director, partner or principal of a professional consultancy agency that is providing services to the following companies/persons or did so within two years before being appointed, or is an employee of a professional consultancy agency that is engaged in providing relevant services or did so during the same period: 1. the Company, its holding companies or any of their respective subsidiaries or core connected persons; 2. any person who was once the controlling shareholder of the Company within two years prior to the date of the proposed appointment of such person as an independent director, or if the Company has no controlling shareholder, any person who was once a chief executive officer or director of the Company (independent director) or any of his close associates;

(x) such person has or had substantial interests in any main business activities of the Company, its holding companies or any of their respective subsidiaries, or is involved or had involved in major commercial transactions with the Company, its holding companies or any of their respective subsidiaries, or with any core connected person of the Company, either currently or within one year prior to the date of the proposed appointment of such person as an independent director;

(xi) such person serves as a member of the Board in order to protect a certain entity whose interest is different from the interests of shareholders as a whole;

(xii) such person is, or once was (within two years prior to the date of the proposed appointment as an independent director), connected with any Director, chief executive officer or substantial shareholder of the Company (as detailed in [REDACTED]);

(xiii) such person is (or once was within two years prior to the date of the proposed appointment as a director) an executive officer or a director (other than an independent director, as defined in the [REDACTED]) of the Company, its holding companies or any of their respective subsidiaries or any core connected persons of the Company;

(xiv) such person or his/her immediate family members is financially dependent on the Company, its controlling shareholder or any of their respective subsidiaries or the core connected persons of the Company; and

(xv) Any factors that may affect his/her independence (including but not limited to the conditions set out in the [REDACTED]).

When determining the director's independence, the same factors should also apply to the director's immediate family members (immediate family member refers to such person's spouse, such person (or his/her spouse's) child or step-child, natural or adopted, under the age of 18 years).

Independent directors shall conduct an annual self-examination of independence and submit the self-examination to the Board. The Board shall evaluate and issue a special opinion on the independence of the incumbent independent directors on an annual basis, which shall be disclosed at the same time as the annual report (if necessary).

An independent director of the Company shall meet the following basic requirements:

(i) having the qualifications as a director of listed companies in accordance with laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and other relevant provisions;

(ii) having the independence as required by Article 128 of the Articles of Association and the listing rules of the stock exchange where the Company's shares are listed;

(iii) perform his/her duties independently, without being influenced by the Company and its substantial shareholders and de facto controller, or other entities or individuals who may be interested in the Company;

(iv) possessing basic knowledge of the operation of a listed company, and be familiar with relevant laws, regulations, regulatory documents and rules;

(v) have at least five years of work experience in legal or economic field or other fields indispensable for performing the duties of independent directors;

(vi) having good personal morality, and no major breach of trust or other bad records;

(vii) other conditions as provided by relevant laws, administrative regulations, departmental rules, regulatory rules of the place where shares of the Company are listed, the Articles of Association and the rules for independent directors.

As members of the Board, independent directors assume loyalty and diligence obligations to the Company and all shareholders, and prudently fulfill the following duties:

(i) participating in the decision-making of the Board and express a clear opinion on the matters under consideration;

(ii) supervising potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, Directors and senior management members, and protecting the legitimate rights and interests of minority shareholders;

(iii) providing professional and objective advice on the Company's operation and development, and promoting the enhancement of the Board's decision-making level;

(iv) other duties prescribed by laws, administrative regulations, departmental rules, regulatory documents, regulatory rules of the place where shares of the Company are listed and the Articles of Association.

Independent directors exercise the following special powers:

(i) engaging an independent intermediary agency to audit, consult or verify the specific matters of the Company;

(ii) proposing to the Board to convene an Extraordinary General Meeting;

(iii) proposing to convene a Board meeting;

(iv) soliciting shareholders' rights publicly from shareholders according to law;

(v) expressing independent opinions on matters that may harm the rights and interests of the Company or minority shareholders;

(vi) other functions and powers stipulated in laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association.

When an independent director exercises the functions and powers listed in Items (i) to (iii) of the preceding paragraph, he or she shall obtain the consent of majority of all independent directors.

If an independent director exercises the powers listed in Items (i), the Company will disclose in timely manners (if necessary). If above functions and powers cannot be exercised normally, the Company will disclose the details and reasons (if necessary).

The following matters shall be submitted to the Board for consideration after being approved by majority of all independent directors of the Company:

(i) related transactions that shall be disclosed;

(ii) programs for the Company and related parties to change or waive their commitments;

(iii) decisions made and measures taken by the Board of the acquired listed company in response to the acquisition;

(iv) other matters stipulated in laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association.

The Company establishes a special meeting mechanism attended by all independent directors. If the Board considers related or connected transactions and other matters, it shall be approved in advance by a special meeting of independent directors.

The special meeting of independent directors can study and discuss other matters of the Company as needed.

The special meeting of independent directors is convened and presided over by an independent director jointly elected by majority of the independent directors; When the convener fails to perform his/her duties or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting.

The special meeting of independent directors shall make minutes according to the rules, and the opinions of independent directors shall be stated in the minutes. Independent directors shall sign and confirm the minutes of the meeting.

The Company provides convenience and support for the convening of special meetings of independent directors.

Board Special Committees

The Company's Board has established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy and Investment Committee, the Sustainability Committee, and other special committees. The special committees shall be accountable to the Board and perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals shall be submitted to the Board for review and approval. All members of each special committee shall be composed of directors, and the specific composition and qualification requirements shall refer to laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and working rules of relevant special committees. The Board shall be responsible for formulating the working rules of the special committees and regulating the operation of the special committees.

The Company's Board shall establish an Audit Committee to exercise the powers of the Supervisory Committee as stipulated in the Company Law.

The Audit Committee comprises not less than 3 members, all of whom are non-executive Directors who are not senior management members of the Company and a majority of the independent non-executive Directors; at least one of whom is an independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise as required by Rule [REDACTED]; and the Audit Committee shall be chaired (convened) by an accounting professional among the independent non-executive Directors.

The following matters shall be submitted to the Board for review after approval by more than half of all members of the Audit Committee:

(i) to disclose the financial information in financial accounting reports and periodic reports, along with internal control assessment reports;

(ii) to appoint or dismiss the accounting firm engaged for the Company's audit services;

(iii) to appoint or dismiss the chief finance officer of the Company;

(iv) to make changes in accounting policies, accounting estimates or corrections of major accounting errors for reasons other than changes in accounting standards;

(v) other matters specified under laws, administrative regulations, departmental rules, normative documents and the Articles of Association.

The Audit Committee shall meet at least quarterly. Extraordinary meetings may be convened upon the request of two or more members or when the convener deems it necessary. The quorum of an Audit Committee meeting shall be over two-thirds of the members.

Any resolution of the Audit Committee shall be made by a majority of all members of the Audit Committee.

Each member of the Audit Committee shall have one vote for a resolution to be approved by the Audit Committee. Minutes of Audit Committee resolutions shall be duly prepared in accordance with applicable requirements, and shall be signed by all Audit Committee members present at the meeting. The Audit Committee shall record its decisions on matters considered in written minutes, which shall be retained as part of the Company's records for a period of ten years.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one general manager, who shall be appointed or removed by the Board and shall have several deputy general manager who shall be appointed or removed by the Board.

The general manager, deputy general manager, chief financial officer, the secretary of the Board and other members designated by the Board shall be the senior management members of the Company.

The senior management members shall shoulder the duties of loyalty and diligence to the Company, shall take measures to avoid any conflict of interest with the Company, shall not accept any undue benefits by taking advantage of his/her powers and position, and shall exercise the reasonable care normally expected of a manager in the best interests of the Company in the performance of their duties. The circumstances of the Articles of Association under which a person may not serve as a director shall also apply to senior management members. The provisions of the Articles of Association on Directors' duty of loyalty and diligence shall also apply to senior management members. The provisions of the Articles of Association on the management system for director resignations shall also apply to senior management members.

Any person who takes position other than a Director in the Controlling Shareholders and de facto controller of the Company shall not serve as senior management members of the Company.

The Company's senior management members are only paid by the Company and are not paid by the controlling shareholders on behalf of the Company.

The general manager shall serve for a term of three years, and may be reappointed upon the expiry of his/her term of office.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the company's production, operation and management, organize the implementation of Board resolutions and report to the Board;

(ii) to organize the implementation of the company's annual business plans and investment plans;

(iii) to draft the plan for establishment of the company's internal management organization;

(iv) to draft the company's basic management system;

(v) to formulate the specific rules and regulations of the company;

(vi) to propose to the Board for appointment or dismissal of deputy general managers, chief financial officer and other senior management members of the company;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

(viii) other functions and powers granted by the Articles of Association or the Board.

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the general meetings and Board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure.

Senior management members who violate the provisions of laws, administrative regulations, departmental rules, or the Articles of Association in performing their duties towards the company and thereby cause losses to the Company shall be liable for compensation. If a senior management member, in the performance of his/her duties, causes damage to others, the Company shall be liable for compensation; the senior management member shall also be liable for compensation if there is intentionality or gross negligence on his/her part.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If a senior management member of the Company fails to perform his/her duties faithfully or violates the fiduciary duty, thereby causing damage to the interests of the Company and the shareholders, he/she shall bear the liability of compensation in accordance with law.

Financial and Accounting Systems, Distribution of Profits and Audit

Financial and Accounting Systems

The Company shall establish the financial and accounting systems according to the laws, administrative regulations, and the rules of the relevant state authorities. The Company shall, at the end of each accounting year, prepare a financial report, which shall be examined and verified according to law.

The Board shall submit to the shareholders at each annual general meeting the financial reports prepared by the Company as required by relevant laws, administrative regulations and normative documents promulgated by the local governments and the competent authorities.

The financial reports in the preceding paragraph shall consist of a report of the Board together with a balance sheet (including such documents as required to be annexed by PRC or other laws and administrative regulations) and a profit and loss statement (income statement) or a statement of income and expenditure (cash flow statement), or, in the absence of any violation of the relevant laws of the PRC, a summarized report of the financial statements as approved by the [REDACTED].

The financial reports of the Company shall be made available for inspection at the Company by shareholders 21 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain the financial reports referred to in this chapter.

Unless otherwise specified in the Articles of Association, the Company shall deliver or send to each shareholder of overseas listed foreign shares by prepaid mail at the address registered in the register of members the said reports, the report of the Board, together with the balance sheet (including every document to be attached to the balance sheet as required by the law) and statement of profit or loss or the statement of income and expense at least 21 days before the date of every annual general meeting. However, such documents may also be delivered to shareholders of overseas [REDACTED] foreign shares through the Company's website, the website of the [REDACTED] and other websites as may be provided by the rules of the securities regulatory authorities of the place where the Company's shares are listed from time to time, provided that the laws, administrative regulations and requirements of the securities regulatory authority at the place where the shares of the Company are listed are observed.

The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or those of foreign listing jurisdictions. If there are any major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after tax profits in a given accounting year, the smaller amount of after-tax profits shown in the above mentioned two kinds of financial statements shall apply.

The interim results or financial statements published or disclosed by the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or those of foreign listing jurisdictions.

The Company shall not set up any other accounting books except for the legal accounting books. The Company's capital shall not be deposited into an account established in the name of any individual.

Profit Distribution

The Company shall, when distributing the post-tax profit for the year, withdraw 10% of the profit to be included in the statutory reserves of the Company. The Company may not withdraw the statutory reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital. Where the statutory reserve fund of the Company is not sufficient to make up its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing the statutory reserve fund according to the provisions under the previous paragraph.

After withdrawing the statutory reserves out of the post-tax profit, the Company may, subject to the resolution of the general meeting, withdraw the discretionary reserve out of the post-tax profit. The post-tax profit left after the loss recovery and withdrawal of the reserves by the Company shall be distributed in proportion according to the shareholding proportions of the shareholders. If the Company breaches the provisions under the previous paragraph by distributing the profit to the shareholders, the shareholders shall return to the Company the profit distributed in violation of the provisions. If causes losses to the Company, the responsible directors and senior management members shall be liable for compensation. The Company's shares held by the Company shall not participate in the profit distribution.

The reserves of the Company are used to offset the losses of the Company, expand production and operation or bolster registered capital of the Company. The discretionary reserve fund and statutory reserve fund shall be used first to make up the Company's losses; if the losses cannot be covered, the capital reserve fund can be used in accordance with the regulations.

The capital reserve fund consists of the following:

(i) the premium from the issuance of shares in excess of their face value;

(ii) other income to be included in the capital reserve fund as stipulated by the competent financial department of the State Council.

When a statutory reserve is converted to additional registered capital, the amount of such reserve retained shall be no less than 25% of the registered capital of the Company prior to the conversion.

The Company shall proactively implement a profit distribution policy and in accordance with the principle that the same shares shall be entitled to the same dividend, at the end of each fiscal year, the Board of the Company shall propose a profit distribution plan and a loss recovery plan based on the operating results of the current year and the future production and operation plan, which shall be implemented after being considered and approved by the general meeting:

(I) Profit distribution principle

The Company implements a proactive profit distribution policy that emphasizes reasonable investment returns to investors and takes into account the sustainable development of the Company, and the profit distribution policy shall maintain continuity and stability. The Company may distribute profits in the form of cash, shares or a combination of cash and shares, and profit distribution shall not exceed the scope of accumulated distributable profits and shall not jeopardize the Company's ability to continue operations.

(II) Decision-making Procedures and Mechanism of Profit Distribution

1. The annual profit distribution proposal of the Company shall be formulated by the Board taking into account the Company's profitability, supply and demand of funds. When considering the specific plan for cash dividends, the Board shall carefully study and justify the timing, conditions and minimum ratio of cash dividends, as well as the conditions for adjustments and the requirements of its decision making procedures, etc. The proposal shall be submitted to the general meeting for deliberation after it has been approved by the Board.

2. If the Board formulates a proposal not to implement profit distribution or to implement a profit distribution plan that does not include cash distribution, it shall disclose the reasons for not implementing profit distribution or implementing a profit distribution plan that does not include cash distribution in its regular report. The Company's undistributed profits for the year will be used to meet the needs of the Company's normal production and operation and long-term development.

(III) Profit Distribution Policy of the Company

1. Distribution principle: The Company implements a proactive profit distribution policy that emphasizes reasonable investment returns to shareholders and takes into account the sustainable development of the Company, and the profit distribution policy shall maintain continuity and stability.

2. Distribution manner: The Company may distribute profits in the form of cash, shares or a combination of cash and shares, with cash dividends being given priority over share dividends where the conditions for cash dividends are met.

3. Dividend distribution cycle: In principle, the Company shall make profit distribution at least once a year. The Board may propose interim profit distribution and special profit distribution based on the Company's profitability and capital requirements and submit them to the general meeting of the Company for approval.

4. Conditions for cash dividends: The Company shall pay cash dividends if the Company made a profit in the previous fiscal year and the cumulative distributable profit is positive, provided that the Company meets the capital requirements for normal production and operation.

The Company shall appoint one or more collecting agents in Hong Kong for the purpose of receiving dividends declared by, and other monies payable to, the Company in respect of their securities [REDACTED] on the [REDACTED]. The agents shall hold such monies in trust for the holders of such securities to pay to such holders.

In the event that share dividends are adopted for profit distribution, the Board shall explain the factors justifying the adoption of share dividends for profit distribution.

(IV) The Company's profit distribution policy will maintain continuity and stability. Where the profit distribution policy needs to be adjusted due to major changes in the external operating environment or its own operating conditions, such adjustments shall be made with the protection of shareholders' rights and interests as the guiding principle. In this case, the Board and the Audit Committee of the Company shall conduct a study to justify the adjustment, and make a detailed justification and explanation of the adjustment by taking into account the competitive conditions of the industry, the Company's financial conditions, the Company's capital demand planning and other factors in the proposal for the general meeting. The proposal on adjusting the profit distribution policy shall be considered by the Board, reviewed by the Audit Committee and submitted to the general meeting of the Company for approval. The Audit Committee shall oversee the Board and management's implementation of the Company's profit distribution policy and the related decision-making processes, and the adjusted profit distribution policy shall not be in violation of the relevant regulations of the CSRC and stock exchanges in the places where the Company is listed.

(V) If any shareholder unlawfully misappropriates the Company's funds, the Company shall deduct the cash dividends that would otherwise be distributed to that shareholder to offset the misappropriated amount.

Internal Audit

The Company shall implement the internal audit system that specifies the governance structure, scope of authority, staffing, funding, utilization of audit results, and accountability mechanisms for internal audit activities. The internal audit system shall be implemented upon approval by the Board and publicly disclosed.

The Company's internal audit system and the duties of the auditors shall be implemented upon approval by the Board. The chief auditor shall be accountable and report to the Board. During the supervision and inspection of the Company's business activities, risk management, internal control, and financial information, the internal audit institution shall be subject to the oversight and guidance of the Audit Committee. If the internal audit institution discovers any significant issues or leads, it shall immediately report directly to the Audit Committee.

The internal audit institution is responsible for the specific organization and implementation of the Company's internal control evaluation. Based on the evaluation report issued by the internal audit institution and reviewed by the Audit Committee, as well as relevant materials, the Company shall issue its annual internal control evaluation report.

When the Audit Committee communicates with external audit entities such as accounting firms and state audit institutions, the internal audit institution shall provide active cooperation and furnish necessary support and collaboration.

The Audit Committee shall participate in the performance evaluation of the head of the internal audit institution.

Appointment of the Accounting Firm

The Company shall engage an independent accounting firm that complies with the relevant national regulations and the regulatory rules of the place where the Company's shares are listed. The accounting firm shall be responsible for auditing the accounting statements, verifying the net assets, and providing other relevant consulting services. The term of appointment shall be one year, commencing from the end of the current general meeting of the Company and ending at the conclusion of the next general meeting. This appointment is renewable.

The Company's appointment and dismissal of accounting firms that provide regular auditing services to the Company must be decided by the general meeting, and the Board shall not appoint any accounting firm prior to the decision of the general meeting.

The Company undertakes to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false reports.

The audit fees of the accounting firm shall be decided by the general meeting.

When the Company dismisses or does not renew the appointment of the accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall be allowed to make its representation at the general meeting where a voting process concerning the dismissal of the accounting firm is carried out. Where the accounting firm tenders its resignation, it shall state at a general meeting whether the Company has any irregularities.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION, AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

A merger of a company may take the form of an absorption merger or a consolidation merger. When a company absorbs other companies, it is an absorption merger, and the absorbed company shall be dissolved. When two or more companies merge to establish a new company, it is a consolidation merger, and all parties to the merger shall be dissolved.

In the case of a merger, all parties to the merger shall execute a merger agreement and shall prepare the balance sheets and inventory of assets. The Company shall notify its creditors within 10 days since the date of adoption of the merger resolution and publish an announcement about the merger in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days. And creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

After the merger, the rights and the obligations of the merging parties shall be assumed by the Company in existence or the newly established company.

If the Company is divided, its property shall be divided accordingly. In the case of a division, a balance sheet and a schedule of assets shall be prepared. The Company shall notify its creditors within 10 days since the date of adoption of the division resolution and publish an announcement about the division in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the written agreement entered into between creditors and the Company for debt settlement prior to the division.

In case of a reduction in the Company's registered capital, the Company will prepare a balance sheet and a schedule of properties.

The Company notifies its creditors within 10 days since the date the general meeting makes a resolution to reduce the registered capital, and shall publish an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the announcement, be entitled to require the Company to settle its debts in full or to provide a corresponding guarantee.

When the Company reduces its registered capital, it shall reduce its capital contribution or shares in proportion to the capital contribution or shares held by shareholders, unless otherwise provided by the law or the Articles of Association. The registered capital of the Company following the reduction shall not fall below the minimum statutory requirement.

Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the company registration authorities in accordance with the law. Where the Company is dissolved, it shall cancel its registration in accordance with the law. Where a new company is established, its establishment shall be registered in accordance with the law. Where a company increases or decreases its registered capital, it shall, in accordance with the law, register the change of registration with the company registration authority.

Dissolution and Liquidation

The Company shall be dissolved if:

(i) the business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(ii) the general meeting resolves to dissolve;

(iii) dissolution is required due to merger or division of the Company;

(iv) its business license is revoked according to the law, or it is ordered to shut down or revoked;

(v) the people's court dissolves it in accordance with Article 231 of the Company Law.

On the occurrence of the events of dissolution set out in the preceding Article, the Company shall make an announcement on the National Enterprise Credit Information Publicity System within 10 days.

For the circumstance in item (I) and (II) of paragraph 1 of Article 188 under the Articles of Association, and no property has been distributed to shareholders, the Company may continue to subsist by amending the Articles of Association or by resolution of the general meeting. Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting.

If the Company is dissolved pursuant to item (I), (II), (IV) or (V) of paragraph 1 of Article 188 under the Articles of Association, it shall be liquidated. The Directors, being the liquidation obligors of the Company shall establish a liquidation committee to conduct the liquidation within 15 days from the date the cause for dissolution arises. The liquidation committee shall be composed of Directors or persons determined by the general meeting. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall bear the liability for compensation.

If the Company fails to establish a liquidation committee to carry out liquidation after the expiry of the time limit or fails to carry out liquidation after establishing the liquidation committee, the interested parties can apply to the people's court for appointing relevant officers to establish the liquidation committee to carry out the liquidation.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment and make an announcement within 60 days in the designated newspapers or on the National Enterprise Credit Information Publicity System and in the manner required by the stock exchange where the Company's shares are listed. Creditors shall, within 30 days from the date of receiving the notice, or for creditors who do not receive the notice, within 45 days from the date of the announcement, report their creditors' rights to the liquidation committee.

When reporting creditors' rights, the creditors shall provide an explanation of matters relevant to the creditor's rights and provide the supporting evidence. The liquidation committee shall register the creditors' rights.

In the course of reporting the creditors' rights, the liquidation committee shall not repay the creditors.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate the liquidation plan and submit such plan to the general meeting or a people's court for confirmation. The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed in the class and proportion to the number of shares held by shareholders. During the liquidation period, the Company still exists but shall not carry out any business activities not related to the liquidation. The property of the Company shall be not distributed to shareholders until all liabilities have been paid off in accordance with the provisions of the preceding paragraph.

If the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and schedule of assets, discovers that the Company's property is insufficient to pay its debts in full, it shall legally apply to the people's court for a bankruptcy liquidation.

After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court. Upon completion of the liquidation of the Company, the liquidation committee shall produce a liquidation report and submit it to the general meeting or the people's court for confirmation. Within 30 days from the date of confirmation of the above-mentioned reports by the general meeting or the people's court, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration.

If the Company is declared bankrupt by law, the bankruptcy liquidation shall be implemented in accordance with the laws on enterprise bankruptcy.

Amendments to the Articles of Association

The Company will amend the Articles of Association under any of following circumstances:

(i) matters provided for in the Articles of Association are in conflict with the provisions of the amended Company Law or relevant laws, administrative regulations and the regulatory rules of the place where the Company's shares are listed;

(ii) there has been a change to the Company, resulting in inconsistency with the content in the Articles of Association;

(iii) it is resolved at a general meeting to amend the Articles of Association.

Where any amendment to the Articles of Association approved by way of a resolution at the general meeting requires approval from the competent authority, such amendment shall be reported to the competent authority for approval. Where the amendments involve any registered particulars of the Company, application shall be made for change of registration in accordance with laws.

The Board shall amend the Articles of Association in accordance with the resolutions of the general meeting and the approval opinions of relevant competent authorities.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on July 5, 2002, and was converted into a joint stock company with limited liability on December 22, 2017 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB272,142,819 divided into 272,142,819 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on April 3, 2025. Ms. CHU Cheuk Ting (朱卓婷), a joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong, whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of Our Company

On July 5, 2002, our Company was established as a limited liability company with a registered capital of RMB3,000,000.

On June 12, 2023, the registered capital of our Company increased from RMB181,428,546 to RMB272,142,819.

For further details, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in our Company's share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in note 44 to the Accountants' Report. The following sets out changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

Gaotai County Tianhong Biochemical Technology Development Co., Ltd. (高台縣天鴻生化科技開發有限責任公司)

On July 17, 2023, the registered capital of Gaotai County Tianhong Biochemical Technology Development Co., Ltd. increased from RMB30,000,000 to RMB50,000,000, with the additional capital subscribed by our Company.

Jiangsheng (Hainan) Biotechnology Co., Ltd. (江生(海南)生物科技有限公司)

On November 29, 2024, Jiangsheng (Hainan) Biotechnology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to the general meeting of our Company held on March 20, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the [REDACTED] by our Company of H Shares of a nominal value of RMB1.00 each and that such H Shares will be [REDACTED] on the [REDACTED];

(b) that the number of H Shares to be [REDACTED] shall not be more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED] (without taking into account the H Shares which may be [REDACTED] and [REDACTED] pursuant to the exercise of the [REDACTED]), and the grant to the [REDACTED] (or their representatives) of the [REDACTED] of not more than [REDACTED]% of the number of H Shares [REDACTED] pursuant to the [REDACTED];

(c) subject to the completion of the [REDACTED], the adoption of the Articles of Association which shall become effective on the [REDACTED], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the [REDACTED]; and

(d) authorization of our Board to handle all relevant matters relating to, among other things, the [REDACTED] and [REDACTED] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) [REDACTED].

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	69122745	PRC		10	July 14, 2023 to July 13, 2033
2.	Our Company	69131729	PRC		42	July 14, 2023 to July 13, 2033
3.	Our Company	69133489	PRC		5	July 28, 2023 to July 27, 2033
4.	Our Company	69125796	PRC		3	July 14, 2023 to July 13, 2033
5.	Our Company	936642	PRC		5	January 28, 2017 to January 27, 2027
6.	Our Company	69131733	PRC		44	September 21, 2023 to September 20, 2033

As of the Latest Practicable Date, we have applied for the following trademark applications which we consider to be material to our business:

No.	Applicant	Application no.	Place of application	Trademark	Class	Application date
1.	Our Company	306863022	Hong Kong		5	April 8, 2025
2.	Our Company	306768398	Hong Kong		5	December 26, 2024

(b) Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1.	Our Company	jxswzp.cn	January 3, 2019
2.	Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司)	boenmall.com	April 29, 2016

(c) Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Owner	Type	Patent	Patent no.	Application date	Expiry date	Place of application
1.	Our Company	Utility Model	A high-precision automatic flow control device for biological preparation reactors (一種用於生物製劑反應釜高精度自動流量控制裝置)	ZL201721562985.2	November 21, 2017	November 21, 2027	PRC
2.	Our Company	Utility Model	A reaction kettle for biological preparations (一種用於生物製劑的反應釜)	ZL201721566116.7	November 21, 2017	November 21, 2027	PRC
3.	Our Company	Utility Model	A temperature control system for biological preparation reactors (一種用於生物製劑反應釜溫度控制系統)	ZL201721567654.8	November 21, 2017	November 21, 2027	PRC
4.	Our Company	Utility Model	An ampoule bottle sterilization leak detection cabinet (一種安瓿瓶滅菌檢漏櫃)	ZL202020939150.X	May 28, 2020	May 28, 2030	PRC
5.	Our Company	Utility Model	A positioning device for pharmaceutical filling and drawing equipment (一種醫藥灌裝拉絲設備的定位裝置)	ZL202020942992.0	May 28, 2020	May 28, 2030	PRC
6.	Our Company	Utility Model	A positioning device for pharmaceutical rotating bottle equipment (一種醫藥轉瓶設備的定位裝置)	ZL202020961863.6	May 29, 2020	May 29, 2030	PRC
7.	Our Company	Utility Model	A positioning device for medical bottle washing equipment (一種醫藥洗瓶設備的定位裝置)	ZL202020940682.5	May 28, 2020	May 28, 2030	PRC
8.	Our Company	Utility Model	A liquid preparation tank (一種配液罐)	ZL202020940683.X	May 28, 2020	May 28, 2030	PRC
9.	Our Company	Utility Model	An automatic cleaning device for tetanus antitoxin serum bottles (一種破傷風抗毒素血清瓶自動清洗裝置)	ZL202221570974.X	June 22, 2022	June 22, 2032	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Expiry date	Place of application
10.	Our Company	Utility Model	A device for extracting components of snake venom serum (一種蛇毒血清成分提取裝置)	ZL202222432210.0	September 14, 2022	September 14, 2032	PRC
11.	Our Company	Utility Model	A fully automatic dispensing device for tetanus antitoxin (一種破傷風抗毒素全自動配液裝置)	ZL202221683235.1	June 30, 2022	June 30, 2032	PRC
12.	Our Company	Utility Model	A kind of automatic light inspection equipment for medicinal liquids (一種藥液自動化燈檢設備)	ZL202221745552.1	July 6, 2022	July 6, 2032	PRC
13.	Our Company	Utility Model	An automatic leak-picking device for medicinal liquid bottles (一種藥液瓶自動撿漏裝置)	ZL202222017543.7	August 2, 2022	August 2, 2032	PRC
14.	Our Company	Utility Model	An automatic filling equipment for tetanus antitoxin (一種破傷風抗毒素自動灌裝設備)	ZL202222322140.3	September 1, 2022	September 1, 2032	PRC
15.	Our Company	Utility Model	An automatic cartoning machine for tetanus toxin (一種破傷風毒素自動裝盒機)	ZL202222085628.9	August 9, 2022	August 9, 2032	PRC
16.	Our Company	Utility Model	A storage device for antivenom samples (一種用於抗蛇毒血清樣本的存放裝置)	ZL202320847896.1	April 17, 2023	April 17, 2033	PRC
17.	Our Company	Utility Model	A tetanus antitoxin Pasteur virus inactivation temperature control device (一種破傷風抗毒素巴氏病毒滅活溫控裝置)	ZL202320618251.0	March 27, 2023	March 27, 2033	PRC
18.	Our Company	Invention	An antiserum preparation filling system with CIP/SIP function (一種具有CIP/SIP功能的抗血清製劑灌裝系統)	ZL202210867382.2	July 22, 2022	July 22, 2042	PRC
19.	Our Company	Invention	Antitoxin serum and preparation method thereof (一種抗毒素血清及其製備方法)	ZL202311057177.0	August 22, 2023	August 22, 2043	PRC
20.	Our Company	Invention	A method for improving the immune antibody titer of horses (一種提高馬匹免疫抗體效價的方法)	ZL202311179551.4	September 13, 2023	September 13, 2043	PRC
21.	Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd. (江生(深圳)生物技術研發中心有限公司)	Invention	Freeze-dried human rabies vaccine and preparation method thereof (凍乾人用狂犬病疫苗及其製備方法)	ZL201510236934.X	May 12, 2015	May 12, 2035	PRC
22.	Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd.	Invention	A method for renaturation of novel coronavirus recombinant protein inclusion bodies (一種新冠病毒重組蛋白包涵體的複性方法)	ZL202110165882.7	February 7, 2021	February 7, 2041	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Expiry date	Place of application
23.	Hainan Pharmaceutical Research Institute Co., Ltd. (海南藥物研究所有限責任公司) & China Pharmaceutical University (中國藥科大學)	Invention	Application of lutein and its derivatives in the preparation of anti-glioma drugs (葉黃素及其衍生物在製備抗腦膠質瘤藥物的應用)	ZL201810920129.2	August 14, 2018	August 14, 2038	PRC
24.	Hainan Pharmaceutical Research Institute Co., Ltd. & Shenyang Pharmaceutical University (瀋陽藥科大學)	Invention	Compounds, preparation methods and uses (化合物、製備方法及其用途)	ZL201610298736.0	May 5, 2016	May 5, 2036	PRC
25.	Hainan Pharmaceutical Research Institute Co., Ltd. & Shenyang Pharmaceutical University	Invention	Acid-sensitive paclitaxel prodrug, preparation method thereof and prodrug nanomicelles (酸敏感型紫杉醇前藥、其製備方法及前藥奈米膠束)	ZL201710586314.8	July 18, 2017	July 18, 2037	PRC
26.	Hainan Pharmaceutical Research Institute Co., Ltd.	Utility Model	Smart Tablet Hardness Tester (智能片劑硬度儀)	ZL202223024241.9	November 14, 2022	November 14, 2032	PRC
27.	Hainan Pharmaceutical Research Institute Co., Ltd.	Utility Model	A 12-cup intelligent dissolution tester (一種12杯智能溶出度測試儀)	ZL202223034686.5	November 14, 2022	November 14, 2032	PRC
28.	Hainan Pharmaceutical Research Institute Co., Ltd.	Utility Model	A tissue and organ measurement and image acquisition device for animal experiments (一種用於動物實驗的組織器官測量和圖像採集裝置)	ZL202321426949.9	June 5, 2023	June 5, 2033	PRC
29.	Hainan Pharmaceutical Research Institute Co., Ltd.	Utility Model	A multi-channel atomization device for establishing a rat allergic asthma model (一種用於建立大鼠過敏性哮喘模型的多通道霧化裝置)	ZL202321502940.1	June 12, 2023	June 12, 2033	PRC
30.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd. (高台縣天鴻生化科技開發有限責任公司)	Utility Model	A scum removal device that can improve efficiency (一種能夠提升效率的浮沫去除裝置)	ZL202221334272.1	May 31, 2022	May 31, 2032	PRC
31.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd.	Utility Model	Improved device for disposable equine plasma collector (一次性馬血漿採集器改進裝置)	ZL202123230516.X	December 21, 2021	December 21, 2031	PRC
32.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd.	Utility Model	A protective device for horse plasma apheresis machine (一種馬採血漿單採機保護裝置)	ZL202123228013.9	December 21, 2021	December 21, 2031	PRC
33.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd.	Utility Model	A sterilizing and filtering soft bag packaging sterilization equipment (一種除菌過濾的軟袋包裝滅菌設備)	ZL202122690055.8	November 5, 2021	November 5, 2031	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Expiry date	Place of application
34.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd.	Utility Model	A mechanical emulsification immune antigen device (一種機械乳化免疫抗原裝置)	ZL202121646606.4	July 20, 2021	July 20, 2031	PRC
35.	Gaotai County Tianhong Biochemical Technology Development Co., Ltd.	Utility Model	A single mining machine that is easy to install and fix (一種方便安裝固定的單採機)	ZL201821617603.6	October 1, 2018	October 1, 2028	PRC
36.	Chifeng Bo-en Pharmaceutical Co., Ltd. (赤峰博恩藥業有限公司)	Invention	Purification method of serum gonadotropin from pregnant mare (孕馬血清促性腺激素的提純方法)	ZL201310114408.7	March 17, 2013	March 17, 2033	PRC
37.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	An extraction device for biohormones (一種生物激素用提取裝置)	ZL201821671579.4	October 16, 2018	October 16, 2028	PRC
38.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	A kind of filtration equipment for biopharmaceuticals (一種生物製藥用的過濾設備)	ZL201821671577.5	October 16, 2018	October 16, 2028	PRC
39.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	A biopharmaceutical extract filtration device that is easy to fully stir (一種易於充分攪拌的生物製藥提取液過濾裝置)	ZL201821671574.1	October 16, 2018	October 16, 2028	PRC
40.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Ampoule filling units for biologics production (用於生物製劑生產的安瓿瓶灌裝裝置)	ZL202123321685.4	December 28, 2021	December 28, 2031	PRC
41.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Purification equipment for blood gonadotropin production (用於血促性素生產的提純設備)	ZL202123322681.8	December 28, 2021	December 28, 2031	PRC
42.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Plasma separation device for gonadotropin production process (用於血促性素生產過程的血漿分離裝置)	ZL202123322687.5	December 28, 2021	December 28, 2031	PRC
43.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Blood collection containers for blood product production (用於血液製品生產的取血容器)	ZL202220251056.4	February 7, 2022	February 7, 2032	PRC
44.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Ampoule conveying device for biologics production and filling (生物製劑生產灌裝用安瓿瓶輸送裝置)	ZL202220251057.9	February 7, 2022	February 7, 2032	PRC
45.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Filter for gonadotropin production (用於血促性素生產的過濾器)	ZL202220251058.3	February 7, 2022	February 7, 2032	PRC
46.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Plasma extraction equipment for tetanus antitoxin production (用於破傷風抗毒素生產的血漿提取設備)	ZL202220435342.6	March 2, 2022	March 2, 2032	PRC
47.	Chifeng Bo-en Pharmaceutical Co., Ltd.	Utility Model	Liquid filtration equipment for tetanus antitoxin production (用於破傷風抗毒素生產的藥液過濾設備)	ZL202220658931.0	March 25, 2022	March 25, 2032	PRC

As of the Latest Practicable Date, we have applied for the following patent applications which we consider to be material to our business:

No.	Applicant	Type	Patent	Application no.	Application date	Place of application
1.	Our Company	Invention	Serum bottle internal and external bottle washing machine (血清瓶內外洗瓶機)	CN202311017985.4	August 14, 2023	PRC
2.	Our Company & Jiangsheng (Shenzhen) Biotechnology R&D Center Co., Ltd.	Invention	Equine-derived immunoglobulin inhalation liquid preparation and preparation and use methods thereof (馬源免疫球蛋白吸入液體製劑及其製備及使用方法)	CN202310774139.0	June 27, 2023	PRC
3.	Our Company	Invention	Chromatography packing for purification of tetanus immunoglobulin or its fragments (用於破傷風免疫球蛋白或其片段純化的層析填料)	CN202411593458.2	November 8, 2024	PRC
4.	Our Company	Invention	Preparation method of antitoxin serum containing $F(ab')_2$ fragment (一種含有$F(ab')_2$片段的抗毒素血清的製備方法)	CN202411611464.6	November 12, 2024	PRC

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [REDACTED] (without taking into account the H Shares which may be [REDACTED] and [REDACTED] pursuant to the exercise of the [REDACTED]), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and [REDACTED] pursuant to [REDACTED] of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to [REDACTED] of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and [REDACTED] pursuant to [REDACTED].

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)] *(%)*	Approximate percentage of shareholding in the total issued share capital of our Company[(1)] *(%)*
Ms. Jing[(2)]	Chairperson of our Board and executive Director	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Mr. YAO Xiaodong (姚曉東)[(3)]	Executive Director and general manager	Interest in controlled corporations; Interest of spouse	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The calculation is based on the total number of [REDACTED] H Shares in issue (assuming the [REDACTED] is not exercised) upon [REDACTED].

(2) As of the Latest Practicable Date, Hainan Zhizheng was held as to 99% by Ms. Jing, and Qianhai Tianzheng was wholly owned by Hainan Zhizheng. As such, under the SFO, Hainan Zhizheng is deemed to be interested in the [REDACTED] held by Qianhai Tianzheng, and Ms. Jing is deemed to be interested in the [REDACTED] held by Qianhai Tianzheng and Hainan Zhizheng.

(3) As of the Latest Practicable Date, Mr. YAO Xiaodong held approximately 49.33% in Huafengming Investment as one of its limited partners. Further, Mr. YAO Xiaodong is the spouse of ZENG Hong (曾紅). As such, under the SFO, Mr. YAO Xiaodong is deemed to be interested in the [REDACTED] held by Huafengming Investment and ZENG Hong.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and [REDACTED] under the provisions of [REDACTED] of the SFO, see "Substantial Shareholders" in this document.

Our Directors are not aware of any other person (other than our Directors or chief executive) who will, immediately following completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company.

3. Service Contracts

Each of our Directors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of office commencing on the date of the approval at the relevant Company's general meeting and ending on the expiration of the term of office of the prevailing session of the Board; and (b) termination provisions in accordance with their respective terms.

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this document and note 14 to the Accountants' Report, for the three financial years ended December 31, 2022, 2023 and 2024, none of our Directors received any other forms of remuneration from us.

5. Disclaimers

(a) Save as disclosed in this section and the section headed "History, Development and Corporate Structure" in this document, none of our Directors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

  (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

(b) Save in connection with the [REDACTED] and the [REDACTED], none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix.

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) Save as disclosed in this section and the section headed "Directors and Senior Management" in this document, none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [REDACTED] on [REDACTED], would have to be disclosed pursuant to [REDACTED] of the SFO.

(d) So far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) and Shareholders who to the knowledge of our Directors owned more than 5% of our issued share capital as of the Latest Practicable Date has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to [REDACTED] for the [REDACTED] of, and permission to [REDACTED], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

The Joint Sponsors will receive a total sponsor fee of approximately HK$6.2 million to act as the joint sponsors to our Company in connection with the [REDACTED].

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

4. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
China Merchants Securities (HK) Co., Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants under the Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Beijing Kangda Law Firm	Company's PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent biological asset valuer

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to their respective names in the form and context in which they are respectively included.

7. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix IV to this document.

(b) Consultation with Professional Advisers

Potential [REDACTED] in the [REDACTED] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [REDACTED] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, [REDACTED], or any other person or party involved in the [REDACTED] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [REDACTED] or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since December 31, 2024 (being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report).

9. Promoters

The promoters of our Company are all then four shareholders of our Company as of August 20, 2017 before our conversion into a joint stock company with limited liability. Save as disclosed in the section headed "History, Development and Corporate Structure" in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [REDACTED] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices V and VI to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of [REDACTED] of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under [REDACTED] of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VII to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VII to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.jxswzp.cn** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three financial years ended December 31, 2022, 2023 and 2024;

(d) the report prepared by Deloitte Touche Tohmatsu on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by Beijing Kangda Law Firm, our legal adviser as to PRC laws, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the letter, summary of values and valuation certificates in relation to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this document;

(h) the valuation report in relation to the biological assets of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;

(i) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VII to this document;

(j) the service contracts referred to in the paragraph headed "Further Information about Our Directors and Substantial Shareholders — 3. Service Contracts" in Appendix VII to this document;

(k) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VII to this document; and

(l) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by the CSRC together with unofficial English translations thereof.