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Application Proof of



Knature Biopharmaceutical Co., Ltd.

康諾生物製藥股份有限公司

(the “Company”)

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

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Knature Biopharmaceutical Co., Ltd. 康諾生物製藥股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the [REDACTED])
the [REDACTED]
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : RMB[1.0] per H Share
Stock Code : [•]

Sole Sponsor and [REDACTED]



[REDACTED], [REDACTED] and [REDACTED]



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The [REDACTED] is expected to be determined by agreement between the [REDACTED] (for itself and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or before [REDACTED] and, in any event, not later than 12:00 noon on [REDACTED]. The [REDACTED] will not be more than HK\$[REDACTED] and is currently expected to be not less than HK\$[REDACTED]. [REDACTED] applying for the [REDACTED] may be required to pay, on application (subject to application channels), the maximum [REDACTED] of HK\$[REDACTED] for each [REDACTED] together with a brokerage of 1.0%, the SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015%, subject to refund if the [REDACTED] is less than HK\$[REDACTED] per [REDACTED].

The [REDACTED] (for itself and on behalf of the [REDACTED]) with the prior consent of our Company, may reduce the number of [REDACTED] and/or the [REDACTED] as stated in this document (which is HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time on or prior to the morning of the last day for [REDACTED] under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the website of the Stock Exchange and our Company at www.hkexnews.hk and <http://www.knb-pharma.com/> not later than the morning of the last day for [REDACTED] under the [REDACTED]. Further details are set out in “Structure of the [REDACTED]” and “How to Apply for Hong Kong [REDACTED]”. If, for any reason, the [REDACTED] is not agreed between our Company and the [REDACTED] (for itself and on behalf of the [REDACTED]) by 12:00 noon on [Wednesday, 24 June] 2026, the [REDACTED] will not proceed and will lapse.

Prior to making an [REDACTED], prospective [REDACTED] should consider carefully all of the information set out in this document, including the risk factors set out in “Risk Factor”. The obligations of the [REDACTED] under the [REDACTED] to [REDACTED], and to procure subscribers for, the [REDACTED], are subject to termination by the [REDACTED] (for itself and on behalf of the [REDACTED]) if certain events shall occur prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in “[REDACTED]”. It is important that you refer to that section for further details.

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

[REDACTED]

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EXPECTED TIMETABLE⁽¹⁾

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EXPECTED TIMETABLE⁽¹⁾

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EXPECTED TIMETABLE⁽¹⁾

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EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

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SUMMARY

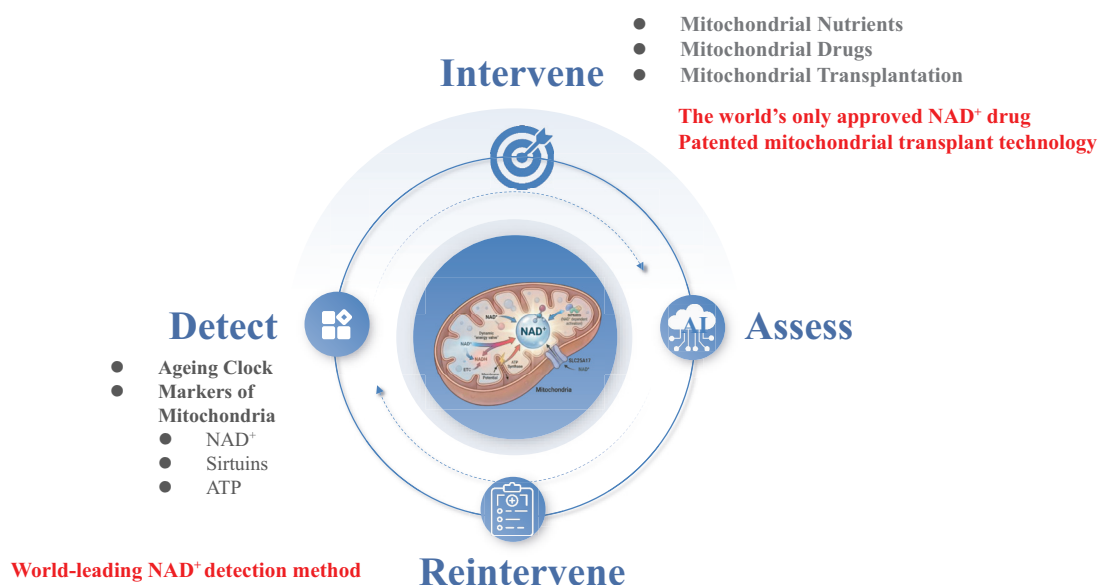
This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide [REDACTED] in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors”. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. We focus on the diseases attributable to mitochondrial dysfunction and we are committed to the scientific application of NAD⁺ in addressing cardiovascular and neurodegenerative conditions, reproductive health, and ageing. In respect of our mitochondrial therapeutics, we aim to provide a scientific solution for extending healthy lifespans through an integrated approach of “Detect — Intervene — Assess — Reintervene”. By virtue of our expertise in mitochondrial medical treatment and leveraging the same in our R&D initiatives, we believe our drugs and drug candidates could become able to meet the growing demand for age-related diseases solutions in both medical and wellness markets.

Centred around mitochondria, we provide age-related diseases solutions through an AI-powered assessment and quantification system with our capabilities in “Detect — Intervene — Assess — Reintervene”. The following diagramme illustrates the aforesaid “Detect — Intervene — Assess — Reintervene” model in respect of our mitochondrial therapeutics.



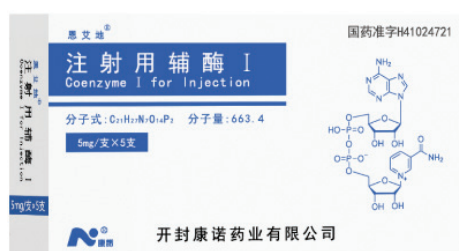
SUMMARY

During the Track Record Period, we marketed and sold 20 drugs, and we generated our revenue from the sales of these drugs. As of the Latest Practicable Date, 20 drugs were under production. Our commercialised drug is our flagship mitochondrial drug Coenzyme I for Injection (恩艾地®). Coenzyme I for Injection (恩艾地®) is a domestically developed and the only approved NAD⁺ therapeutic nationwide and globally, according to Frost & Sullivan. NAD⁺ serves as the critical metabolic hub that sustains mitochondrial function and links the biology of ageing to a spectrum of diseases. Therefore, we believe the successful commercialisation of Coenzyme I for Injection (恩艾地®) has established our market leadership in the global mitochondrial medication industry. See “Business — Overview of our Commercialised Drugs — Coenzyme I for Injection (恩艾地®)”.

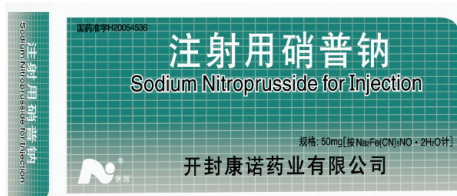
Our other key commercialised drugs represent Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®) and Sodium Nitroprusside for Injection. In addition to the aforementioned four key drugs, we also sell another 16 generic drugs spanning four major therapeutic areas, comprising digestive, respiratory, haematological, and nervous systems. See “Business — Overview of our Commercialised Drugs — Other Key Commercialised Drugs”.

The following table sets out the details, including the indications, trademark, VBP status, and descriptions of each of our four key commercialised drugs.

Therapeutic area(s)	Trademark	Drug names	VBP inclusion	End date of VBP inclusion validity period	Date of ANDA approval	Description
Cardiovascular Diseases Immunity	恩艾地®	Coenzyme I for Injection	N/A	N/A	5mg — 18 December 2002 2mg — 18 April 2003	Coenzyme I for Injection (恩艾地®) is a domestically-developed and the only globally approved NAD ⁺ drug. The mitochondrial mechanism of action of Coenzyme I for Injection (恩艾地®) is supported by robust clinical evidence, establishes a clear therapeutic value in medical practice. Given its demonstrated safety and efficacy, NAD ⁺ has been recognised as an age-related diseases drug. Backed by substantial clinical research, Coenzyme I for Injection (恩艾地®) offers a scientifically-grounded and accessible innovative option for the broader health market.



SUMMARY

Therapeutic area(s)	Trademark	Drug names	VBP inclusion	End date of VBP inclusion validity period	Date of ANDA approval	Description
Ophthalmology and orthopedics	千容美®	Hyaluronidase for Injection	N/A	N/A	10 July 2002	Hyaluronidase for Injection (千容美®) is a biological enzyme preparation that catalytically hydrolyses hyaluronic acid, temporarily reducing intercellular viscosity to promote the diffusion and absorption of subcutaneous injected fluids.
						
Circulatory System Diseases	添舒®	Pancreatic Kininogenase for Injection	Provincial Procurement	1 August 2027	10 July 2002	The indications of Pancreatic Kininogenase for Injection comprise diabetic nephropathy, diabetic retinopathy, diabetic neuropathy and diabetic foot.
						
Cardiovascular Diseases	N/A	Sodium Nitroprusside for Injection	Provincial Procurement	1 August 2027	22 April 2005	The indication of Sodium Nitroprusside for Injection is Hypertensive emergencies.
						

Notes:

- (1) Our commercialised drugs are all produced and sold in China, of which 15 have been listed on the NRDL.
- (2) All of our four key commercialised drugs were proprietarily developed.
- (3) For our commercialised drugs which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validity period refers to the latest one.

SUMMARY

The following table sets out our revenue generated from sales of drugs by drug type during the Track Record Period.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	(Unaudited) RMB'000	%	(Unaudited) RMB'000	%
Mitochondrial drug								
Coenzyme I for Injection (恩艾地®)	134,361.9	44.4	106,012.2	44.1	71,789.1	40.2	155,304.4	65.2
Other key commercialised drugs								
Hyaluronidase for Injection (千容美®)	3,991.1	1.3	30,189.3	12.6	22,101.4	12.4	34,556.8	14.5
Pancreatic Kininogenase for Injection (添舒®)	28,715.0	9.5	16,781.1	7.0	14,407.5	8.0	6,937.7	2.9
Sodium Nitroprusside for Injection	25,800.0	8.5	23,429.3	9.7	19,210.5	10.7	13,315.4	5.6
Other drugs ^(Note)	109,731.4	36.3	63,901.9	26.6	51,245.1	28.7	27,969.6	11.8
Total	302,599.4	100.0	240,313.8	100.0	178,753.6	100.0	238,083.9	100.0

Note: Other drugs primarily include Famotidine for Injection (注射用法莫替丁), Pantoprazole Sodium for Injection (注射用泮托拉唑钠), Omeprazole Sodium for Injection (注射用奥美拉唑钠), Doxofylline for Injection (注射用多索茶碱), Doxofylline Injection (多索茶碱注射液), Yinhuang Koufuye (銀黃口服液), Alginic Sodium Diester for Injection (注射用藻酸雙酯鈉), Adenosine Cyclophosphate for Injection (注射用環磷腺苷), Pentoxifylline for Injection (注射用己酮可可鹼), Ferrous Gluconate Tablets (葡萄糖酸亞鐵片), Troxerutin for Injection (注射用曲克蘆丁), Troxerutin for Injection (注射用阿奇黴素), Ribavirin Injection (利巴韋林注射液), Ganjing Buxuesu Koufuye (肝精補血素口服液), Lappaconitine Hydrobromide for Injection (注射用氫溴酸高烏甲素) and Chondroitin Sulfate Injection (硫酸軟骨素注射液).

OUR STRENGTHS

We believe the following strengths have contributed to, and will solidify our success:

- we have a diversified and commercialised drug portfolio with clear market advantages and commercial resilience;
- we possess a robust and end-to-end in-house R&D engine driven by four proprietary technology platforms;
- we own a suite of “Detect — Intervene — Assess — Reintervene” solutions, validated in both theory and practice for mitochondria-targeted therapies;
- we have systematic production capabilities, maintained under our own control, spanning from key active pharmaceutical ingredients to finished pharmaceutical products, ensuring stringent quality, supply security, and scalability; and
- we are led by a visionary and highly capable management team with outstanding executional strength and we have an inclusive corporate culture.

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OUR STRATEGIES

We plan to pursue the following strategies to achieve our goals:

- strengthen our market leadership in the age-related diseases field, expand brand advantages, and drive industry advancement;
- accelerate the clinical development and commercialisation of our mitochondrial medicine drug pipeline to broaden the product portfolio;
- strengthen end-to-end capabilities from drug development and production to commercialisation, promote sustainable performance growth, and deepen AI integration across all operational stages; and
- implement a structured intellectual resource integration plan, forming the critical talent foundation that fuels our innovation pipeline and commercial ambitions.

CUSTOMERS AND SUPPLIERS

Our revenue was primarily derived from the sales of drugs. Our customers mainly consist of private and state-owned pharmaceutical companies and medical institutions. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue generated from our five largest customers in aggregate in each period amounted to RMB152.0 million, RMB71.9 million and RMB96.2 million, accounting for 50.2%, 30% and 40.4% of our total revenue, respectively.

Our suppliers primarily consist of suppliers of raw and auxiliary materials and technical service providers. Engagement with our suppliers takes into consideration product quality, industry reputation and compliance with relevant regulations and industry standards. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our purchases from our five largest suppliers in aggregate in each period amounted to RMB29.2 million, RMB21.7 million and RMB19.7 million, respectively, accounting for 16.6%, 13.7% and 17.5% of our total purchases, respectively.

RESEARCH AND DEVELOPMENT

We focus on R&D projects within mitochondrial therapeutics, which we expect to become one of our key therapeutic areas following the planned launch of several drug candidates that are currently in various stages of development. Each of our drug development programmes is subject to the approval of an evaluation committee that consists of internal and external experts. The evaluation committee reviews feasibility studies on drug candidates and makes final decisions on whether to carry out a new drug development programme. We carefully select drug development programmes by balancing the commercial potential of our drug candidates and their likelihood of successful development by analysing our potential intellectual property rights to the product, and its potential competition and market size. We have demonstrated strong in-house R&D capabilities and financial stability by using our internal funds to support the advancement of our drug candidates underdevelopment, which helps maximise our R&D efficiency while allowing us to maintain complete control over the commercialisation of our drug candidates.

SUMMARY

Our R&D system features four platforms, representing (i) mitochondrial innovative medicines platform, (ii) mitochondrial transplantation platform, (iii) mitochondrial functional assay platform, and (iv) AI-driven synthetic-biology high-throughput screening platform.

See “Business — R&D”.

OUR MITHCHONDRIAL-TARGETING DRUG CANDIDATES

We strategically design our drug candidates centred around mitochondrial medicine. We operate in the rapidly expanding mitochondrial medicine sector, which is projected to grow from RMB17.9 billion in 2024 to RMB308.1 billion by 2035 in China. Such growth is structurally supported by the central role of mitochondrial health in ageing and related diseases, with NAD⁺ established as a core therapeutic target, alongside the sustained demand from China’s aging population, expected to reach 320.3 million people aged 65 and above by 2035. Within this high-potential landscape, our strategic focus on developing innovative mitochondrial-based therapies positions us to directly address these critical and growing unmet medical needs. The chart below sets out the information on our major innovative drug candidates as of the Latest Practicable Date:

Type	Candidates drug	Administration Method	Indications	Pre-clinical	IND	Phase 1	Phase 2	Phase 3	NDA	Next milestone
mitochondrial-targeted therapeutics	KN-19ND-L1	IV	Post-myocardial infarction heart failure	China						Phase 2 clinical trial is expected to be completed in Q1 2027
	KN-25ND-L1	IV	Premature ovarian failure	China						Phase 2 clinical trial is expected to be completed in Q1 2027
	KN-25ND-Z	Oral	Chronic heart failure	China						Phase 1 clinical trial is expected to commence in Q2 2026
	KN-25ND-L5	Oral	Premature ovarian failure	China						IND submission expected in Q3 2026
	KN-19ND-L2	Oral	Alzheimer’s disease	China						IND submission expected in Q4 2026
	KN-22ND-L4	IV	Immune tolerance	China						IND submission expected in Q4 2026
	KN-25ND-L6	IM	Immunological adjuvant (vaccine potentiation)	China						IND submission expected in Q3 2026
	KN-25CJ-Y	Oral	Muscle atrophy	China						IND submission expected in Q1 2027
	KN-25X1-Y	Topical Application	Alopecia	China						IND submission expected in Q4 2026
Mitochondrial transplantation	KN-23XT-L1	IV	Peripheral vascular disease	China						IND submission expected in Q4 2029
Other therapeutics	KN-25CBM-Y	SC	Subcutaneous drug delivery	China						IND submission expected in Q3 2027
	KN-25CNY-Y	IV	Acute thrombolysis	China						IND submission expected in Q3 2027

Both KN-19ND-L1 for heart failure and KN-25ND-L1 for premature ovarian insufficiency are in phase 2 clinical studies. Going forward, we will also drive sustainable growth by deepening the market penetration of Coenzyme I for Injection (恩艾地®), expanding its indications, and advancing the commercialisation of our subsequent pipeline assets, thereby solidifying and enhancing our market competitiveness with a diversified mitochondrial-targeting drug portfolio.

See “Business — Our Mitochondrial-targeting Drug Candidates”.

SALES, MARKETING AND DISTRIBUTION

We conduct all our sales in China, with a focus on public and private healthcare institutions. We sell most of our drugs to distributors, who in turn distribute drugs primarily to hospitals and healthcare institutions. We have established a professional and

SUMMARY

efficient in-house sales team that works closely with distributors, marketing service providers and third party promoters to conduct market research, channel management and marketing activities.

Our sales, marketing and distribution functions are conducted through over five sales support offices. Our sales, marketing, promotion and distribution personnel work closely to deepen our market penetration and expand our coverage of hospitals and other medical institutions through efficient sales and marketing efforts.

During the Track Record Period, our drugs were distributed primarily through our distributors, who were our customers on our financial statements, from whom we generated a substantial portion of our revenue. Our distributors are our direct customers, and are responsible for selling and delivering our drugs to medical institutions.

See “Business — Sales, Marketing and Distribution”.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of our consolidated profit or loss and other comprehensive loss for the years/periods indicated:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	302,599	240,314	178,754	238,084
Cost of sales	(38,191)	(39,963)	(28,770)	(29,963)
Gross profit	264,408	200,351	149,984	208,121
Other income	23,586	23,526	4,414	9,635
Other gains and losses, net	243	916	558	969
Impairment losses (recognised) reversed under expected credit loss model, net	(1,762)	2,356	1,393	(982)
Selling and distribution expenses	(131,183)	(130,420)	(84,927)	(93,426)
Administrative expenses	(26,159)	(29,470)	(18,962)	(26,301)
Research and development costs	(28,501)	(20,499)	(14,116)	(20,981)
[REDACTED] expenses	—	—	—	(3,862)
Finance costs	(882)	(1,838)	(1,683)	(958)
Profit before tax	99,750	44,922	36,661	72,215
Income Tax expense	(20,229)	(11,017)	(8,916)	(18,804)
Profit and total comprehensive income	79,521	33,905	27,745	53,411

SUMMARY

Selected Balance Sheet Items

The following table sets out our current assets and liabilities as of the dates indicated:

	As of 31 December		As of 30 September	As of 30 November
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current Assets				
Inventories	41,922	32,616	26,185	26,151
Trade and other receivables	100,795	51,340	62,363	65,542
Tax prepayment	6,118	—	—	—
Amount due from related parties	—	6,538	—	—
Financial assets at FVTPL	20,025	62,911	42,827	57,809
Term deposits	—	—	20,000	20,000
Cash and cash equivalents	50,221	15,859	29,646	8,033
<i>Subtotal</i>	219,081	169,264	181,021	177,535
Current Liabilities				
Trade and other payables	40,616	46,339	42,221	32,907
Provision	16,786	—	—	—
Contract liabilities	12,813	3,985	2,446	2,855
Bank borrowings	53,297	23,849	9,990	14,990
Lease liabilities	1,360	1,966	1,996	2,008
Deferred income	1,233	1,531	—	—
Tax payables	525	5,389	10,840	2,860
<i>Subtotal</i>	126,630	83,059	67,493	55,620
Net Current Assets (Liabilities)	92,451	86,205	113,528	121,915

Our net current assets decreased by RMB6.3 million, or 6.8%, from RMB92.5 million as of 31 December 2023 to RMB86.2 million as of 31 December 2024, primarily due to a decrease of RMB49.5 million in trade and other receivables and an decrease of RMB29.4 million in bank borrowings. Our current assets further increased by RMB27.3 million, or 31.7% from RMB86.2 million as of 31 December 2024 to RMB113.5 million as of 30 September, 2025 primarily due to an increase of RMB20.0 million in term deposits and an increase in cash and cash equivalents of RMB13.8 million. Our net current assets further increased to RMB121.9 million as of 30 November 2025, primarily attributable to a decrease of RMB9.3 million in trade and other payables and a decrease of RMB8.0 million in tax payables during the period.

SUMMARY

Cash Flows

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Net cash generated from operating activities	<u>19,413</u>	<u>93,803</u>	<u>64,290</u>	<u>67,674</u>
Net cash (used) in investing activities	<u>(38,587)</u>	<u>(108,777)</u>	<u>(95,351)</u>	<u>(7,922)</u>
Net cash from (used in) financing activities	<u>26,587</u>	<u>(19,388)</u>	<u>990</u>	<u>(45,965)</u>
Cash and cash equivalents at the end of the year/period	<u>50,221</u>	<u>15,859</u>	<u>20,150</u>	<u>29,646</u>

During the Track Record Period, we primarily generated cash inflow from our operating activities, representing the sales of drugs while the cash outflow was mainly attributable to payments for (i) the procurement of raw materials, (ii) research and development expenses, (iii) selling and distribution expenses, and (iv) administrative and income tax expenses. The cash generated from operating activities reflected our profit before tax and it was adjusted for non-cash and non-operating items such as interest expenses, depreciation of property, plant and equipment, and depreciation of right-of-use assets, and changes in working capital, which included increases or decreases in inventory, trade and other receivables, trade and other payables, and contract liabilities.

KEY RISK FACTORS

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products, seeking to list on the Main Board under the Chapter 8 of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours, including but not limited to the following:

in respect of our drugs and pharmaceutical industry:

- we depend on a limited number of key drugs. If we become unable to maintain the sales volumes, pricing levels and profit margins of our key drugs, our revenue and profitability could be adversely affected;
- if we become unable to achieve or maintain widespread market acceptance for our pharmaceutical products, our operations, profitability and business prospects may be materially and adversely affected;

SUMMARY

- if counterfeit versions of our drugs become available in the market, it could affect our sales, damage our reputation and the brand names for the relevant products and expose us to liability claims;
- if we or our business partners fail to obtain, maintain or renew the necessary permits, licences, approvals and/or qualifications for the development, production, promotion, sales and distribution of our pharmaceutical products, our ability to conduct our business could be materially and adversely affect our business, financial condition and results of operations;
- our pharmaceutical products span various application areas, including medical treatment, and broader healthcare. If we become unable to accurately or fully conceive the demands of different market segments, we may lose market share or encounter stagnant product sales;
- if our drugs cause, or are perceived to cause, severe side effects, our revenue and profitability could be materially and adversely affected; and
- if our pharmaceutical products are not produced to the necessary quality standards, it could harm our business and reputation, and our revenues and profitability could be adversely affected.

in respect of our mitochondrial-targeting drug candidates:

- if we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialisation for our drug candidates, or if we experience significant delays or cost overruns in doing the foregoing, our business prospects could be adversely affected;
- pre-clinical and clinical development programmes involve a lengthy and expensive process with an uncertain outcome, and results of such programmes may not be predictive of future trial results;
- adverse events or undesirable side effects caused by our drug candidates could interrupt 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;
- we may be unable to successfully develop or market our drug candidates or may experience significant regulatory delays, if safety, efficacy or other issues arise from any of our drug candidates or from any pharmaceutical product or medical treatment used, or intended to be used, in combination with our drug candidates; and
- the market opportunities for our drug candidates may be smaller than we anticipate, which could render some drug candidates less profitable or ultimately unprofitable than expected even if commercialised.

SUMMARY

See “Risk Factors”.

REASONS FOR THE [REDACTED] THE STOCK EXCHANGE

We are seeking a [REDACTED] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen our brand influence and market awareness, optimise the [REDACTED] structure, improve the internal governance structure and build a modern enterprise management system.

See “Future Plans and [REDACTED]”.

APPLICATION FOR THE [REDACTED] OF THE H SHARES ON THE STOCK EXCHANGE

We [have applied to] the [REDACTED] for the granting of the [REDACTED] of, and permission to deal in, the H Shares, including any Shares which may be issued by us pursuant to the [REDACTED] and upon the exercise of the [REDACTED]. Save for the aforesaid, no part of our H Shares or loan capital is [REDACTED] on or dealt in on the Stock Exchange or any other stock exchange and no such [REDACTED] or permission to list is being or proposed to be sought in the near future.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, we were owned directly as to approximately 74.7% by Hefei Feng Chao, our holding company which was directly owned as to 75% by Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer. In addition, as Mr. Wang Wei also served as a general partner of each of Hefei Kang Min and Hefei Kang Bei, which were established as our employee incentive platforms, respectively, the voting rights of Hefei Kang Min and Hefei Kang Bei were accordingly effectively vested in Mr. Wang. Therefore, Mr. Wang Wei, Hefei Feng Chao, Hefei Kang Min and Hefei Kang Bei constitute a group of Controlling Shareholders before the [REDACTED]. Immediately following the completion of the [REDACTED], our group of the Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) and thus remain as our Controlling Shareholders.

See “Relationship with our Controlling Shareholders”.

DIVIDEND POLICY

We have not declared or paid any dividend during the Track Record Period.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders’ general meeting for approval. Our Board may declare dividends in the future after taking into account our distributable profits, financial condition, cash flows, expected future capital expenditure, return to our Shareholders, capital

SUMMARY

requirements, finance costs, the external financing environment and any other factors that our Directors may deem relevant. Any declaration and payment, as well as the amount of, dividends will be subject to the requirements of our Article of Association and the PRC Company Law. According to the PRC Company Law and our Articles of Association, dividends are distributed to our Shareholders in proportion to their shareholdings. We currently do not have a fixed pay-out ratio for future cash dividends. The payment of dividends may also be limited by legal restrictions.

[REDACTED]

This document is published in connection with the [REDACTED] as part of the [REDACTED].

The [REDACTED] of our H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to deal in, the H Shares to be issued as mentioned in this document.

[REDACTED] [REDACTED](subject to [REDACTED] and the [REDACTED]) will initially be made available under the [REDACTED] comprising:

- (a) the [REDACTED] of initially [REDACTED] H Shares (subject to [REDACTED]) in Hong Kong; and
- (b) the [REDACTED] of initially [REDACTED] [REDACTED] (subject to [REDACTED] and the [REDACTED]) outside the United States (including to professional and institutional [REDACTED] within Hong Kong) in offshore transactions in reliance on [REDACTED].

[REDACTED]

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
[REDACTED] of our Shares	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] adjusted [REDACTED] assets attributable to the equity Shareholders of our Company per Share	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) All statistics in this table are on the assumption that the [REDACTED] are not exercised.

SUMMARY

- (2) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED]. For more information, see “History, Development and Corporate Structure — [REDACTED]”.
- (3) The [REDACTED] adjusted [REDACTED] assets attributable to the equity Shareholders of our Company per Share is arrived at after making the adjustments referred to in “Appendix II — [REDACTED] Financial Information”.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] commissions, and other fees incurred in connection with the [REDACTED]. At the [REDACTED] of HK\$[REDACTED] per [REDACTED], the [REDACTED] which are payable by us are estimated to amount in aggregate to be approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED].

The total [REDACTED] consist of (i) approximately HK\$[REDACTED] million [REDACTED] fees (including [REDACTED] commission, incentive fee, SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy) and (ii) approximately HK\$[REDACTED] million [REDACTED] fees mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK\$[REDACTED] million, and (b) other fees and expenses and fees paid to other professional parties of approximately HK\$[REDACTED] million. Among the total [REDACTED], [REDACTED] million was charged to our consolidated statements of comprehensive income during the Track Record Period, and approximately HK\$[REDACTED] million is expected to be charged to profit or loss, and approximately HK\$[REDACTED] million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million after deducting professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED] at the [REDACTED] of HK\$[REDACTED] per [REDACTED].

We intend to use the [REDACTED] we receive from the [REDACTED] as follows:

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing R&D and production of our key mitochondria-targeting drug candidate KN-19ND-L1, a NAD⁺ innovative potential drug for the treatment of heart failure following acute myocardial infarction;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing and production of our key mitochondria-targeting drug candidate KN-25ND-Z, a NAD⁺ tabella innovative potential drug for the treatment of chronic heart failure;

SUMMARY

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing R&D and production of our KN-25ND-L1, our NAD⁺ anti-ovarian-dysfunction drug;
- approximately [REDACTED]% or HK\$[REDACTED] million, will be used for the construction of our Kaifeng synthetic-biology smart factory project. We consider the newly-constructed synthetic-biology smart factory is pivotal to our production upgrade, transforming biological design into scalable and precision production;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the construction of our Hefei synthetic biology smart workshop project, covering its infrastructure investment and equipment procurement;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the upgrade of our sales-and-distribution network. The upgrade features the recruitment of additional sales personnel in anticipation of our continuing business operation;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the AI and digital-infrastructure development in connection with our R&D activities, production and operational digitalisation and smart-system deployment, as well as server and computer upgrades to enhance our overall operational efficiency; and
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the working capital and other general corporate purposes.

To the extent that our actual net [REDACTED] from the [REDACTED] differ from our estimate above, we intend to apply the actual net [REDACTED] in the same proportion set out above.

See “Future Plans and Use of [REDACTED]”.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial, operational or trading positions or prospects since 30 September 2025, being the date of our consolidated financial statements as set out in the Accountants’ Report set out in Appendix I to this document, and that no material unexpected or adverse changes have occurred since the date of the issue of the relevant regulatory approvals for our drug candidates.

In respect of our mitochondria-targeted “Detect — Intervene — Assess — Reintervene” solutions, Anhui Provincial Science and Technology Service Standardisation Technical Committee (安徽省科技服務標準化技術委員會) has completed its science and technology achievement evaluation Report for the designed detection kit in January 2026.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

SUMMARY

REGULATORY DEVELOPMENTS ON OVERSEAS [REDACTED]

We have submitted a filing to the CSRC for the [REDACTED] and for the [REDACTED] of our Shares on the Stock Exchange on [•]. The CSRC issued the Notice of Filing on [•] for the [REDACTED] and for the [REDACTED] of the Shares on the Stock Exchange. As advised by our PRC Legal Advisers, we [have] completed all necessary filings with the CSRC for the proposed [REDACTED] of our Shares on the Stock Exchange.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in “Glossary”.

“2025 Plan”	the 2025 Share Incentive Plan approved and adopted by Shareholders of our Company on 8 August 2025, the principal terms of which are set out in “Appendix VI — Statutory and General Information — D. Employee Incentive Platforms” to this document
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as set out in Appendix I to this document
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on [•] which will become effective on the [REDACTED] and as amended from time to time, a summary of which is set out in “Appendix VI — Summary of the Articles of Association” to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Authorised Representatives”	Mr. Ng Tung Ching Raphael (吳東澄) and Mr. Lin Zirong (林子榮)
“Board”, “our Board” or “Board of Directors”	the board of Directors of our Company
“Board of Supervisors”	the board of supervisors of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“CDE”	Centre for Drug Evaluation (藥品審評中心) under the NMPA
“Chairman”	the chairman of our Board

DEFINITIONS

“Changfeng Industrial Investment”	Hefei Changfeng Industrial Investment Promotion Venture Capital Fund Partnership (Limited Partnership) (合肥長豐產業投促創業投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on 19 March 2021 of which Hefei State-owned Assets Holding Co., Ltd. (合肥市國有資產控股有限公司) is the sole general partner holding 0.2% of the partnership interest
“Chief Executive Officer”	the chief executive officer of our Company
“Chief Financial Officer”	the chief financial officer of our Company, Mr. Qin Kaiyuan (秦開元)
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China, excluding, for the purpose of this document (unless otherwise indicated), Hong Kong, Macau and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “the Company”	Knature Biopharmaceutical Co., Ltd. (康諾生物製藥股份有限公司), a company incorporated in the PRC on 16 August 2017
“Compliance Adviser”	SDIC Securities Corporate Finance (Hong Kong) Limited, a licensed corporation registered under the SFO to carry on Type 6 (advising on corporate finance) regulated activity as defined in the SFO
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to the controlling shareholder of our Group, for further details, see “Relationship with Our Controlling Shareholder”

DEFINITIONS

“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.0 each, which are not listed on any stock exchange
“Employee Incentive Platforms”	Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei, Hefei Kang Zhong and Hefei Kang Cheng, the beneficial interests of which are offered to certain key employees of our Company pursuant to the employee incentive scheme
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is our industry consultant and an independent third party
“General Rules of [REDACTED]”	the General Rules of [REDACTED] as may be amended or modified from time to time and where the context so permits, shall include the [REDACTED]
[REDACTED]	[REDACTED]
“Group”, “our Group” or “we”	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“Guide”	the Guide for New Listing Applicants issued by the Stock Exchange effective from 1 January 2024 (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

[REDACTED]	[REDACTED]
“H Shareholder(s)”	holder(s) of the H Share(s)
“H Shares”	overseas [REDACTED] foreign share(s) in our ordinary share capital with a nominal value of RMB[1.0] each, which are to be subscribed for and [REDACTED] in Hong Kong dollars and for which an application has been made for [REDACTED] and permission to trade on the Stock Exchange
“Hefei Feng Chao”	Hefei Feng Chao Biotechnology Co., Ltd. (合肥鳳巢生物科技有限公司), a limited liability company established in the PRC on 30 September 2016, one of our Controlling Shareholders
“Hefei Kang Bei”	Hefei Kang Bei Business Consulting Partnership (Limited Partnership) (合肥康貝商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 30 October 2020 of which Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer, is the sole general partner holding 0.4785% of the equity interest
“Hefei Kang Cheng”	Hefei Kang Cheng Business Consulting Partnership (Limited Partnership) (合肥康成商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 15 August 2025 of which Mr. Ying Honggang, our vice general manager, is the sole general partner holding 47.3684% of the equity interest
“Hefei Kang Hong”	Hefei Kang Hong Business Consulting Partnership (Limited Partnership) (合肥康虹商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 30 October 2020 of which Mr. Bai Jiarun, our Supervisor, is the sole general partner holding 0.0065% of the equity interest
“Hefei Kang Min”	Hefei Kang Min Business Consulting Partnership (Limited Partnership) (合肥康民商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 29 October 2020 of which Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer is the sole general partner, and holding 0.0044% of the equity interest

DEFINITIONS

“Hefei Kang Xing”	Hefei Kang Xing Business Consulting Partnership (Limited Partnership) (合肥康行商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 2 November 2020 of which Mr. Lin Zirong, our Executive Director, Vice Chairman and Joint Company Secretary is the sole general partner, and holding 0.0103% of the equity interest
“Hefei Kang Zhong”	Hefei Kang Zhong Business Consulting Partnership (Limited Partnership) (合肥康眾商務諮詢服務合夥企業(有限合夥)), one of our Employee Incentive Platforms and a limited partnership established in the PRC on 30 October 2020 of which Mr. Lin Zirong, our Executive Director, Vice Chairman and Joint Company Secretary is the sole general partner, and holding 1.4849% of the equity interest
“Hefei Knature”	Hefei Knature Pharmaceutical Co., Ltd. (合肥康諾醫藥有限公司), a limited liability company established in the PRC on 21 July 2016, a wholly-owned subsidiary of our Company
“Hefei NMN”	Hefei NMN Health Science Co., Ltd. (合肥儂美儂健康科學有限公司), a limited liability company established in the PRC on 20 March 2020, a then wholly-owned subsidiary of our Company
“Hefei Qianrongmei”	Hefei Qianrongmei Biotechnology Co., Ltd. (合肥千容美生物技術有限公司), a limited liability company established in the PRC on 3 December 2024, a wholly-owned subsidiary of our Company
“Hefei Wei Zheng”	Hefei Wei Zheng Business Consulting Partnership (Limited Partnership) (合肥偉正商務諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 16 August 2017 of which Mr. Wang Zhongwei, our Executive Director and Vice Chairman, is the sole general partner holding 40% of the equity interest
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Hong Kong Takeovers Code” or “Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

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“IFRS(s)”	the International Financial Reporting Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards and interpretation as issued by the International Accounting Standards Committee
“Independent non-executive Director”	an independent non-executive director of the Company
“Independent Third Party(ies)”	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Listing Rules
“Internal Control Consultant”	Acclime Consulting (Hong Kong) Limited, an independent internal control consultant engaged by us
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Joint Company Secretaries”	Mr. Ng Tung Ching Raphael (吳東澄) and Mr. Lin Zirong (林子榮)
“Kaifeng Knature”	Kaifeng Knature Pharmaceutical Co., Ltd. (開封康諾藥業有限公司), a limited liability company established in the PRC on 26 September 2003, a wholly-owned subsidiary of our Company
“Knature Mitochondrial”	Knature Mitochondrial Medicine Research (Hefei) Co., Ltd. (康諾線粒體醫學研究(合肥)有限公司), a limited liability company established in the PRC on 1 November 2024, a then wholly-owned subsidiary of our Company

DEFINITIONS

“Latest Practicable Date”	[Friday, 16 January] 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
[REDACTED]	[REDACTED]
“[REDACTED] Committee”	the [REDACTED] committee of the Stock Exchange
[REDACTED]	[REDACTED]
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Major Subsidiaries”	the major subsidiaries of our Company listed in “History, Development and Corporate Structure — Our Major Subsidiaries” and Note 1 to the Accountant’s Report as set out in Appendix I to this document
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“NMPA”	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
“Nomination Committee”	the nomination committee of our Board
“NPC”	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]

DEFINITIONS

[REDACTED]	[REDACTED]
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》) as amended, supplemented and otherwise modified from time to time
“PRC Government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
Pre-[REDACTED]	the [REDACTED] investment in our Group undertaken by the [REDACTED] prior to the [REDACTED], the details of which are set out in “History, Development and Corporate Structure — Pre-[REDACTED]”
Pre-[REDACTED]	Changfeng Industrial Investment, being the [REDACTED] making [REDACTED] in our Group prior to this [REDACTED] as set out in “History, Development and Corporate Structure — Pre-[REDACTED]”
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“Remuneration Committee”	the remuneration committee of our Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Securities Law” or “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
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Qianrongmei”	Shanghai Qianrongmei Biotechnology Co., Ltd. (上海千容美生物技術有限公司), a limited liability company established in the PRC on 5 February 2025, a wholly-owned subsidiary of our Company
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholders(s)”	holder(s) of the Share(s)
“Sole Sponsor”	SDIC Securities Corporate Finance (Hong Kong) Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchange and Clearing Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	member(s) of our Board of Supervisors
“Track Record Period”	[the two years ended 31 December 2023 and 2024 and nine months ended 30 September 2025]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DEFINITIONS

“%” per cent

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

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain terms used in this document in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“acetylation”	a chemical modification of proteins in which an acetyl group is transferred to an amine, altering the function of the protein
“acute ST-segment elevation myocardial infarction”	a severe heart event resulting from sudden blockage of coronary arteries leading to heart muscle damage
“acute thrombolysis”	a medical treatment aimed at dissolving blood clots that obstruct blood vessels, particularly in the context of acute medical emergencies such as myocardial infarction or ischaemic stroke
“ADR”	Adverse Drug Reaction, an unintended, harmful response to a medication that occurs at normal therapeutic doses
“AE”	Adverse Event, undesirable medical occurrences that arise during medicinal use or clinical studies, whether or not causally related to the medicinal product, and are assessed for severity, seriousness, causality, grading and outcome as part of safety and tolerability evaluation
“ageing clock”	a biomarker-based assessment tool used to measure biological age, often used in anti-ageing research and interventions
“age-related diseases”	health issues that increase with ageing, commonly seen in older adults, including chronic diseases and functional decline
“AHF”	Acute Heart Failure, a sudden onset or worsening of the heart’s ability to pump blood, leading to an inadequate supply of blood and oxygen to the organs
“alopecia”	the medical term for hair loss, which can occur in various forms and degrees
“AMH”	Anti-Müllerian Hormone, is a glycoprotein hormone produced by the granulosa cells of ovarian follicles in females and by Sertoli cells in males
“AMPK”	AMP-Activated Protein Kinase, a key cellular energy-sensing pathway closely linked to metabolic homeostasis
“ANDA”	Abbreviated New Drug Application, a regulatory submission to the National Medical Products Administration (NMPA) in China for approval to market a generic drug

GLOSSARY OF TECHNICAL TERMS

“API”	Active Pharmaceutical Ingredient, the biologically active component of a pharmaceutical drug that produces the intended therapeutic effect
“ARNI”	Angiotensin receptor neprilysin inhibitor, a drug class (e.g., sacubitril/valsartan) that combines neprilysin inhibition with angiotensin receptor blockade, used in heart failure
“ART2”	an enzyme involved in NAD^+ -mediated regulation of Treg cells
“ATP”	Adenosine Triphosphate, the cellular energy currency produced by mitochondrial oxidative phosphorylation
“AUC _{0-t} ”	Area Under the Concentration-Time Curve from Time Zero to Time t, the area under the plasma concentration-time curve from the time of drug administration (time zero) to a specified time (time t). This pharmacokinetic parameter is used to quantify the total exposure of the body to a drug over time
“AUC _{0-∞} ”	Area Under the Concentration-Time Curve from Time Zero to Infinity, the total area under the plasma concentration-time curve from the time of drug administration (time zero) to infinity
“bioavailability”	the rate and extent to which the active moiety is absorbed and becomes available at the site of action
“cardiomyocyte”	the muscular tissue of the heart that is responsible for its contraction
“CD38”	an enzyme that consumes NAD^+ ; its upregulation contributes to age-related NAD^+ decline
“CDE”	Centre for Drug Evaluation, the Centre for Drug Evaluation of the National Medical Products Administration (NMPA)
“cerebrovascular diseases”	diseases affecting blood circulation in the brain, including stroke and transient ischaemic attacks
“cGMP”	current Good Manufacturing Practice, China’s 2020 GMP revision aligned with PIC/S and ICH Q7/Q9/Q10 which is mandatory for all manufacturing sites holding a Drug Manufacturing Licence
“chronic fatigue syndrome”	a complex condition marked by profound fatigue and sleep disturbance
“clinical trials”	research studies performed on humans to evaluate the effectiveness and safety of new treatments

GLOSSARY OF TECHNICAL TERMS

“C _{max} ”	Maximum Plasma Concentration, the maximum concentration of a drug in the plasma after administration, typically observed during clinical pharmacokinetic studies
“CMO”	Contract Manufacturing Organisation, a qualified third party engaged to process certain non-core generics under strict commission and quality agreements, subject to GMP and quality system requirements
“coenzyme”	a non-protein compound that is necessary for the functioning of an enzyme
“Combo-therapy”	a treatment approach that involves the use of two or more therapeutic agents or interventions concurrently to manage a medical condition
“conditional approval”	an accelerated pathway for drugs treating life-threatening injuries or urgently needed public health drugs, granted with defined validity periods and post-marketing commitments
“control group”	a group of participants that do not receive the experimental treatment, which is compared with the treatment group
“coronary artery disease”	a condition characterised by the narrowing or blockage of the coronary arteries, which supply blood to the heart muscle
“CRT”	Cardiac Resynchronisation Therapy, device-based therapies for severe heart failure used alongside medicines
“CX43”	Connexin 43, a channel protein through which NAD ⁺ may be taken up by cells
“Deacetylation”	Sirtuins-mediated removal of protein acetyl groups to correct excessive acetylation of histones and mitochondrial proteins, suppress endothelial inflammation and oxidative stress and improve metabolism and microcirculation
“dehydrogenases”	a class of enzymes that catalyse the removal of hydrogen atoms from a substrate, facilitating the process of oxidation
“designed production capacity”	the maximum output that a manufacturing facility or production process is engineered to achieve under optimal operating conditions
“diabetic neuropathy”	a type of nerve damage that can occur in people with diabetes, resulting from prolonged high blood sugar levels

GLOSSARY OF TECHNICAL TERMS

“diabetic retinopathy”	a diabetes-related eye condition that affects the retina, the light-sensitive layer of tissue at the back of the eye, due to prolonged high blood sugar levels
“diminished ovarian reserve”	a reduction in the number and quality of a woman’s remaining eggs (oocytes) in the ovaries
“double-blinded”	a design feature whereby trial participants, investigators and/or sponsors are unaware of treatment allocation
“DRG”	Diagnosis Related Groups, a grouping plan used for healthcare payment and management, with versions optimised by the NHTSA
“efficacy”	the ability of a drug to provide a beneficial effect under ideal conditions
“EHS”	Environment, Health and Safety, our environmental protection, occupational health and safety framework aligned with ISO 14001 and ISO 45001, supported by organisational structures such as the EHS Leading Group and Safety Production Committee
“electron transport chain”	mitochondrial inner membrane processes by which electrons from donors such as NADH drive ATP synthesis
“endpoints”	the primary outcomes or measurements in a clinical trial used to assess the efficacy of a treatment
“FDA”	Food and Drug Administration, the U.S. agency responsible for protecting public health through regulation
“FSH”	Follicle-Stimulating Hormone, is a glycoprotein hormone produced by the anterior pituitary gland. It plays a crucial role in reproductive processes by stimulating the growth and maturation of ovarian follicles in females and the production of sperm in males
“GHG”	Greenhouse gas, the emissions accounting under the GHG Protocol and relevant standards, with tracked KPIs covering energy, water and packaging material consumption
“GSP”	Good Supply Practice, quality standards for pharmaceutical distribution; our distributors are required to comply with the latest GSP in sales, storage and transport

GLOSSARY OF TECHNICAL TERMS

“GLP-1”	Glucagon-like peptide-1, an intestinal hormone that maintains glucose homeostasis by enhancing insulin and suppressing glucagon secretion; GLP-1 receptor agonists are used for weight management
“GRACE score”	a risk stratification tool used in acute coronary syndrome
“GTM3”	a trabecular meshwork cell line used in glaucoma research
“haematological disorders”	disorders affecting the blood and its components, such as anaemia and leukaemia
“Hallmarks of ageing”	a framework outlining key biological processes that collectively drive age-related decline, including genomic instability, telomere attrition, and mitochondrial dysfunction
“heart failure”	a syndrome of impaired ventricular filling or ejection due to structural or functional cardiac abnormalities, with symptoms such as breathlessness, fatigue and oedema
“HRT”	Hormone Replacement Therapy, treatment to restore oestrogen and progesterone levels, used to alleviate menopausal symptoms and support bone health
“hyaluronic acid filler complications”	overfilling, migration, allergy, or intravascular misinjection with embolisation and necrosis
“hyperacetylation”	an increase in acetylation levels, often associated with altered gene expression and disease
“hypertensive emergency”	rapid, severe blood pressure elevation with acute target organ damage, and decompensated heart failure from multiple precipitants
“hypoxia”	a condition in which there is insufficient oxygen available to tissues
“ICD”	Implantable Cardioverter-Defibrillator, is a medical device designed to monitor and treat life-threatening arrhythmias (irregular heartbeats) by delivering electrical shocks to restore normal heart rhythm
“IIT”	Investigator-Initiated Trial, a non-registration study initiated by investigators/medical institutions
”IM”	a method of parenteral administration wherein a medication or other substance is delivered via a needle deep into the tissue of a selected muscle

GLOSSARY OF TECHNICAL TERMS

“immune tolerance”	refers to the ability of not reacting by immunological defense reactions when they are not needed. It does not mean a mere lack of response but rather continuous active controlling and modifying of initiated responses towards tolerance. While tolerance is primarily a property of the adaptive immune system, it is also influenced by the innate immune system
“immunological adjuvant”	a substance that is used alongside vaccine components to enhance the immune response. Its primary function is to increase the efficacy of the vaccine, allowing it to more effectively stimulate the immune system, thereby generating a stronger and more lasting protective immune response
“IND”	Investigational New Drug, the regulatory approval to initiate clinical trials
“inflammaging”	chronic, low-grade inflammation associated with ageing
“inflammatory conditions”	conditions characterised by inflammation, which can affect multiple organ systems
“informed consent”	the process by which a participant is made aware of the risks and benefits of participating in a clinical trial and agrees to partake
“IRF1”	a transcription factor whose binding to the PD-L1 promoter is facilitated by Tet1 in an NAD ⁺ -dependent manner
“ISO”	International Organisation for Standardisation, the PRC independent organisation that develops international standards for a range of products and services, including ISO 14001 (environment), ISO 50001 (energy) and ISO 45001 (occupational health and safety) certifications underpinning resource, GHG, waste and noise management
“IV”	Intravenous, the administration of substances directly into a vein
“KOL”	Key Opinion Leader, an individual or entity recognised as an expert and a trusted source of insight within a specific field, industry, or community. Their opinions and endorsements hold significant weight and can influence the attitudes, behaviours, and purchasing decisions of a target audience
“LVEF”	Left Ventricular Ejection Fraction, a key clinical measurement, expressed as a percentage, that quantifies the efficiency of the heart’s main pumping chamber (the left ventricle) with each beat

GLOSSARY OF TECHNICAL TERMS

“MAD”	Multiple Ascending Dose, a clinical trial design used to evaluate the safety, tolerability, and pharmacokinetics of a drug when administered in multiple doses over a specified period. In this approach, a small group of participants receives a set regimen of escalating doses of the drug, allowing researchers to assess how the body responds to repeated exposure at different dose levels
“MAH”	Marketing Authorisation Holder, the legal holder of marketing authorisations under the PRC “Two-Invoice System”, the MAH issues the first invoice to the distributor, who issues the second to medical institutions
“mHtt”	Mutant huntingtin protein, the cause of Huntington’s disease
“microcirculatory disorder”	pathologies including dysregulated vasomotion, increased permeability, luminal narrowing/occlusion and microthrombi in arterioles/capillaries, resulting in ischaemia and hypoxia, a key therapeutic target for kininogenase and related agents
“mitochondrial dysfunction”	the failure of mitochondria to function effectively, often leading to energy deficits in cells
“mitochondrial transplantation”	isolating healthy, functional mitochondria and delivering them into recipient cells to repair mitochondrial defects and restore cellular function
“mitophagy”	selective clearance of damaged mitochondria to sustain mitochondrial pool quality and homeostasis
“mono-therapy”	a treatment approach that employs a single therapeutic agent or medication to manage a medical condition or disease
“mTOR”	mechanistic target of rapamycin, a protein kinase that regulates cell growth and autophagy; inhibition by rapamycin extends lifespan in models
“muscle atrophy”	the degeneration or wasting away of muscle tissue, resulting in a decrease in muscle mass and strength
“myocardial ischemia-reperfusion injury”	damage caused to the heart muscle when blood supply returns after a period of ischemia (lack of blood flow)
“myocarditis”	inflammation of the heart muscle, often due to infection or autoimmune diseases, which may lead to heart failure or other complications

GLOSSARY OF TECHNICAL TERMS

“NAD ⁺ ”	Nicotinamide adenine dinucleotide, which serves as a central molecule for sustaining mitochondrial function, acting both as a critical coenzyme in mitochondrial redox processes and as a substrate for NAD ⁺ -consuming enzymes. As a coenzyme, NAD ⁺ directly participates in the TCA cycle and oxidative phosphorylation, regulating ATP production. As a substrate, its targets include CD38, PARPs, SARM1, and sirtuins. For example, it activates PARP-1 to promote genomic stability and activates Sirtuins to improve pathological processes, including hypertrophy, ischemia, fibrosis, and arrhythmias.
“NAMPT”	Nicotinamide phosphoribosyl transferase, a key enzyme in the NAD ⁺ salvage biosynthesis pathway
“NASID”	Non-Steroidal Anti-Inflammatory Drug, a class of medications used to relieve pain, reduce inflammation, and lower fever, providing these effects by inhibiting the production of certain chemicals in the body called prostaglandins, which play a key role in inflammation and pain signalling
“neurodegenerative diseases”	a group of diseases that progressively worsen and affect the structure and function of the nervous system, such as Alzheimer’s disease
“NMN”	Nicotinamide mononucleotide, a precursor to NAD ⁺ that elevates NAD ⁺ levels and modulates metabolic processes
“NMNAT2”	an enzyme involved in NAD ⁺ synthesis and axonal transport, relevant in glaucoma
“NOAEL”	No Observed Adverse Effect Level, the highest dose or exposure level of a substance at which no significant adverse effects are observed in a specified population during a defined study period
“NR”	Nicotinamide riboside, a precursor to NAD ⁺ used in supplements to elevate NAD ⁺ levels
“NRF2”	an antioxidant response pathway; NMN can activate this pathway in models of Alzheimer’s disease.
“NT-proBNP”	N-terminal pro-B-type natriuretic peptide, a biomarker reflecting ventricular wall stress in heart failure
“oncology”	a branch of medicine that deals with the study, treatment, diagnosis, and prevention of cancer
“ophthalmological diseases”	diseases affecting the eyes, including glaucoma and cataracts

GLOSSARY OF TECHNICAL TERMS

“osteoarthritis”	degenerative joint disease characterised by pain, stiffness, restricted motion and osteophytes
“ovarian failure”	a decline in ovarian function that occurs with age, affecting female fertility and hormone production
“oxidative stress”	an imbalance between free radicals and antioxidants in the body, potentially leading to cell and tissue damage
“P2X7”	a receptor involved in NAD^+ -mediated depletion of Treg cells
“P2Y11”	a receptor through which extracellular NAD^+ can act to delay neutrophil apoptosis
“parkin”	a protein involved in mitophagy, working with PINK1 to clear damaged mitochondria
“PARP”	Poly ADP Ribose Polymerase, enzymes that consume NAD^+ in DNA repair processes; their overactivation can deplete NAD^+ levels
“PARP-1”	poly ADP-ribose polymerase-1, a crucial nuclear enzyme involved in the detection and repair of DNA damage, playing a fundamental role in maintaining genomic stability
“pathophysiology”	the study of disordered physiological processes associated with disease or injury
“PD-L1”	Programmed Death-ligand 1, a protein expressed on tumour cells that inhibits immune responses; targeted in cancer immunotherapy
“peripheral neuropathy”	damage to the peripheral nerves causing weakness, numbness, and pain, often associated with diabetes
“peripheral vascular disease”	a circulation disorder that affects the blood vessels outside of the heart and brain, primarily involving the arteries that supply blood to the limbs
“PGC-1 α ”	a transcriptional coactivator regulated by SIRT1, involved in mitochondrial biogenesis and metabolism

GLOSSARY OF TECHNICAL TERMS

“PGE ₂ ”	Prostaglandin E ₂ , a lipid signalling molecule implicated in inflammation, perfusion and regeneration. PGE ₂ Solution is the world’s only exclusively PGE ₂ formulation for IV infusion, which is mainly used to induce labour in term and post term pregnancy and to assist delivery in elderly primiparas by softening and ripening the cervix to trigger uterine contractions, and it is also applied to induce mid trimester abortion before 28 weeks of gestation in clinical scenarios including missed abortion, intrauterine foetal death, premature rupture of membranes and removal of uterine contents in benign hydatidiform mole.
“pharmacodynamics”	the study of the biochemical and physiological effects of drugs and their mechanisms of action in the body
“pharmacogenomics”	the study of how genes affect a person’s response to drugs, aiming to develop effective, safe medications tailored to individual genetic profiles
“pharmacovigilance”	the post-marketing system for monitoring adverse reactions, assessing risks and implementing control measures; we maintain a pharmacovigilance function and require distributors to report suspected ADRs
“PINK1”	a protein involved in mitochondrial quality control, the loss of function is linked to Parkinson’s disease
“PK”	Pharmacokinetics, the absorption, distribution, metabolism and excretion characteristics of a drug
“placebo”	an inactive substance administered to a control group in a clinical trial
“POI”	Premature Ovarian Insufficiency, a clinical syndrome characterised by the loss of normal ovarian function before the age of 40
“post-myocardial infarction heart failure”	heart failure that develops after a person has experienced a myocardial infarction, commonly known as a heart attack
“proliferation”	the rapid increase or multiplication of cells
“QMS”	Quality Management System, the overarching system covering quality control and assurance across R&D and manufacturing, including raw material control, in-process monitoring, traceability, release specifications and stability studies

GLOSSARY OF TECHNICAL TERMS

“randomised”	a study design where participants are randomly assigned to treatment groups
“real-world evidence”	evidence generated from routine clinical practice to complement randomised controlled trial
“respiratory tract infections”	a common type of infectious illness, primarily caused by viruses, which affects the upper respiratory tract, including the nasal passages, throat, pharynx, and larynx
“retinopathy”	a disease of the retina that can lead to vision loss, commonly associated with diabetes
“ROS”	Reactive Oxygen Species, oxidative stress-related species, serves as a pharmacodynamic indicator linked to Sirtuins/NAD ⁺ pathway activity
“SAD”	Single Ascending Dose, a specific study design used in early-phase clinical trials to evaluate the safety, tolerability, and pharmacokinetics of a newly developed drug. In this approach, a small group of participants receives a single dose of the drug, which is gradually increased in subsequent groups to assess how the body responds to different dose levels
“safety and tolerability”	the assessment of how safely and well a treatment can be administered to participants, including side effects
“safety profile”	a summarised description of the safety of a drug, including known adverse effects and tolerability issues
“SARM1”	Sterile alpha and TIR motif-containing 1, a protein involved in NAD ⁺ metabolism and axonal degeneration; its activation can deplete NAD ⁺
“SC”	Subcutaneous Injection, a parenteral method of drug administration where a medicinal product is delivered via a short needle into the loose connective and adipose tissue between the skin and the underlying muscle
“senolytics”	drugs that selectively eliminate senescent cells, such as fisetin or dasatinib plus quercetin
“SGLT2 inhibitors”	Sodium-glucose cotransporter 2 inhibitors, a drug class that promotes natriuresis and improves myocardial energetics, used in heart failure and diabetes

GLOSSARY OF TECHNICAL TERMS

“Sirtuins”	the NAD ⁺ -dependent deacetylase family that regulates mitochondrial homoeostasis, inflammation and metabolism; increasing NAD ⁺ levels activates Sirtuins to ameliorate hypertrophy, ischaemia, fibrosis and arrhythmias
“SLC25A51”	a mitochondrial carrier for NAD ⁺
“SOD1”	a gene mutated in some forms of amyotrophic lateral sclerosis
“Special approval”	an accelerated pathway for drugs needed for a major public health emergency, allowing time-bound and scope-bound use
“sq.m.”	abbreviated as sq.m or m ² is the standard unit of area in the metric system
“STAT1”	a transcription factor involved in interferon gamma signalling and PD-L1 expression regulated by NAD ⁺ metabolism
“subcutaneous indication”	a medical condition or treatment that requires or is delivered via subcutaneous administration, which involves injecting medication or a therapeutic substance into the layer of fat and connective tissue just beneath the skin
“symblepharon”	post-inflammatory or traumatic accumulation of fluids/blood, vitreous clouding and conjunctival adhesions
” SYNTAX score”	a scoring system used to evaluate coronary artery disease complexity for revascularisation decisions
“Tet1”	an enzyme involved in DNA demethylation, regulated by NAMPT-mediated NAD ⁺ biosynthesis to influence PD-L1 expression
“TFEB”	a transcription factor that regulates autophagy and lysosomal biogenesis; spermidine induces autophagy via TFEB activation
“TOM and TIM complexes”	mitochondrial import machinery for proteins with N-terminal targeting sequences
“TORC1”	the rapamycin-sensitive complex of mTOR, inhibition of which halts cell growth and triggers autophagy
“traceability”	batch-by-batch testing and compliant release, retention samples stored under labelled conditions and ongoing stability studies, supplemented by pharmacovigilance, to support lifecycle quality management

GLOSSARY OF TECHNICAL TERMS

“two-invoice system”	a national pharmaceutical procurement reform policy implemented in China, designed to streamline the supply chain between manufacturers and public healthcare institutions (primarily hospitals). Its core mandate is to restrict the number of invoices issued for a single drug transaction to a maximum of two
“value-based pricing”	a pricing strategy that bases prices on the perceived value to customers
“Vascular ageing”	loss of vascular elasticity, endothelial injury and atherosclerosis progression with age and risk factors such as hypertension, dyslipidaemia and diabetes
“VBP”	Volume-based Procurement, national or provincial centralised procurement with volume-price linkage
“VDAC1”	a mitochondrial channel protein whose function can be impaired by α -synuclein in Parkinson’s disease

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include all statements in this document that are not historical facts, including, without limitation, statements relating to:

- our operations and business prospects;
- future developments, trends and conditions in the pharmaceutical industry in which we operate or plan to operate;
- general economic, political and business conditions in the pharmaceutical industry in which we operate;
- changes to the regulatory environment in the pharmaceutical industry in which we operate;
- our ability to maintain our competitive strengths in the mitochondrial medicine sector;
- our ability to sustain the established market position of flagship drug Coenzyme I for Injection (恩艾地®);
- our ability to continuously operate under the “Detect — Intervene — Assess — Reintervene” model for the therapeutics for our mitochondrial therapeutics;
- our ability to sustain our success in drug sales network for our continuous financial growth;
- our ability to sustain our success in R&D and become successful in the commercialisation of our drug candidates in mitochondrial field and other therapeutic fields;
- our ability to maintain relationship with, and the actions and developments affecting, our major business and collaboration partners, suppliers and future customers;
- our ability to maintain our market position in the mitochondrial therapeutics field, and the actions and developments of our competitors;
- our ability to effectively manage our cost structure and control our operating expenses accordingly;
- the ability of our business partners to perform in accordance with contractual terms and specifications;
- our business strategies and plans to achieve these strategies, including our drug development plans, drug commercialisation strategies, and potential geographic expansion plans; and

FORWARD-LOOKING STATEMENTS

- estimates of our costs, expenses, future revenues, capital expenditures and our needs for, and ability of obtaining additional financing.

When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised.

RISK FACTORS

You should carefully read and consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. Our business, financial condition, results of operations and/or the ability to meet our financial obligations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our Shares could decline due to any of these risks (or such additional risks), and you may lose all or part of your [REDACTED].

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

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] price of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisers regarding your prospective [REDACTED] in the context of your particular circumstances. 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 “Forward-looking Statement”.

RISKS RELATING TO OUR BUSINESS AND PHARMACEUTICAL INDUSTRY

We depend on a limited number of key drugs. If we become unable to maintain the sales volumes, pricing levels and profit margins of our key drugs, our revenue and profitability could be adversely affected.

Our revenue from the sales of our four key drugs accounted for approximately 63.7%, 73.4% and 88.2% of our total revenue for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. Revenue from sales of our flagship drug Coenzyme I for Injection (恩艾地®) accounted for 44.4%, 44.1% and 65.2% of our total revenue for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. Because our revenue is, and we expect will continue to be, concentrated in a limited number of key drugs, we may be susceptible to factors adversely affecting our sales volumes, pricing levels or profitability of any of our key drugs.

RISK FACTORS

Given the limited number of key drugs, numerous factors could further adversely affect our key drugs, including the impact of government price controls, interruptions the supply of raw materials, increases in the costs of raw materials, issues with product quality or side effects, sales of substitute products by competitors, intellectual property infringements, adverse changes in sales and distribution channels and unfavourable policy or regulatory changes. Many of these factors are outside our control. Any factor adversely affecting the sales volumes and pricing levels of our key drugs may cause our revenues and profitability to decline.

If we become unable to achieve or maintain widespread market acceptance for our pharmaceutical products, our operations, profitability and business prospects may be materially and adversely affected.

The commercial success of our pharmaceutical products, including existing, novel or future pharmaceutical products, is highly dependent on their existing and sustained market acceptance amongst healthcare practitioners, patients, end users and others in the medical community. We believe that the market acceptance of our pharmaceutical products depends on many factors, including:

- the perceived advantages of our pharmaceutical products over competing pharmaceutical products and the availability and success of competing products;
- the market acceptance of our pharmaceutical products;
- publicity concerning our pharmaceutical products or competing products;
- the pricing and cost effectiveness of our pharmaceutical products;
- the effectiveness of our sales and marketing efforts;
- the safety and efficacy of our pharmaceutical products and the prevalence and severity of side effects, if any; and
- our ability to respond to changes in needs and preferences of healthcare practitioners and patients.

Amongst these said factors, we believe market acceptance of our drugs is one of the key factors as it is important to note that while laboratory studies and experiments have shown health benefits of our drugs and the long-term efficacy and safety for its approved indications have been validated, evidence for other indications is still being continuously collected and evaluated, particularly Coenzyme I for Injection (恩艾地®). Additionally, not all NAD⁺ preparations produced by other companies in the market have undergone rigorous clinical trials. Therefore, in the event other non-pharmaceutical-grade NAD⁺ products lack stringent quality control and rigorous clinical trial validation or even pose potential safety risks, it may adversely affect the market acceptance of our NAD⁺ products.

RISK FACTORS

If counterfeit versions of our drugs become available in the market, it could 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 PRC pharmaceutical market may be manufactured without proper licences or approvals and/or fraudulently mislabelled with respect to their content and/or manufacturer. These products are generally referred to as counterfeit pharmaceutical products. For example, with respect to our flagship drug Coenzyme I for Injection (恩艾地®), there are products in the market that claim to contain high concentrations of NAD^+ or its precursors, but may actually be diluted with low-quality ingredients or lack the advertised active components. Such counterfeit or inferior products not only fail to deliver the anticipated health benefits but may also pose serious health risks to consumers.

Additionally, the counterfeit pharmaceutical product control and enforcement system may be inadequate to discourage or eliminate the production and sales of counterfeit pharmaceutical products imitating our drugs. Consequently, certain pharmaceutical products sold in the markets may be counterfeit products. Since counterfeit pharmaceutical products are generally sold at lower prices than authentic pharmaceutical products due to their lower production costs, and in some cases are very similar in appearance to the authentic pharmaceutical products, counterfeit products imitating our own pharmaceutical products can quickly erode our sales volume of the relevant product. Moreover, counterfeit products may or may not have the same chemical composition of our drugs and are manufactured without proper licences or approvals, which may make them less effective than our products or entirely ineffective and 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 appearance 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 markets among consumers, and may harm the reputation and brand names of companies like us. 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.

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If we or our business partners fail to obtain, maintain or renew the necessary permits, licences, approvals and/or qualifications for the development, production, promotion, sales and distribution of our pharmaceutical products, our ability to conduct our business could be materially and adversely affect our business, financial condition and results of operations.

We are required to obtain, maintain and renew various permits, licences, approvals and qualifications to develop, produce, promote and sell our pharmaceutical products. See “Business — Licences, Permits, and Certificates”. Our business partners, such as suppliers, distributors, third-party promoters and CROs, on whom we may rely on to develop, produce, market, sell and distribute our pharmaceutical products, may be subject to similar requirements. We and our business partners may also be subject to regular inspections, examinations, inquiries or audits by the regulatory authorities, and an adverse outcome of such inspections, examinations, inquiries or audits may result in the loss or non-renewal of the relevant permits, licences and certificates. Moreover, the criteria used in reviewing applications for, or renewals of permits, licences, approvals and qualifications may change from time to time, and there can be no assurance that we or our business partners will be able to meet new criteria that may be imposed to obtain or renew the necessary permits, licences, approvals and qualifications. Many of such permits, licences, approvals and qualifications are material to the operation of our business, and if we or our business partners fail to maintain or renew material permits, licences, approvals and qualifications, our ability to conduct our business could be materially impaired.

Any changes in the standards used by governmental authorities in considering whether to renew or reassess our or our business partners’ licences, permits, approvals and qualifications, as well as enactment of any new regulations that may restrict the operation 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 change, or new regulations come into effect, requiring us or our business partners to obtain any additional permits, licences, approvals or qualifications that were previously not required to operate our business, there can be no assurance that we or our business partners will successfully obtain such permits, licences, approvals or qualifications.

Our pharmaceutical products span various application areas, including medical treatment, and broader healthcare. If we become unable to accurately or fully conceive the demands of different market segments, we may lose market share or encounter stagnant product sales.

Some of our key products focus on mitochondrial dysfunction, particularly Coenzyme I for Injection (恩艾地®). Despite consumers’ growing awareness of mitochondrial drugs and the diversification of market demand, we still face numerous challenges in responding to these changes. Following WHO’s definition of ageing as a disease, age-related diseases

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solutions have rapidly developed. Nonetheless, there remains significant variation in public perception of this concept. Many consumers may not fully accept, or comprehend the notion of ageing as a disease, which could affect their acceptance of mitochondrial drugs. Additionally, while we aim to enhance the public understanding and acceptance of age-related diseases therapies through educational initiatives and technological advancements, the effectiveness of these efforts may be influenced by various factors, such as the effectiveness of information dissemination channels and the target audience’s receptivity. If we fail to effectively communicate the scientific basis and potential benefits of age-related diseases therapies, or if educational efforts do not achieve the desired impact, misconceptions or biases among consumers may persist, which may limit our market expansion.

Moreover, personalised age-related diseases solutions require strong R&D and higher levels of consumer service. If we become unable to provide personalised service, consumer satisfaction may decline. A drop in satisfaction can lead to negative reviews and a loss of trust among our customer base, ultimately harming our brand reputation. Such erosion of trust can diminish our competitive edge in the market, making it more challenging to attract new customers and retain existing ones, thereby impacting overall sales and growth potential.

If our drugs cause, or are perceived to cause, severe side effects, our revenue and profitability could be materially and adversely affected.

Our pharmaceutical products may cause undesirable or unintended side effects as a result of a number of factors, many of which are outside of our control. These factors include potential side effects not revealed in clinical trials, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our drugs by end-users. Our drugs 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.

In addition, our drugs may be perceived to cause severe side effects if other pharmaceutical companies’ products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our drugs cause or are perceived to have caused severe side effects, or if one or more regulators, such as NMPA, FDA or an international institution, such as WHO, determines that products containing the same or similar pharmaceutical ingredients as our drugs could cause or lead to severe side effects.

If our pharmaceutical products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including:

- 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;

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- revocation of regulatory approvals for the relevant products or the relevant production facilities;
- damage to the brand name of our pharmaceutical products and our reputation;
- removal of relevant products from any medical insurance catalogues, as applicable; and
- inability to participate in the centralised tender process; and
- exposure to lawsuits and regulatory investigations relating to the relevant products that result in liabilities, fine or penalties.

The occurrence of any of the above could materially and adversely affect our business, results of operations and financial condition.

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

Our pharmaceutical products and production processes are required to meet certain quality standards. We established a quality control management system and standard operating procedures to help ensure product quality and achieve consistency in quality control, which include inspections and verifications by our quality control personnel at different stages of the production process. See “Business — Quality Management”. Despite our quality control system and procedures, and the skills and diligence of our quality control personnel, it might be possible that we encounter errors, defects or failure in the ordinary course of our operations. Quality defects may fail to be detected or cured as a result of a number of factors, many of which are outside our control, including:

- incidence of production errors;
- technical or mechanical malfunctions in the production process; and
- human error or malfeasance by our quality control personnel or tampering by third parties.

Failure to detect quality defects in our pharmaceutical products or to prevent such defective products from being delivered to end-users could result in patient injury or death, product recalls or withdrawals, licence 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.

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

We are exposed to risks associated with product liability claims as a result of developing, producing, marketing and selling pharmaceutical products in the PRC and other jurisdictions in which our pharmaceutical products are marketed and sold. Such claims may arise if any of our pharmaceutical products are deemed or proven to be unsafe, ineffective, defective or contaminated or when we are alleged to have engaged in practices such as improper filling of prescriptions, insufficient or improper labelling of products, provided inadequate warnings or insufficient or misleading disclosures of side effects, or unintentionally distributed counterfeit 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 we are unable to defend ourselves against such claims in the PRC, we may be subject to civil liability for physical injury, death or other losses caused by our pharmaceutical products and to criminal liability and the revocation of our business licences if our pharmaceutical products are found to be defective. Other jurisdictions in which our pharmaceutical products may in the future be sold, in particular in developed markets, 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. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management. In addition, we may be required to recall the relevant pharmaceutical products, suspend sales or cease sales. Other jurisdictions in which our pharmaceutical products are, or may in the future be, sold, in particular in more developed markets including the United States, may have similar or more onerous product liability and pharmaceutical product regulatory regimes, as well as more litigious environments which may further expose us to the risk of product liability claims. We do not maintain any product liability insurance to cover any amount of damages that may arise from product liability claims. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant financial resources and the time and attention of our management. Moreover, the allegation that our pharmaceutical products are harmful, whether or not ultimately proven, may adversely affect our reputation and sales volumes.

We are subject to legal and regulatory requirements in the PRC pharmaceutical industry as amended from time to time, and new laws, rules and regulations may adversely affect our profitability or impose additional compliance burdens on us.

The PRC pharmaceutical industry is subject to extensive government regulation and supervision as well as monitoring by various government authorities. In particular, the current regulatory framework addresses all aspects of a pharmaceutical company’s operations, including approval, production, licensing, certification requirements and procedures, periodic renewal and reassessment processes, registration of new drugs, quality control, pricing of pharmaceutical products and environmental protection.

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For example, since July 2015, the NMPA has introduced a number of measures to deal with the drug applications backlog. On 22 July 2015, the NMPA issued the Announcement on Carrying Out the Self-inspection and Verification Work of Drug Clinical Trial Data (《關於開展藥物臨床試驗數據自查核查工作的公告》), which required applicants to self-review the clinical trials data of 1,622 listed drugs with pending applications for manufacturing or importation approval. On 31 July 2015, the NMPA issued the Announcement on Soliciting Opinions Regarding Several Policies to Accelerate the Resolution of the Backlog in Drug Registration Applications (《關於徵求加快解決藥品註冊申請積壓問題的若干政策意見的公告》), according to which the NMPA planned to apply stringent standards to review and approve the current drug applications. In addition, on 11 November 2015, the NMPA issued “Certain Policies in relation to the Review and Approval of Drug Applications (《關於藥品註冊審評審批若干政策的公告》), which set out 10 key points to be applied in the process of reviewing and approving drug applications and clinical trials, with an emphasis on the accuracy of clinical trials data, drug effectiveness and consistency between the originator version and the generic version as demonstrated in consistency evaluations. The combination of these policies indicates that pharmaceutical companies need to conduct self-review of their drug applications and data to determine if they meet the stringent standards set by the NMPA. Failure to meet NMPA requirements could result in the relevant applicant having to withdraw its drug application and resubmit the relevant drug application only when the NMPA requirements are met. The more stringent standards in respect of drug applications may delay our applications in relation to our future products or require us to withdraw our applications.

In February 2016, the General Office of the State Council issued the Opinion on Conducting the Quality and Efficacy Consistency Evaluation of Generic Drugs (《國務院(辦公廳關於開展仿製藥質量和療效一致性評價的意見》)(“**February 2016 Opinion**”), which requires pharmaceutical manufacturers to evaluate the quality and efficacy of some of their generic drugs within the prescribed time limits. Failure to timely complete such evaluation could cause previous approvals for the sales of relevant generic drugs to be revoked and make them ineligible for re-registration for sale. In August 2017, the NMPA issued the Announcement of the China Food and Drug Administration on Relevant Matters Concerning the Quality and Efficacy Consistency Evaluation of Generic Drugs (《國家食品藥品監督管理總局關於仿製藥質量和療效一致性評價工作有關事項的公告》), which sets out procedures for the application, approval, inspection and test of the consistency evaluation as required under the February 2016 Opinion. In December 2018, the NMPA issued the Announcement of the National Medical Products Administration on Matters Related to the Consistency Evaluation of Generic Drug Quality and Efficacy (《國家藥品監督管理局關於仿製藥質量和療效一致性評價有關事項的公告》), which removed the uniform timelines for the oral solid preparations of chemical generic drugs included in the National Essential Drug List (2012 Edition) to complete the consistency evaluation. MAHs of such generic pharmaceuticals shall submit applications and conduct consistency evaluation in accordance with detailed technical requirements promulgated by the NMPA. However, the substantive and procedural requirements of the evaluation process, the interpretation of the relevant written requirements and procedures as well as associated costs, including costs in relation to conducting consistency evaluations may subject to change. If we fail to complete the evaluation for our generic drugs, we may not be able to obtain approval from NMPA for such drugs for sale, or participate in the centralised tender

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process. If we fail to complete the BE study, we may fail to obtain generic drugs approval, as a result of which, we cannot start production and sales of the relevant drugs. All of these may materially and adversely affect our business, financial condition, results of operations and prospects.

Legal and regulatory changes may have a significant impact on the PRC pharmaceutical industry and could result in increased costs and lowered profit margins for manufacturers, distributors and retailers of pharmaceutical products. Any legal and regulatory changes could also lead to a decrease in the amounts of products purchased by our customers and/or the price of our pharmaceutical products. We cannot assure you that we will be able to sufficiently and promptly respond to regulatory changes in the future, and such failure may have a material adverse effect on our business, financial condition, results of operations and profitability.

If our pharmaceutical products are removed or excluded from the Medical Insurance Catalogues or the National List of Essential Drugs, our sales and profitability could be adversely affected.

Under the national medical insurance programme in the PRC, patients are entitled to reimbursement of all or a portion of the cost of pharmaceutical products listed in the Medical Insurance Catalogues or the National List of Essential Drugs. According to the PRC National Bureau of Statistics, approximately 1.3 billion people in China were enrolled in the national basic medical insurance programme as of 31 December 2023 and 2024, respectively. Consequently, the inclusion or exclusion of a pharmaceutical product in the Medical Insurance Catalogues or the National List of Essential Drugs will significantly affect the demand for such product in the PRC.

As of the Latest Practicable Date, 15 of our commercialised pharmaceutical products were included in the national Medical Insurance Catalogue. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue from sales of these aforementioned six drugs accounted for approximately 30.6%, 22.8% and 10.8% of our total revenue for the respective period.

The selection of pharmaceutical products for listing in the Medical Insurance Catalogues or the National List of Essential Drugs is based on a variety of factors, including clinical needs, frequency of use, effectiveness and price, many of which are outside of our control. Moreover, the relevant PRC government authorities may also, from time to time, review and revise, or change the scope of reimbursement for, the products that are listed in the Medical Insurance Catalogues or the National List of Essential Drugs. There can be no assurance that any of our pharmaceutical products currently listed in the Medical Insurance Catalogues or the National List of Essential Drugs will remain listed, or that changes on the scope of reimbursement will not negatively affect our pharmaceutical products. If any of our pharmaceutical products are removed from the Medical Insurance Catalogues or the National List of Essential Drugs, or if the scope of reimbursement is reduced, demand for our pharmaceutical products may decrease and our revenues and profitability could be adversely affected.

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The sales prices of some of our pharmaceutical products are subject to price controls, including periodic downward adjustments, by the PRC government authorities.

Our pharmaceutical products included in the Medical Insurance Catalogues or the National List of Essential Drugs are subject to price controls by the NDRC, either at the national level or the provincial level. According to the Interim Measures for the Administration of Basic Medical Insurance Drug Use” (《基本醫療保險用藥管理暫行辦法》), drugs included in the National Reimbursement Drug List (《基本醫療保險藥品目錄》) (“**Drug Lists**”) are subject to price controls imposed by the National Healthcare Security Administration and provincial healthcare administrative departments at the national or provincial level. With the exception of Chinese herbal pieces, newly added drugs to the Drug List generally have their reimbursement standards determined simultaneously. For exclusive drugs, reimbursement standards are established through access negotiations.

Among non-exclusive drugs, those selected in the national centralised procurement programme have their reimbursement standards determined in accordance with the relevant centralised procurement regulations. For other non-exclusive drugs, reimbursement standards are established through methods such as access bidding.

Further controls over and adjustments to retail prices of pharmaceutical products, if significant, could have a corresponding impact on the prices at which we sell such products to our distributors, and consequently our gross profits and gross profit margins. If price control authorities continue to make downwards adjustments to the retail prices of our pharmaceutical products, our revenues and profitability could be adversely affected.

If we are unable to win purchase contracts through the centralised tender processes in which we decide to participate, we will lose market share and our revenues and profitability could be adversely affected.

A certain portion of the products we sell to our customers are then sold to public hospitals and other medical institutions owned or controlled by government authorities in China. These pharmaceutical products are all generic drugs of our Group. Each public medical institution must make substantially all of their purchases of pharmaceutical products through a centralised tender process. We submit bids in a tender process to supply our drugs to these institutions at specified prices. Our bids are generally considered on the basis of price relative to substitute products and their clinical effectiveness, as well as the quality of our pharmaceutical products and services among other things. If we are successful in winning bids in a centralised tender process, the relevant products will be sold to the public hospitals and other medical institutions at the bid prices, which in part determine the prices at which we sell our pharmaceutical products to our distributors. The centralised tender process can create pricing pressure among substitute products or products that are perceived to be substitute products. Our sales volumes and profitability depend on our ability to successfully differentiate our pharmaceutical products and price our bids in a manner that enables us to succeed in the centralised tender pharmaceutical processes at profitable levels. If we are unable to differentiate our pharmaceutical products or are otherwise not successful in winning bids in the centralised tender processes at

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profitable levels in the future, we will lose the revenue associated with the sales of the affected pharmaceutical products to the relevant public hospitals and other medical institutions.

We may also fail to win bids in a centralised tender processes due to various factors, including, reduced demand for our pharmaceutical products, our bid price is uncompetitive, our pharmaceutical products are perceived to be less clinically effective than competing products, or our services or other aspects of our operations are perceived to be less competitive. If our pharmaceutical products are not selected in the centralised tender processes in one or more regions, we will be unable to sell the relevant products to the public hospitals and other medical institutions in those regions, and our market share, revenues and profitability could be adversely affected.

All material aspects of the research, development, production and commercialisation of pharmaceutical products are heavily regulated. Any failure to comply with relevant laws, regulations and industry standards or any adverse actions by the regulatory authorities against us could negatively impact our reputation and our business, financial condition, results of operations and prospects.

We conduct our pharmaceutical-industry activities in China, one of the largest pharmaceutical markets in the world. China and many other jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ a broad range of strategies, including regulation of product development and approval, production, and marketing, sales and distribution of products. Evolutions and differences in these regulatory regimes could lead to an increased and costly regulatory compliance burden.

We are required to obtained and maintain certain licences and permits for engaging in the research, development, production and commercialisation of pharmaceutical products. The process of obtaining regulatory approvals and compliance with appropriate laws, regulations and guidance requires the expenditure of substantial time and financial resources. If any regulatory authorities consider that we were operating without the requisite approvals, licences or permits or promulgates new laws and regulations that require additional approvals or licences or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licences, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. In particular, failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications, withdrawal of an approval, licence revocation; clinical hold, voluntary or mandatory product recalls, product seizures; total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution and disgorgement, or other civil or criminal penalties. Failure to comply with these laws, regulations and guidance could have a material and adverse effect on our business and prospects.

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In many countries or regions where a drug is intended to be ultimately sold, such as China, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of such drug, as well as strict rules, regulations and industry standards on how we develop such drug. For example, we may need to obtain clearance from the NMPA or other regulatory authorities as part of an IND application to seek authorisation to begin clinical trials, and file an NDA, a BLA or other similar applications to seek marketing approval. Any failure to comply with existing laws, regulations and industry standards could result in fines or other punitive actions against us, the termination of ongoing research and the disqualification of data for submission to regulatory authorities, or a ban on the future sales of our drugs, each of which could have a material adverse impact on our reputation, business, financial condition, results of operations and prospects. In addition, any action against us for violation of the relevant laws, regulations or industry standards, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management’s attention from the operation of our business, and adversely affect our reputation and financial condition.

If we fail to maintain effective internal controls, our business, financial results and reputation 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.

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 licences granted by the relevant authorities.

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If our employees, distributors or third-party promoters engage in corrupt practices, it could harm our reputation and expose us to regulatory investigations, costs and liabilities.

We do not fully control the interactions that our employees, distributors and third-party promoters have with hospitals, medical institutions and doctors, and the way in which they are compensated may incentivise them to increase sales volumes of our pharmaceutical products through corrupt or other improper means that constitute violations of the PRC anti-corruption and other related laws. In the PRC pharmaceutical industry and other markets, corrupt practices include acceptance of kickbacks, bribes or other illegal gains or benefits by hospitals and other medical institutions or doctors from pharmaceutical manufacturers and distributors in connection with the procurement or prescription of certain pharmaceutical products. If our employees, distributors or third-party promoters engage in corrupt or other improper conduct or violate applicable anti-corruption laws in the PRC or other jurisdictions, we could be required to pay damages or fines, which could harm our reputation and expose us to regulatory investigations, costs and liabilities. The legality under PRC and other laws of various incentive payments that may be made by our employees, distributors or third-party promoters are not always clear. As a result, our employees, distributors or third-party promoters could make certain payments in connection with the promotion or sales of our pharmaceutical products or other activities involving our pharmaceutical products which at the time are considered by us or them to be legal but are later deemed impermissible by the PRC Government. Moreover, the PRC government authorities always intensify their efforts to combat corrupt, illegal or improper business practices in the PRC pharmaceutical industry and maintain “zero tolerance” policy towards corrupt practices, which could subject our employees, distributors and third-party promoters to heightened scrutiny. If our employees, distributors and third-party promoters, either knowingly or unknowingly, engage in corrupt or improper conduct to improve sales of our pharmaceutical products, it could harm our reputation and expose us to regulatory investigations, costs and liabilities.

There can be no assurance that we were or are able to entirely prevent our employees, distributors or third-party promoters from engaging in such activities in the past or in the future. We could be held liable for actions taken by our employees, distributors or third-party promoters, which could expose us to regulatory investigations, penalties, revocation of operating licences and permits and even criminal liabilities. Actions taken by PRC regulatory authorities or the courts that provide an interpretation of PRC 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.

Pursuant 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 NHFPC on 25 December 2013 and came into effect on 1 March 2014, if we are involved in criminal, investigational or administrative procedures for commercial bribery, we will be listed in the adverse records of commercial bribery by the relevant government authorities, as a result of which, for two years from the date the list of adverse records of commercial bribery is published, (i) our pharmaceutical products cannot be purchased by public medical institutions or medical and health

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institutions receiving financial subsidies within the relevant provinces, and (ii) the scores of our pharmaceutical products in the centralised tender processes of public medical institutions or medical and health institutions receiving financial subsidies in other provinces will be reduced. Furthermore, if we are listed in the adverse records of commercial bribes twice within five years, our pharmaceutical products cannot be purchased by public medical institutions or medical and health institutions receiving financial subsidies throughout China for two years.

In addition, we are required to comply with anti-corruption requirements in our agreements with our business partners, including certain collaboration partners and manufacturers of third-party products. Any breach of such anti-corruption requirements by us may result in negative consequences, including payment of penalties and termination of agreements, which could have a material adverse effect on our business, financial condition, results of operations and profitability.

We have two production bases in Kaifeng and Hefei. If we suffer substantial disruption to these production facilities, our business operations could be adversely affected.

Substantially all of our revenue was generated by sales of products produced at our own production base located in Kaifeng. The continued operation of our production facilities can be substantially interrupted due to a number of factors, many of which are outside of our control, including fire, flood, earthquakes, power outages, fuel shortages, mechanical breakdowns, or other natural disasters, as well as changes in governmental planning for the land underlying these facilities and in other local regulations.

If the operation of any of our five facilities is substantially disrupted, we may not be able to replace the equipment or inventories at such facility, or use a different facility or a third-party contractor to continue our production in a legal, timely and cost-effective manner or at all. Although we maintain property insurance for our production facilities and equipment, we do not maintain business interruption insurance and the amount of our insurance coverage may not be sufficient to cover our losses in such a disruption event. As a result of disruption to any of our facilities, we may all fail to fulfil contract obligations or meet market demand, and our business, revenues and profitability could be adversely affected.

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If we fail to maintain an effective distribution network for our pharmaceutical products, our business could be adversely affected.

As of 30 September 2025, we had a network of 756 distributors across China on which we rely to distribute our pharmaceutical products in order to meet market demand and maintain our market share in the PRC. See “Business — Distributors”. Our ability to maintain and grow our business will depend on us continuing to maintain and manage a distribution network that timely delivers our pharmaceutical products in China where we generate market demand through our sales and marketing activity. However, our distributors are third parties over whom we have limited control, who may not distribute our pharmaceutical products in the manner we contemplate and impair the effectiveness of our distribution network.

Moreover, we typically enter into agreements with our distributors for a prescribed term, i.e., generally for a fixed term of one year., which requires us to continually renew distribution agreements across our distribution network in order to maintain it. It might be possible that our existing distributors elect not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, including if PRC price controls over pharmaceutical products or other factors limit the margins they can obtain through the resale of our pharmaceutical products to hospitals, medical institutions and sub-distributors. Our strategy also contemplates that we will seek to broaden our coverage of county-level hospitals and hospitals in smaller cities, which require us to establish relationships with new distributors on commercial acceptable terms, and there can be no assurances that we will be able to do so. In the event that a significant number of our distributors terminate their relationships, and we become unable to maintain and expand our distribution network effectively at the same time, our sales volumes and business prospects could be adversely affected.

If we experience delays in collecting payment from distributors, it could adversely affect our cash flow.

We generally grant our distributors credit terms between 30 and 90 days, with longer terms granted to selected distributors whom we have built good relationships with. As of 31 December 2023 and 2024 and 30 September 2025, our trade receivables were RMB74.5 million, RMB26.5 million and RMB41.3 million, respectively. The average turnover days of our trade receivables for the same periods were 64 days, 76 days and 51 days, respectively. If our distributors’ cash flow, 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 flow, and we could be required to terminate our relationships with distributors in a manner that impairs the effective distribution of our pharmaceutical products.

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If our third-party promoters fail to effectively market and promote our pharmaceutical products, it could adversely affect our sales for the relevant products.

A significant portion of the marketing and promotion of our pharmaceutical products is conducted through third-party promoters. Our ability to continue to generate and increase demand for our pharmaceutical products depends on our ability to continue to maintain and manage an effective third-party promotion network. However, we have limited control over third-party promoters, which may expose us to a greater risk that such products may not be effectively promoted in the manner contemplated by our centralised sales and marketing strategies that if we conducted the marketing and promotion activity using our internal sales force. The failure of our third-party promoters to effectively promote our pharmaceutical products could have an adverse effect on our sales volumes for the relevant products, as well as our brand value. Moreover, we typically enter into agreements with our third-party promoters for a term of one year. Our third-party promoters may elect not to renew their promotion agreements with us or otherwise to terminate their business relationships with us for a number of reasons, many of which are outside our control, including promoting competing products. In the event that a significant number of our third-party promoters were to fail to effectively promote our pharmaceutical products or terminate their business relationship with us, there can be no assurances that we will be able to enter into similar relationships with other third-party promoters in time, or at all, which could adversely affect our sales volumes for the relevant products. In addition, if we fail to effectively manage our third-party promotion network, we may be unable to extend our coverage and deepen our market penetration in the manner contemplated by our strategy, and such network may not provide us with the benefits of operational flexibility and resource allocation we contemplate.

If we are unable to attract, motivate and retain a sufficient number of qualified marketing, promotion and sales personnel and third-party promoters, it could adversely affect the sales volumes of our pharmaceutical products and our business prospects.

We intend to deepen the market penetration and expand our coverage of hospitals and other medical institutions through efficient sales and marketing efforts. The success of such strategy depends on our ability to attract, motivate and retain qualified and professional employees in our marketing, promotion and sales teams that are, among other things, sufficiently expert in the relevant therapeutic area and able to communicate effectively with doctors and other medical professionals. In addition, we depend on third-party promoters to cover certain products, therapeutic areas and geographies, and will recruit third-party promoters for specific localities or targeted hospitals and medical institutions which have been proven to be difficult to penetrate using our own sales force. Competition for experienced marketing, promotion and sales personnel as well as third-party promoters for pharmaceutical products is intense. If we are unable to attract, motivate and retain a sufficient number of qualified and professional marketing, promotion and sales personnel or third-party promoters, it could adversely affect the sales volumes of our pharmaceutical products and our ability to continue to extend our hospital coverage and deepen our market penetration in the manner we contemplate.

RISK FACTORS

RISKS RELATING TO INTELLECTUAL PROPERTY

If we are unable to adequately protect our intellectual property, or if the scope of our intellectual property fails to provide sufficient protection of our proprietary rights, others could compete against us more directly, which may have a material adverse impact on our business and results of operations.

Our intellectual property, including but not limited to our patents, trademarks, trade secrets and know-how, is critical to our success. For details of our material intellectual property right, see “Business — Intellectual Property” and “Appendix VII — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights”. We protect our intellectual property rights by filing patent and trademark applications, securing pharmaceutical regulatory protection, establishing and enforcing confidentiality contractual obligations, relying on trade secrets or employing a combination of these methods. However, these measures may not be adequate for a number of reasons, including those described below, some of which are beyond our control.

We apply for patents for all of our innovative pharmaceutical products. There are a number of risks and uncertainties related to our patents and patent applications:

- there is no assurance that any of our pending or potential future patent applications will mature into issued patents, or that such patents, if issued, will provide us with adequate proprietary protection or competitive advantages;
- the PRC has adopted a first to file system for patent applications, under which whoever files an application for the same invention first will be awarded the patent. As a result, a third-party may be granted a patent relating to technology we believe we invented before we are able to obtain such patent;
- our existing patents may become invalid or unenforceable for a number of reasons, including known or unknown prior art, deficiencies in patent applications and lack of originality in the underlying technologies. Some of our patented technologies are utilised in a number of our pharmaceutical products and drug candidates and if the patents relevant to these technologies were to be declared invalid or unenforceable, it could have an adverse impact on the sales volumes and pricing levels for such products and our ability to successfully commercialise such drug candidates;
- the patents and patent applications for certain products in our product portfolio and certain drug candidates we intend to develop do not cover the underlying APIs. Therefore, such patents may be insufficient to protect us from the development of substitute products by competitors, who may be able to do so by designing around our pharmaceutical products using the same APIs. In addition, patents covering preparation methods and formulation may not create sufficient technical barriers to prevent other pharmaceutical developers from developing substitute products; and

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- the patents that we hold are for a finite duration. Following the expiration of the relevant patents, our existing or future competitors may be able to develop and introduce substitute products to our pharmaceutical products which may be identical information. In the event that our competitors introduce direct substitutes for these products, it could have an adverse impact on the sales volumes and pricing levels for such products.

We also rely on trademarks, trade secrets and other intellectual property rights to protect our drug candidates, products and technologies. However, our efforts to defend our intellectual property rights may be unsuccessful and we may not have adequate remedies for any breach.

We may not be able to effectively protect our intellectual property rights as detecting and policing unauthorised use of proprietary technology are difficult and expensive, and we might need to resort to litigation to enforce or defend our intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Furthermore, such litigation may require significant expenditures and management efforts. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, prospects and reputation.

If we fail to adequately protect our intellectual property for any of the above or other reasons, competitors may be able to imitate or copy our pharmaceutical products, use our technologies and erode or negate any competitive advantages we may have, which could harm our business and ability to achieve profitability.

We may from time to time be involved in legal proceedings and disputes to protect or enforce our intellectual property rights, or defend against infringement and other claims alleged by third parties, which could be expensive, time consuming and unsuccessful.

Litigation relating to patents and other intellectual property rights in the pharmaceutical industries is common, including patent administrative proceedings, patent ownership and patent infringement lawsuits. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. Third parties could resort to litigation against us or other parties we have agreed to indemnify, which litigation could be based on either existing intellectual property or intellectual property that arises in the future. Some claimants may be able to sustain the costs of complex intellectual property proceedings to a greater degree and for longer periods of time than we could.

Our intellectual property rights could be challenged or invalidated. In addition, competitors or other third parties may challenge, infringe or misappropriate our patents and other intellectual property rights. To counter infringement or unauthorised use, we may be required to file infringement claims, which can be expensive and time consuming. In any infringement proceeding, a court or governmental authority may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question.

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Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may not be an adequate remedy. Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages. In addition, if the breadth or strength of protection provided by our patents and other intellectual property rights is threatened, it could dissuade companies from collaborating with us to licence, develop, or commercialise our current or future drug candidates. Any loss of intellectual property protection could have a material adverse impact on one or more of our drug candidates and our business.

On the other hand, we cannot guarantee that our drug candidates or the sale or use of our future products do not and will not in the future infringe, misappropriate or otherwise violate third-party patents or other intellectual property rights. Third parties could allege that we are infringing their patent rights or that we have misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research, or with respect to the use or manufacture of the compounds we have developed or are developing.

If a third-party were to assert claims of patent infringement against us, even if we believe such third-party claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialise the applicable product unless we obtained a licence under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialise the applicable product unless we obtained a licence or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing a third-party’s patent rights. These damages potentially include increased damages and attorneys’ fees if we are found to have infringed such rights wilfully.

In order to avoid or settle potential claims with respect to any patent or other intellectual property rights of third parties, we may choose or be required to seek a licence from a third-party and be required to pay licence fees or royalties or both, which could be substantial. These licences may not be available on acceptable terms, or at all. Even if we were able to obtain a licence, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercialising a drug candidate, or be forced, by court order or otherwise, to modify or cease some or all aspects of our business operations, if, as a result of actual or threatened patent or other intellectual property claims, we are unable to enter into licences on acceptable terms. Further, we could be found liable for significant monetary damages as a result of claims of intellectual property infringement.

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An adverse result in any litigation proceedings could put one or more of our intellectual property rights at risk of being invalidated or interpreted narrowly. Even if successful, litigation may result in substantial costs and distraction of our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If the public, securities analysts or investors perceive these results to be negative, or perceive that the presence or continuation of these cases creates a level of uncertainty regarding our ability to increase or sustain products sales, it could have a substantial adverse effect on the price of our H Shares. There is no assurance that our drug candidates will not be subject to the same risks.

Intellectual property and other laws and regulations are subject to amendments from time to time, which could diminish the value of our intellectual property in general, thereby impairing our ability to protect our current and any future drug candidates.

Obtaining and enforcing patents in the pharmaceutical industry involve a high degree of technological and legal complexity. Therefore, obtaining and enforcing pharmaceutical patents is costly, time consuming and inherently uncertain. Changes in either the patent laws or in the interpretations of patent laws in China and other countries may diminish the value of our intellectual property and may increase the uncertainties and cost surrounding the prosecution of patent applications and the enforcement or defence of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our future patents or in third-party patents. In addition, there are periodic proposals for changes to the patent laws in China, the United States and other countries that, if adopted, could impact our ability to enforce our proprietary technology.

In China, intellectual property laws are constantly evolving. For example, on 17 October 2020, the NPCSC promulgated the Amendment to the PRC Patent Law effective from 1 June 2021, which provides that, among others, the patentee of an invention patent relating to the new drug that has been granted the marketing authorisation in the PRC is entitled to request the patent administration department under the State Council to grant a patent term extension of up to five years, in order to compensate the time required for the regulatory evaluation and approval for the commercialisation of such a new drug; provided that, the total remaining patent term of such a new drug approved for commercialisation shall not exceed 14 years after such approval. As a result, the terms of our PRC patents may be eligible for extension and allow us to extend patent protection of our pharmaceutical products, and the terms of the patents owned by third parties may also be extended, which may in turn affect our ability to commercialise our drug candidates, if and when approved, without facing infringement risks. The length of any such patent term extension is uncertain. If we are required to delay commercialisation for an extended period of time, technological advances may develop and new competitor products may be launched, which may render our product non-competitive. We also cannot guarantee that amendments to PRC intellectual property laws from time to time would not have a negative impact on our intellectual property protection.

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Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce our current and future owned and licensed patents.

If we do not adequately protect our intellectual property, competitors may be able to copy our pharmaceutical products, use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability. Furthermore, we cannot assure you that any of our pending patent applications will mature into issued patents, or that such patents, if issued, will provide us with adequate proprietary protection or competitive advantages. The PRC adopts a first to file system for patent application, under which whoever files the same application first will be awarded the patent. As a result, a third-party may be granted a patent relating to a technology we invented.

There are a number of factors that could cause our existing patents or other intellectual property to become invalid or unenforceable, including known or unknown prior art, deficiencies in patent application, and lack of originality in technology. If some of our patented technologies, such as the liposome technology and the microsphere technology, are declared invalid or unenforceable, we may suffer material adverse impacts as many of our pharmaceutical products and drug candidates rely on such technologies.

In addition, our existing or pending patents relate principally to the delivery systems, compositions, preparation methods or production processes of the relevant products. Such patents may not include claims having a scope sufficient to protect our proprietary rights, as they do not cover the active pharmaceutical ingredients used in our pharmaceutical products. Competitors may be able to develop similar products or design around our pharmaceutical products using the same active pharmaceutical ingredients. Other parties may develop and obtain patent protection for more effective technologies, designs or methods.

Moreover, intellectual property rights protection in China may not be as effective as in developed countries. Detecting and policing unauthorised use of proprietary technology are difficult and expensive. We may need to resort to litigation to enforce or defend patents issued to us or determine the enforceability, scope and validity of our proprietary rights or those of others. An adverse determination in any such litigation could materially impair our intellectual property rights. If our intellectual property rights are inadequate as a result of the narrow scope of the patents granted or third parties’ infringement, or we fail to sufficiently protect our intellectual property, our business, financial condition and results of operations could be adversely affected.

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RISKS RELATING TO OUR DRUG CANDIDATES

If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialisation for our drug candidates, or if we experience significant delays or cost overruns in doing the foregoing, our business prospects could be adversely affected.

We have invested a significant portion of our efforts and capital resources in the development of our existing drug candidates, especially the innovative drugs, and we expect to incur substantial and increasing expenditures for the development and commercialisation of our drug candidates in the future.

The success of our drug candidates will depend on a number of factors, including:

- favourable safety and efficacy data from our pre-clinical studies and clinical trials;
- sufficient resources to discover or acquire additional drug candidates and successful identification of potential drug candidates based on our research or business development methodology or search criteria and process;
- successful enrolment of patients in, and completion of, clinical trials;
- sufficient supplies of drug products that are used in our clinical trials;
- modifications to the protocols, which may delay the clinical programme, regulatory approvals or commercialisation, and require us to supplement, modify, or withdraw and refile our applications for regulatory approvals;
- the performance by CROs or other third parties we engage to conduct clinical trials and pre-clinical studies and their compliance with our protocols and applicable laws without damaging or compromising the integrity of the resulting data;
- the capabilities and competence of our collaborators;
- the success of clinical trials conducted by, or jointly with, our collaborators;
- receipt of regulatory approvals for planned clinical trials or drug registrations, production and commercialisation;
- production capabilities, including through the CMOs we may engage;
- successful launch of commercial sales of our drug candidates, if and when approved;
- the obtaining and maintenance of favourable reimbursement from third-party payers for drugs, if and when approved;
- competition with other drug products;

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- the obtaining, maintenance and enforcement of patents, trademarks, trade secrets and other intellectual property protections and regulatory exclusivity for our drug candidates;
- successful defence against any claims brought by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party; and
- the continued acceptable safety profile of our drug candidates following regulatory approval.

Some of our drug candidates represent a novel approach to therapeutic needs compared with more commonly used modalities. Our innovative drug candidates, given their novelty and differentiated features, may carry inherent development risks that could result in delays and cost overruns in clinical development, regulatory approvals or commercialisation. Furthermore, a substantial amount of education and training may need to be provided to patients and medical personnel in connection with our drug candidates, which potentially increases our sales and marketing expenses. This may have a material and adverse effect on future profits generated from our drug candidates, which may materially and adversely affect our competitive position, business, financial condition and results of operations.

As of the Latest Practicable Date, all of our innovative drug candidates were in various phases of pre-clinical or clinical development. See “Business — Our Mitochondrial-targeting Drug Candidates”. If we fail to achieve drug development milestones as disclosed in this document, our business prospects could be adversely affected. Our costs will also increase if we experience delays in the development of drug candidates or in obtaining regulatory approvals, which could result in us having to delay or suspend the trial until sufficient funding is procured, or we would have to abandon developing of the drug candidate completely. Significant pre-clinical study clinical trial delays also could allow our competitors to bring products to market before we do and impair our ability to successfully commercialise our drug candidates. Any of the above negative developments could have a material and adverse effect on our business, financial condition and results of operations.

Pre-clinical and clinical development programmes involve a lengthy and expensive process with an uncertain outcome, and results of such programmes may not be predictive of future trial results.

Pre-clinical and clinical development programmes are expensive and can take many years to complete, and their outcomes are inherently uncertain. As of the Latest practicable Date, all of our innovative drug candidates were in pre-clinical or clinical development. See “Business — Our Mitochondrial-targeting Drug Candidates”. We may encounter unexpected difficulties while executing our drug development plans for such drug candidates and our current and future drug candidates are susceptible to the risks of failure inherent at any stage of drug development, including the occurrence of unexpected or unacceptable AEs or the failure to demonstrate efficacy in clinical trials.

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We cannot guarantee that we will be able to realise such potential for any of our drug candidates, especially because they are still in clinical or pre-clinical development. Failure can occur at any time during the drug development process, which would result in a material and adverse effect on our business, financial condition and results of operations. For instance:

- regulators, ethics committees, or other designated review bodies may not authorise us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we might have to suspend or terminate clinical trials of our drug candidates for various reasons, including negative results or a finding that participants are being exposed to unacceptable health and safety risks;
- we may not be able to reach agreements on acceptable terms with prospective and hospitals as trial centres, the terms of which can be subject to extensive negotiation;
- we may encounter various production issues, including inability to reach agreements on acceptable terms with CMOs, if any, problems with quality control, or ensuring sufficient quantities of our drug candidates for use in a clinical trial;
- subject enrolment may be insufficient or slower than we anticipate, or subjects may drop out at a higher rate than anticipated;
- patent disputes or the failure to secure patents or other intellectual property protection for our drug candidates may affect the drug development process; and
- our drug candidates may cause AEs and undesirable side effects, among other unexpected characteristics, which could result in a suspension or termination of an ongoing trial.

The results of pre-clinical studies and early clinical trials of our drug candidates may not be predictive of the results of later-stage clinical trials. Drug candidates during later stages of clinical trials may fail to show the desired results in safety and efficacy despite having progressed through pre-clinical studies and initial clinical trials, and despite the level of scientific rigour in the design of such studies and trials and the adequacy of their execution. In some instances, there can be significant variability in safety and/or efficacy results among different trials of the same drug candidate due to numerous factors, including differences in the size and demographics of the enrolled patients, conditions of the individual subjects and their adherence to the treatment regimen and other compounding factors, such as other medications or pre-existing medical conditions. Differences in the number of clinical trial sites and regions involved may also lead to variability between clinical trials.

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Many companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials due to a lack of efficacy or adverse safety profiles, notwithstanding promising results at an earlier stage. We cannot guarantee that the results from our future R&D efforts will be favourable based on currently available clinical and pre-clinical data, which could result in delays in completion of clinical trials, regulatory approvals and commencement of commercialisation of our drug candidates.

Adverse events or undesirable side effects caused by our drug candidates could interrupt 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.

AEs and undesirable side effects caused by our drug candidates could cause us or regulatory authorities to interrupt or halt clinical trials and may result in narrowed scope of indications, a more restrictive label, a delay or denial of regulatory approval by the NMPA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. In particular, as is the case with other drugs treating cancers, it is likely that there may be side effects associated with the use of some of our drug candidates. Results of trials conducted by us or by our collaboration partners with respect to our drug candidates could reveal a high and unacceptable severity or prevalence of certain AEs. In such an event, such trials could be suspended or terminated and the NMPA or other comparable regulatory authorities could order us or our collaboration partners, as applicable, to cease further development of, or deny approval of, our drug candidates for any or all targeted indications. AEs related to our drug candidates may also affect subject recruitment or the ability of enrolled subjects to complete the trial, and could result in potential liability claims. Any of these occurrences may significantly harm our reputation, business, financial condition and prospects.

Additionally, if we, our collaboration partners, or others identify undesirable side effects caused by our drug candidates after they receive regulatory approval, this may lead to potentially significant negative consequences which include, but are not limited to, the following:

- regulatory authorities may withdraw their approvals of or revoke the licences for the drug candidate;
- we, or our collaboration partners, may have to suspend marketing of the drug candidate;
- regulatory authorities may require additional warnings on the label;
- the NMPA or a comparable regulatory authority may require the establishment of a Risk Evaluation and Mitigation Strategy, or similar strategy that may, for instance, restrict distribution of our drugs and impose burdensome implementation requirements on us;
- we, or our collaboration partners, may be required to conduct specific post-marketing studies;

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- we could become subject to litigation proceedings and held liable for harm caused to subjects or patients; and
- our reputation may suffer.

Further, combination therapy using our drug candidates together with third-party agents may involve unique AEs that could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partners, as applicable, from achieving or maintaining market acceptance of any particular drug candidate that is approved and could significantly harm our business, financial condition, results of operations and prospects.

We may be unable to successfully develop or market our drug candidates or may experience significant regulatory delays, if safety, efficacy or other issues arise from any of our drug candidates or from any pharmaceutical product or medical treatment used, or intended to be used, in combination with our drug candidates.

We plan to develop some of our drug candidates for use primarily in connection with mitochondrial-targeted therapeutics. For details, see “Business — Our Mitochondrial-targeting Drug Candidates”. We may also seek to develop our drug candidates in combination with other drugs in the future. If the NMPA or another comparable regulatory authority revokes its approval of such treatments or drugs we intend to use in combination with our drug candidates, we may not be able to develop market our drug candidates as a combination therapy as planned. If safety or efficacy issues arise with such treatments or drugs that we seek to combine with our drug candidates in the future, we may experience significant regulatory delays, and we may be required to redesign or terminate the applicable clinical trials. In addition, if production or other issues result in a supply shortage of any drugs we use in combination with, we may not be able to complete clinical development of our drug candidates as a combination therapy on our current timeline or within our current budget, or at all.

In addition, we generally have no influence over the availability and pricing of such drugs. If other pharmaceutical companies discontinue these combination drugs, or if these drugs become prohibitively expensive, regimens that use these combination drugs may no longer be prescribed, and we may not be able to introduce or find an alternative drug to be used in combination with our drugs in a timely manner and on commercially reasonable terms, or at all. As a result, clinical development of our drug candidates may be affected or future demands for our drugs may be lowered, which would in turn materially and adversely affect our business, financial condition, results of operations and prospects.

The market opportunities for our drug candidates may be smaller than we anticipate, which could render some drug candidates less profitable or ultimately unprofitable than expected even if commercialised.

Our spending on current and future R&D programmes and drug candidates may not yield any commercially viable products, since the market opportunities for our drug candidates may be smaller than we anticipate. The total addressable market opportunity will depend on, among other things, acceptance of the product by the medical community

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and patient access, product pricing and reimbursement. Moreover, 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 pharmaceutical products, or new patients may become increasingly difficult to identify or access. Further, new studies may change the estimated incidence or treatment regimen of the diseases that our drug candidates target. Any of the above unfavourable developments could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to discover or identify new drug candidates, or to expand the therapeutic opportunities for our drug candidates.

Besides the continued clinical trials, potential approvals and commercialisation of our existing drug candidates, the success of our business depends in part upon our ability to discover or identify additional drug candidates. There can be no assurance that we will be successful in identifying new drug candidates in the future. For example, we cannot guarantee that we will successfully identify potential drug candidates as expected. Some drug candidates may be technically challenging to develop and produce. Drug candidates that we identify may later show side effects or other characteristics that make them unmarketable or unlikely to receive regulatory approvals. We may pursue collaboration with third parties in the discovery and development of potential drug candidates. However, there can be no assurance that such licence and collaboration will deliver the expected results.

Research programmes to identify new drug candidates and to develop our drug candidates for additional indications require substantial technical, financial, and human resources. We may invest efforts and resources in potential drug candidates or indication expansions that ultimately prove to be unsuccessful. Any of the foregoing events will have a material and adverse effect on our business, results of operations and prospects.

We may allocate our limited resources to pursue a particular drug candidate or indication and fail to capitalise on drug 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 financial and managerial resources, we focus on research programmes and drug candidates for specific indications. As a result, we may forgo or delay pursuit of opportunities with other drug candidates or for other indications that later may prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalise on viable commercial products or profitable market opportunities. Furthermore, if we do not accurately evaluate the commercial potential or targeted market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through licensing, collaboration or royalty arrangements in cases where it would have been more advantageous for us to retain sole development and commercialisation rights to such drug candidate, or we may allocate internal resources to a drug candidate in a therapeutic area in which it would have been more advantageous to enter into a partnering arrangement, which could materially adversely affect our future growth and prospects.

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If we encounter delays or difficulties enrolling subjects in our clinical trials, our clinical development progress could be delayed or otherwise adversely affected.

We may not be able to initiate or continue clinical trials for our drug candidates if we are unable to locate and enrol a sufficient number of eligible subjects to participate in these trials, or if there are delays in the enrolment of eligible subjects as a result of the competitive clinical enrolment environment. The inability to enrol a sufficient number of subjects who meet the applicable criteria set out in the protocol could result in significant delays in our clinical trials. In addition, some of our competitors may have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and subjects who would otherwise be eligible for our clinical trials may instead enrol in the clinical trials of our competitors’ drug candidates, which may further delay our clinical trial enrolments. Patient enrolment may also be delayed as a result of epidemics such as the COVID-19 pandemic, or similar events.

Subject enrolment for our clinical trials may be affected by a variety of factors, including but not limited to the following:

- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- severity of the disease under investigation;
- our resources to facilitate timely subject enrolment in clinical trials;
- patient referral practices of physicians;
- availability of competing therapies also undergoing clinical trials;
- our ability to obtain and maintain subject consents;
- our investigators’ or clinical trial sites’ efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- occurrence of natural disasters, health epidemics (including, for example, the COVID-19 pandemic), acts of war or other public events.

Even if we are able to enrol a sufficient number of subjects in our clinical trials, delays in subject enrolment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could delay or prevent the completion of these trials and adversely affect our ability to advance the development of our drug candidates.

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The data and information we gather or otherwise rely on in our R&D process could be inaccurate or incomplete, which could harm our trial results, reputation and prospect.

We collect, aggregate, process, and analyse data and information from pre-clinical studies, clinical trials and other R&D programmes. Because data in the healthcare industry is fragmented in origin, inconsistent in format, and incomplete, the overall quality of data collected or accessed is often subject to challenge, the degree or amount of data which is knowingly or unknowingly absent or omitted can be material, and data issues and errors are frequently discovered. If mistakes are made in the capture, input, or analysis of these data, our ability to advance the development of our drug 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 commercialisation of our pharmaceutical products under development, for which we manage and submit data to governmental entities. These processes and submissions are governed by complex data processing and validation policies and regulations. We may be exposed to liability if it is concluded that our storage, handling, submission, delivery, or display of health information or other data was wrongful or erroneous.

In addition, we rely on third parties, including CROs, to collect, monitor and manage data for some of the ongoing pre-clinical and clinical programmes for our drug candidates and have limited control over their activities. For instance, data from clinical trials conducted or to be conducted by the designated CROs in China and U.S. may affect our clinical development of our drug candidates. If there are any inaccuracies, mistakes or incompleteness in the pre-clinical and clinical data of any of our collaborators, our clinical development activities may be negatively impacted as a result.

The regulatory approval processes for the NMPA and other comparable regulatory authorities are lengthy, time-consuming, and may evolve over time. If we are unable to obtain any regulatory approvals in the target markets for our drug candidates without undue delay, our business may suffer material and substantial damage.

Approval from the NMPA generally takes many years to obtain, following the commencement of pre-clinical studies and clinical trials. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate’s clinical development and may vary among jurisdictions. Additional time, effort and expense may be required to bring our drug candidates, upon regulatory approval, to the international markets in compliance with different regulatory processes.

Our drug candidates could fail to receive the regulatory approval of the NMPA or a comparable regulatory authority for many reasons, including, without limitation:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective and potent for its proposed indication;

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- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant GCP inspections;
- failure to demonstrate that a drug candidate’s clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from pre-clinical studies clinical trials;
- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of an NDA, a BLA or other submissions or to obtain regulatory approval;
- failure of our drug candidates to pass cGMP, inspections during the regulatory review process or across the production cycle of our drug;
- failure of our clinical sites to pass audits carried out by the NMPA or comparable regulatory authorities, resulting in a potential invalidation of our research data;
- findings by the NMPA or comparable regulatory authorities of deficiencies related to the production of our pharmaceutical products;
- changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval; and
- failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

The NMPA or a comparable regulatory authority may require more information, including additional pre-clinical or clinical data, to support approval, which may delay or prevent approval and our commercialisation plans. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialisation of that drug candidate. Any of the foregoing scenarios could materially harm the commercial prospects of our drug candidates.

If we are unable to obtain or maintain approval from the NMPA and other comparable regulatory authorities for our drug candidates to be eligible for expedited registration pathway as innovative or breakthrough therapy, the time and cost we incur to obtain regulatory approvals may increase.

The NMPA and the comparable regulatory authorities in other jurisdictions may have implemented expedited review programmes for drug candidates, among others, which are innovative drug applications, or which treat a serious or life-threatening condition and provide meaningful therapeutic benefit over available therapies. The NMPA’s

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breakthrough therapy designation, for example, is intended to facilitate and expedite the development and review of an investigational drug to treat serious disease or condition when preliminary clinical evidence indicates that the drug has demonstrated substantial improvement over current therapies.

Nonetheless, there can be no assurance, however, that the regulatory authorities will consider granting Fast Track Designation, Breakthrough Therapy Designation or other expedited review programmes for our other or future drug candidates, or that we will decide to pursue submit any applications for accelerated approvals or any other form of expedited development, review or approvals. Similarly, there can be no assurance that, after receiving feedback from the regulatory authorities, we will continue to pursue or apply for accelerated approvals or any other form of expedited development, review approval, even if we initially decide to do so. Furthermore, there can be no assurance that such a submission or application will be accepted for filing, or that any expedited development, review or approvals will be granted on a timely basis, or at all. Any failure to obtain accelerated approvals or any other form of expedited development, review or approvals for our drug candidates could result in a longer period of time prior to the commercialisation of such drug candidate, an increase in the development expenses for such drug candidate and an adverse impact on our competitive position in the market.

Even if we receive regulatory approval for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result insignificant additional expenses. We may be subject to penalties and other negative consequences if we fail to comply with the applicable regulatory requirements.

If the NMPA or other comparable regulatory authorities approve any of our drug candidates, the production processes, labelling, packaging, distribution, adverse event reporting, storage, advertising, promotion and record-keeping for the drug will be subject to extensive and ongoing regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any chemistry, production, and controls, variations, continued compliance with current GMPs, and GCPs and potential post-approval studies for the purposes of licence renewal.

Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed to other conditions of approval, including requirements for potentially costly post-marketing studies, such as studies for the surveillance and monitoring of the safety and efficacy of the drug.

In addition, once a drug is approved by the NMPA or other comparable regulatory authorities for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the drug, including problems with third-party

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manufacturers or production processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our drug products, it may result in, among other things:

- restrictions on the marketing or production of drugs, withdrawal of the drug from the market, or voluntary or mandatory recalls;
- fines, warning letters or holds on our clinical trials;
- refusal by the NMPA or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of drug licence approvals;
- refusal by the NMPA or comparable regulatory authorities to accept any of our other IND approvals and NDAs/BLAs;
- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative or criminal penalties.

Moreover, regulations or policies may change or additional government regulations may be finalised that could have impact on, limit or delay regulatory approval of our drug candidates.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability, which in turn could significantly harm our business, financial condition and pipeline of pharmaceutical products.

OTHER RISKS RELATING TO OUR BUSINESS OPERATION

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

We depend on our reputation and the brand names of our pharmaceutical products in many aspects of our business, including:

- to gain access to, and for our pharmaceutical products to be perceived favourably by, hospitals, doctors and consumers that drive demand for pharmaceutical products in the PRC;
- to effectively work with the authorities that regulate various aspects of our business;
- to gain the trust of consumers of our pharmaceutical products;

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- to competitively position our service offering in the centralised tender processes required for them to be sold to public hospitals and medical institutions in the PRC;
- to attract employees, distributors, third-party promoters, KOLs and co-development partners to work with us; and
- to increase market share of our pharmaceutical products through brand recognition.

However, there can be no assurances that we will be able to maintain a positive reputation or brand names. Our reputation and brand names may be adversely affected by a number of factors, many of which are outside our control, including:

- adverse associations with our pharmaceutical products, including with respect to their efficacy or side effects;
- the effects of counterfeit products purporting to be our pharmaceutical products;
- lawsuits and regulatory investigations against us or otherwise relating to our pharmaceutical products or industry;
- improper or illegal conduct by our employees, distributors and third-party promoters, whether or not authorised by us; and
- adverse publicity that is associated with us, our pharmaceutical products or our industry, whether founded or unfounded.

If we or our brand names fail to maintain a positive reputation as a result of these or other factors, our pharmaceutical products may become perceived unfavourably by hospitals, doctors, regulators and patients, and exist and potential employees, distributors, third-party promoters, KOLs and co-development partners, and our business and business prospects could be adversely affected.

New product development is time-consuming and costly, and the outcome is uncertain; if we fail to develop and commercialise new pharmaceutical products, our business prospects could be adversely affected.

Our long term competitiveness depends on our ability to develop and commercialise new pharmaceutical products for both the PRC through our R&D activities. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our R&D expenses accounted for approximately 9.4%, 8.5% and 8.8% of our total revenue for the respective period. Although we devote substantial expenditure to R&D, we have not launched or commercialised any new pharmaceutical products over the Track Record Period. However, the pharmaceutical product development process is time-consuming and costly, and there can be no assurance that our R&D activities will enable us to successfully develop new pharmaceutical products. We may fail to obtain the necessary approvals, including the CFDA approval, for developing new products on time or at all. For details of

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regulatory requirements for new pharmaceutical products under PRC laws, see “Regulatory Overview — New Drug Application, Approval and Renewal”. In addition, R&D process, especially clinical trials, for pharmaceutical product are lengthy and expensive, and the outcome can be highly unpredictable. The drug candidates we seek to develop may fail to meet the safety, efficacy or other standards during the R&D process.

Moreover, there can be no assurance that the pharmaceutical products we develop will be successfully commercialised. Relatively few drug development programmes end up producing a commercial product. Since the product development process is lengthy, the competitive landscape for the pharmaceutical products we develop may differ significantly from what we had anticipated, particularly because the approval process for new pharmaceutical products is increasingly lengthy, and our pharmaceutical products may not hold the competitive advantages in pricing or efficacy that we had anticipated during their development. We could also fail to develop and implement an effective marketing strategy with respect to those products we are able to successfully develop. Consequently, our new pharmaceutical products may not yield an appropriate return on our related R&D expenses. In the event we fail to successfully develop and commercialise new pharmaceutical products, our business prospects could be adversely affected.

If subcontracting manufacturers do not produce pharmaceutical products meeting our specifications in sufficient volumes at commercially acceptable prices, our sales volumes and margins for the relevant products could be adversely affected.

We currently subcontract a portion of the production of four of our drugs, i.e., Sodium Nitroprusside for Injection, Ferrous Gluconate Tablets, Famotidine for Injection, Doxofylline Injection and may probably in the future subcontract a greater portion of our production of pharmaceutical products to meet increased demand for our existing products or our newly introduced products, particularly if we are unable to successfully increase our production capacity. We have less control over our subcontractor’s production process than our own, and the risks of such products not being produced in the necessary volumes or at the appropriate quality levels are higher than if we produce in-house. Subcontracting manufacturers may fail to maintain the necessary licences, permits and certificates to carry out production of our pharmaceutical products, breach their obligations to produce our pharmaceutical products on a timely basis, otherwise cease to conduct subcontracting business or fail to abide by our quality control requirements. In addition, we currently appoint our subcontracting manufacturers on an annual basis and expect to continue to do so with any subcontracting manufacturers we appoint in the future in order to comply with applicable PRC regulations. Consequently, we are exposed to the risks of increased pricing for our subcontracted production and that we may be unable to appoint or re-appoint subcontracting manufacturers at commercial acceptable prices each year. If the subcontracting manufacturers we appoint do not produce pharmaceutical products meeting our specifications in sufficient volumes at commercially acceptable prices, or we are unable to appoint subcontracting manufacturers to do so, we may have insufficient quantities of our pharmaceutical products to meet demand and our sales volumes and margins for the relevant products could be adversely affected.

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If our employees, distributors or third-party promoters engage in mis-selling of our pharmaceutical products, it could adversely affect our business and reputation.

Despite our guidelines and supervision efforts, our employees, distributors and third-party promoters may fail to provide accurate and complete information about our pharmaceutical products, as a result of which hospitals, medical institutions, doctors and patients may misunderstand or misuse our pharmaceutical products. Such misunderstanding or misuse could result in our drugs being less effective, or cause severe adverse effects that could otherwise be avoided. Consequently, sales and reputation of our pharmaceutical products could be adversely affected, and we could be exposed to product liability lawsuits or regulatory investigations, resulting in penalties, fines or disruption to our operations.

Our business depends on our key senior management members; if we lose and are unable to replace their services, our business prospects could be adversely affected.

Our business and growth depend on the continued service of our senior management team. In particular, the industry experience, management expertise and contributions of our executive Directors and other members of our senior management are crucial to our success. If we lose the services of any member of our senior management, we may be unable to recruit a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. Furthermore, as we expect to continue expanding our operations and product portfolio, we will need to continue attracting and retaining experienced management personnel with extensive managerial, technical, R&D or sales and marketing experience. Competition for experienced management personnel in the pharmaceutical industry is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, and consequently increase our operating costs. We may be unable to retain the senior management members required to achieve our business objectives, and failure to do so could adversely affect our business prospects.

Failure to retain the services of our senior management, key scientific personnel and key sales personnel could adversely affect our business and prospects.

We are highly dependent on the expertise of the members of our R&D team, as well as the principal members of our senior management. We have entered into employment agreements with our executive officers, but each of them may terminate their employment with us.

Recruiting, retaining and motivating qualified management, scientific, clinical and sales and marketing personnel will also be critical to our success. The loss of the services of our executive officers or other key employees could impede the achievement of our research, development and commercialisation objectives and seriously harm our ability to successfully implement our business strategy. Further, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialise drugs.

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Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

Our performance depends on our relationship with employees. Any material deterioration in labour relations, shortage of labour or material increase in labour costs may have a material adverse effect on our business, financial condition and results of operations.

Since our operations require the use of technical skills and know-how of our employees, our success depends in part on our ability to attract, retain and motivate sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labour in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labour is intensive in the industry. Our failure to hire and retain enough skilled employees and deterioration in labour relations could delay the anticipated pre-clinical studies or clinical trials timeframe or receipt of regulatory approvals to commercialise our drug candidates result in our expenses exceeding our initial budget. Any of the foregoing changes could have a material adverse effect on our business, profitability and prospects.

Further, most of our workforce is employed in the PRC where the average labour cost has been steadily increasing over the past years as a result of inflation, and other changes in labour laws and local economics. In particular, further changes in the labour laws, rules and regulations may be promulgated in the future and our operations may be materially and adversely affected if such laws, rules or regulations impose additional burden on the employers. The labour cost will continue to increase in the future which aligns with the economic growth in China. Competition for employees would require us to pay higher wages, which would result in higher labour costs.

We may be subject to complaints, claims, disputes and legal proceedings in the ordinary course of our business.

From time to time, we may be involved in inspections, complaints, claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, privacy protection, environmental and safety matters, breach of contract, employment or labour disputes and intellectual property rights. Any inspections, complaints, claims, disputes or legal proceedings initiated by us or brought against us, our management or Directors, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, inspections, complaints, claims, disputes or legal proceedings against us, our management or Directors may be due to actions taken by our counterparties, such as our suppliers, CROs and other service providers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings

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There may be risks associated with our use of the limit-exceeding premise and Relevant Properties. Any dispute, order or requirement may materially and adversely affect our business operation.

During the Track Record Period and up to the Latest Practicable Date, we had been using certain land that had yet obtained property ownership certificate, and a small portion of such property extends beyond the boundaries demarcated in the land use certificate, which may involve potential risks. Any disputes, orders, or requirements relating thereto could affect our business operations. Although we have obtained confirmations from the relevant competent authorities stating that we can continue to use the relevant parcel of land and the properties, and no disputes or complaints have arisen in this regard up to the Latest Practicable Date, we are unable to eliminate the possibility in its entirety that any future regulatory changes or challenges may result in potential legal or administrative issues concerning our use of such land and properties. In an unlikely event that we are ordered to suspend use of such land and properties, our business operation may be negatively impacted. See “Business — Land and Properties — Use of Limit-exceeding Premise and Relevant Properties”.

We may not have sufficient insurance to cover our business risks.

We maintain insurance policies that are required under the PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. See “Business — Insurance”. In line with industry practice in the PRC, we have elected not to maintain certain types of insurance. Our insurance coverage may be insufficient to cover any claims that we may have. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer financial losses, lose all or a portion of our production capacity, as well as future revenue anticipated to be derived from the production activities conducted at that property. If we experience uninsured losses or losses in excess of our insurance coverage, it could adversely affect our financial condition and results of operations.

Consequently, we may not be able to successfully develop or market new pharmaceutical products as planned, or be required to, or elect to, independently develop or market such new products, which will subject us to additional costs and risks, and our business prospects will be adversely affected.

Increased staff costs could negatively affect our ability to operate efficiently and adversely affect our revenues and profitability.

The cost of labour in the PRC has been steadily increasing over the past years as a result of government-mandated wage increases and other changes in PRC labour laws, as well as competition for quality employees among pharmaceutical companies. We may also have additional employees as a result of acquisitions or organic growth of our business. Although improving efficiency and profitability is and will continue to be an important aspect of our overall business strategy and specifically, we intend to increase the level of production automation and improve productivity of our current and future staff, we may fail to successfully implement such strategy and our ability of offset staff costs increase would be impaired, which could negatively affect our ability to operate efficiently and adversely affect our revenues and profitability.

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The implementation of our strategy and other aspects of our business will require significant funding. If we do not have access to sufficient funding, it could adversely affect our business prospects.

The implementation of many aspects of our strategy will require significant funding, including:

- the costs for drug development programmes for the expansion of our portfolio in key therapeutic areas;
- the funding required to consummate acquisitions and integrate acquired businesses
- the expenses associated with expanding our sales and distribution network;
- the costs and expenditures required to grow our business; and
- the capital expenditure required to increase our production capacity and to make upgrades and enhancements.

In addition, many aspects of our general business operations have on-going funding requirements that may increase over time.

We expect that the implementation of our strategy and business plans will require us to continue to rely in part on external financing sources. However, our ability to continue to obtain external financing on commercially reasonable terms will depend on a number of factors, many of which are outside of our control, including our financial condition, results of operations and cash flows, China’s economic condition, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we cannot obtain sufficient external funding on commercially acceptable terms to implement our strategies and business plans as currently contemplated, we could be required to revise our strategies and business plans, which could adversely affect our business prospects.

Any 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.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. While we will continue to promote our brands to remain competitive, we may not be successful in doing so. In addition, we may engage various business partners, such as retailers, to expand our commercialisation network and increase market access for our drugs, which can make it increasingly difficult to effectively manage our brand reputation, as we have relatively limited control over these third parties.

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Any negative publicity, regulatory inquiries or investigations or other actions against our Shareholders, Directors, officers or employees, any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoing by any key member of our management team or other employees, our business partners or our affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or final outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

We are subject to environmental regulations. If we fail to comply with such regulations or such regulations change, it may impair our ability to conduct our business and we may be exposed to liability and potential costs for environmental compliance.

We are subject to PRC laws, rules and regulations concerning environmental protection, including the discharge of effluent water and solid waste as well as the disposal of hazardous substance during our production processes, and may become subject to similar laws, rules and regulations in other jurisdictions in the future. In addition, we are required to obtain clearances and authorisations from government authorities for the treatment and disposal of such discharge. The costs we incurred for environmental protection may materially increase our total costs and decrease our profit. There can be no assurances that we will be able to comply fully at all times with applicable environmental laws, rules and regulations. Any violation of these laws, rules or regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our production facilities and obligations to take corrective measures.

Furthermore, the PRC Government may take steps towards the adoption of more stringent environmental regulations. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any change in the environmental regulations, we may need to incur substantial capital expenditures to instal, replace, upgrade or supplement our pollution control equipment, take additional protective and other measures against potential contamination or injury caused by hazardous materials, or make operational changes to limit any adverse impact or potential adverse impact on the environment. If these costs become prohibitively expensive, we may be forced to curtail or cease some of our pharmaceutical production business. In addition, if we become subject to any significant environmental-related liabilities, it could adversely affect our financial condition and results of operations.

We face regulation and potential liability related to privacy, data protection and information security which may require significant resources and may adversely affect our business, operations and financial performance.

We and the CROs we engage may routinely receive, collect, generate, store, process, transmit and maintain anonymised and de-identified clinical trial data of subjects enrolled in our clinical trials. As such, we are subject to the relevant local, state, national and international data protection and privacy laws, directives, regulations and standards that apply to the collection, use, retention, protection, disclosure, transfer and other processing

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of personal information in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance including, for example, substantial operational costs associated with changes to our data processing practices. Failure to comply with any of these laws could result in enforcement action against us, including and without limitation to fines, imprisonment of company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill, any of which could have material and adverse effect on our business, financial condition, and results of operations or prospects.

The personal information of patients or subjects which might be involved in our clinical trials could be highly sensitive and we are subject to strict requirements under the applicable privacy protection regulations in the relevant jurisdictions. While we have adopted security policies and measures to protect our proprietary data and patients’ privacy, such as de-identification procedures, and electronic systems to separate information from the relevant clinical data, such policies and measures might not satisfy all the requirements in every respect under the applicable laws and regulations. Data leakage and abuse and other misconduct related to data and personal information protection might not be completely avoided, due to hacking activities, human error, employee misconduct or negligence or system breakdown, among other reasons. We may also cooperate with hospitals, CROs and other business partners, licensees, contractors and consultants for our clinical trials and operations. Any leakage or abuse of patient data by our third-party partners may be perceived by the patients as a result of our failure. Any failure or perceived failure by us to prevent information security breaches or to comply with data/privacy policies or data/privacy-related legal obligations, or any compromise of information security that results in the unauthorised release or transfer of personal information or other patient data, could cause our customers to lose trust in us and could expose us to legal claims.

We may be restricted from transferring our scientific data abroad.

We have conducted clinical trials for many of our candidates drugs of mitochondrial-targeted therapeutics and expect to continue to conduct clinical trials for our current pipelines, encompassing both mitochondrial-targeted therapeutics, mitochondrial transplantation and other therapeutics. The clinical trials, registration and post-market surveillance of our drugs and drug candidates in different jurisdictions, which involve the collection and storage of clinical trial information for scientific purposes, and it may require cross-border transfer of scientific data in the future, which subjects us to relevant laws and regulations. Our transfer of data may be limited or even restricted if the information is considered of national security interest in certain jurisdictions or if we fail to continue to comply with the requirement on data protection, in which case, our business may be adversely affected as a result.

On 17 March 2018, the General Office of the State Council (中華人民共和國國務院辦公廳) promulgated the Measures for the Management of Scientific Data (《科學數據管理辦法》) (“**Scientific Data Measures**”), which provides that enterprises in China must seek

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governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the PRC Government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. If and to the extent any data collected or generated in connection with our R&D of drug candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad or to our foreign partners in China.

In addition, the Regulations of PRC on the Administration of Human Genetic Resources (《中華人民共和國人類遺傳資源管理條例》) (“**HGR Regulation**”), which was promulgated on 28 May 2019 and further amended on 10 March 2024, The Implementing Rules of the Administrative Regulations on Human Genetic Resources (《人類遺傳資源管理(條例實施細則)》), was issued on 26 May 2023 and became effective on 1 July 2023. The regulation and its implementing rules stipulate that foreign organisations, foreign individuals and the institutions established or actually controlled thereby shall not collector preserve China’s human genetic resources within the PRC, and shall not provide China’s human genetic resources abroad. Where a foreign organisation or an institution established or actually controlled by a foreign organisation or foreign individual needs to use China’s human genetic resources to conduct scientific research activities, it shall comply with the applicable laws, administrative regulations and relevant provisions in the PRC, and cooperate with China’s scientific research institutions, universities, medical institutions and enterprises provided therein. In this regard, utilisation of China’s human genetic resources for international cooperation in scientific research, as well as transporting China’s human genetic resources materials abroad shall be subject to the approval of the administrative department for health under the State Council. However, no approval is required in international clinical trial cooperation using China’s human genetic resources at clinical institutions without export of human genetic resource materials for obtaining the licensing for the listing of relevant drugs and medical devices in the PRC market, provided that the type, quantity and usage of the human genetic resources to be used shall be filed with the administrative department for health under the State Council before conducting the clinical trials. If we are unable to obtain necessary approvals, complete the filings or comply with the regulatory requirements in a timely manner, or at all, our R&D of drug candidates may be affected. Further, the Biosecurity Law (《生物安全法》), which was promulgated on 17 October 2020, became effective on 15 April 2021, and amended on 26 April 2024, reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative sanctions where China’s human genetic resources are collected, preserved, exported or used in international cooperation in violation of applicable laws. If the relevant government authorities consider the transmission of our scientific data or usage of human genetic resources to be in violation of the requirements under applicable PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by those government authorities.

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Any failure of information technology systems, natural disasters, health epidemics another outbreaks could significantly disrupt our operations.

Our information technology systems and those of our CROs, consultants and other service providers are vulnerable to damage from computer viruses, unauthorised access, cyber-attacks and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our R&D programmes. For example, our data may not be backed up in a timely manner and the loss of clinical trial data from ongoing or future clinical trials for any of our drug candidates could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our drug candidates could be delayed.

Our operations may also be under the threat of floods, earthquakes, sandstorms, snowstorms, fire or drought, power, water or fuel shortages, failures, malfunction and unexpected maintenance or technical problems, or may be susceptible to potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

Our business could be adversely affected by the effects of epidemics, including avian influenza, severe acute respiratory syndrome (SARS), influenza A (H1N1), Ebola or another epidemic. Any such occurrences could cause severe disruption to our daily operations.

We may not be successful in executing our business plans and strategies effectively or at all, and our business, financial condition and results of operations may be materially and adversely affected.

Our future financial performance, ability to solidify our sales of drugs and ability to commercialise our drug candidates will also depend, in part, on our ability to effectively manage our growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to implement our long-term development 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 on our growth strategies will require, among other things, our ability to continue to identify and develop promising drug candidates in the competitive global and the PRC pharmaceutical market, effective coordination and integration of new facilities and new teams that we may develop, successful hiring and training of personnel, as well as effective and efficient financial and management control and quality control.

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We may need additional capital to fund our operations that we may be unable to obtain a timely manner on acceptable terms.

The implementation of many aspects of our strategies will require significant funding, including:

- the expenses associated with expanding our sales and distribution network;
- the costs of R&D projects for the expansion and diversification of our overall product portfolio; and
- the capital expenditure required to increase our production capacity and to upgrade and enhance our production facilities.

In addition, many aspects of our general business operations have ongoing funding requirements that may increase over time. We believe our current cash and cash equivalents and the estimated [REDACTED] from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this document. We may, however, require additional cash resources to meet our continued operating cash requirements in the future, especially to fund our R&D activities. However, our ability to obtain external financing in a timely manner on acceptable terms, if at all, will depend on a number of factors, many of which are outside our control, including our financial condition, results of operations and cashflows, the economic conditions in the PRC, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we were not able to obtain additional capital to meet our cash requirements in the future, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Failure to manage our future growth or profitability effectively may materially and adversely affect our business operations and prospects.

We experienced growth in revenue during the Track Record Period. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue was RMB302.6 million, RMB240.3 million and RMB238.1 million, respectively. However, this only reflects our historical performance and may not be indicative of our future performance. The sustainability of our growth depends on number of factors, including fortification of our sales network, development and commercialisation of our drug candidates, level of demand, competition, regulatory evolvement and changes in economic condition. If we are not able to effectively manage business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget, or at all. Accordingly, we may not be able to sustain the growth we achieved in the past. Any failure to manage our future growth or profitability in an effective manner may materially and adversely affect our business operations and prospects.

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Preferential tax treatment and government grants we have enjoyed may change or discontinue, which may have an adverse effect on our financial condition and results of operations.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, we recorded government grants of RMB22.4 million, RMB22.4 million and RMB8.3 million, respectively. See “Financial Information — Description of Selected Components of Consolidated Statements of Comprehensive Income — Other Income”.

The government grants we enjoyed were based on relevant government regulations and our actual operating conditions. If relevant policies change in the future, there is no assurance that we would continue to enjoy these government grants at the historical levels, or at all. In some cases, we may be required to satisfy certain conditions or contractual obligations before receiving government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it is possible that governmental authorities may discontinue such grants or require partial or full repayment of the government grants we previously received. Any change, suspension or discontinuation of these government grants to us could adversely affect our financial condition, results of operations and cash flows.

If we fail to achieve the product development milestones as disclosed in this document, it could adversely affect the price of our Shares and our business prospects.

We disclose in this document our expectations or targets for the timing of certain milestones associated with our product development programmes, including the commencement and completion of clinical trials, and anticipated regulatory approval for the production and sales of a pharmaceutical product. After the [REDACTED], as a publicly [REDACTED] company we may continue to make such disclosures of our estimates. However, the successful implementation of our product development programmes is subject to significant business, economic and competitive uncertainties and contingencies, including, among others, product development risk, the availability of funds, competition, government policies and the continued growth of the pharmaceutical market. The actual timing of our achievement of product development milestones could vary significantly from our expectations due to a number of factors, many of which are outside our control, including delays or failures in our pre-clinical studies or clinical trials, failure to maintain, renew or establish new relationships with our research collaborators or co-development partners, the increasingly lengthy approval process for new pharmaceutical products in the PRC and the uncertainties inherent in that regulatory approval process and delays in achieving production or marketing arrangements sufficient to commercialise our pharmaceutical products. There can be no assurances that our pre-clinical studies or clinical trials will be completed as planned or at all, 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 pharmaceutical products. If we fail to achieve one or more of these milestones as planned, it could adversely affect the price of our Shares and our business prospects.

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RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in economic, political and social conditions could have a material adverse effect on our business and operations.

All of our revenue is derived from our businesses in the PRC during the Track Record Period. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. If the macroeconomic condition in China experiences significant changes, demand for our solutions and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

China’s economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC Government has implemented measures emphasising the utilisation of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

[REDACTED] may experience difficulties in effecting service of legal process and enforcing judgements against us and our Directors, Supervisors and senior management.

We are a company incorporated under the laws of the PRC and a majority of our assets and subsidiaries are located in the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. The assets of these Directors, Supervisors and senior management also may be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

We may be subject to applicable anti-kickback, false claims laws, doctor payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to administrative sanctions, criminal sanctions, civil penalties, contractual damages, reputational damage and diminished profits and future earnings.

Healthcare providers, doctors and others play a primary role in the recommendation and prescription of any products for which we obtain regulatory approval. If we obtain the NMPA’s approvals for any of our drug candidates and begin commercialising our drugs in China in the future, our operations may become subject to various PRC fraud and abuse

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laws, including the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), PRC Criminal Law (《中華人民共和國刑法》); doctor payment transparency laws and regulations which primarily include the Affordable Care Act (《平價醫療法案》) and the Physician Payments Sunshine Act (《醫師酬勞陽光法案》). These laws may impact, among others, our proposed sales, marketing and education programmes.

Neither the PRC Government nor the PRC courts have provided definitive guidance on the applicability of fraud and abuse laws to our business. Law enforcement authorities are increasingly focusing on enforcing these laws, and some of our practises may be challenged under these laws. Efforts to ensure that our business arrangements with third parties are in compliance with applicable healthcare laws and regulations will involve substantial costs. Regulatory authorities could conclude that our business practises may not comply with current or future fraud, abuse or other healthcare laws or 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 programmes, contractual damages, reputational damage, 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 material adverse effect on our business and results of operations.

Furthermore, we are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing other improper advantages. In addition, although currently our business operations are primarily in China, we are subject to the Foreign Corrupt Practises Act of the United States, which generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licences, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programmes.

As we expand our operations globally, we may also become subject to similar laws and regulations from other jurisdictions. There are ambiguities as to what is required to comply with any of these laws and regulations, and if we fail to comply with such requirements, we could be subject to penalties and other negative consequences. If any of the physicians or other third parties with whom we do business are found to be not in compliance with the applicable laws and regulations, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programmes, which may also adversely affect our business.

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Regulations on currency exchange and the fluctuation of currency exchange rate may adversely affect our business and our ability to pay dividends to holders of our H Shares.

Government authorities in regions where we operate our business regulate the convertibility and remittance of currencies. Our accounts were denominated in the Renminbi during the Track Record Period, which is currently convertible under the “current account”, which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account”, which includes foreign direct investment and loans. A portion of our revenue may be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. Under existing laws and regulations on foreign exchange, following the completion of the [REDACTED], we will be able to make dividend payments in foreign currencies by complying with certain procedural requirements and without prior approval from the State Administration of Foreign Exchange, or SAFE, of the PRC. In the future, the relevant regulatory developments may affect our ability to pay dividends in foreign currencies to holders of our H Shares.

We are also exposed to foreign currency risk. The value of the Renminbi against the US\$ and other currencies is affected by a number of factors, such as regulatory updates and developments in the PRC’s and political and economic conditions. As all of our revenue and operating expenses are denominated in Renminbi and the [REDACTED] from the [REDACTED] will be received in Hong Kong dollars, any appreciation of the Renminbi against the US\$, the Hong Kong dollar or any other currencies may result in the decrease in the value of our foreign currency denominated assets and our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi due to fluctuation of the relevant exchange rates may affect the value of, and any dividends payable on, our H Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign exchange currency exposure at reasonable costs. We cannot assure you that we will be able to minimise or reduce our foreign currency risk exposure relating to our foreign currency denominated assets.

Any failure by our Shareholders or beneficial owners of our Shares to comply with certain PRC foreign exchange regulations relating to offshore investment activities could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to register with local qualified banks before engaging in direct or indirect offshore investment activities, including SAFE Circular 37. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a “special purpose vehicle”. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC

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subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

You may have limited recourse in effecting services of legal process or enforcing overseas judgements against us, our Directors and our senior management.

We are incorporated under the laws of the PRC and the majority of our business and operations are located in the PRC. In addition, the majority of our Directors and senior management reside in the PRC. The assets of these Directors and senior management also may be located within the PRC. It may be difficult for [REDACTED] to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgements of a court in any of these jurisdictions outside the PRC may be difficult or even impossible. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

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

Under applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of H shares (“**Non-Resident Individual Holders**”), and gains realised 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 applicable tax treaties or arrangements. And the dividends we pay to, and gains realised through the sale or transfer by other means of H shares by non-PRC resident enterprise holders of H shares are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. In addition, pursuant to the Arrangements between the PRC 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稅和防止偷漏稅的安排》) dated 21 August 2006, any non-resident

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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%.

With respect to Non-Resident Individual Holders in specific, income received from dividends and bonuses of a foreign-invested enterprise, as well as that from transfer of stocks of listed companies are currently exempt from individual income tax pursuant to applicable PRC regulations. On 3 February 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院轉批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 8 February 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. There is no assurance that any gains on the sales of our H Shares and the dividend thereon will not be subject to PRC income taxes in the future.

Our operations are subject to and may be affected by developments in PRC tax laws and regulations.

We are subject to periodic examinations on fulfilment of our tax obligation under the PRC tax laws and regulations by the relevant tax authorities. We cannot assure you that future examinations by such tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

Furthermore, the PRC tax laws and regulations may continue to evolve. For example, under the amended Individual Income Tax Law which was last amended on 31 August 2018 and came into effect on 1 January 2019, foreign nationals who have no domicile in the PRC but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain skilled foreign personnel to work in the PRC may be affected, which may in turn have an adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and there can be no assurance that an active market would develop, and the price and [REDACTED] volume of our H Shares may be volatile.

Prior to this [REDACTED], there has been no public market for our H Shares. The [REDACTED] for our [REDACTED] was the result of negotiations among us and Overall — [REDACTED] (for themselves and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the [REDACTED] for our H Shares

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following this [REDACTED]. We have applied for [REDACTED] of and permission to deal in our [REDACTED] on the Stock Exchange.

A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for the H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED]. In addition, the [REDACTED] price and [REDACTED] volume of the H Shares may be subject to significant volatility in responses 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 [REDACTED] of the shares of other companies engaging in similar business may affect the price and [REDACTED] volume of our H Shares. In addition to market and industry factors, the price and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as regulatory developments affecting the relevant markets, industries and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the [REDACTED] could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future.

Prior to the [REDACTED], there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [REDACTED] could result in a significant decrease in the prevailing [REDACTED] of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing [REDACTED] of our H Shares and our ability to raise equity capital in the future.

We cannot assure you that the H Shares will remain [REDACTED] on the Stock Exchange.

Although it is currently intended that the H Shares will remain [REDACTED] on the Stock Exchange, there is no guarantee of the continued [REDACTED] of the H Shares. Among other factors, our Company may not continue to satisfy the [REDACTED] requirements of the Stock Exchange. Holders of H Shares would not be able to sell their H Shares through [REDACTED] on the Stock Exchange if the H Shares were no longer [REDACTED] on the Stock Exchange.

You will incur immediate and significant dilution and may experience further dilution if we issue additional H Shares or other equity securities in the future.

The [REDACTED] of the [REDACTED] is higher than the [REDACTED] asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated [REDACTED] asset value. There can be no assurance that if

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we were to immediately liquidate after the [REDACTED], any assets will be distributed to our Shareholders after the creditors’ claims. If we raise additional capital through the sales of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a Shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or licence intellectual property rights or declaring dividends, or other operating restrictions.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law.

We have 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 favourable return to our Shareholders. We plan to use a significant portion of the [REDACTED] from the [REDACTED] for the purposes as set out in “Future Plans and [REDACTED]”. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, whose judgement you must depend on, for the specific uses we will make of the [REDACTED] from the [REDACTED].

The possible conversion of Domestic Shares into H Shares could increase the supply of H Shares in the market and may negatively impact the market price of our H Shares.

Our Domestic Shares are currently not [REDACTED] or [REDACTED] on any stock exchange. Our Domestic Shares may be converted to H Shares after obtaining the approval of the CSRC or the authorised approval authorities of the State Council. The conversion of our Domestic Shares will increase the number of H Shares available on the market. As a result, it may negatively affect the [REDACTED] price of our H Shares due to the increased supply in the market.

We have not independently verified government sources in this document.

This document includes certain statistics that have been extracted from relevant government official sources. Our Directors believe the sources of these sources are appropriate for such statistics and have taken reasonable care in extracting and reproducing such sources. Our Directors have no reason to believe that such sources are false or misleading or that any fact has been omitted that would render such sources false or misleading. However, these sources have not been independently verified by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the

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[REDACTED] or the [REDACTED], any of their respective directors or any other parties involved in the [REDACTED] and therefore, we make no representation as to the accuracy or completeness of these sources, which may not be consistent with other information compiled within or outside Hong Kong. Furthermore, there is no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar sources presented elsewhere. In all cases, [REDACTED] should give consideration as to how much weight or importance they should attach to or place on such sources.

You should read the entire document carefully and only rely on the information included in this document, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding 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 when making your [REDACTED] regarding our H Shares. There could have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED] that does not appear in this document. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. Accordingly, [REDACTED] are cautioned to make their [REDACTED] on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the [REDACTED], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules. Our management headquarters, business operations and assets are primarily based outside Hong Kong in the PRC under the supervision and guidance of our executive Directors and senior management. Our executive Directors and senior management team ordinarily reside in the Chinese Mainland and they play important roles in our business operations. Therefore, we consider that it is in our best interests for them to be based in places where our Group has significant operations. We consider that it would not be beneficial to or appropriate for us to arrange two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

- (a) we have appointed Mr. Lin Zirong, our executive Director, Vice Chairman, the board secretary of our Company, and our joint company secretary and Mr. Ng Tung Ching Raphael, our joint company secretary as the authorised representatives (“**Authorised Representatives**”, each the “**Authorised Representative**”) for the purpose of Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. The Authorised Representatives will be readily contactable by phone, facsimile and email to deal promptly 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. Each of the Authorised Representatives has been duly authorised to communicate on behalf of our Company with the Stock Exchange;

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- (b) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorised Representatives will have all necessary means to contact all our Directors (including our independent non-executive Directors) promptly at all times. We will also inform the Stock Exchange promptly in respect of any changes of the Authorised Representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address (as applicable)) of all Directors to facilitate communication with the Stock Exchange;
- (c) we have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our compliance adviser (“**Compliance Adviser**”) upon [REDACTED] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [REDACTED] Date 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] Date. The Compliance Adviser, who will provide us with professional advice on continuing obligations under the Listing Rules and act as the additional channel of communication with the Stock Exchange when the Authorised Representatives are not available, will have access at all times to our Authorised Representatives, our Directors and our senior management;
- (e) meetings between the Stock Exchange and our Directors can be arranged through the Authorised Representatives or the Compliance Adviser or directly with our Directors within a reasonable period of time; and
- (f) each of our Directors (including the independent non-executive Directors) who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint an individual, who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, 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)).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (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 Securities and Futures Ordinance, Companies Ordinance, 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.

We consider that while it is important for the company secretaries to be familiar with the relevant securities regulation in Hong Kong, they also need to have experience relevant to our operations, nexus to our Board and close working relationship with our management in order to perform the function of a company secretary and to take necessary actions in the most effective and efficient manner. Our Directors are of the view that it is for our benefit to appoint a person who has been a member of the senior management for a period of time and is familiar with our business and affairs as company secretary.

We have appointed Mr. Lin Zirong as one of the joint company secretaries of our Company. Mr. Lin Zirong currently serves as an executive Director, Vice Chairman and the board secretary of our Company (“**Board Secretary**”) and has substantial experience handling corporate, legal and regulatory compliance and administrative matters 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 fulfil the requirements of the Listing Rules. Therefore, we have appointed Mr. Ng Tung Ching Raphael, a fellow of the Hong Kong Institute of Certified Public Accountants, who meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Lin Zirong for an initial period of three years from the [REDACTED] Date to enable Mr. Lin Zirong to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to comply with the requirements set out under Rules 3.28 and 8.17 of the Listing Rules. See “Directors, Supervisors and Senior Management” for their further biographical details. The following arrangements have been, or will be, put in place to assist Mr. Lin Zirong in acquiring the qualifications and experience as the company secretary of our Company:

- (a) Mr. Lin Zirong will comply with the annual professional training requirement during each financial year as required under Rule 3.29 of the Listing Rules;
- (b) Mr. Ng Tung Ching Raphael, a joint company secretary who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules, will communicate regularly with Mr. Lin Zirong on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to us and its

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

affairs; and he will work closely with, and provide assistance to Mr. Lin Zirong to discharge his duties and responsibilities as a company secretary of our Company, including organising our Board meetings and Shareholders’ general meetings; and

- (c) Mr. Lin Zirong will also be assisted by our Compliance Adviser and legal advisers as to the laws and regulations of Hong Kong on matters in relation to our continuing compliance obligations under the Listing Rules and the applicable laws and regulations.

Prior to the expiry of Mr. Lin Zirong’s initial three-year term of appointment as the company secretary of our Company, we will evaluate his experience to determine if he has acquired the qualifications required under Rules 3.28 of the Listing Rules and seek the Stock Exchange’s confirmation that Mr. Lin Zirong, having had the benefit of Mr. Ng Tung Ching Raphael’s assistance during the three-year period, has attained the relevant experience under Rule 3.29 of the Listing Rules and is capable of discharging the function of company secretary, and whether on-going assistance should be arranged so that his appointment as our joint company secretary continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules so that a further waiver would not be necessary.

We have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [REDACTED] Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED] Date, or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to our Company (including Mr. Lin Zirong) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to, and the Stock Exchange [has granted,] a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Mr. Lin Zirong ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by our Company. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Mr. Lin Zirong, having had the benefit of Mr. Ng Tung Ching Raphael’s assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Wang Wei (王偉)	Room 718, 7/F, Shuangfeng Zhigu Innovation and Entrepreneurship Science and Technology Park Talent Apartment, Meichonghu Road Changfeng Hefei Anhui China	Chinese
Wang Zhongwei (王忠偉)	No. 01, 1 st –4 th /F, Building 3–1, Zhengkai Country Garden Kaifeng Henan China	Chinese
Lin Zirong (林子榮)	No. 702, 7th Floor, Unit 1 Building 16, Zhengkai Country Garden Kaifeng Henan China	Chinese
Wang Kanglin (王康林)	No. 403, Building 22, Xiangshu Huadu Community, No. 2552 Sishui Road Hefei Anhui China	Chinese
Non-executive Director		
Zheng Siyuan (鄭思源)	1506, Building B2, Chengyu Xinglanwan Community Hefei Anhui China	Chinese

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent Non-executive Directors		
Yang Shigao (楊世高)	Room 2705, Building 38 Taochonghu City Plaza Hefei Anhui China	Chinese
Lin King Yeung (連景揚)	Unit A, 9/F, Block 5, Greenpark Villa, 9 Kat Cheung Crescent Fanling New Territories Hong Kong	Chinese
Li Weiping (李衛平)	Room 201, Building F-16, Luyang Garden, Century Sunshine Garden, Ma'anshan Road Hefei Anhui China	Chinese

SUPERVISORS

Name	Address	Nationality
Sun Ruike (孫瑞科)	Unit 51, Block 1, Building 20, Zhengda Yihua Courtyard, 1090 West Jianshe Road Jiaozuo Henan China	Chinese
Bai Jiarun (白佳潤)	Room 603, Unit 1, Building 25, No. 286 Qujiangchi South Road Xi'an Shaanxi China	Chinese
Zhu Jie (朱婕)	Room 2401, Building 2, Jindadi Times Tianjie Hefei Anhui China	Chinese

See “Directors, Supervisors and Senior Management”.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and Sponsor-[REDACTED]	SDIC Securities Corporate Finance (Hong Kong) Limited 39/F, One Exchange Square Central Hong Kong

[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]

[•]

Auditors and Reporting Accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F One Pacific Place 88 Queensway Hong Kong

Legal Advisers to our Company	<i>as to Hong Kong and the United States laws:</i> K&L Gates 44/F, Edinburgh Tower The Landmark 15 Queens Road Central Central Hong Kong

as to PRC laws:
AllBright Law Offices
9, 11 and 12/F
Shanghai Tower 501
Yincheng Middle Road
Pudong New Area
Shanghai
China

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE [REDACTED]

**Legal Advisers to the Sole Sponsor
and the [REDACTED]**

as to Hong Kong and the United States laws:

Ashurst Hong Kong
43/F, Jardine House
1 Connaught Place
Central
Hong Kong

as to PRC laws:

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing
China

Industry Consultant

Frost & Sullivan
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square
1717 West Nanjing Road
Jing'an District
Shanghai
China

Internal Control Consultant

Acclime Consulting (Hong Kong) Limited
Room 2201, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Receiving Bank(s)

[•]

CORPORATE INFORMATION

Registered Office and Head Office	Southeast corner of the intersection of Huainan North Road and Huaihai Avenue Shuangfeng Economic Development Zone Changfeng Hefei Anhui China
Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance	46/F, Hopewell Centre 183 Queen’s Road East Wan Chai Hong Kong
Company’s Website	http://www.knb-pharma.com/ <i>(The information on the website does not form part of this document)</i>
Joint Company Secretaries	Mr. Lin Zirong (林子榮) Mr. Ng Tung Ching Raphael (吳東澄) (<i>HKCGI</i>)
Authorised Representatives	Mr. Lin Zirong (林子榮) Mr. Ng Tung Ching Raphael (吳東澄) (<i>HKCGI</i>)
Audit Committee	Mr. Lin King Yeung (連景揚) (<i>Chairman</i>) Dr. Li Weiping (李衛平) Dr. Yang Shigao (楊世高)
Nomination Committee	Dr. Li Weiping (李衛平) (<i>Chairman</i>) Dr. Yang Shigao (楊世高) Ms. Zheng Siyuan (鄭思源)
Remuneration Committee	Dr. Yang Shigao (楊世高) (<i>Chairman</i>) Dr. Li Weiping (李衛平) Mr. Lin Zirong (林子榮)
Compliance Adviser	SDIC Securities Corporate Finance (Hong Kong) Limited 39/F, One Exchange Square Central Hong Kong

CORPORATE INFORMATION

[REDACTED]

[REDACTED]

Principal Banks

**Bank of Hangzhou Co. Ltd.,
Changfeng Sub-branch**
Changfeng Sub-branch, Bank of Hangzhou
1/F–2/F, Building 15, Kerui Beijun
Fuyang North Road
Shuangdun Town, Changfeng County
Hefei
Anhui
China

**Agricultural Bank of China Limited
Kaifeng Fuxing Avenue Sub-branch**
Zhenyu Garden
Middle Section of Fuxing Avenue
Kaifeng
Henan
China

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and academic research. In addition, we commissioned Frost & Sullivan, an independent industry consultant, to prepare the F&S Report, upon which this section is based. We believe that the source of this information is an appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the [REDACTED], the [REDACTED], the [Joint Bookrunners], the [REDACTED], the Sole Sponsor, any of the [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. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the F&S Report which may qualify, contradict or have an impact on the information disclosed in this section in any material respect.

ANTI-AGEING MARKET

Overview of Ageing and Anti-Ageing

Definition and Hallmarks of Ageing

Ageing is driven by the cumulative effects of diverse molecular and cellular damage that accrue over time, resulting in a gradual decline in physical and mental capacities, a rising probability of disease, and, ultimately, death. These changes are not linear, vary across individuals, and are only loosely correlated with chronological age, while frequently coinciding with major life transitions such as retirement, relocation and bereavement. Common health issues in older age include hearing and vision loss, joint and back pain, chronic obstructive pulmonary disease, diabetes, depression and dementia, often with multiple conditions co-existing, and ageing is also associated with complex geriatric syndromes such as frailty, incontinence, falls, delirium and pressure ulcers.

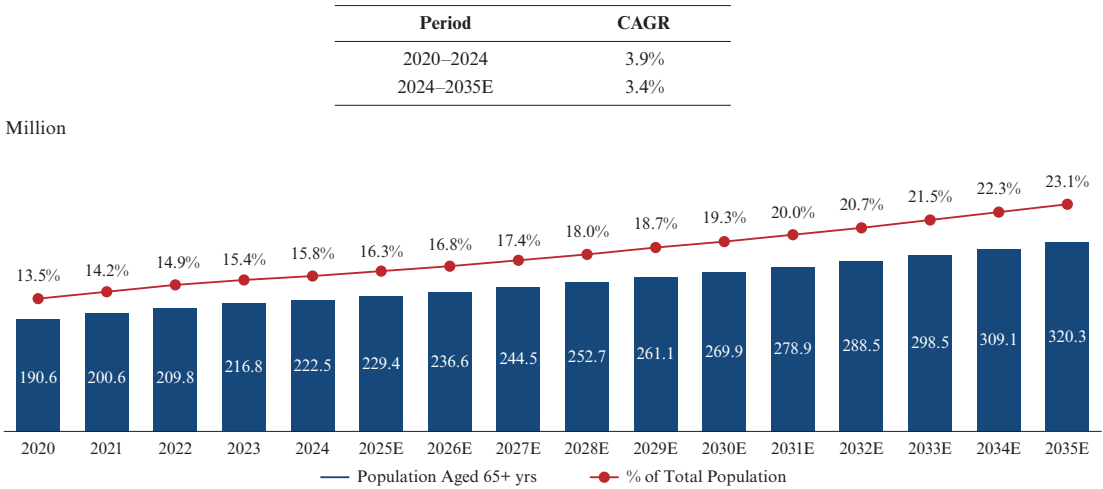
The “hallmarks of ageing” framework sets out key biological processes that collectively drive age-related decline, including primary hallmarks such as genomic instability, telomere attrition, epigenetic alterations and loss of proteostasis. Antagonistic hallmarks such as deregulated nutrient sensing, mitochondrial dysfunction and cellular senescence. Integrative hallmarks such as stem cell exhaustion, altered intercellular communication, chronic inflammation and dysbiosis, alongside extracellular matrix changes. Psychosocial isolation is also described as an associated factor. This framework, first proposed in 2013, highlights mitochondrial dysfunction as a central driver at cellular and organismal levels within the ageing process.

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Ageing Population in China

The population aged 65 and above in China increased from 190.6 million in 2020 to 222.5 million in 2024, representing a CAGR of 3.9% during the period. The population aged 65 and above in China is expected to increase to 320.3 million by 2035, representing a CAGR of 3.4% from 2024 to 2035. The share of people aged 65 and above in the total population increased from 13.5% to 15.8% between 2020 and 2024 and is projected to reach 23.1% by 2035. The chart below sets out the trend of ageing population in China.

China Ageing Population Trend, 2020–2035E



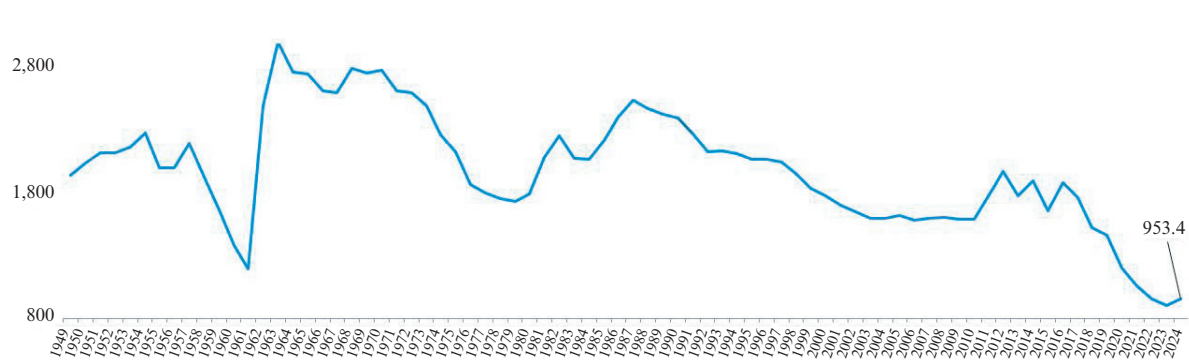
Source: NBSC, Frost & Sullivan analysis

INDUSTRY OVERVIEW

According to data from the National Bureau of Statistics of China, the number of births in China in 2024 was approximately 9.534 million. Compared with the early years after the founding of the People’s Republic and several fertility peaks, the current number of births has dropped sharply. The trend of low fertility is becoming more pronounced, and the birth population is expected to decline further in the coming period.

Number of Births in China, 1949–2024

Unit: Ten Thousand



Source: NBSC, World Bank, Frost & Sullivan Analysis

Overview of Ageing-related Diseases

- Aging is closely associated with atherosclerosis, hypertension, coronary artery disease, and heart failure. Vascular aging leads to arterial stiffness, impaired endothelial relaxation, and increased vascular inflammation, resulting in angina, dyspnea, arrhythmia, and exercise intolerance. Elderly individuals commonly develop arteriosclerotic plaque formation due to endothelial and vascular smooth muscle cell senescence. In severe premature aging syndromes such as Hutchinson-Gilford progeria, patients experience accelerated atherosclerosis and early cardiovascular death.
- Neurodegenerative diseases. Alzheimer’s disease and Parkinson’s disease are described as typical age related neurodegenerative disorders, with Alzheimer’s disease presenting with progressive memory loss, cognitive impairment and behavioural abnormalities, and Parkinson’s disease presenting with tremor, rigidity and bradykinesia. Age related macular degeneration and presbycusis are also linked with neural ageing, causing visual loss and hearing decline and materially impairing independence and quality of life in the elderly.
- Cancer. Ageing is identified as the largest risk factor for cancer development, with a reciprocal relationship observed between ageing biology and oncogenesis, including age related extracellular matrix changes, pro inflammatory microenvironments and immune senescence that facilitate tumour initiation and

INDUSTRY OVERVIEW

progression. Within this context, increased age associated risk is noted for urothelial carcinoma, cervical cancer, oesophageal squamous carcinoma and triple negative breast cancer, and prognosis in elderly patients is generally poorer.

- **Metabolic diseases.** With ageing there is an increased incidence of type 2 diabetes mellitus, non alcoholic fatty liver disease and non alcoholic steatohepatitis, which are characterised by hyperglycaemia, hyperlipidaemia, insulin resistance, fatigue and weight fluctuation. Non alcoholic fatty liver disease and non alcoholic steatohepatitis involve hepatic lipid accumulation, inflammation and potential fibrosis or cirrhosis, and these disorders frequently co-exist with obesity, osteoporosis and cardiovascular disease.
- **Reproductive ageing.** Reproductive ageing is manifested by declining fertility, hormonal imbalance and sexual dysfunction, with ovarian ageing in women associated with menstrual irregularity, menopause and hot flashes and sleep disturbance and with increased risks of osteoporosis and cardiovascular disease related to oestrogen deficiency. In men, ageing contributes to benign prostatic hyperplasia with urinary symptoms and reduced androgen levels that are associated with sexual dysfunction and muscle loss.
- **Autoimmune diseases.** Autoimmune diseases arise from an anomalous response of the adaptive immune system that targets self tissues, and with advancing age the immune system’s capacity to discriminate self from non self declines, contributing to increased autoimmunity risk.
- **Bone diseases.** The prevalence of osteoporosis and osteoarthritis increases with age, with declining bone mineral density and mass and post menopausal oestrogen deficiency in women contributing to bone loss, while cellular senescence related mechanisms are associated with bone deterioration. Representative rheumatologic conditions mentioned in the ageing related context include rheumatoid arthritis, ankylosing spondylitis and psoriasis.
- **Ophthalmic diseases.** Diabetic macular oedema and neovascular age related macular degeneration are identified as leading contributors to vision loss and blindness among older adults, with diabetic macular oedema reflecting microvascular damage from hyperglycaemia and neovascular age related macular degeneration involving subretinal neovascularisation with leakage and macular injury. Both conditions are associated with material social and economic burdens and adversely affect quality of life in elderly populations.

Anti-ageing Needs

- **Individuals aged 30–55.** Among individuals aged 30–55, the underlying goal is to improve current physical and mental state, slow the pace of ageing and maintain wellbeing superior to peers, with a focus on organ- and system-level concerns including skin, musculoskeletal function, cognition, reproductive health and metabolism. This cohort is receptive to preventive and maintenance-oriented interventions, including supplements and devices.

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- Individuals aged 55–65. For ages 55–65, goals shift toward promoting healthy ageing and lowering risks of major diseases, with emphasis on molecular and cellular-level interventions to support cellular health and resist rapid functional decline, and greater receptivity to enhancement-oriented interventions such as anti-ageing drugs and cell-based therapies.
- Individuals aged 65 or above. For those aged 65 and above, the focus further shifts to extending healthy lifespan, preserving functionality and reducing disease-related harm through whole-body approaches aimed at improving systemic microenvironments, physiological balance, immunity and repair capacity, supported by comprehensive ageing management services, non-invasive functional monitoring devices and integration with conventional medical care.

Anti-ageing Drugs

Pharmacological strategies for ageing have increasingly targeted fundamental processes with the aim of delaying or preventing age-related diseases, improving physical function and quality of life, and extending health span. Tier 1 agents considered most promising include NAD^+ enhancers, rapamycin, senolytics, metformin, acarbose, spermidine and lithium, reflecting evidence of anti-ageing effects and stability, while Tier 2 agents comprise compounds with conflicting data or earlier development, such as NSAIDs, nucleoside reverse transcriptase inhibitors and glucosamine. Mechanistically, metformin inhibits mitochondrial complex I to decrease ATP, activate AMPK and suppress hepatic gluconeogenesis. The core function of NAD^+ lies in maintaining mitochondrial quality homeostasis, thereby supporting cellular energy metabolism and overall health. Specifically, NAD^+ activates Sirtuins proteins, initiating deacetylation processes that coordinately regulate both mitochondrial biogenesis and mitophagy. This dual-driven mechanism promotes the generation of functionally robust mitochondria while facilitating the timely removal of dysfunctional or damaged ones. By sustaining the dynamic balance of the mitochondrial network, this process ensures stable and efficient energy supply to target organs, supporting their normal physiological functions.

NAD^+ serves as the central molecule for sustaining mitochondrial function, acting both as a critical coenzyme in mitochondrial redox processes and as a substrate for $\text{NAD}^{+/-}$ consuming enzymes. For example, NAD^+ is the sole substrate for Sirtuins, specifically, NAD^+ with effects in SIRT1 and SIRT6 in the nucleus to facilitate DNA repair and epigenetic silencing, and in SIRT3 in mitochondria to support mitochondrial function, fatty acid metabolism and detoxify reactive oxygen species, thereby mitigating oxidative stress.

GLP-1, an intestinal hormone, maintains glucose homeostasis by enhancing insulin and suppressing glucagon secretion and induces central satiety. GLP-1 receptor agonists have shown promise in weight management, and preliminary murine data suggest potential to slow or reverse certain brain ageing effects. Rapamycin inhibits TORC1 to halt cell growth and trigger autophagy. TORC1 inhibition has extended lifespan in multicellular organisms, including old mice, and rapalogs are in development to refine mTOR inhibition and reduce immunosuppression. Spermidine, a natural polyamine, has been shown to

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extend lifespan across organisms and mitigate age-related cognitive decline by inducing autophagy, linked to TFEB activation and promotion of mitophagy to remove dysfunctional components. Like metformin, rapamycin/rapalogs may limit senescence-associated secretory phenotype factors. Senolytics selectively eliminate senescent cells, with candidates such as fisetin, dasatinib plus quercetin, procyanidin C1, certain heat-shock protein inhibitors, zoledronate and navitoclax investigated to reduce senescent cell burden. Probiotics aim to restore a healthier gut microbiome to support immunity, metabolism and barrier function, with strains such as Akkermansia muciniphila and youthful microbiota transfers investigated for inflammation reduction and healthier ageing. Anti-inflammatory approaches seek to alleviate “inflammaging” by targeting pathways including TNF- α , with NAD⁺ boosters also referenced as modulators of ageing-related inflammatory effects.

The hallmarks framework underscores mitochondrial dysfunction as a central driving of ageing, aligning with the positioning of NAD⁺ enhancers within Tier 1 interventions and their role across DNA repair, epigenetic regulation and mitochondrial function in the context of ageing biology.

Favourable Policies for Anti-Ageing Medication Industry in China

- Opinions of the General Office of the State Council on Promoting the Development of Elderly Services by the General Office of the State Council. In April 2019, this policy deepens reforms to streamline administration, encourages private investment, broadens financing channels and strengthens eldercare workforce training.
- Guiding Opinions on Deepening Medical-Elderly Integration by the National Health Commission and others. In October 2019, this policy promotes the integration of medical and elderly care services, encourages the establishment of medical units within eldercare facilities and advances cooperation at the community level.
- Fourteen Five Year Plan for Healthy Ageing by the National Health Commission and 14 other ministries. In February 2022, this policy sets out a systematic roadmap for healthy ageing that covers chronic disease management, rehabilitation, nutrition, mental health and technological support and establishes cross sector coordination mechanisms.
- Opinions on Developing the Silver Economy and Promoting the Well being of Older Adults by the General Office of the State Council. In January 2024, this policy defines the silver economy and introduces 26 initiatives that cover senior products, smart eldercare, rehabilitation aids, pension finance and adaptation renovations, emphasises standardisation, branding and scaling up and proposes the development of the anti-ageing medication industry including the application of genetic technology and regenerative medicine in anti-ageing fields.

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- Guiding Opinions on Improving Age Friendly Financial Services by the National Financial Regulatory Authority and others. In November 2024, this policy requires banks to adapt services for the elderly through accessible facilities, priority counters and safe integration of online and offline services.
- Guiding Opinions on Financial Support for China Style Eldercare and the Silver Economy by the People’s Bank of China and nine agencies. In December 2024, this policy defines eldercare finance, sets phased targets for 2028 and 2035, and introduces measures covering credit support, long term care insurance, commercial pension products and age friendly smart finance.
- Implementation Plan for Promoting the Silver Economy and Enhancing Senior Well being in Guangdong by the Guangdong Provincial Government. In March 2025, this policy implements national silver economy goals at the provincial level, supports R&D in senior goods, smart eldercare and adaptation renovations, and sets measurable targets by 2027 including an increase in the proportion of hospitals with geriatric departments.

Health-related Consumption in China

Overview of Health-related Consumption in China

Health-related consumption encompasses expenditures aimed at improving health status or reducing health risk, covering healthcare, rehabilitation and elderly care as well as preventive healthcare, fitness and nutrition and other health-related services. Reactive healthcare consumption refers to treatment oriented services including diagnosis and treatment, emergency care, hospitalisation, medication and vaccination. With rising income and health awareness, this scope has expanded to include chronic disease management, rehabilitation and elderly care, with health insurance and related services forming a foundational component. Proactive health-related consumption focuses on disease prevention, health promotion and overall well being, including health check ups, nutritional supplements, functional foods, sports and fitness, psychological counselling and other wellness services. Proactive consumption is extending into smart wearables, telemedicine and digital health platforms that integrate prevention, diagnosis, treatment and rehabilitation, reflecting a shift from reactive treatment to proactive health management and towards holistic well being across fitness and nutrition, elderly wellness, beauty and personal care and health-related cultural and tourism activities. Policy orientation shows a clear shift from treatment to prevention and precision health management, creating structural opportunities for anti-ageing and mitochondrial medicine.

Favourable Policies for Health-related Consumption in China

- Healthy China 2030 Blueprint by the CPC Central Committee and the State Council. In October 2016, this policy sets a long term national strategy to popularise healthy lifestyles, improve service systems, and foster the health industry across the life course.

INDUSTRY OVERVIEW

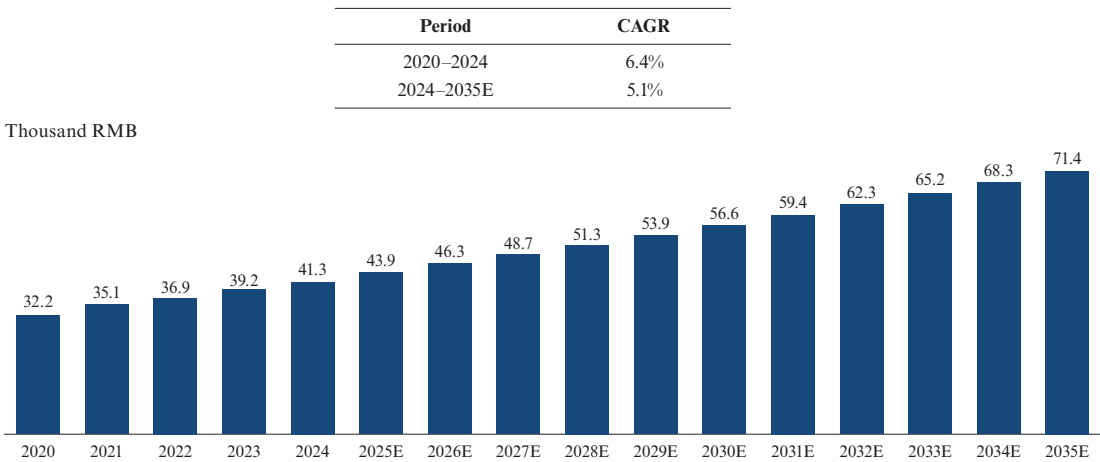
- Opinions on Implementing the Healthy China Initiative and Healthy China Action 2019 to 2030 by the State Council. In July 2019, this policy launches fifteen key actions covering diet, fitness, environmental health, health management and chronic disease prevention to guide standards and service system building and to encourage health-related consumption.
- Measures to Restore and Expand Consumption by the General Office by the State Council. In July 2023, this policy identifies enhanced healthcare service consumption as a priority, advocating equal emphasis on traditional Chinese and Western medicine, optimisation of high-quality medical resource allocation, and expanded access to premium services in traditional Chinese medicine, wellness, rehabilitation, and health tourism. The policy supported “Internet plus” healthcare by improving policies for online medical consultations and gradually including qualified online services within medical insurance coverage, while encouraging the development of health management, daily care, and wellness and rehabilitation products and services for the elderly, as well as building community-integrated elderly care facilities and strengthening support for home-based care. Consistent with these objectives, the July 2023 policy measures proposed boosting health service consumption through the development of “Internet plus” medical health, improvements to telemedicine billing policies, inclusion of certain online medical services within insurance scope, and support for health management and wellness products tailored to the elderly.
- Measures for Creating New Spending Scenarios and Cultivating New Growth Points in Spending by the National Development and Reform Commission. In June 2024, this policy promotes the development of healthy spending by launching the Health-related Consumption Leading Action and expanding new scenarios for silver hair spending.
- Opinions of the State Council on Promoting High Quality Development of Service Consumption by the State Council. In August 2024, this policy calls for optimising and expanding service supply and unlocking service consumption potential with health services such as medical care, rehabilitation, wellness and health management identified as key areas for supply and quality upgrades.
- Three Year Action Plan for Optimising the Consumer Environment 2025 to 2027 by the State Administration for Market Regulation. In February 2025, this policy focuses on improving the consumer environment for digital spending, green spending and health spending and on creating new consumption scenarios.
- Special Action Plan for Promoting Healthcare Consumption by the Ministry of Commerce, the National Health Commission and ten other departments. In April 2025, this policy encourages e commerce and retail platforms to create elderly friendly pages or facilities and set up silver economy consumption zones, supports adaptation renovations and elderly friendly product R&D, and promotes innovations in health check ups, health management, rehabilitation and wellness service consumption.

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Healthcare Expenditure in China

The per capita disposable income of China increased from RMB32.2 thousand in 2020 to RMB41.3 thousand in 2024, representing a CAGR of 6.4% during the period. The per capita disposable income of China is expected to increase to RMB71.4 thousand by 2035, representing a CAGR of 5.1% from 2024 to 2035. The chart below sets out per capita disposable income in China.

China Per Capita Disposable Income, 2020–2035E

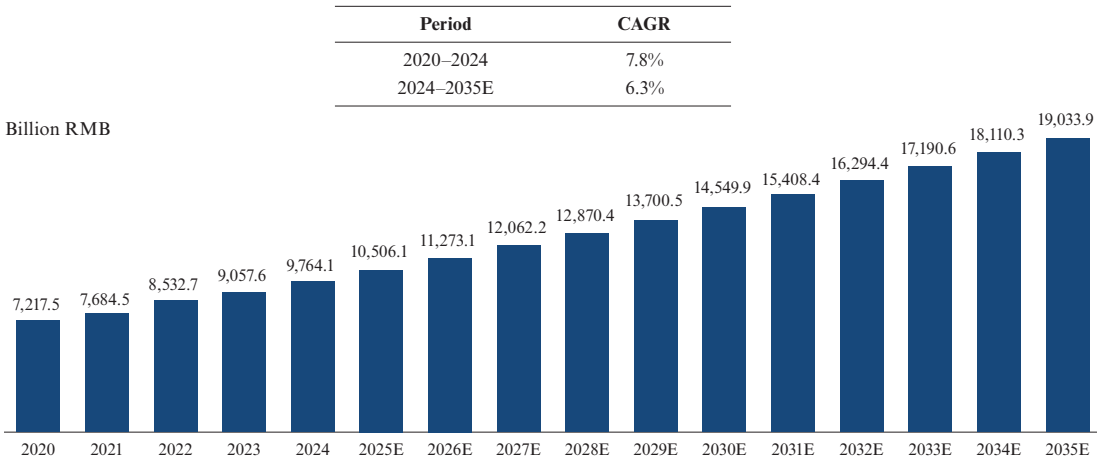


Source: NBSC, Frost & Sullivan analysis

The total healthcare expenditure of China increased from RMB7,217.5 billion in 2020 to RMB9,764.1 billion in 2024, representing a CAGR of 7.8% during the period. The total healthcare expenditure of China is expected to increase to RMB19,033.9 billion by 2035, representing a CAGR of 6.3% from 2024 to 2035. The chart below sets out total healthcare expenditure in China.

INDUSTRY OVERVIEW

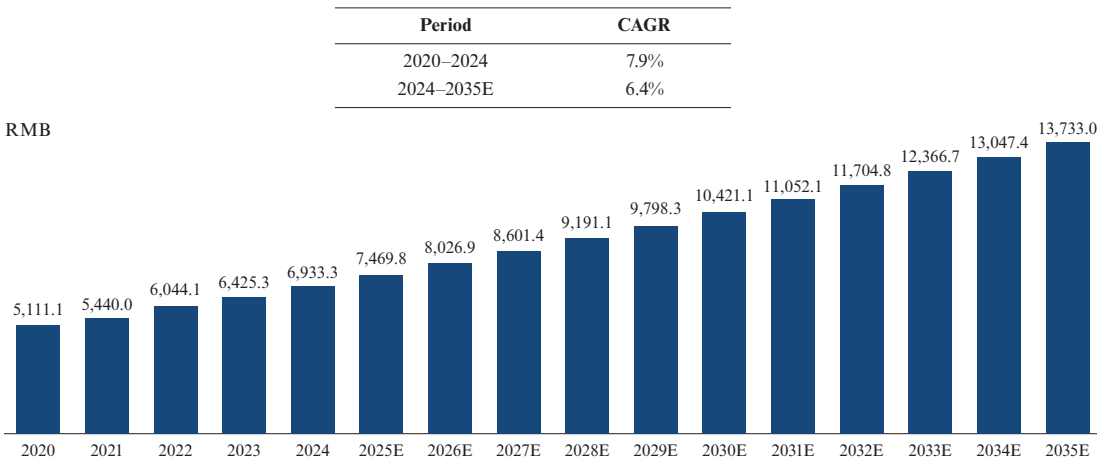
China Total Healthcare Expenditure, 2020–2035E



Source: PRC, Frost & Sullivan analysis

The per capita healthcare expenditure in China increased from RMB5,111.1 in 2020 to RMB6,933.3 in 2024, representing a CAGR of 7.9% during the period. The per capita healthcare expenditure in China is expected to increase to RMB13,733.0 in 2035, representing a CAGR of 6.4% from 2024 to 2035. The chart below sets out per capita healthcare expenditure in China.

Per Capita Healthcare Expenditure in China, 2020–2035E



Source: NHC, WHO, Frost & Sullivan analysis

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Unmet Needs and Pain Points in the Anti-Ageing Medication Industry

- Contradiction between demand and supply. With the intensification of population ageing, the number of elderly people continues to increase and the demand for delaying ageing and maintaining health is becoming increasingly strong, while the current supply of anti-ageing products is constrained in both quantity and quality, resulting in a persistent imbalance between demand and supply in the market.
- Increasingly strong demand for healthcare consumption and medical necessities. Based on the definition of ageing by the World Health Organisation, there is significant unmet need among health consumers with anti-ageing needs in healthcare consumption, and ageing is a major risk factor for neurodegenerative diseases, cardiovascular diseases and diabetes, where existing treatments primarily alleviate symptoms or delay progression rather than fundamentally cure or effectively prevent ageing related diseases.
- Difficulty in technological R&D. Although progress has been made in studying ageing mechanisms, the ageing process is complex and involves multiple genes, signalling pathways, and cellular and molecular mechanisms that are not yet fully elucidated, which poses substantial challenges to the R&D of anti-ageing technologies.
- Lack of clinical standards. Anti-ageing therapies and products cover drugs, hormone replacement, regenerative medicine and nutritional supplements, yet a unified clinical definition and evaluation system is lacking, efficacy criteria are inconsistent, and some interventions have not been rigorously clinically validated or remain at early research stages.
- Lagging regulatory system. As an emerging industry, a lagging regulatory system has led to uneven quality, with some products or therapies being exaggerated in the market without scientific basis, which has further exacerbated the waste of medical resources and the crisis of patient trust, while the continuous improvement and tightening of regulation create clear competitive barriers for legally approved medical products.
- Weak consumer compliance awareness. Rapid market development and vague concepts have contributed to consumer misconceptions and the blind pursuit of quick effects or excessive medical treatment, with informal channels such as social media, purchasing agents and private beauty services facilitating the spread and use of unverified products, and neglect of data privacy and treatment compliance leading to adverse reactions, economic losses and medical risks, highlighting the need to enhance public health literacy and compliance awareness.

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MITOCHONDRIA

Overview of Mitochondria

Mitochondria are organelles present in most eukaryotic cells and serve as both the cellular powerhouse and a signalling hub that underpins cellular function and organismal homeostasis. They generate approximately 95% of cellular energy through oxidative phosphorylation to produce adenosine triphosphate. Beyond energy production, mitochondria participate in fatty acid metabolism, the tricarboxylic acid cycle, calcium homeostasis, reactive oxygen species generation, oxidative stress responses, apoptosis, autophagy, immune modulation and gene expression. Physiological mitochondrial homeostasis and functional integrity are essential to systemic stability and damage can produce widespread effects linked to human health and disease.

Overview of Mitochondrial Dysfunction

Mitochondrial dysfunction is the impaired ability of mitochondria to maintain normal bioenergetic and metabolic functions within cells and is recognised as a key initiating event in ageing. Mechanistic features include excess reactive oxygen species and mitochondrial DNA damage, impaired oxidative phosphorylation with reduced adenosine triphosphate production, loss of mitochondrial membrane potential, disrupted dynamics including fission, fusion and mitophagy, and defective metabolic and calcium homeostasis. Primary mitochondrial diseases are driven by mitochondrial DNA or nuclear DNA defects and include Leigh syndrome, mitochondrial encephalomyopathy and chronic progressive external ophthalmoplegia. Secondary mitochondrial dysfunction contributes to neurodegenerative disorders, metabolic syndromes, cardiovascular diseases and ageing related conditions through energy deficits, oxidative stress and disturbed calcium homeostasis.

Overt mitochondrial dysfunction comprises two groups of disorders which are primary hereditary mitochondrial diseases and common chronic diseases with secondary mitochondrial dysfunction, with high energy demand organs frequently affected and with limited treatment options. Suboptimal health states such as chronic fatigue, low energy and slowed metabolism in young and middle aged adults are increasingly linked to mild or early mitochondrial dysfunction and are driving demand for proactive health management and early intervention.

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Current treatment approaches for mitochondrial dysfunction span metabolic cofactors and nutrient supplementation, nicotinamide adenine dinucleotide and its precursors, antioxidant therapy, biogenesis activators, gene and nucleic acid therapies, mitochondrial replacement therapy, mitochondrial transplantation, peptide and nanocarrier therapies and supportive lifestyle interventions, each acting on defined bioenergetic and quality control pathways. The table below sets out the treatment methods for mitochondrial dysfunction.

Therapeutic Class	Representative Agents/ Methods	Mechanism of Action
Metabolic Cofactor & Nutrient Supplementation	L-Carnitine, Riboflavin, Thiamine	Enhance oxidative phosphorylation, fatty acid oxidation, and enzyme cofactor activity
NAD ⁺	NAD ⁺	NAD ⁺ with effect of modulating NAD ⁺ metabolism and providing direct NAD ⁺ supplementation. NAD ⁺ is a pivotal coenzyme within the tricarboxylic acid cycle and oxidative phosphorylation, directly participating in ATP generation to supply cells with energetic support. Simultaneously, it serves as a substrate for enzymes such as Sirtuins · PARPs · CD38 and SARM1, playing a central role in regulating mitochondrial function, preserving cellular homeostasis, and retarding the ageing process.
NAD ⁺ Precursors	Nicotinamide riboside (NR), Nicotinamide mononucleotide (NMN)	β -nicotinamide mononucleotide (NMN): an NAD ⁺ precursor that, when supplemented, raises intracellular NAD ⁺ levels and thereby supports mitochondrial function. Nicotinamide riboside (NR): a precursor to NMN, converted first to NMN and subsequently to NAD ⁺ within the body, thus bolstering mitochondrial energy metabolism.

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Therapeutic Class	Representative Agents/ Methods	Mechanism of Action
Antioxidant Therapy	MitoQ, SkQ1, α -Lipoic Acid, SS-31 (Elamipretide)	Targeted reduction of mitochondrial reactive oxygen species (ROS) and stabilisation of mitochondrial membranes
Mitochondrial Biogenesis Activators	Exercise, Caloric Restriction, Resveratrol, Metformin	Activate AMPK/SIRT1/PGC-1 α signalling pathways to induce mitochondrial proliferation and improve metabolic efficiency
Gene & Nucleic Acid Therapies	Allotopic expression, mitoTALENs, DdCBEs	Repair or replace defective mitochondrial DNA (mtDNA); selectively remove or correct mutations
Mitochondrial Replacement Therapy (MRT)	Maternal spindle transfer, pronuclear transfer	Replace mutated mtDNA in embryos with donor mitochondria to prevent maternal disease transmission
Mitochondrial Transplantation/Transfer	Autologous mitochondrial injection, stem cell-mediated mitochondrial transfer	Restore ATP production and bioenergetics through transfer of healthy mitochondria into damaged cells
Peptide & Nanocarrier-Based Therapies	SS-31 peptide, Mito-targeted nanoparticles	Stabilise mitochondrial membranes and deliver therapeutic molecules directly to mitochondria
Supportive/Lifestyle Interventions	Ketogenic diet, exercise, toxin avoidance	Improve mitochondrial function, oxidative metabolism, and antioxidant defence capacity

Mitochondrial Medicine

Overview of Mitochondrial Medicine

Mitochondrial medicine is an interdisciplinary field that addresses mitochondrial dysfunction across a wide spectrum of diseases by focusing on understanding, diagnosis, prevention, and therapeutic intervention. It recognises mitochondria as central to energy metabolism, redox balance, apoptosis, calcium homeostasis, and innate immunity. Disruptions in these functions contribute to rare primary mitochondrial diseases and to

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common disorders where mitochondria play a mechanistic role. The field therefore spans diagnostics, drugs targeted to mitochondria, supplements that maintain mitochondrial function, and mitochondrial transplantation. Key areas of mitochondria medicine include:

- Mitochondrial diagnostics. Mitochondrial diagnostics evaluate mitochondrial function, genetics, and metabolism to detect dysfunction, guide therapy, and monitor progression.
- Mitochondria targeted drugs. Mitochondria targeted drugs are designed to accumulate within mitochondria and modulate function with disease specific intent.
- Mitochondrial transplantation. Mitochondrial transplantation transfers healthy mitochondria into damaged cells.

Mitochondrial Medicine and Mitochondrial Dysfunction

Mitochondrial dysfunction has been increasingly recognised as a shared pathological mechanism in ageing related diseases, including cardiovascular disease, neurodegenerative diseases, metabolic disease and immunosenescence. Mechanistic domains include the mitochondrial unfolded protein response, mitophagy, mitochondrial dynamics, reactive oxygen species, mitochondrial DNA integrity, proteotoxic stress, deregulated metabolites and epigenetic alterations that can drive proinflammatory responses, senescence and apoptosis.

Application of Mitochondrial Medicine

- Cardiology. Ageing is associated with increased vascular stiffness, endothelial dysfunction and impaired blood flow regulation, with mitochondrial dysfunction identified as a core mechanism that affects energy metabolism, oxidative stress and vascular cell survival, and mitochondria targeted interventions have been reported to improve vascular elasticity, enhance endothelial function and delay vascular ageing, alongside epidemiological indicators that cardiovascular and cerebrovascular diseases accounted for 48.98% and 47.35% of deaths in rural and urban China in 2021 with a total cardiovascular patient population of about 330 million and heart failure patients increasing from approximately 14.5 million in 2020 to about 15.4 million in 2024, while research indicates that mitochondrial transplantation can reduce infarct size and partially restore ejection fraction after myocardial infarction through improved energy metabolism, reduced oxidative stress and inhibition of cardiomyocyte death.
- Immunology. Age related changes in the immune system include reduced immune cell number and function with chronic low grade inflammation and disruption of immune homeostasis, and mitochondrial dysfunction triggers metabolic dysregulation and impaired effector functions in immune cells that contribute to immune senescence and reduced tolerance to radiotherapy, chemotherapy and immunotherapy, while unmet needs noted include leukopenia and haematopoietic damage after therapy, resistance and immune evasion in tumour immunotherapy

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and macrophage dysfunction, and mitochondria targeted interventions aim to restore mitochondrial homeostasis and improve immune responses in these settings.

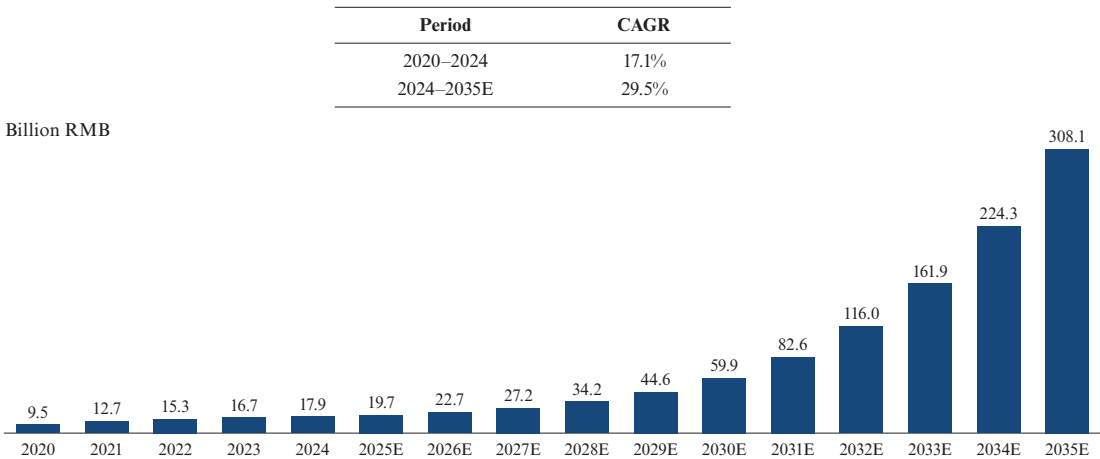
- Neurological system. Brain ageing features cognitive decline, increased neuroinflammation and reduced neuronal plasticity, with neurons dependent on mitochondrial ATP and dysfunction causing insufficient energy, oxidative damage and calcium imbalance, and mitochondria targeted interventions have been reported to enhance synaptic function, reduce amyloid toxicity and improve cognitive performance in research contexts, while the estimated number of patients with Alzheimer’s disease in China increased from about 12.5 million in 2020 to about 14.5 million in 2024 and global disability adjusted life years for Alzheimer’s disease and related dementias reached 36.357 million in 2021 with about 27.7% attributable to China and an age standardised disability adjusted life year rate in China of 562.4 per 100 thousand compared with a global average of 451.3 per 100 thousand and existing treatments largely alleviate symptoms.
- Reproductive system. Reproductive ageing involves a progressive decline in ovarian and testicular function with reduced fertility, hormonal imbalance and deterioration of gamete quality, with mitochondrial dysfunction described as a driver that directly affects gamete quality and embryonic potential, and mitochondria targeted interventions seek to improve energy metabolism in reproductive cells and to delay reproductive ageing.
- Metabolism. Mitochondria regulate systemic metabolic homeostasis and functional decline is associated with type 2 diabetes, non alcoholic fatty liver disease, sarcopenia and obesity, and mitochondria targeted interventions aim to restore function and remodel the metabolic microenvironment with organelle replacement therapy described in this context, while among adults aged at least 18 years in China the prevalence of overweight and obesity reached 34.3% and 16.4% with increases of 4.2% and 4.5% compared with 2012 and the number of overweight and obese individuals rose from 570 million in 2020 to approximately 640 million and cardiovascular deaths attributable to high body mass index were reported at 354,300 with an age standardised cardiovascular mortality rate of 18.80 per 100 thousand accounting for 6.97% of cardiovascular deaths.
- Others. Mitochondrial medicine finds applications across many other areas, including ageing and longevity through studies of mitochondrial dysfunction, NAD⁺ metabolism, mitophagy, and mitochondrial derived peptides. It is also relevant to musculoskeletal and exercise biology via mitochondrial biogenesis and exercise induced signalling, nutrition and lifestyle interventions such as caloric restriction and intermittent fasting, rare mitochondrial disorders, toxicology and drug safety, infectious disease research, regenerative medicine, and the development of mitochondrial based biomarkers and precision medicine.

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Mitochondrial Medicine Product Market Size

China’s mitochondrial medicine product market size grew from RMB9.5 billion in 2020 to RMB17.9 billion in 2024, with a CAGR of 17.1%. The market is expected to reach RMB308.1 billion in 2035, with a CAGR of 29.5% from 2024 to 2035.

China Mitochondrial Medicine Product Market, 2020–2035E



Source: Frost & Sullivan Analysis

Comparison of Leading Companies in Mitochondria Medicine Industry

- Jinfiniti. Founded in 2018 in Augusta in the United States, it commercialises precision health testing and supplements anchored by an intracellular nicotinamide adenine dinucleotide test launched in 2019. Its areas of focus include ageing, sub health, nicotinamide adenine dinucleotide deficiency, oxidative stress, DNA damage, glycation and metabolic dysfunction.
- Niagen Bioscience. Founded in 1999 in Los Angeles, it develops the nicotinamide riboside ingredient branded as Niagen to elevate nicotinamide adenine dinucleotide. It has a commercial presence in mitochondrial nutrients and undertakes collaborations in healthy ageing and neurodegeneration.
- Stealth BioTherapeutics. Founded in 2006 in Boston, it pioneers mitochondria targeted peptides, with elamipretide granted accelerated approval by the United States regulator in September 2025. Its pipeline includes bevemipretide in phase 1 for amyotrophic lateral sclerosis and coverage across dry age related macular degeneration, primary mitochondrial myopathy, Barth syndrome, amyotrophic lateral sclerosis and other dysfunction diseases.

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- Metro International Biotech. Founded in 2013, it develops nicotinamide adenine dinucleotide precursor compounds, with the lead asset MIB 626 in phase 2. Indications include Friedreich’s ataxia, acute kidney injury, diabetic nephropathy and coronary artery bypass grafting, targeting age related nicotinamide adenine dinucleotide decline.
- Nura Bio. Founded in 2018, it focuses on neuroprotection by targeting SARM1, with lead candidate NB 4746 in phase 1 for amyotrophic lateral sclerosis. Its broader coverage includes multiple sclerosis, traumatic brain injury and chemotherapy induced neuropathy.
- Disarm Therapeutics. Founded by Atlas Venture and acquired by Eli Lilly in 2020, its lead programme DSRM 3716 is in phase 1 for neurodegenerative diseases. Programmes have transitioned into a large company’s R&D pipeline for axonal degeneration indications.
- Cellvie. Founded in 2018 in Houston, it develops therapeutic mitochondrial transplantation and has received orphan drug designation for ischaemia reperfusion injury. It plans to expand across ischaemia reperfusion injury and exploratory areas including ageing, sarcopenia and photoageing.
- Minovia Therapeutics. Founded in 2011 in Israel, it develops mitochondrial augmentation technology that combines autologous haematopoietic stem cells with allogeneic mitochondria. The lead therapy MNV 201 is in phase 2 for Pearson syndrome and phase 1 for low risk myelodysplastic syndrome.
- Immunophage Biotech. Founded in 2016 in China, it advances a small molecule nicotinamide adenine dinucleotide hydrolase inhibitor, IPG 8294, for neurological and immune disorders. It obtained investigational new drug approvals in the United States in 2024 and in China in 2025.
- Our Company. Coenzyme I for Injection (恩艾地®) is the only NAD⁺ drug approved by NMPA. It is advancing KN-19ND-L1 targeting sirtuins for heart failure, with phase 2 initiated in June 2025, and has coverage across cardiovascular and ageing or metabolic diseases. We also are advancing KN-25ND-L1 which illustrate therapeutic potential in POI and we are about to commence phase 2 clinical trial in the first quarter of 2026.

Favourable Policies for Innovation and R&D in Mitochondrial Medicine

- Notice on the Publication of the First National Rare Disease List by the National Health Commission, Ministry of Science and Technology, Ministry of Industry and Information Technology, National Medical Products Administration and National Administration of Traditional Chinese Medicine. In May 2018, this policy publishes the first national rare disease list with 121 diseases including mitochondrial encephalomyopathies and provides a framework for diagnosis, treatment, drug review and access.

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- Notice on Establishing the National Rare Disease Diagnosis and Treatment Collaborative Network by the General Office of the National Health Commission. In February 2019, this policy establishes the national rare disease diagnosis and treatment collaborative network to concentrate care, referrals and research collaboration for rare diseases including mitochondrial disorders.
- Notice on Implementing the National Rare Disease Case Information Registration Programme by the General Office of the National Health Commission. In October 2019, this policy launches a national registry for rare disease cases to support epidemiological studies, clinical research and policy formulation and to build real world evidence for mitochondrial diseases.
- Major Research Plan on Organelle Interaction Networks and Functions 2020 Guidelines by the National Natural Science Foundation of China. In March 2020, this programme funds basic research on organelle interaction networks including endoplasmic reticulum and mitochondria to underpin mitochondrial medicine.
- Technical Guidelines for Nonclinical Research and Evaluation of Gene Therapy Products Trial and Technical Guidelines for Nonclinical Research of Gene Modified Cell Therapy Products Trial by the Centre for Drug Evaluation and the National Medical Products Administration. In December 2021, these guidelines set nonclinical requirements for gene therapy and gene modified cell therapy to enable early evaluation and filing pathways relevant to mitochondrial genetic diseases.
- Technical Guidelines for Clinical Trials of Human Stem Cell and Derived Cell Therapy Products Trial by the Centre for Drug Evaluation of the National Medical Products Administration. In June 2023, this guideline standardises stem cell therapy clinical trials which is relevant to mitochondrial function and replacement concepts and translational pathways.
- Notice on the Publication of the Second National Rare Disease List by the National Health Commission, Ministry of Science and Technology, Ministry of Industry and Information Technology, National Medical Products Administration, National Administration of Traditional Chinese Medicine and the Logistics Support Department of the Central Military Commission. In September 2023, this policy issues the second national rare disease list that strengthens recognition and coverage and provides a basis for R&D and regulatory pathways for mitochondrial disorders.
- Opinions on Developing the Silver Economy to Promote Elderly Well being Document No. 1 of 2024 by the General Office of the State Council. In January 2024, this policy prioritises medical and health technology for ageing populations and encourages high end products and services which indirectly supports R&D of mitochondrial function assessment and intervention technologies.

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- Notice on Adjusting the Member Hospitals of the National Rare Disease Collaborative Network by the General Office of the National Health Commission. In March 2024, this policy updates membership of the national rare disease network to reinforce collaboration and quality control.
- 2025 Regional Innovation Development Joint Fund Programme Guidelines including Mitochondrial Energy Metabolism Disorder Induced Hereditary Rare Diseases by the National Natural Science Foundation of China. In April 2025, this call targets mitochondrial energy metabolism disorder rare diseases for mechanism studies and safe and effective interventions using cellular and animal models.
- Scope, Classification and Definitions of Advanced Therapeutic Medicinal Products Draft for Comments by the National Medical Products Administration. In June 2025, this draft standardises the scope and classification of advanced therapeutic drugs through hierarchical categorisation, facilitates alignment with international oversight standards, and supports research, application, review and approval processes to foster high quality industry development.

Mitochondrial Drugs

Overview of Mitochondrial Drugs

Mitochondria targeted drugs are designed to accumulate within mitochondria and modulate mitochondrial function in disorders such as cancer, neurodegenerative disease, metabolic syndrome, inflammatory conditions and age related diseases. The principal delivery strategies include use of lipophilic cations such as triphenylphosphonium driven by the mitochondrial membrane potential, peptide binding to cardiolipin enriched membranes, and import through N terminal mitochondrial targeting sequences recognised by TOM and TIM complexes. These approaches leverage mitochondrial bioenergetics and import machinery to achieve organelle selectivity.

NAD⁺ as a Mitochondrial Drug

The core function of NAD⁺ lies in maintaining mitochondrial quality homeostasis, thereby supporting cellular energy metabolism and overall health. Specifically, NAD⁺ activates Sirtuins proteins, initiating deacetylation processes that coordinately regulate both mitochondrial biogenesis and mitophagy. This dual-driven mechanism promotes the generation of functionally robust mitochondria while facilitating the timely removal of dysfunctional or damaged ones. By sustaining the dynamic balance of the mitochondrial network, this process ensures stable and efficient energy supply to target organs, supporting their normal physiological functions.

Nicotinamide adenine dinucleotide is positioned as a central regulator of cellular energy metabolism and mitochondrial function, linking metabolic status to mitochondrial homeostasis through biosynthesis, consumption and recycling pathways. Restoring or preserving nicotinamide adenine dinucleotide pools supports glycolysis, the tricarboxylic

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acid cycle and oxidative phosphorylation, and is associated with benefits across mitochondrial DNA integrity, reactive oxygen species control, insulin sensitivity and cognitive function. Age related decline in nicotinamide adenine dinucleotide is described together with therapeutic strategies that supplement NAD^+ or inhibit consuming enzymes such as SARM1 and CD38.

Mitochondrial Transplantation

Overview of Mitochondrial Transplantation

Mitochondrial transplantation introduces healthy mitochondria into damaged cells through direct transfer methods such as co-incubation and microinjection, or indirect transfer using carriers such as extracellular vesicles and engineered delivery systems. Each method has distinct features in operational simplicity, mitochondrial integrity risk, transfer efficiency and persistence of mitochondrial DNA in recipient cells. Target delivery routes include intravascular, intranasal and in situ injections with matrices such as hydrogels, and sources include natural mitochondria and artificial constructs. Application areas span neurological, cardiovascular, liver, lung and kidney injury.

Mechanisms and Clinical Applications of Mitochondrial Transplantation

Mechanistic pathways include direct injection of isolated mitochondria, delivery via mesenchymal stem cells, tunnelling nanotubes, cell fusion and extracellular vesicle mediated transfer, with cardiovascular disease models highlighted for energy restoration and cytoprotection. Clinically, reports and trials have explored cancer, myocardial ischaemic injury, brain injury, neurodegenerative disease, stroke and fertility assistance, alongside classification of relevant stem cell approaches as advanced therapies in draft definitions for advanced therapy medicinal products. Specific milestones include paediatric cardiac cases with improved ventricular function, fertility assistance with mitochondrial transfer into oocytes, preterm infant ischaemia work under evaluation, and stroke studies indicating safety and preliminary efficacy.

Testing for Mitochondrial Function

Testing Methods for Mitochondrial Function

Mitochondria are the organelles that generate most of the energy needed for a cell to function and drive cellular metabolism. Mitochondrial function can be determined at both the cellular and tissue levels using several methods.

- Genetic test. Generic testing focuses on mitochondrial aetiology at the molecular level to assess the risk of congenital or acquired mitochondrial defects, using approaches such as methylation analysis of mitochondrial DNA to estimate cellular senescence and mitochondrial health, quantitative PCR to determine mitochondrial copy number relative to nuclear DNA as a proxy for mitochondrial functional capacity, and next generation sequencing to detect common and rare point mutations and deletions across the mitochondrial genome.

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- Metabolic function test. Beyond molecular genetics, metabolic function testing directly interrogates core mitochondrial activities in real time, including respiratory chain performance, oxygen consumption rate, membrane potential, reactive oxygen species generation and metabolic flux, to characterise bioenergetic efficiency and redox balance at the cellular level.
- Biomarker test. Biomarker testing measures molecular indicators in accessible biofluids to reveal mitochondrial energy metabolism and regulatory capacity with sensitivity to early dysfunction, allowing real time and dynamic assessment even when genetic abnormalities are not fully expressed or when metabolic function tests are not yet altered.

Key Players in Anti-ageing Testing Industry

- Centre Testing International Group Co., Ltd.. It develops 2046 Telomere Length and Biological Age Test, which measures telomere length to infer cellular age, functional status and physiological vitality, providing insights on tissue ageing and disease risk and supporting personalised health management. The method uses fluorescence quantitative PCR with FRET probe technology and a telomere database calibrated for Chinese populations to enhance analytical relevance.
- Jinfiniti. It develops intracellular NAD⁺ Test, which measures actual intracellular nicotinamide adenine dinucleotide levels from a small blood sample and provides dosage recommendations, using a proprietary stability buffer for accurate detection and artificial intelligence analysis of biomarker data to refine reference ranges.
- InsideTracker. It membership service integrates blood biomarkers, DNA, wearable data and lifestyle inputs to generate personalised nutrition, supplement, exercise and lifestyle plans, powered by the SegterraX algorithm that combines user data with scientific rules and tracks longitudinal biomarker changes to refine recommendations.

Growth Drivers of Mitochondrial Medicine Industry

- Scientific and clinical foundations. Ongoing research into the mechanisms of mitochondrial diseases and accumulating clinical evidence in mitochondrial medicine provide a solid foundation for precision therapeutics and broader adoption in medical practice, with increasing public awareness of mitochondria targeted antioxidants and anti-ageing products described as reinforcing translational momentum.
- Policy support for health-related consumption. Health-related consumption has been positioned as a central driving force, with national level policy support fostering a favourable market access and reimbursement environment that enhances innovation incentives and supports sustainable industry development.

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- Rising public awareness and consumer demand. Growing public awareness of health, longevity and disease prevention is increasing demand for mitochondrial health-related products and services, reflecting a shift toward proactive and science based health management.
- Synergistic policy demand dynamics. Supportive policy measures and rising consumer demand are jointly accelerating the transition of mitochondrial medicine from basic research to wider application and adoption in clinical practice and everyday health management, supporting industry maturation and scale up.

Future Trends of Mitochondrial Medicine Industry

- Expansion of therapeutic applications. As understanding of mitochondrial dysfunction deepens, applications are expected to broaden across chronic diseases including neurodegenerative, cardiovascular and metabolic conditions, with examples such as nicotinamide adenine dinucleotide based prescription drugs and stem cell transplantation of healthy mitochondria in hereditary mitochondrial disorders.
- Advancement of personalised medicine. Integration of multi omics and mitochondrial functional profiling is expected to enable more precise diagnosis and therapy with improved outcomes and reduced adverse effects.
- Diversification of anti-ageing products. Growing health consumption is anticipated to expand mitochondrial targeted offerings that address preventive and restorative needs in healthy ageing.
- Multidisciplinary collaboration and technological integration. Combining mitochondrial transplantation and nicotinamide adenine dinucleotide therapy, and integrating gene and cell therapy, is expected to provide more comprehensive solutions through cross disciplinary innovation.
- Growing awareness and adoption in ageing interventions. Policy support and increasing attention in high impact journals are described as drivers of broader exploration and adoption of mitochondrial approaches in clinical practice and preventive health.
- Artificial intelligence in mitochondrial medicine. Artificial intelligence is expected to accelerate target discovery, multi omics and clinical data analysis, and optimise development of drugs, nutraceuticals and lifestyle interventions, with predictive models supporting personalised strategies based on mitochondrial health profiles.

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NAD⁺

Overview and Application of NAD⁺

Overview of NAD⁺

NAD⁺ is a crucial coenzyme and substrate that maintains mitochondrial homeostasis, serving as a central regulator in the metabolism of ageing. NAD⁺ is presented as a central participant in mitochondrial tricarboxylic acid cycle and electron transport chain pathways, with intracellular concentration directly influencing ATP synthesis rates. The substrates of CD38, PARPs, SARM1, and Sirtuins play a comprehensive role in regulating mitochondrial function and are closely associated with the ageing process. For instance, in cardiomyocytes, acting as Sirtuin substrates, they regulate the acetylation of histones and mitochondrial proteins, helping control reactive oxygen species, mitophagy, and the mitochondrial unfolded protein response, thereby maintaining mitochondrial homeostasis and supporting normal heart function. With advancing age or under pathological conditions, intracellular levels decline markedly in metabolically active tissues, which is associated with diminished mitochondrial function and insufficient energy production that may accelerate cellular ageing and disease onset. Cellular uptake is described through connexin 43 channels at the cell membrane and the SLC25A51 carrier at the mitochondrial membrane.

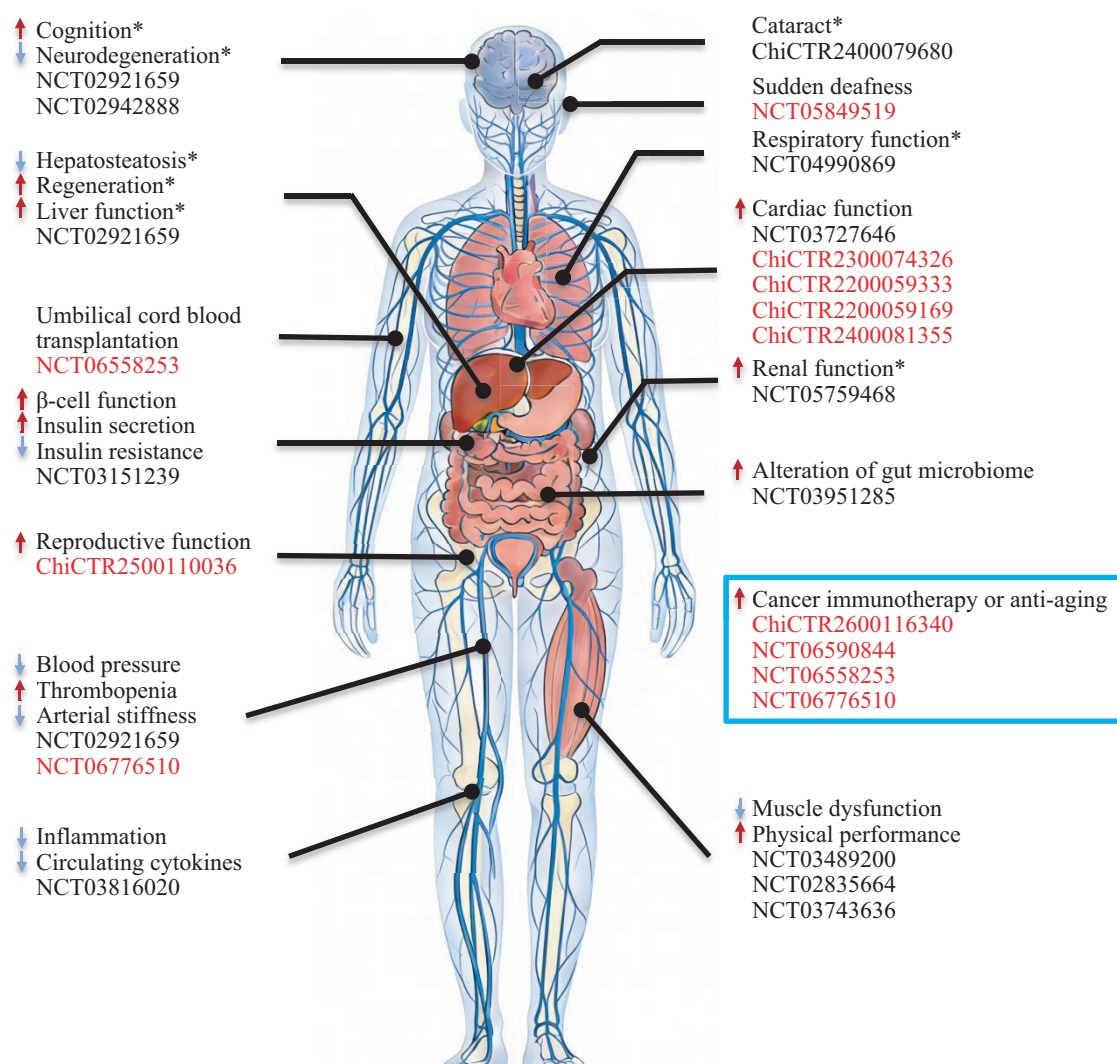
Application Areas of NAD⁺

- NAD⁺ and age-related diseases therapy. NAD⁺ is described as a central molecule for maintaining mitochondrial function and as a metabolic hub linking ageing with multiple diseases. It participates in ATP production via the TCA cycle and oxidative phosphorylation and is indispensable to mitochondrial health. Consistent with the 2024 Chinese geriatrics expert consensus on drug interventions to delay ageing, restoring NAD⁺ levels is indicated to slow or reverse aspects of vascular ageing, and NAD⁺ supplementation has shown potential across cardiovascular, neurodegenerative and immunology applications. For instance, Coenzyme I for Injection (恩艾地®) improved cardiac function, reduced oxidative stress and showed a trend towards lower long-term mortality in heart failure trials, aligning with NAD⁺ regulation of energy metabolism, oxidative stress and cell death pathways that are central to ageing mechanics.
- NAD⁺ in testing cardiovascular disease. In treating cardiovascular disease, NAD⁺ can improve mitochondrial function in cardiomyocytes and enhance ATP synthesis efficiency with potential to improve cardiac function and reduce heart failure risk.
- NAD⁺ in treating immunosenescence. In treating immunosenescence, NAD⁺ may increase white blood cell levels, improve macrophage function and mitigate immunotherapy resistance.
- NAD⁺ in treating ovarian functional decline. In ovarian functional decline, NAD⁺ helps regulate mitochondrial energetics supportive of oocyte maturation and early embryonic development.

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- NAD^+ in treating neurofunctional decline. In neurofunctional decline, NAD^+ supports neuronal energy supply and modulates sirtuin-dependent pathways to reduce neuroinflammation, repair DNA damage and address aberrant tau phosphorylation, among other effects.

The following diagramme illustrates the application areas of NAD^+ in human bodies.



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Notes:

- (1) ChiCTR denotes China Clinical Trial Register (中國臨床試驗註冊中心), which is an official registry that enhances transparency and compliance in clinical trials conducted in China by providing comprehensive public access to trial information and ensuring adherence to regulatory standards.
- (2) NCT denotes National Clinical Trials, a registry and results database maintained by the U.S. National Library of Medicine, designed to provide information about publicly and privately supported clinical studies conducted globally, promoting transparency and accessibility in clinical research.
- (3) * denotes the relevant trial was still ongoing as of the date of this document.

Clinical Guidelines and Expert Consensus of NAD⁺

NAD⁺ is recommended in multiple clinical guidelines and expert consensus for the treatment of conditions across cardiovascular disease, neurodegenerative, oncological and age-related diseases. The table below sets out the clinical guidelines and expert consensus for NAD⁺.

Category	Disease Area	Title of Guidelines/Consensus	Issuing Authority
Clinical Guidelines	Cardiovascular disease	“Guidelines for the Management of Coronary Heart Disease as a Chronic Condition in the Elderly”《老年冠心病慢病管理指南》	China Association of Gerontology and Geriatrics (CAGG)
		“Guidelines for Rational Medication and Comprehensive Management of Acute ST-Segment Elevation Myocardial Infarction at the County Level”《縣域急性ST段抬高型心肌梗死合理用藥與綜合管理指南》	Chinese Pharmacists Association, Hainan Boao County Medical Development Research Centre
		“Chinese Guideline for the Primary Care Diagnosis and Treatment of Heart Failure (2024)”《中國心力衰竭基層診斷與治療指南(2024年)》	Chinese Medical Association, Chinese Medical Journal, et al.
		“Practical Guidelines for Comprehensive Management of Cardiovascular Diseases in Primary Care 2024”《基層心血管病綜合管理實踐指南2024》	Beijing Hypertension Association, et al.
		“Guidelines for Rational Medication Use in Heart Failure”《心力衰竭合理用藥指南》	National Health and Family Planning Commission Expert Committee on Rational Drug Use, Chinese Pharmacists Association
		“Guidelines for Rational Medication and Comprehensive Management of Coronary Heart Disease at the County Level”《縣域冠心病合理用藥與綜合管理指南》	Chinese Pharmacists Association, Hainan Boao County Medical Development Research Centre
	Oncology	“Chinese Society of Clinical Oncology (CSCO) Clinical Practice Guidelines for Cardio-Oncology 2025”《中國臨床腫瘤學會(CSCO)腫瘤心臟病學臨床實踐指南2025》	Chinese Society of Clinical Oncology Guideline Working Committee
	Neurodegenerative disease	“Guidelines for Chronic Disease Management of Cognitive Impairment in the Elderly”《老年認知功能障礙慢病管理指南》	China Association of Gerontology and Geriatrics (CAGG)

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Category	Disease Area	Title of Guidelines/Consensus	Issuing Authority
Expert Consensus	Ageing	“Chinese Geriatrics Expert Consensus on Drug Interventions for Delaying Ageing (2024)”《延緩衰老藥物干預研究中國老年醫學專家共識(2024)》	Chinese Society of Geriatrics
		“Chinese Expert Consensus on Clinical Assessment and Intervention of Vascular Ageing (2024 Edition)”《血管衰老臨床評估與干預中國專家共識(2024版)》	Chinese Society of Geriatrics
	Cardiovascular disease	“Expert Consensus on the Prevention and Management of Cancer Therapy-Related Cardiac Dysfunction”《腫瘤治療相關心功能不全防治與管理專家共識》	Chinese Society of Cardiology and Chinese Journal of Cardiology Editorial Committee
		“Chinese Multidisciplinary Expert Consensus on the Diagnosis and Treatment of Microvascular Disease”《中國多學科微血管疾病診斷與治療專家共識》	Chinese Geriatrics Society Cardiovascular Disease Branch
		“Chinese Expert Consensus on the Clinical Application of Myocardial Metabolism-Improving Drugs (2021)”《改善心肌代謝藥物臨床應用中國專家共識(2021)》	Chinese Geriatrics Society, Electrocardiography and Cardiac Function Branch, et al.
		“Chinese Expert Consensus on the Diagnosis and Treatment of Chronic Heart Failure in the Elderly (2021)”《老年人慢性心力衰竭診治中國專家共識(2021)》	Chinese Society of Geriatrics
		“Multidisciplinary Diagnosis and Treatment Consensus for Cardiovascular Diseases in the Elderly”《老年心血管病多學科診療共識》	Beijing Hypertension Association (BHA), Chinese Stroke Society Hypertension Prevention and Management Branch, et al.

Coronary Artery Disease

Overview of Coronary Artery Disease

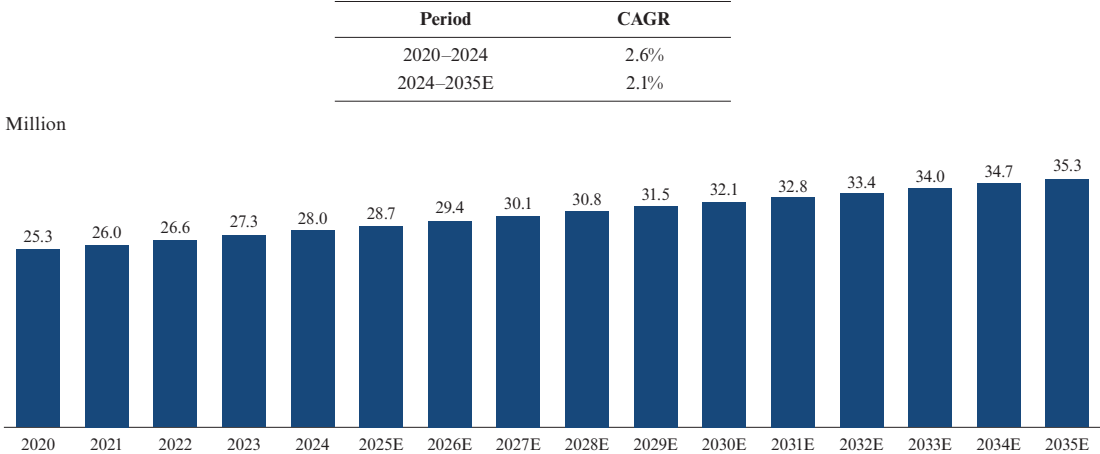
Coronary artery disease is myocardial ischaemia and angina or myocardial infarction resulting from coronary artery stenosis or obstruction due to atherosclerosis or dynamic vascular spasm, and is thus also termed ischaemic heart disease. Elevated blood lipids promote intimal cholesterol deposition and plaque formation, narrowing arterial lumina and disturbing blood flow. Emotional or physical stress can elevate myocardial oxygen demand beyond restricted coronary supply, producing angina. Prolonged spasm or acute occlusion can cause thrombus formation and irreversible myocardial ischaemic necrosis manifesting as myocardial infarction. Risk factors include smoking, obesity, hypertension, diabetes, age, family history, reduced exercise and alcohol overuse. Management spans medication, percutaneous coronary intervention, coronary artery bypass grafting and cell-based approaches.

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Prevalence of Coronary Artery Disease in China

The prevalence of coronary artery disease in China increased from 25.3 million in 2019 to 28.0 million in 2024, representing a CAGR of 2.6% during the period. It is expected to reach 35.3 million by 2035, representing a CAGR of 2.1% from 2024 to 2035. The chart below sets out the prevalence of coronary artery disease in China.

Prevalence of CAD in China, 2020–2035E



Source: literature review, Frost & Sullivan analysis

Standard of Care Intervention for Coronary Artery Disease

- Pharmacologic treatment. Recommended antiplatelet therapy comprises dual antiplatelet therapy that combines aspirin with a P2Y12 inhibitor such as clopidogrel or ticagrelor, with low dose aspirin or indobufen considered for patients at high bleeding risk, and with vicagrel described as a new agent that bypasses CYP2C19 metabolism for rapid and stable action. Anticoagulation for moderate to high risk acute coronary syndrome patients includes low molecular weight heparin or fondaparinux with dosing individualised to prevent bleeding complications. Anti ischaemic agents include beta blockers to control heart rate and reduce oxygen demand, nitrates to dilate coronary arteries and improve myocardial perfusion, and calcium channel blockers for vasospastic angina or when beta blockers are not tolerated. Renin angiotensin system blockade is indicated with ACE inhibitors, ARBs, or ARNIs in patients with hypertension, diabetes, or left ventricular dysfunction, with a stated effect of delaying ventricular remodelling and improving prognosis. High intensity statin therapy such as atorvastatin 40 to 80 mg per day is recommended early for all patients with coronary artery disease or acute coronary syndrome with a goal of LDL cholesterol below 1.4 mmol per litre or at least a 50% reduction from baseline.

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- Revascularisation. Patients with high risk features or persistent ischaemia should undergo coronary angiography for lesion evaluation, with selection between percutaneous coronary intervention and coronary artery bypass grafting according to lesion extent, SYNTAX score, and risk stratification that includes GRACE score.
- Secondary prevention and cardiac rehabilitation. Cardiac rehabilitation is described in a three phase model that includes in hospital mobilisation within eight hours after stabilisation, early outpatient exercise training and risk factor control within six months after discharge, and maintenance through long term community or home based rehabilitation. Five core prescriptions are specified as exercise, medication, nutrition, psychological support, and smoking cessation. Assessment and prescription include cardiopulmonary exercise testing as the gold standard for individualised exercise prescription, with the six minute walk test noted as an alternative method for primary care or elderly patients. Reported rehabilitation outcomes include reduced recurrent cardiovascular events and mortality and improved exercise capacity and quality of life. NAD⁺ is described as enhancing deacetylase activity, reducing endothelial inflammation and oxidative injury, decreasing microvascular endothelial apoptosis, and promoting angiogenesis, with the stated effect of improving coronary microcirculation and mitigating ischaemia reperfusion induced microvascular damage.

NAD⁺ as a Treatment Option for Coronary Artery Disease

Experimental coronary disease models show that myocardial ischaemia leads to substantial NAD⁺ depletion likely from CD38 overactivation. Restoration of NAD⁺ protects cardiac tissue against ischaemia-reperfusion injury by preserving cardiac function, improving coronary flow and reducing infarct size. Administration of NAD⁺ or precursors diminishes ischaemia-induced succinate accumulation and reactive oxygen species, correlating with reduced cardiac injury. IV NAD⁺ alleviated ischaemia-induced cardiac necrosis, fibrosis and inflammation following reperfusion of a transiently occluded left anterior descending coronary artery. Mechanistically, NAD⁺ treatment suppresses vascular inflammation, attenuates vascular oxidative stress and mitochondrial dysfunction and activates vascular autophagy.

Competitive Landscape of NAD⁺ in Coronary Artery Disease

The chart below sets out the competitive landscape of NAD⁺ in Coronary Artery Disease as of the Latest Practicable Date.

Drug Name	Company	Indication	NMPA First Approval Year	Region	Specification
Coenzyme I for Injection (恩艾地®)	Our Group	Coronary Artery Disease, Myocarditis, Leukopenia	2002	China	5mg, 2mg

INDUSTRY OVERVIEW

Heart Failure

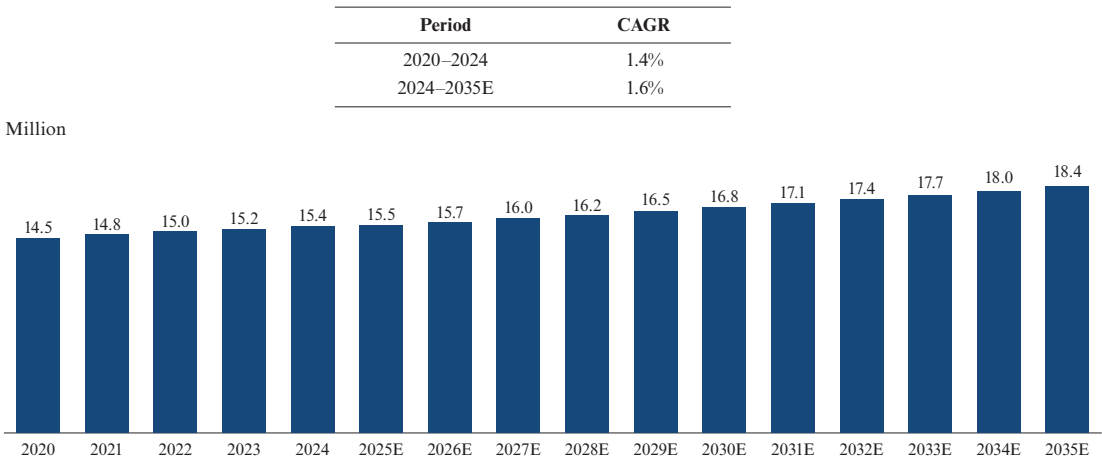
Overview of Heart Failure

Heart failure is described as a clinical syndrome caused by structural or functional cardiac abnormalities that reduce cardiac output and the ability to meet metabolic needs, with common symptoms including dyspnoea, fatigue and peripheral oedema. Guideline-directed medical therapy for heart failure includes ARNI therapy, beta-blockers, mineralocorticoid receptor antagonists and SGLT2 inhibitors. ARNI therapy inhibits the renin-angiotensin system and enhances natriuretic peptide effects, reducing mortality and rehospitalisation. Beta-blockers suppress sympathetic activation, reduce heart rate and reverse ventricular remodelling. MRAs reduce aldosterone-mediated sodium retention and myocardial fibrosis. SGLT2 inhibitors promote natriuresis and improve myocardial energetics with benefits in patients with or without diabetes. Lifestyle measures such as regular moderate-intensity exercise and psychological support are also part of comprehensive management.

Prevalence of Heart Failure in China

The prevalence of heart failure in China increased from 14.5 million in 2020 to 15.4 million in 2024, representing a CAGR of 1.4% during the period. It is expected to increase to 18.4 million by 2035, representing a CAGR of 1.6% from 2024 to 2035. The chart below sets out the prevalence of heart failure in China.

Prevalence of Heart Failure in China, 2020–2035E



Source: World Heart Federation, literature review, Frost & Sullivan analysis

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NAD⁺ as a Treatment Option for Heart Failure

Heart failure is characterised by impaired myocardial energy production and reduced ATP availability, with NAD⁺ levels declining in failing hearts and contributing to energetic deficits and cardiac dysfunction. Strategies to restore NAD⁺, including supplementation and modulation of SIRT2/3, PARP and diastolic regulatory proteins, have shown potential to enhance myocardial energetics and performance. Coenzyme I for Injection (恩艾地®) has been recommended in multiple domestic cardiovascular guidelines, including the 2024 Chinese primary care heart failure guideline, the 2024 primary care comprehensive CVD management practice guideline, the 2023 CSCO cardio-oncology guideline, the guideline for rational heart failure medication, and the 2021 expert consensus on drugs improving myocardial metabolism. In a global clinical study led by Beijing Hospital evaluating injectable coenzyme I in chronic heart failure, patients received 50 mg daily for seven days. Within two weeks, the NAD⁺ group showed a significant increase in Sirtuin levels while controls declined. Markers of oxidative stress including reactive oxygen species and electron transport values fell markedly in the NAD⁺ group. NT-proBNP decreased significantly more in the NAD⁺ group. One-year follow-up showed a trend toward lower mortality in the NAD⁺ group at 3.4% versus 10.3% in controls, with safety assessments showing no significant between-group differences.

NAD⁺ Application in Other Cardiovascular Diseases

- Atherosclerosis. Mitochondrial dysfunction plays a pivotal role in the initiation and progression of atherosclerosis, including respiratory chain enzyme decline, excessive reactive oxygen species and mitochondrial DNA damage and mutations that drive lipid oxidation, endothelial injury and inflammation. NAD⁺ and its precursors such as NMN and NR have demonstrated potential by activating SIRT1/PGC-1 α signalling, thereby improving endothelial function, reducing inflammatory responses and delaying atherosclerotic progression.
- Hypertension. In hypertension, mitochondrial oxidative phosphorylation abnormalities and elevated ROS are linked to reduced NAD⁺ in PBMCs and aortic tissue, with NAD⁺ depletion largely driven by endothelial CD38 upregulation further exacerbated by macrophage-derived IL-1 β via JAK1/STAT1. Elevating NAD⁺ in hypertensive patients significantly reduced systolic and diastolic blood pressure, improved endothelial function and reduced arterial stiffness, while CD38 inhibition increased NAD⁺ level and mitigated disease progression.
- Myocardial ischaemia-reperfusion injury. For myocardial ischaemia-reperfusion injury, NAD⁺ and its precursors attenuated injury by activating deacetylases such as SIRT1 to inhibit oxidative stress and apoptosis, restoring mitophagy flux and microvascular function, and enhancing SIRT3 activity to reduce mitochondrial protein acetylation and optimise energy metabolism.

INDUSTRY OVERVIEW

- Vascular aging. Vascular aging refers to the process whereby the quantity and function of vascular endothelial cells (ECs) progressively decline with advancing age, leading to structural and functional degeneration of blood vessels. The deterioration of vascular function constitutes one of the primary causes of aging and age-related diseases. Vascular aging is closely intertwined with mitochondrial function. As the cellular powerhouses, mitochondria’s operational state directly influences vascular health. During vascular aging, mitochondrial dysfunction may manifest as reduced energy metabolism efficiency, increased reactive oxygen species (ROS) production, and unstable mitochondrial membrane potential.

Research indicates that supplementation with NAD^+ and its precursors can activate deacetylases such as SIRT1, suppress oxidative stress and apoptosis, thereby helping to improve mitochondrial function and delay vascular aging.

Premature Ovarian Insufficiency

Overview of Premature Ovarian Insufficiency

Premature ovarian insufficiency is characterised by loss of normal ovarian function before the age of 40, with manifestations that include irregular or absent menstruation, reduced oestrogen levels and potential infertility. The exact cause is unknown and may relate to chromosomal changes, toxins or immune responses to ovarian tissue, and diagnosis involves a physical examination including a pelvic exam. Risk increases between ages 35 and 40 and is rare before age 30, with family history and prior ovarian surgery recognised as risk factors. Symptoms may include menstrual irregularity for years, trouble conceiving, hot flushes and night sweats, vaginal dryness, mood and cognitive complaints and reduced sexual desire.

Treatments of Premature Ovarian Insufficiency

Current treatments include hormone replacement therapy, calcium and vitamin D supplements and NAD^+ treatment.

- Hormone replacement therapy. Physiological hormone replacement aims to restore oestrogen and progesterone to premenopausal ranges, with transdermal 17β -estradiol around one hundred micrograms per day or oral estradiol around two milligrammes per day used to alleviate vasomotor and urogenital symptoms, maintain bone mineral density and support cardiovascular and cognitive health, and cyclic oral micronised progesterone is added in women with an intact uterus to mitigate endometrial risks. Contemporary guidelines advise continuation of HRT until the average age of natural menopause, with route and regimen individualised to symptom control, tolerability and contraindications.

INDUSTRY OVERVIEW

- Calcium and vitamin D. Women with premature ovarian insufficiency experience accelerated bone loss due to prolonged hypoestrogenism, which predisposes them to osteopenia and osteoporosis at a young age, and oestrogen replacement remains the primary strategy to preserve bone mass by inhibiting osteoclast mediated resorption and promoting osteoblastic activity. Baseline and follow up dual energy X ray absorptiometry scans are recommended to monitor bone mineral density and guide intervention, with adjunctive measures comprising adequate calcium intake at 1,200 mg per day and vitamin D at 800 to 1,000 IU per day, engagement in weight bearing and resistance exercise, and avoidance of smoking and excessive alcohol. In women who cannot take oestrogen, bisphosphonates or selective oestrogen receptor modulators may be considered although data are limited in younger populations, and the combination of hormone replacement therapy with lifestyle and nutritional support provides effective protection against premature osteoporosis and fracture risk in premature ovarian insufficiency.
- NAD⁺ treatment. Mechanistically, NAD⁺ in ovarian ageing supports energy supply and redox balance, promotes autophagy and reduces oxidative stress, inflammation and apoptosis via redox enzymes and Sirtuins, supports DNA repair through PARPs and modulates cADPR, with downstream effects on granulosa cell metabolism and steroidogenesis, oocyte mitochondrial biogenesis and chromatin integrity and embryo fertilisation and developmental potential. Approaches to increase NAD⁺ include direct NAD⁺ or precursor supplementation, lifestyle interventions and modulation of metabolic enzymes such as NMNAT, Sirtuins and PARPs. Injecting high quality mitochondria into oocytes has been observed to improve metabolic state and embryonic potential in specific settings, while NAD⁺ nutritional supplementation supports oocyte maturation and early embryonic development and may enhance ovarian reserve function and assisted reproduction success. Animal studies have found that direct NAD⁺ supplementation can improve oocyte quality, enhance ovarian function and restore fertility in aged models.

NAD⁺ as a Treatment Option for Male Infertility

Male infertility arises from sexual dysfunction and abnormalities in semen parameters, and infertile males have been observed to have reduced NAD⁺ levels in semen, particularly in oligospermia, while NAD⁺ mediates Sirtuins regulation of steroid homeostasis and reduced NAD⁺ weakens SIRT1 function with consequent testosterone reduction demonstrated in mice. Exogenous NAD⁺ supports smooth muscle relaxation and may improve erectile function by acting as a neurotransmitter that relaxes smooth muscle in the corpus cavernosum and vessels, although NAD⁺ can be rapidly depleted during the process. Elevation of NAD⁺ may improve muscle and bone health and sexual function and boost testosterone, while antioxidant effects protect sperm DNA integrity and improve sperm quality and production.

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NAD⁺ Application in Immunosenescence

Immunosenescence reflects age associated decline in innate and adaptive immune function with increased pro inflammatory cytokine production, reduced pathogen recognition and clearance and diminished responses to antigen stimulation, and is closely linked to mitochondrial health that underpins immune cell energy supply, signal transduction and survival, while declining NAD⁺ is increasingly recognised as a central metabolic switch in this process. Ageing immune cells commonly show heightened glycolysis, diminished oxidative phosphorylation and excess reactive oxygen species, which disrupt mitochondrial homeostasis and induce DNA damage and inflammatory signalling with functional decline and leukopenia.

Immunosenescence with reduced NAD⁺ and chronic low grade inflammation is associated with leukopenia, and studies indicate that higher intracellular NAD⁺ increases macrophage and dendritic cell TNF synthesis through SIRT6 mediated enhancement of TNF mRNA translation, with NAD⁺ supplementation able to restore this capacity when NAD⁺ is low. In murine models, NAD⁺ pre-treatment increased peripheral leukocytes and bone marrow nucleated cells following irradiation, reduced marrow apoptosis and caspase 3 activity and improved survival by inhibiting mitochondrial apoptosis pathways. Extracellular NAD⁺ can act through P2Y11 to activate cAMP and PKA signalling and delay neutrophil apoptosis by stabilising Mcl 1 and preventing Bax translocation.

NAD⁺ Application in Cancer Immunotherapy

NAD⁺ can selectively regulate Foxp3 positive Treg cells through the ART2 and P2X7 pathway, where short term elevation depletes Treg cells and promotes anti tumour responses in multiple models due to high ART2.2 and P2X7 expression in Treg cells. NAMPT mediated NAD⁺ biosynthesis drives PD-L1 expression through STAT1 dependent interferon gamma signalling by maintaining Tet1 activity and expression and promoting Tet1 binding to IRF1 to regulate demethylation and downstream PD-L1 expression, and tumours with high NAMPT expression have shown greater sensitivity to anti PD-L1 treatment while NAD⁺ supplementation has enhanced anti PD-L1 efficacy in immunotherapy resistant tumours.

NAD⁺ Application in Neurodegenerative Diseases

Neurodegenerative diseases share mitochondrial abnormalities that include complex I dysfunction, ATP reduction, increased reactive oxygen species, oxidative stress, calcium homeostasis disorder and membrane potential abnormality, with impaired autophagy and mitophagy leading to accumulation of defective mitochondria, while abnormal NAD⁺ metabolism can activate SARM1 driven axonal degeneration through imbalance of NMN and NAD⁺, and restoring NAD⁺ to enhance mitochondrial quality control and inhibit axonal degeneration has become an important strategy. Ageing brains show sharp NAD⁺ decline with disruption of mitochondrial biogenesis and autophagy, increased ROS and energy deficit that accelerate neurodegeneration.

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- Alzheimer’s disease. In Alzheimer’s disease, mitochondrial fragmentation, excessive division, impaired mitophagy and reduced ATP generation lead to insufficient neuronal energy supply, and reduced glucose metabolism in affected regions aggravates the metabolic deficit, while increased consumption of NAD^+ by CD38, PARP1 and SARM1 lowers NAD^+ levels and contributes to DNA repair dysfunction, mitochondrial imbalance, neuronal impairment and inflammation associated with amyloid, tau and mitochondrial pathology. Elevating NAD^+ with lifestyle or pharmacological enhancers has improved cognition and inhibited these processes in models, and nicotinamide riboside restored SIRT3 activity and improved neuroinflammation, synaptic transmission, tau phosphorylation, DNA damage and learning and memory in mice with DNA repair defects.
- Parkinson’s disease. In Parkinson’s disease, α -synuclein aggregation reduces VDAC1 and impairs mitochondria with complex I dysfunction and ROS increase, while PINK1 loss reduces membrane potential, mitochondrial DNA, ATP and complex I and IV activities with dopaminergic neuron death, and SARM1 activation exacerbates axonal degeneration with NAD^+ depletion. Supplementation with NR or NMN improved dopaminergic neuron survival and mitochondrial function in models, while IV or oral NADH showed benefits in some patients and a case report described IV NAD^+ alleviating tremor and improving cognition, alongside approaches including gene therapy, antioxidants and PINK1 and Parkin pathway activation.
- Amyotrophic lateral sclerosis. In amyotrophic lateral sclerosis, mitochondrial dysfunction and oxidative stress are consistent motor neuron features, with dysregulation of the kynurenine pathway, altered SIRT1 and SIRT3 and reduced nicotinamide observed in patients and models, and enhancing NAD^+ salvage in co-culture increased NAD^+ , reduced oxidative stress and supported motor neuron survival with likely involvement of SIRT1 and SIRT3 and reduced neuroinflammation. Supplementation with NMN, NR or NAM improved motor behaviour and histopathology in SOD1 mutant mice, and a preliminary clinical trial of a combination including NAD^+ precursors and a SIRT1 activator showed improvements in motor function, muscle strength and respiratory capacity with a favourable safety profile.
- Huntington’s disease. In Huntington’s disease, reduced NAD^+ synthesis and mitochondrial dysfunction accompany oxidative stress with altered kynurenine pathway metabolites linked to excitotoxicity and mitochondrial impairment, and supplementation with nicotinamide or NR improved motor deficits, reduced mHtt toxicity and enhanced mitochondrial function in pre-clinical models, possibly via SIRT1 and PGC 1 α and SIRT3 activation.

INDUSTRY OVERVIEW

- Cognitive impairment. Cognitive impairment spans mild cognitive impairment and dementia across degenerative and non degenerative aetiologies, and as the brain consumes around one fifth of body energy, mitochondrial dysfunction can reduce synaptic efficiency, increase oxidative damage and amplify calcium dysregulation and neuroinflammation, contributing to deficits. In a chronic cerebral hypoperfusion model, exogenous NAD⁺ improved learning and memory and activated SIRT1 and PGC 1 alpha signalling, mitigated mitochondrial damage, reduced reactive oxygen species and suppressed neuroinflammation, with SIRT1 overexpression mimicking protective effects.
- Brain ageing. Brain ageing involves decreased energy metabolism, impaired synaptic function, increased inflammatory responses and disturbed protein homeostasis, with mitochondrial dysfunction central to these changes and elevation of cellular NAD⁺ activating Sirtuins and mitochondrial stress responses and improving DNA repair and energy metabolism with reduced oxidative stress, and Coenzyme I for Injection (恩艾地®) is included as a supportive therapy in a national guideline for chronic cognitive impairment in the elderly, while mechanistic work has also described a CX43 and PARP1 axis through which NAD⁺ may support blood brain barrier integrity.

NAD⁺ Application in Metabolic Diseases

Diabetes mellitus involves reduced insulin sensitivity with elevated blood glucose and is linked to mitochondrial dysfunction that can impair insulin secretion and action, increase oxidative stress and inflammatory responses, induce endoplasmic reticulum stress and damage pancreatic beta cells, while functional impairments in quality control, ATP synthesis and reactive oxygen species are observed in patients and models. NAD⁺ has emerged as a focus in prevention and treatment, and work from Osaka University reported that significantly increasing plasma NAD⁺ led to a fivefold rise in serum insulin, while research from Changhai Hospital indicated that NAD⁺ improved vascular repair and reperfusion in diabetic settings and showed reduced NAD⁺ and NAMPT in bone marrow and bone marrow derived endothelial progenitors in diabetic mice.

NAD⁺ Application in Age-related Ophthalmic Diseases

Glaucoma is a progressive optic neuropathy with optic nerve damage and visual field loss, where trabecular meshwork dysfunction elevates intraocular pressure, and trabecular meshwork cells in patients and the GTM3 line exhibit mitochondrial dysfunction that reduces ATP production and increases oxidative stress with impaired drainage. Elevated intraocular pressure disrupts retinal ganglion cell axonal transport and reduces NMNAT2 transport that maintains NAD⁺ homeostasis, lowering axonal NAD⁺ and exacerbating mitochondrial dysfunction and bioenergetic failure that drives axonal degeneration and cell death. Supplementation with NAD⁺ or precursors has restored mitochondrial membrane potential and respiratory function in GTM3 cells and reduced extracellular matrix accumulation and improved phagocytosis, and may maintain axonal energy in retinal ganglion cells, while a consensus notes a critical role for NAD⁺ in retinal oxidative phosphorylation with age related decline that parallels reduced NAMPT expression, and

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compounds including humanin, resveratrol, AMPK activators and NAD^+ have shown protective effects in retinal pigment epithelial cells in pre-clinical studies relevant to age related macular degeneration.

NAD^+ in Neuromuscular Diseases and Exercise Performance Enhancement

In neuromuscular disease models including Duchenne muscular dystrophy, muscle NAD^+ is reduced with increased PARP activity and reduced NAMPT expression, and restoration of NAD^+ improves mitochondrial respiration and oxidative capacity, reduces inflammation, fibrosis and poly ADP ribosylation, enhances muscle stem cell function and prevents senescence and ameliorates muscle and cardiac pathology in mdx and mdx and Utr deficient mice. Neuromuscular diseases are heterogeneous disorders of peripheral nerves, neuromuscular junction or skeletal muscle with progressive weakness and metabolic dysfunction, and mitochondrial dysfunction with disrupted NAD^+ homeostasis contributes to disease progression, while NAD^+ repletion supports muscle energy metabolism, regeneration and endurance and suggests therapeutic potential for neuromuscular disorders and performance optimisation.

PROSTAGLANDIN E_2 & HYALURONIDASE

PGE_2 Solution

PGE_2 Solution is mainly used to induce labour in term and post term pregnancy and to assist delivery in elderly primiparas by softening and ripening the cervix to trigger uterine contractions, and it is also applied to induce mid trimester abortion before 28 weeks of gestation in clinical scenarios including missed abortion, intrauterine foetal death, premature rupture of membranes and removal of uterine contents in benign hydatidiform mole. PGE_2 is further described as a key regulator of tissue repair and regeneration through endogenous stem cell activation, immune modulation and angiogenesis, acting via E type prostanoid receptors and supporting regenerative processes in skin, heart, liver, kidney, intestine, bone, skeletal muscle and haematopoietic tissues. As of the Latest Practicable Date, Knature Biopharmaceutical's Prostaglandine E_2 Solution is the only intravenously administered Prostaglandine E_2 Solution in China.

Hyaluronidase for Injection

Hyaluronidase for injection is used to promote diffusion of liquid medicine, exudate or blood that accumulates locally in the eye, to facilitate absorption of vitreous opacities, to prevent symblepharon after chemical burn of the conjunctiva and to reduce associated inflammatory reactions, and it can also be used for the treatment of osteoarthritis. Hyaluronidase enhances systemic absorption and distribution of co-administered injectable drugs and is currently used in combinations including insulin for diabetes, beta interferons for multiple sclerosis, biologic agents for rheumatoid arthritis, immunoglobulin replacement therapy for primary immunodeficiencies and monoclonal antibodies for cancer treatment, and additional medical uses are also noted. FDA approved indications include enhancement of absorption and dispersion of injected drugs, subcutaneous fluid administration for hydration therapy and subcutaneous urography to facilitate absorption of radiopaque contrast agents, while non FDA approved uses include management of

INDUSTRY OVERVIEW

medication extravasation, adjunctive use with local anaesthetics in ocular blocks during ophthalmic surgery, and keloid scar treatment with multimodal intralesional regimens. Hyaluronidase effectively degrades hyaluronan based dermal fillers in clinical practice.

Competitive Landscape of Approved Hyaluronidase for Injection in China

The table below sets out the competitive landscape of approved hyaluronidase for injection as of the Latest Practicable Date.

Brand Name	INN	Company	Mode of Administration	2024 Medical Insurance	Specification
千容美 [®]	Hyaluronidase for Injection	Our Group	Injection	—	1500IU
捷隆 [®]	Hyaluronidase for Injection	Jilin Aodong Taonan Pharmaceutical Co., Ltd.	Injection	—	150IU
倍宜寧 [®]	Hyaluronidase for Injection	Shanghai No.1 Biochemical & Pharmaceutical Co., Ltd.	Injection	—	1500IU

PANCREATIC KININOGENASE

Pancreatic Kininogenase for Injection

Pancreatic kininogenase is a proteolytic enzyme vasodilator extracted from mammalian pancreas and is described as a white or off white powder composed of 18 amino acids and four sugars that is easily soluble in water and poorly soluble in organic solvents, and the injectable product is used to improve microcirculation. Main uses include diseases caused by microcirculatory disorders such as diabetic nephropathy, peripheral neuropathy, retinopathy and fundus disorders, as well as ischaemic cerebrovascular diseases and it can be used as adjuvant treatment for hypertension, with mechanisms including promotion of capillary dilation with increased blood flow and reduced blood viscosity to improve microcirculation and stimulation of endogenous prostaglandin synthesis to indirectly dilate small blood vessels.

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Competitive Landscape of Approved Pancreatic Kininogenase for Injection in China

The table below sets out the competitive landscape of approved pancreatic kininogenase for injection as of the Latest Practicable Date.

Company	NMPA First Approval Date
Wuzhi Weierkang Biochemical Pharmaceutical Co., Ltd	1995-01-01
China Resources Double-crane Pharmaceutical Co., Ltd.	1996-01-01
Jiuquan Dadeli Pharmaceutical Co., Ltd	1996-01-01
Changzhou Qianhong Biopharma Co., Ltd.	1999-01-01
Our Company	1999-01-01
Guangdong sunho Pharmaceutical Co., Ltd.	2002-09-13
Livzon Group Livzon Pharmaceutical Factory	2005-01-01

SODIUM NITROPRUSSIDE

Sodium Nitroprusside for Injection

Sodium nitroprusside for injection is a potent and rapid acting vasodilator that is a water soluble complex of ferrous iron, nitric oxide and five cyanide ions and functions as a prodrug that releases nitric oxide through reactions with sulfhydryl groups on erythrocytes, albumin and other molecules. It was discovered in 1849 by Lyon Playfair and was first approved by the US FDA in 1974 for severe hypertension, and it is described as a balanced arterial and venous dilator with a long standing role in critical care for acute haemodynamic management supported by a distinctive pharmacological profile and reliability in emergencies.

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Competitive Landscape of Approved Sodium Nitroprusside for Injection in China

The table below sets out the competitive landscape of approved sodium nitroprusside for injection as of the Latest Practicable Date.

Company	NMPA First Approval Date
China Resources Double-crane Pharmaceutical Co., Ltd.	1996-01-01
Hunan Kelun Pharmaceutical Co., Ltd.	2003-01-01
Dandong Yichuang Pharmaceutical Co., Ltd.	2005-04-19
Our Company	2005-05-09
Youcare Pharmaceutical Group Co., Ltd	2005-11-30
Guangdong Winnerway Group Pharmaceutical Co., Ltd	2006-04-25
Wuhan Jiacheng Pharmaceutical Technology Co., Ltd	2006-06-20
Zhejiang Jolly Pharmaceutical Co., Ltd.	2008-09-03
Hunan Hengsheng Pharmaceutical Co., Ltd	2008-10-08
Jincheng Haisi Pharmaceutical Co., Ltd.	2008-10-17
Guangdong Zhongsheng Pharmaceutical Co., Ltd	2009-09-03
Hainan Poly Pharmaceutical Co., Ltd.	2022-04-12
Chengdu Sino-Strong Pharmaceutical Co., Ltd.	2024-10-29
Hunan Hengsheng Pharmaceutical Co., Ltd	2025-12-30

SOURCE OF INFORMATION

In connection with the [REDACTED], we have commissioned Frost & Sullivan, an independent third party, to conduct a detailed analysis and prepare an industry report on the China pharmaceutical market. The F&S Report has been prepared by F&S independently and without our influence. We have agreed to pay Frost & Sullivan a fee of RMB550,000 for the preparation of the F&S Report, which we consider to be in line with market rates. Except as otherwise noted, all data and forecasts in this section are derived from the F&S Report. Our Directors confirm that, after taking reasonable care, there has been no adverse change in the market information since the date of the F&S Report that may qualify, contradict, or materially impact the information disclosed in this section.

Frost & Sullivan prepared its report based on its in-house database, independent third-party reports, and publicly available data from reputable industry organisations. To prepare the F&S Report, Frost & Sullivan also conducted analysis on projected figures using historical data, macroeconomic data, and specific industry-related drivers. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the F&S Report may be affected by the accuracy of the foregoing key assumptions.

REGULATORY OVERVIEW

LAWS AND REGULATIONS OF THE PRC

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarises the major PRC regulatory authorities and PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY AUTHORITIES

NMPA and Centre for Drug Evaluation

National Medical Products Administration (“NMPA”, formerly known as the China Food and Drug Administration (“CFDA”)) is the department in charge of the pharmaceutical industry of China. It is responsible for drawing up the laws and regulations related to pharmaceuticals and medical devices, making policy planning, formulating departmental regulations, organising the development and issuance of pharmaceutical and medical device standards, classification and management systems, such as national formulary, and supervising the implementation.

CDE is the technical evaluation unit for drug registration under NMPA. It is mainly responsible for conducting technical evaluation on the drugs applying for registration and verifying the relevant drug registrations.

NHC

The National Health Commission (“NHC”, formerly known as the National Health and Family Planning Commission), is a primary national regulator for public health and family planning management. 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, organising 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 practising of medical personnel.

NHSA

The National Healthcare Security Administration (國家醫療保障局) (“NHSA”), a new agency established in May 2018, directly under the PRC State Council, is 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; formulating 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.

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MOFCOM

The Ministry of Commerce of the PRC (中華人民共和國商務部) (“**MOFCOM**”) is responsible for the overall guidance and management of foreign investment. It drafts, revises and implements the laws, regulations, rules and policies of foreign investment. It also participates in the drafting and promulgation of the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) and Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》). The MOFCOM is also responsible for the administration and supervision of the approval and registration of foreign investment in China.

NDRC

The National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (“**NDRC**”) is a component of the PRC State Council, which implements the principles policies, and decision-making arrangement and reform. It is mainly responsible for formulating and organising the implementation of national economic and social development strategies, and drafting relevant laws and regulations on national economic and social development, economic system reform and opening up, which has a great impact on drug R&D, production and service industries.

PRINCIPAL REGULATORY PROVISIONS

Drug R&D

R&D of New Drugs

The Drug Administration Law of the PRC (《中華人民共和國藥品管理法》) (“**Drug Administration Law**”) promulgated by the Standing Committee of the National People’s Congress (“**SCNPC**”) in September 1984, last amended on 26 August 2019 and became effective on 1 December 2019, and the Implementation Regulations of the Drug Administration Law of the PRC (《中華人民共和國藥品管理法實施條例》) (“**Implementation Regulations**”) promulgated by the State Council in August 2002, last amended on 6 December 2024 and became effective on 20 January 2025, have laid down the legal framework for the establishment and maintenance of pharmaceutical manufacturing and trading enterprises, as well as for the administration of pharmaceutical products including the development and manufacturing of new drugs. According to the Drug Administration Law and the Implementation Regulations, the PRC encourages the R&D of new drugs, and protects the legal rights and interests in the R&D of new drugs. The developer and clinical trial applicant of any new drug shall truthfully submit the new drug’s manufacturing method, quality specifications, results of pharmacological and toxicological tests and the related data, documents and samples to the NMPA for approval before any clinical trial is conducted.

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Non-clinical Research

The NMPA requires pre-clinical data to support registration applications for imported and domestic drugs. According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), non-clinical safety research shall be carried out in an institution that has passed the certification of the Good Laboratories Practice of Non-clinical Laboratory and comply with the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory (《藥物非臨床研究質量管理規範》) (“GLP”), which was issued by NMPA on 27 July 2017. The GLP has been promulgated to improve the quality of non-clinical safety evaluation and research. Pursuant to the Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory (2023 Amendments) (《藥物非臨床研究質量管理規範認證管理辦法》(2023年修訂)) issued by the NMPA on 19 January 2023 and became effective on 1 July 2023, the NMPA is responsible for the certification of non-clinical safety evaluation and research institutions nationwide and local provincial drug administrative department is in charge of the daily supervision of non-clinical safety evaluation and research institution. The NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating such institution’s organisational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects.

Animal Testing

The State Science and Technology Commission (now known as Ministry of Science and Technology) promulgated the Regulations for the Administration of Affairs Concerning Experimental Animals (《實驗動物管理條例》) on 14 November 1988, which was last amended on 1 March 2017 by the State Council. The State Science and Technology Commission and the State Bureau of Quality and Technical Supervision jointly promulgated the Administrative Measures on Good Practice of Experimental Animals (《實驗動物質量管理辦法》) on 11 December 1997. The Ministry of Science and Technology and other regulatory authorities promulgated the Administrative Measures on the Certificate for Experimental Animals (for Trial Implementation) (《實驗動物許可證管理辦法(試行)》) on 5 December 2001. According to such laws and regulations, performing experimentation on animals requires a certificate for use of laboratory animals.

Application for Clinical Trial

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 17 March 2017, the decision on the approval of clinical trials of drugs shall be made by the CDE from 1 May 2017. According to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), which was promulgated on 22 January 2020 and took effect on 1 July 2020, drug clinical trials shall be divided into phase 1 clinical trial, phase 2 clinical trial, phase 3 clinical trial, phase 4 clinical trial, and bioequivalence trial.

In accordance with the Administrative Measures for Drug Registration and the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》) issued in July 2018, where an

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application is filed for carrying out clinical trials, if an applicant does not receive any negative or questioned opinions from the CDE within 60 days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the CDE.

Conducting Clinical Trial

After obtaining clinical trial approval, the applicant shall conduct clinical trials at qualified clinical trial institutions. The qualified clinical trial institution refers to institutions that have the conditions to conduct clinical trials in accordance with the requirements and technical guidelines set out in the Regulations for the Administration of Drug Clinical Trial Institutions (《藥物臨床試驗機構管理規定》), which came into effect on 1 December 2019. Such clinical trial institutions shall be subject to filing requirements, with the exception of institutions that only engage in analysis of biological samples related to drug clinical trials, which shall not be subject to such filing requirements. The NMPA is responsible for setting up a filing management information platform for the registration, filing and operation management of drug clinical trial institutions, as well as the entry, sharing and disclosure of information from the supervision and inspection activities conducted by the drug regulatory authorities and competent healthcare authorities. Clinical trials must be conducted in accordance with the Good Clinical Practice for Drug Trials (《藥物臨床試驗質量管理規範》) promulgated by NMPA and NHC on 23 April 2020 and effective on 1 July 2020, which stipulates the requirements for the procedures of conducting clinical trials, including pre-clinical trial preparation, trial protocols, protection of subjects' rights and interests, duties of researchers, sponsors and monitors, as well as data management and statistical analysis.

According to the Announcement on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs (《關於調整藥物臨床試驗審評審批程序的公告》), where the application for clinical trial of new investigational drug has been approved, upon the completion of phases 1 and 2 clinical trials and prior to phase 3 clinical trial, the applicant shall submit the application for communication meetings to CDE to discuss with CDE the key technical questions including the design of phase 3 clinical trial protocol.

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》), revised by the NMPA on 10 December 2020, during the R&D periods and in the registration applications of, among others, the innovative new drugs, the applicants may propose to conduct communication meetings with the CDE. The communication meetings 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 R&D of breakthrough therapeutic drugs. Type 2 meetings are held during the key R&D stages of drugs, mainly including pre-IND meetings, end-of-phase 2 meetings, pre-NDA meetings, and risk evaluation and control meetings. Type 3 meetings refer to other meetings not classified as Type 1 or Type 2.

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Gathering, Collection and Filing of Human Genetic Resources

On 10 June 1998, the Ministry of Science and Technology and the Ministry of Health (which was cancelled in the institutional reform of the State Council in 2013, its functions were first inherited by the National Health and Family Planning Commission and then by the NHC) promulgated the Interim Measures for the Management of Human Genetic Resources (《人類遺傳資源管理暫行辦法》), which sets out rules for the effective protection and reasonable use of human genetic resources in China.

The Regulations on the Management of Human Genetic Resources of the PRC (《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, amended on 10 March 2024 and came into effect on 1 May 2024, replaces the Interim Measures for the Management of Human Genetic Resources, and further regulates the collection, preservation, utilisation and external provision of human genetic resources in China. Foreign organisations, 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. Where a foreign entity needs to use Chinese human genetic resources to conduct scientific research activities or clinical trials, it shall cooperate with Chinese scientific research institutions, institutions of higher education, medical institutions or enterprises.

On 26 May 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》) (“**Human Genetic Resources Implementing Rules**”), which came into effect on 1 July 2023. The Human Genetic Resources Implementing Rules further provided specific provisions on the collection, preservation, utilisation and external provision of human genetic resources of the PRC.

The Bio-security Law of the PRC (《中華人民共和國生物安全法》) promulgated by the SCNPC on 17 October 2020 and last amended on 26 April 2024 and effective from the same date, provides that the PRC shall have sovereignty over the human genetic resources and biological resources of China. The Bio-security Law of the PRC further stipulates that the competent health department under the State Council shall be the competent authority for the approval or filing of using China’s human genetic resources.

New Drug Application, Approval and Renewal

According to the Administrative Measures for Drug Registration, an applicant shall, upon completion of studies including pharmacy, pharmacology and toxicology and clinical trial of drugs which support the registration of drug marketing, determination of quality standards, verification of commercial scale manufacturing process, and preparation to undergo examination and inspection for drug registration, submit an application for drug marketing authorisation, and submit the relevant research materials in accordance with the submission requirements. The CDE shall organise pharmacist, medical and other technical personnel to comprehensively review the application regarding the safety, effectiveness and quality control of the drug. Where the application is cleared by the comprehensive review, the drug shall be approved for marketing and a drug registration certificate shall be issued. Under the Administrative Measures for Drug Registration, drugs are classified into Chinese

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medicine, chemical medicine, biological products and others. The registration of chemical medicine is classified according to innovative chemical medicine, improved new chemical medicine, generic medicine, etc.

In November 2005, the CFDA promulgated the Special Approval Procedures for Drugs of the China Food and Drug Administration (《國家食品藥品監督管理局藥品特別審批程序》), pursuant to which, the NMPA may, in accordance with the law, initiate special approval procedures for certain drugs needed in response to public health emergencies under the following circumstances: (1) when the President of the PRC declares a state of emergency, or the State Council decides that certain regions of provinces, autonomous regions, or municipalities directly under the Central Government enter a state of emergency; (2) when public health emergency response procedures are activated in accordance with the law; (3) when the drug reserve department of the State Council or the competent health administrative authority proposes special approval for drugs with existing national standards; and (4) other circumstances requiring special approval procedures.

According to the Working Procedures for the Evaluation of Breakthrough Therapy Designation Drugs (for Trial Implementation) (《突破性治療藥物審評工作程序(試行)》) promulgated by the NMPA in July 2020, during the clinical trials of a drug, for innovative drugs or improved new drugs for the prevention and treatment of diseases that are seriously life-threatening or severely affect the quality of life, and there is no effective prevention and treatment method or sufficient evidence demonstrating significant clinical advantages over current therapies, the applicant may apply for the breakthrough therapy designation process during the phase 1 or phase 2 clinical trial (generally no later than the phase 3 clinical trial). Meanwhile, according to the Working Procedures for the Prioritised Review and Approval of Drug Marketing Authorisation (for Trial Implementation) (《藥品上市許可優先審評審批工作程序(試行)》), a drug MAH may apply for prioritised review and approval for drugs included in the breakthrough therapy designation process.

According to the Announcement on Matters concerning the Optimisation of Drug Registration Review and Approval (《關於優化藥品註冊審評審批有關事宜的公告》) jointly issued by the NMPA and the NHC in May 2018, the CDE will prioritised the allocation of resources for review, inspection, examination and approval of registration applications that have been included in the scope of priority evaluation and approval to speed up the review and approval progress.

The Administrative Measures for Drug Registration provides more detailed standards, procedures and policy support for different expedited drug marketing authorisation pathways, including breakthrough therapy designation, conditional approval, prioritised review and approval and special approval procedures. For example, during the clinical trials of a drug, for innovative drugs or improved new drugs for the prevention and treatment of diseases that are seriously life-threatening or severely affect the quality of life, and there is no effective prevention and treatment method or sufficient evidence demonstrating significant clinical advantages over current therapies, the applicant may apply for the breakthrough therapy designation process.

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Pursuant to the Drug Administration Law, an applicant who has obtained a drug registration certificate shall be recognised as a drug MAH, responsible for non-clinical laboratory studies, clinical trials, production and distribution, post-market studies, and the monitoring, reporting and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the Drug Administration Law. The drug MAH may engage in manufacturing or sales on their own or to entrust a licensed third party. According to the Administrative Measures for Drug Registration, at the time of application for drug marketing authorisation, the applicant and the manufacturing enterprise shall have held the corresponding pharmaceutical manufacturing permit.

Pursuant to the Administrative Measures for Drug Registration, the validity period of a drug registration certificate shall be five years. The drug MAH of the drug registration certificate shall ensure the safety, effectiveness and quality control of the marketed drug at all times during the validity period of the certificate and apply for re-registration of the drug six months before the expiry of such validity period. After the drug re-registration application is accepted, the local provincial-level drug regulatory authorities or the CDE shall conduct post-marketing re-evaluation and adverse reaction monitoring of the drug MAH, carry out relevant work in accordance with the drug approval documents and the requirements of the drug regulatory authorities, and review any changes based on the information stated in the drug approval documents. If the application complies with the regulations, re-registration shall be approved and a drug re-registration approval notice shall be issued. If the application does not comply with the regulations, re-registration shall be denied, and the case shall be submitted to the NMPA to cancel the drug registration certificate.

Drug Manufacturing

According to the Administrative Measures on Supervision of Pharmaceutical Manufacturing (《藥品生產監督管理辦法》) which was promulgated by the NMPA on 11 December 2002 and last amended by the SAMR on 22 January 2020 and effective on 1 July 2020, all facilities that manufacture drugs in China must apply for a pharmaceutical manufacturing permit which are issued by the drug supervision and administration department of the province, autonomous region or municipality directly under the central government where it is domiciled. The pharmaceutical manufacturing permit is valid for five years and shall be renewed six months before the expiry date. The drug MAH who entrusts another party to produce preparations shall meet the requirements as specified in Administrative Measures on Supervision of Pharmaceutical Manufacturing, sign an entrustment agreement and a quality agreement with a qualified drug producer, and submit the relevant agreements and the application materials of the actual production site to provincial drug supervision and administration department where the drug MAH is located to apply for the pharmaceutical manufacturing permit. According to the Administrative Measures for Drug Registration, when an application for marketing authorisation is submitted, the applicant and the drug manufacturer shall have obtained the corresponding pharmaceutical manufacturing permit.

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These drug manufacturing facilities shall comply with drug manufacturing quality management norms, establish a sound drug manufacturing quality management system and ensure the whole drug manufacturing process continuously comply with statutory requirements. The drug MAH shall establish a quality assurance system for pharmaceuticals, and employ designated personnel to be independently in charge of quality control for pharmaceuticals. Pursuant to the Administrative Regulations for the Contract Manufacturing of Drugs (《藥品委託生產監督管理規定》) (“**Contract Manufacturing Regulations**”) issued by the NMPA on 14 August 2014, in the event a drug manufacturer in China that has obtained a drug marketing authorisation temporarily lacks manufacturing conditions as a result of technology upgrade or is unable to ensure market supply due to insufficient manufacturing capabilities, it can entrust the manufacturing of that drug to another domestic drug manufacturer. Such contract manufacturing arrangements needs to be approved by the provincial branch of the NMPA. The Contract Manufacturing Regulations prohibit the contract manufacturing arrangement of certain special drugs, including but not limited to narcotic drugs, psychoactive drugs, biochemical drugs, multicomponent biochemical drugs and drug substance.

Drug Operation

According to the Measures for the Supervision and Administration of the Quality of Drug Operation and Use (《藥品經營和使用質量監督管理辦法》) issued by the SAMR on 27 September 2023, operation of drug business, including drug wholesale and drug retail, is prohibited without a drug business permit. A drug business permit shall state the validity period and the scope of business and be subject to review and reissuance upon expiry of the validity period.

According to the Good Manufacturing Practice for Pharmaceutical Products (2010 Revision) (《藥品生產質量管理規範(2010年版)》) promulgated by the Ministry of Health in January 2011 and became effective in March 2011, drug business operators shall comply with the drug operation quality management norms, establish and improve their drug operation quality management system, and ensure that the whole drug business process continuously comply with statutory requirements.

In China, governmental pricing controls on drugs (other than narcotic and certain psychiatric drugs) have been lifted since June 2015 when the Opinions on Advancing Drug Price Reform (《推進藥品價格改革意見》) came into effect. Instead of direct governmental controls, the government exercises control over the drugs through establishing a centralised tender process or centralised procurement mechanism, revising the National Medical Insurance Drug Catalogue or provincial medical insurance drug catalogue and strengthening regulation of medical and pricing practices. Also, according to the Opinions of the State Council on the Reform of Review and Approval System for Drugs and Medical Devices (《國務院關於改革藥品醫療器械審評審批制度的意見》) promulgated by the State Council in August 2015, enterprises which apply for the registration of new drugs should promise that the prices of their products on the PRC market should not be higher than the comparable market prices in original countries or the surrounding area of the PRC.

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Regulations on Dual Invoicing System

According to the Implementing Opinions on Promoting the “Dual Invoicing 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)》) (“**Dual Invoicing System Notice**”) issued on 26 December 2016, the dual invoicing system refers to a system that requires one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions. According to the Dual Invoicing System Notice and 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》) issued on 24 January 2017, dual invoicing system would be promoted in pilot provinces (autonomous regions and municipalities directly under the Central Government) involved in the comprehensive medical reform programme and pilot cities for public hospital reform on a priority basis.

Drug Advertisements

The Advertising Law of the PRC (《中華人民共和國廣告法》), as amended and effective on 29 April 2021, outlines the regulatory framework for the advertising industry. Advertisers, advertising service providers and advertising publishers are required to ensure that the contents of the advertisements they prepare or distribute are true and in full compliance with applicable laws and regulations. For advertisement of drugs, the advertisement contents shall be examined by the relevant authorities prior to the publishing. 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》) promulgated by SAMR on 24 December 2019 and effective from 1 March 2020, advertisements for drugs shall not contain any false or misleading contents. Advertisers shall be responsible for the veracity and legitimacy of the contents of advertisements for drugs, medical devices, health food and formula food for special medical purposes.

Drug Recalls

According to the Measures for Administration of Drug Recall (《藥品召回管理辦法》) promulgated by the NMPA on 24 October 2022 and became effective on 1 November 2022, a MAH shall establish and improve its drug recall system by collecting relevant information about drug safety and conducting investigation and evaluation with respect to the drugs with potential safety hazards. If there are any potential safety hazards that endanger human health and life safety in respect of any drugs sold in PRC, such manufacturer must start the drug recall procedures. When a drug is recalled, the drug operating and using institutions should assist such MAH to perform its recall obligations by communicating the drug recall information and any feedback, controlling and recovering such drugs according to the recall plan.

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Regulations on Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (“**Product Quality Law**”), promulgated by the SCNPC on 22 February 1993 and last amended on 29 December 2018, 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 for compensating for any personal injury or property damage, 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 distributed; (2) the defects causing injuries or damages did not exist at the time when the product was distributed; or (3) the science and technology at the time when the product was distributed was at a level incapable of detecting the defects. A seller shall be liable for compensating for any personal injury or property damage 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 either the manufacturer or 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.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC in May 2020 and effective from January 2021, manufacturers or suppliers of defective products that cause property damage or personal injury to any person may be held civilly liable for such damage or injury. Where a patient suffers damage due to defects in drugs, he or she may seek compensation from the drug MAH or 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 MAH.

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 31 October 1993, last amended on 25 October 2013 and became effective on 15 March 2014 to protect consumers’ rights when they purchase or use goods and accept services. Operators shall comply with this law when they provide customers with the goods manufactured or sold by them and/or provide services to customers. Operators shall pay high attention to protecting customers’ privacy and must strictly keep confidential any consumer information they obtain during their business operations.

Laws and Regulations on Anti-Unfair Competition

Since the early 1990s, legislative authorities at all levels in China have enacted a series of laws and regulations against commercial 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》) (“**Anti-Unfair Competition Law**”), which was last amended on 27 June 2025 and became effective on 15 October 2025, operators shall follow the principles of voluntariness, equality, fairness and good faith, abide by laws and business ethics and participate in market competition on a

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fair basis. Operators in violation of the Anti-Unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

Pursuant to the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) issued by the State Administration for Industry and Commerce of the People’s Republic of China (predecessor of the SAMR) on 15 November 1996, commercial bribery refers to the acts of business operators offering money, property, or using other means to bribe counterpart entities or individuals for the purpose of selling or purchasing goods. “Other means” refers to means used to provide any form of benefit other than money or property, such as the provision of domestic and foreign travel. Under the Anti-Unfair Competition Law and the Interim Provisions on the Prohibition of Commercial Bribery, regulatory authorities may impose fines depending on the severity of the case, and any illegal gains shall be confiscated.

According to the Regulations on the Establishment of Adverse Records with Respect to Commercial Briberies in the Medicine Purchase and Sales Industry (2013 Amendments) (《關於建立醫藥購銷領域商業賄賂不良記錄的規定(2013年修訂)》) implemented by the National Health and Family Planning Commission (which was cancelled in the institutional reform of the State Council in 2018, its functions were inherited by the National Health Commission of the PRC) on 1 March 2014, where the production and operation enterprises of drugs, medical devices and medical disposables, as well as their agencies and individuals bribe the staff of medical institutions responsible for the procurement and use of their drugs, medical devices and medical disposables with property or other benefits, they shall be listed in the adverse records of commercial bribery provided such conduct falls within the circumstances specified in the aforementioned regulations. If medical production and operation enterprises are listed into the adverse records of commercial bribery for more than once in five years, their products shall not be purchased by public medical institutions, and medical and health institutions receiving financial subsidies nationwide for two years since publication of the record.

Regulations on Company Establishment and Foreign Investment

Company Law

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (“**PRC Company Law**”), which was promulgated by the SCNPC on 29 December 1993, amended on 29 December 2023 and took effect on 1 July 2024. The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its creditors is limited to the entire value of assets owned by the company. Liabilities of shareholders of a joint stock limited company are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed.

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Foreign Investment Law and Relevant Catalogue of Industries

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) was promulgated by the SCNPC on 15 March 2019 and became effective on 1 January 2020. Since 1 January 2020, the Law on Sino-foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law on Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》) and the Law on Sino-foreign Cooperative Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) have been repealed simultaneously, and the organisational form, structure, and operations of foreign-invested enterprises are subject to the Company Law and other applicable laws and regulations.

China adopts the management system of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field with investment prohibited by the negative list for foreign investment access. Foreign investors shall meet the investment conditions stipulated under the negative list for any field with investment restricted by the negative list for foreign investment access. For the fields not included in the negative list for foreign investment access, management shall be conducted under the principle of consistency for domestic and foreign investment.

The Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) was promulgated by State Council on 26 December 2019 and became effective on 1 January 2020. According to the regulation, foreign investors may not invest in a field where their investment is prohibited as specified in the negative list. To invest in a field where their investment is restricted as specified in the negative list, foreign investors shall comply with the special administrative measures for restrictive access such as requirements for shareholding ratios and senior executives as specified in the negative list. The registration of foreign-funded enterprises shall be conducted in accordance with the law by the market regulatory department of the State Council or the market regulatory departments of the local people’s governments authorised by it. Foreign investors or foreign-funded enterprises shall report investment information to the commerce departments through the enterprise registration system and the enterprise credit information publicity system.

According to the Industry Guidelines on Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) which was jointly promulgated by the NDRC and the MOFCOM and the Foreign Investment Access Special Management Measures (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) which was promulgated on 6 September 2024 and implemented on 1 November 2024, industries for foreign investment are classified into the encouraged foreign investment industry, restricted foreign investment industry and prohibited foreign investment industry.

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Regulations on Intellectual Property Rights

Trademark Law

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and last amended on 23 April 2019 (the latest revised version became effective from 1 November 2019) and the Implementation Regulations for the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002 and amended on 29 April 2014 (the latest revised version became effective from 1 May 2014), registered trademarks including commodity trademarks, service marks, collective trademarks and certification marks, refer to trademarks that have been approved and registered by the Trademark Office. The trademark registrants shall enjoy the exclusive right to use the marks, which shall be protected by the law. Any natural person, legal person or other organisation, intending to acquire the exclusive right to use a trademark for his/her/its goods or service in the course of their manufacturing and business activities, shall file an application for the registration of the trademark with the Trademark Office. The Trademark Law of the PRC has adopted a “first come, first file” principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Patent Law

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on 12 March 1984 and last amended on 17 October 2020 (the latest revised version became effective from 1 June 2021). The Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) was promulgated by the State Council on 15 June 2001 and last amended on 11 December 2023 (the latest revised version became effective from 20 January 2024). According to the regulations mentioned above, “invention-creations” shall mean invention patent, utility model patent or design patent. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Invention patent shall be valid for 20 years from the date of application, utility model patent shall be valid for 10 years from the date of application and design patent shall be valid for 15 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any exploitation of a patent without the authorisation of the patentee constitutes an infringement of the patent right of the patentee.

Trade Secret

According to the Anti-Unfair Competition Law, the term “trade secrets” refer to technical information, business information, and other commercial information that is not known to the public, has commercial value, and for which the right holder has taken

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corresponding confidentiality measures. Under the Anti-Unfair Competition Law, business operators are prohibited from infringing others’ trade secrets by: (i) acquiring the right holder’s trade secrets by theft, bribery, fraud, coercion, electronic intrusion, or other improper means; (ii) disclosing, using, or allowing others to use the right holder’s trade secrets acquired by the means specified in the preceding item; (iii) disclosing, using, or allowing others to use trade secrets in their possession in violation of confidentiality obligations or the right holder’s requirements for keeping trade secrets confidential; (iv) instigating, inducing, or assisting others to violate confidentiality obligations or the right holder’s requirements for keeping trade secrets confidential, so as to acquire, disclose, use, or allow others to use the right holder’s trade secrets. 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.

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) was promulgated by the SCNPC on 7 September 1990 and last amended on 11 November 2020. Works of Chinese citizens, legal entities or other organisations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Works include written works, oral works, musical, dramatic, opera, dance, acrobatic artistic works, fine arts, architectural works, photographic works, audio-visual works, graphic works and model works, computer software and other intellectual achievements which comply with the characteristics of the works. Except as otherwise provided in the Copyright Law, copying, distributing, performing, screening, broadcasting, compiling, or distributing through the information network the work to the public, without the permission of the copyright owner, shall constitute infringement of copyright.

According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on 20 February 2002 and last amended on 1 July 2004, and the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991 and last amended on 30 January 2013, software developed by Chinese citizens, legal persons or other organisations shall be automatically protected immediately after its development, whether published or not. Software copyright may be registered with the software registration agency appointed by the State Council copyright administrative department.

Domain Names

The Ministry of Industry and Information Technology (“MIIT”) promulgated the Administrative Measure for Internet Domain Names (《互聯網域名管理辦法》) on 24 August 2017, which became effective from 1 November 2017. According to this measure, the MIIT is in charge of the administration of PRC internet domain names and the domain name services follow a “first come, first file” principle. Use of domain names by providers of

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internet information services shall comply with laws and regulations and the relevant provisions of the telecommunication administrative authorities and shall not use a domain name to carry out illegal acts.

Regulations on Tax

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**Enterprise Income Tax Law**”), which was promulgated on 16 March 2007 and amended on 24 February 2017 and 29 December 2018 (the latest amendment was implemented from 29 December 2018) and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated on 6 December 2007, last amended on 6 December 2024 and implemented from 20 January 2025, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual administration is conducted in the PRC. Non-resident enterprises refers to enterprises that are established in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from the PRC. The Enterprise Income Tax Law applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. However, if non-resident enterprises have not established institutions or premises in the PRC, or have established institutions or premises in the PRC but the income derived has no actual connection with such established institutions or premises, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

In February 2015, the State Administration of Taxation (“SAT”) issued the Announcement of the SAT on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“**SAT Circular 7**”). According to the SAT Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterised and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. The SAT Circular 7 provides two exemptions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling equity interests of the same listed overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC taxable assets, the income from the transfer of such PRC taxable assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

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The Announcement of the SAT on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (“**SAT Circular 37**”) was promulgated by the SAT on 17 October 2017 and amended on 15 June 2018, which replaced or supplemented certain previous provisions in the Circular 7. The SAT Circular 37 purports to clarify certain issues in the implementation of the SAT Circular 7 and other regulations, by providing, among others, the definition of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of withholding amount, and the date of occurrence of the withholding obligation. Specifically, the SAT Circular 37 provides that where the transfer income subject to withholding at source is derived by a non-PRC resident enterprise in instalments, the instalments may first be treated as recovery of costs of previous investments. Upon recovery of all costs, the tax amount to be withheld must then be computed and withheld.

Value-added Tax and Business Tax

According to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), which was promulgated on 25 December 2024 and became effective on 1 January 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are value-added tax payers and shall pay value-added tax in accordance with this Law. VAT rate is set at 13% for the sale of goods, provision of processing, repair and replacement services, leasing of tangible movable property, and importation of goods, unless otherwise specified in the aforesaid regulations.

According to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value added Tax to Replace Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the MOF and the SAT on 23 March 2016 and last amended on 1 April 2019, the pilot programme of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner from 1 May 2016, and all taxpayer of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot programme with regard to payment of value-added tax instead of business tax.

Regulations on Labour Protection

Labour Law and Labour Contract Law

The Labour Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on 5 July 1994 and was amended on 27 August 2009 and 29 December 2018 (the latest amendment became effective from 29 December 2018). The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) was promulgated by the SCNPC on 29 June 2007 and was amended on 28 December 2012 (the latest amendment became effective from 1 July 2013). The Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) were promulgated and became effective on 18 September 2008. These laws together stipulate the labour contracts, settlement of labour dispute, labour remuneration, protection of occupational safety and healthcare, social insurance and

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welfare, etc. Written labour contracts must be entered into in order to establish the labour relationship between employers and employees. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

Social Insurance and Housing Provident Funds

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010 and amended on 29 December 2018, governs the PRC social insurance system. It requires employers and/or employees (as the case may be) to register social insurance with competent authorities and contribute required amount of social insurance funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and last amended on 24 March 2019, an employer shall make contribution registration with the housing provident fund management and complete the formalities of opening housing provident fund accounts for its employees. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management centre shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management centre shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people’s court for compulsory enforcement.

According to the Circular on Doing the Work Relating to the Collection and Administration of Social Insurance Premiums in a Steady and Orderly Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the State Administration of Taxation on 13 September 2018 and Emergency Notice on Implementing the Spirit of the Executive Meeting of the State Council to Effectively Do a Good Job in Stabilising the Collection of Social Insurance Premiums (《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》), issued by the Ministry of Human Resources and Social Security on 21

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September 2018, all local departments responsible for collecting social insurance are strictly prohibited from centrally clearing enterprises’ historical arrears on their own. The Circular on the Implementation of Certain Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the State Administration of Taxation on 16 November 2018 reiterated that tax agencies at all levels are not allowed to organise on their own to carry out centralised clearing of fees owed by contributors, including private enterprises, for previous years. The Circular on the Issuance of the Comprehensive Plan for Reducing Social Insurance Premium Rates (《關於印發〈降低社會保險費率綜合方案〉的通知》), issued by the General Office of the State Council on 1 April 2019, generally reduces the burden of social insurance payment on enterprises and re-emphasises that local authorities shall not carry out centralised clearing of historical arrears of fees and charges owed by enterprises on their own.

Regulations on Production Safety

The Production Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on 29 June 2002, last amended on 10 June 2021 and came into effect on 1 September 2021, is the basic law for governing production safety. It provides that, any entity whose production safety conditions do not meet the requirements may not carry out production and operation activities. Production and 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 building, rebuilding or expanding project shall be designed, constructed and put into operation simultaneously with the main body of the project. Investment in safety facilities shall be included in the budget of the construction project.

Regulations on Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (“**Environmental Protection Law**”), which was promulgated by the SCNPC on 26 December 1989, last amended on 24 April 2014 and came into effect on 1 January 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 28 October 2002 and last amended on 29 December 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 29 November 1998, last amended on 16 July 2017 and came into effect on 1 October 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.

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According to the Environmental Protection Law and the Regulation on Administration of Discharge Permit (《排污許可管理條例》) issued by the State Council on 24 January 2021 and came into effect on 1 March 2021, enterprises, public institutions and other producers and operators that are subject to the administration of discharge permit shall discharge pollutants in accordance with the requirements of the discharge permit; and those who have not obtained the discharge permit shall not discharge pollutants. The competent authorities in charge of environmental protection shall impose different administrative penalties on individuals or enterprises that violate the Environmental Protection Law. According to the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》), published by the Ministry of Ecology and Environment on 1 April 2024 came into effect on 1 July 2024, enterprises, public institutions and other producers and business operators shall, in accordance with factors such as the amount of pollutants produced, the amount of pollutants discharged and the extent of their impact on the environment, carry out the management of pollutant discharge permits with a focus, simplified management and pollutant discharge registration. The specific scope of pollutant discharging entities under priority pollutant discharge permitting administration or those under summary pollutant discharge permitting administration shall be governed by the classification administration list of pollutant discharge permitting for fixed pollution sources. The pollutant discharging entity that, in accordance with the law, shall apply for a pollutant discharge permit in accordance with the law and discharge pollutants in accordance with the relevant provisions.

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 drug substance and manufacturing dose for chemical drugs are industries that shall obtain the discharge permit in accordance with the prescribed time limit.

Regulations on Foreign Exchange and Overseas Investment and Dividend Distribution

Foreign Exchange and Overseas Investment

On 29 January 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Notice of SAFE 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》) announced by the SAFE on 26 December 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding

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their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas [REDACTED]. Domestic companies shall, within 15 working days upon the end of their [REDACTED] overseas, handle registration formalities for overseas [REDACTED] with the foreign exchange authority at its place of registration with the required materials.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (“**SAFE Circular 13**”), which took effect on 1 June 2015 and partially repealed on 30 December 2019. In accordance with the SAFE Circular 13, the banks will review and carry out foreign exchange registration under domestic direct investment as well as foreign exchange registration under overseas direct investment directly, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“**Circular 19**”) (promulgated by SAFE on 30 March 2015, became effective on 1 June 2015 and partially repealed on 30 December 2019), the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement (“**Discretionary Foreign Exchange Settlement**”). The Discretionary Foreign Exchange Settlement refers to the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution has been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital of a foreign-invested enterprise is temporarily determined as 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account. If a foreign-invested enterprise needs to make a further payment from such assigned accounts, it still needs to provide supporting documents and go through the banks’ review process.

Pursuant to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) (“**Circular 16**”), which was promulgated by the SAFE and came into effect on 9 June 2016, and was amended on 4 December 2023), enterprises registered in the PRC (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The Circular 16 provides an integrated standard for converting foreign exchange under capital account items (including but not limited to foreign exchange capital and foreign debts) on a discretionary basis which applies to all enterprises registered in the PRC. The Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws or regulations, and such converted Renminbi shall not be provided as loans to its non-affiliated entities, except where it is expressly permitted in the business licence.

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In accordance with the Circular of the SAFE on Further Promoting Cross-border Trade and Investment Facilitation (Hui Fa [2019] No. 28) (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (匯發[2019]28號), which was promulgated by the SAFE and came into effect on 23 October 2019, and was amended on 4 December 2023, foreign-invested enterprise engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to laws and regulations under the condition that the current Special Administrative Measures (Negative List) for Foreign Investment Access are not violated and the relevant domestic investment projects are true and compliant.

According to the Circular of the SAFE on Further Deepening Reforms to Facilitate Cross-Border Trade and Investment (Hui Fa [2023] No. 28) (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) (匯發[2023]28號), which was promulgated by the SAFE and came into effect on 4 December 2023, the equity transfer consideration paid in foreign currency by domestic entities owe to domestic equity transferors (including institutions and individuals), as well as the foreign exchange funds raised by domestic enterprises listed overseas, can be remitted to the capital project settlement account directly. The funds in the capital project settlement account can be independently settled and utilised.

Dividend Distribution

The SAFE promulgated the Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) in January 2017, which stipulates several capital control measures with respect to the outbound remittance of profits of a domestic entity equivalent to more than USD50,000 (exclusive) including the following: (1) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution (or the partners resolutions regarding profit distribution), the original version of tax filing records and audited financial statements; and (2) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall make detailed explanations of the sources of capital and the usage of funds (use plan), and provide board resolutions (or the partners resolutions), contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations on Information Security and Data Privacy

Data security and data export

The NPCSC 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 10 June 2021 (effective from 1 September 2021), for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organise data security education and training, and take 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

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境安全評估辦法》) issued by the Cyberspace Administration of China on 7 July 2022 and effective on 1 September 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (I) a data processor provides important data abroad; (II) the critical information infrastructure operator or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (III) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since 1 January of the previous year provides personal information abroad; and (IV) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the Cyberspace Administration of China on 22 February 2023 and effective from 1 June 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (I) it is not a critical information infrastructure operator; (II) it has processed the personal information of less than one million individuals; (III) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since 1 January of the previous year; and (IV) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since 1 January of the previous year. In addition, the Measures for Standard Contract for Outbound Transfer of Personal Information require that all Outbound Transfers of personal information that have been carried out before 1 June 2023 and do not comply with the provisions of the Measures for Standard Contract for Outbound Transfer of Personal Information be rectified within 6 months.

Personal information protection

According to the Civil Code of the PRC, personal information of natural persons is protected by law. If any organisation or individual needs to obtain other people’s personal information, they should obtain it in accordance with the law and ensure the security of the information. They must not illegally collect, use, process, or transmit other people’s personal information, and must not illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) promulgated by the NPCSC on 20 August 2021 and implemented on 1 November 2021, further emphasises the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) promulgated by the NPCSC on 7 November 2016 and effective on 1 June 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network

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operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Regulations on Overseas Securities Offering and Listing by Domestic Enterprises

The CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (“**Overseas Listing Trial Measures**”) and five relevant guidelines on 17 February 2023, which took effect on 31 March 2023. The Overseas Listing Trial Measures comprehensively reformed the regulatory regime for overseas offering and listing of securities by the PRC domestic enterprises, either directly or indirectly, into a filing-based system.

According to the Overseas Listing Trial Measures, the PRC domestic enterprises that seek to offer and list securities in overseas markets, either directly or indirectly, are required to fulfil the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following applies: (i) such securities offering or listing is explicitly prohibited by provisions in PRC laws, administrative regulations or relevant state rules; (ii) the securities offering or listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic enterprise or its controlling shareholder(s) and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic enterprise is currently under investigations for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) or actual controller.

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《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》) (“**Provision on Confidentiality**”), which took effect on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises

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providing accounting archives or copies thereof to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations on “Full Circulation” of H Shares

On 14 November 2019, the CSRC issued the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H Share Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (“**Guidelines**”), which was amended and came into effect on 10 August 2023. According to the Guidelines, “Full Circulation” refers to the listing and circulation of the domestic unlisted shares of an H-share company (including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares that are further issued in the PRC after overseas listing and unlisted shares held by foreign shareholders) on the Stock Exchange. Holders of unlisted domestic shares may, at their own discretion, negotiate and determine the number and proportion of shares to be applied for circulation, and entrust H-share companies to apply for “full circulation”, as well as entrust H-share companies to submit the “full circulation” filing documents to the CSRC, subject to compliance with relevant laws and regulations as well as policy requirements in respect of state-owned assets management, foreign investment and industry regulation. According to the Guidelines, shareholders of domestic unlisted shares should handle the transfer of shares in accordance with the relevant business rules of CSDC, and H-share companies should submit a report on the relevant situation to the CSRC within 15 days after the completion of the transfer of the shares involved in the application to CSDC.

According to the regulations on overseas listing, where a domestic enterprise directly issues and lists its securities overseas, the shareholders holding unlisted domestic shares may, after filing, convert the above shares into overseas listed shares in accordance with the law and list and circulate the same on an overseas stock exchange. A domestic enterprise may also submit an application for “full circulation” at the same time when it submits an application for the overseas direct issuance and listing to the CSRC.

On 31 December 2019, China Securities Depository and Clearing Corporation Limited (“**CSDC**”) and Shenzhen Stock Exchange (“**SZSE**”) jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (“**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

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In order to fully promote the reform of H-share full circulation and clarify the business arrangement and procedures for the relevant shares’ registration, custody, settlement and delivery, CSDC promulgated the Guide to the Programme for Full Circulation of H-shares (《H股“全流通”業務指南》) on 7 February 2020, and updated it on 27 June 2025, which specifies the business preparation, cross-border share transfer registration, overseas custody, maintenance of domestic holding details, risk management measures, and other relevant matters. China Securities Depository and Clearing (Hong Kong) Company Limited (“**CSDC (Hong Kong)**”) also promulgated the Guide to the Programme for Full Circulation of H-shares of China Securities Depository and Clearing (Hong Kong) Company Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》) on 7 February 2020, and updated it on 20 September 2024, to specify the escrow, custody, agent service, arrangement for settlement and delivery, risk management measures and other relevant matters.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. We focus on the diseases attributable to mitochondrial dysfunction and we are committed to the scientific application of NAD⁺ in addressing cardiovascular and neurodegenerative conditions, reproductive health, and ageing.

On 16 August 2017, our Company was established as a limited liability company under the name of Hefei Knature Pharmaceutical Development Limited Liability Company (合肥康諾藥物開發有限公司). In March 2023, our Company was converted into a joint stock company with limited liability and further changed our name to Knature Biopharmaceutical Co., Ltd. (康諾生物製藥股份有限公司) on 15 August 2023.

As of the Latest Practicable Date, our total issued share capital was RMB60 million, which was owned directly, among others, as to approximately 74.7% by Hefei Feng Chao, our direct Controlling Shareholder, which was further directly owned, among others, as to 75% by Mr. Wang Wei, our Executive Director, Chairman, Chief Executive Officer and one of our Controlling Shareholders. See “Relationship with our Controlling Shareholders” in this document for more details.

OUR MILESTONES

The following is a summary of our Group’s key business development milestones:

2017	Our Company was established
2018	Kaifeng Knature, our wholly-owned subsidiary, was recognised as a National High and New Technology Enterprise (國家高新技術企業) by Henan Provincial Department of Industry and Information Technology
2021	Our Company was recognised as a National High and New Technology Enterprise (國家高新技術企業) by Anhui Provincial Department of Science and Technology Our Company was granted a patent relating to genetically engineered bacteria, their construction methods and applications in the production of NAD⁺, in connection with our core product, Coenzyme I for Injection (恩艾地®) Our Company was granted a patent relating to genetically engineered bacteria and their application in the production of PGE₂, in connection with our strategic product Sterile PGE₂ Solution

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Kaifeng Knature was designated as the Henan Province Biochemical Drug Separation and Purification Engineering Technology Research Centre (河南省生化藥物分離純化工程技術研究中心) by Henan Provincial Department of Science and Technology

2023

Our Company was converted into a joint stock company

Our Company was approved by the NMPA to commence phase 1 and phase 2 clinical trials for KN-19ND-L1, our NAD⁺ innovation drug to treat post-acute myocardial infarction heart failure

Our Company was approved to establish a postdoctoral research workstation (博士後工作站) by the Anhui Provincial Department of Human Resources and Social Security

2024

Our Company was granted a patent in the United States relating to genetically engineered bacteria, their construction methods and applications in the production of NAD⁺, marking progress in our global business expansion

Our Company was recognised as a “National Specialised, Sophisticated, Distinctive, and Innovative ‘Little Giant’ Enterprise” (國家專精特新小巨人企業) by the PRC Ministry of Industry and Information Technology

2025

Our Company was recognised as a “National Specialised, Sophisticated, Distinctive, and Innovative Key ‘Little Giant’ Enterprise” (國家專精特新重點小巨人企業) by the PRC Ministry of Industry and Information Technology

Kaifeng Knature was recognised as a “Henan Province Green Factory” (河南省綠色工廠) by Henan Provincial Department of Industry and Information Technology

Our Company was approved by the NMPA to commence phase 2 clinical trials for KN-25ND-L1, our NAD⁺ innovative anti-ovarian-dysfunction drug

For more details on awards of our Company, see “Business — Awards and Recognition”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR PRINCIPAL SUBSIDIARIES

The following sets out information about each of our principal subsidiaries that made a material contribution to our results of operation or are regarded as otherwise significant to our business operations during the Track Record Period, all of which were incorporated in the PRC:

Name	Date of incorporation and commencement of business	Principal business activities	Registered Capital RMB,000	Ownership as of the Latest Practicable Date (%)
Kaifeng Knature	26 September 2003	Research, development, production, and sales of pharmaceutical products	8,990	100
Hefei Knature	21 July 2016	Sales of pharmaceutical products	10,800	100
Hefei Qianrongmei	3 December 2024	Research, development, production, and sales of medical device products	5,000	100
Shanghai Qianrongmei	5 February 2025	Production and sales of medical device products	10,000	100

We deregistered two wholly owned subsidiaries, Hefei NMN and Knature Mitochondrial during the Track Record Period. See “— Acquisitions, Mergers and Disposals” below for more information.

CORPORATE DEVELOPMENT

The following sets out the corporate history and major shareholding changes of our Company.

Establishment of our Company

Our Company was established in the PRC on 16 August 2017 as a limited liability company under the name of Hefei Knature Pharmaceutical Development Limited Liability Company (合肥康諾藥物開發有限公司) whose name was changed to Hefei Biopharmaceutical Limited Liability Company (合肥康諾生物製藥有限公司) on 16 June 2020, with an initial registered capital of RMB5 million. Upon establishment, our Company was wholly owned by Kaifeng Knature, which was in turn owned as to 90% by Hefei Feng Chao, one of our Controlling Shareholders, and 10% by Hefei Wei Zheng, respectively.

Initial Shareholding Changes of our Company

Set out below is a summary of the major shareholding changes of our Company during the early development stage.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Reorganisation

To streamline our Group’s shareholding structure and prepare for subsequent capital injections and business development, our Company underwent a series of internal reorganisation steps in December 2020. The key components of such reorganisation are summarised below:

(a) Equity transfer by Kaifeng Knature

Pursuant to an equity transfer agreement entered in October 2020, Kaifeng Knature, the then sole Shareholder, transferred (i) 90% equity interests in our Company to Hefei Feng Chao at a consideration of approximately RMB4.8 million; and (ii) 10% equity interests in our Company to Hefei Wei Zheng at a consideration of approximately RMB0.5 million, respectively. The relevant considerations were determined based on the fair value of the then registered capital of our Company appraised by an independent valuer and arm’s length negotiations between the parties. Upon completion of such equity transfers, Kaifeng Knature ceased to be our Shareholder, while Hefei Feng Chao and Hefei Wei Zheng became our Shareholders.

(b) Capital Increase of our Company

Following completion of the above equity transfers, and in order to consolidate Kaifeng Knature into our Group, Hefei Feng Chao and Hefei Wei Zheng, being the then Shareholders holding 90% and 10% equity interests in our Company in December 2020 respectively, entered into a capital increase agreement to subscribe for the increased capital of our Company in the amount of RMB8,990,000.

The subscription amounts were determined with reference to an independent valuation report issued as of 20 December 2020, which appraised the full shareholders’ equity of Kaifeng Knature at approximately RMB21.1 million, and were agreed upon through arm’s length negotiations among the parties. To satisfy their respective subscription obligations, each of Hefei Feng Chao and Hefei Wei Zheng subscribed for the increased registered capital of RMB8,091,000 and RMB899,000 of our Company in proportion to their respective shareholding percentages, respectively which was contributed in kind by the equity interests they held in Kaifeng Knature, also being 90% and 10% equity interests, respectively, as non-cash capital contributions to our Company.

Upon completion of the relevant registration formalities on 21 December 2020, Kaifeng Knature became a wholly owned subsidiary of our Company.

Our Directors were of the view that, as concurred by the PRC Legal Advisers, as (i) the above reorganisation was conducted among entities under the common control of the same ultimate shareholders; (ii) the respective shareholding proportions of Hefei Feng Chao and Hefei Wei Zheng in our Company before and after the capital increase remained substantially unchanged, and (iii) such reorganisation did not result in any change in the ultimate ownership or control of our Group, the above reorganisation steps were in

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

compliance with the applicable PRC laws, rules and regulations, and the corresponding terms were fair, reasonable and in the interests of our Company and the Shareholders as a whole.

Hefei Feng Chao Equity Transfer

Pursuant to an equity transfer agreement dated 24 December 2020, Hefei Feng Chao transferred 10% equity interests in our Company to the following transferees at the respective consideration below:

Shareholders	Transferred Equity Interests (%) (approximate)	Consideration RMB,000
Hefei Kang Min	6.6	26,531
Hefei Kang Hong	1.6	6,310
Hefei Kang Xing	1.1	4,578
Hefei Kang Bei	0.5	2,130
Hefei Kang Zhong	0.1	451
Total	10.0	40,000

Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei and Hefei Kang Zhong are our Employee Incentive Platforms. For details, see “— Employee Incentive Platforms”. The relevant considerations was determined based on arm’s length negotiations among the parties, and such equity transfer was completed in December 2020. The table below shows our shareholding structure immediately after the Reorganisation and the above equity transfer:

Shareholders	Registered capital RMB	Percentage of shareholding (%) (approximate)
Hefei Feng Chao	11,192,000	80.0
Hefei Wei Zheng	1,399,000	10.0
Hefei Kang Min	927,921	6.6
Hefei Kang Hong	220,692	1.6
Hefei Kang Xing	160,116	1.2
Hefei Kang Bei	74,497	0.5
Hefei Kang Zhong	15,774	0.1
Total	13,990,000	100.0

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pre-[REDACTED]

In April 2021, our Company entered into an [REDACTED] agreement and a capital increase agreement with Changfeng Industrial Investment, an Independent Third Party, pursuant to which Changfeng Industrial Investment subscribed for the increased registered capital of RMB999,286 of our Company at an aggregate consideration of RMB100 million representing 6.7% of the then enlarged registered capital of our Company. Upon completion of the Pre-[REDACTED], the registered capital of our Company increased from RMB13,990,000 million to RMB14,989,286. For details, see “— Pre-[REDACTED]”.

Conversion into a Joint Stock Limited Company

Pursuant to a promoters’ agreement dated 1 February 2023 and a subsequent Shareholders resolution dated 20 February 2023, our Company was converted into a joint stock limited liability company under the name of Hefei Biopharmaceutical Co. Ltd. (合肥康諾生物製藥股份有限公司), converting into 60,000,000 Shares with a nominal value of RMB1.0 each. The conversion was based on the audited net assets value of our Company of approximately RMB88.7 million as of 30 November 2022 and was completed on 21 March 2023. On 15 August 2023, our Company further changed its name to Knature Biopharmaceutical Co., Ltd. (康諾生物製藥股份有限公司). The table below shows our shareholding structure immediately after our conversion into a joint stock company:

Shareholders	Number of Shares	Percentage of shareholding (approximate)
Hefei Feng Chao	44,800,002	74.7%
Hefei Wei Zheng	5,599,998	9.3%
Changfeng Industrial Investment	4,000,002	6.7%
Hefei Kang Min	3,714,336	6.2%
Hefei Kang Hong	883,398	1.5%
Hefei Kang Xing	640,920	1.1%
Hefei Kang Bei	298,200	0.5%
Hefei Kang Zhong	63,144	0.1%
Total	60,000,000	100.0%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hefei Kang Cheng Share Transfer

On 20 August 2025, Hefei Kang Cheng, our newly established Employee Incentive Platform established on 15 August 2025, entered into a share transfer agreement with each of Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei and Hefei Kang Zhong (collectively, the “**Existing Employee Incentive Platforms**”), pursuant to which, the Existing Employee Incentive Platforms transferred a total of 638,400 Shares to Hefei Kang Cheng at a price of approximately RMB10.7 per Share. The details of the Shares transferred by each of the Existing Employee Incentive Platforms and the respective considerations are listed below:

Shareholders	Transferred Shares	Consideration <i>RMB,000</i>
Hefei Kang Bei	5,600	60.0
Hefei Kang Hong	28,000	300.0
Hefei Kang Min	506,800	5,430.0
Hefei Kang Xing	95,200	1,020.0
Hefei Kang Zhong	2,800	30.0
Total	638,400	6,840.0

For details of Hefei Kang Cheng, see “— Employee Incentive Platforms”. The relevant consideration was determined based on arm’s length negotiations among the parties, and such equity transfer was completed in August 2025. The table below shows our shareholding structure immediately after the Hefei Kang Cheng Share Transfer:

Shareholders	Number of Shares	Percentage of shareholding <i>(approximate)</i>
Hefei Feng Chao	44,800,002	74.7%
Hefei Wei Zheng	5,599,998	9.3%
Changfeng Industrial Investment	4,000,002	6.7%
Hefei Kang Min	3,207,536	5.3%
Hefei Kang Hong	855,398	1.4%
Hefei Kang Cheng	638,400	1.1%
Hefei Kang Xing	545,720	0.9%
Hefei Kang Bei	292,600	0.5%
Hefei Kang Zhong	60,344	0.1%
Total	60,000,000	100.0%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-[REDACTED]

Principal Terms of the Pre-[REDACTED]:

Set out below is a summary of the principal terms of the Pre-[REDACTED]:

Amount of registered capital increased	RMB999,286
Amount of consideration paid	RMB100 million
Date of full settlement of consideration	25 May 2021
Cost per Share paid under the Pre-[REDACTED] (approximate)	RMB[REDACTED] (equivalent to HKD[REDACTED]) ^(Note 1)
Discount to the [REDACTED] (approximate)	[REDACTED]% ^(Note 2)
Basis of determination of the valuation and consideration	The determination of the valuation and consideration is based on arm’s-length negotiations between the relevant parties with reference to among others, (i) business performance of our Company in the previous year, (ii) the business value of our Company and its subsidiaries at the time of the Pre-[REDACTED], and (iii) the market conditions, the market value of comparable companies at the relevant time.
Lock-up Period	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED] Date, the Shares issued by our Company prior to the [REDACTED] (including those held by the Pre-[REDACTED] [REDACTED] at the time of the [REDACTED]) are restricted from transfer.
Use of [REDACTED] from the Pre-[REDACTED]	We utilised the Pre-[REDACTED] from the Pre-[REDACTED] for the business operations of our Group. As of the Latest Practicable Date, all of the funds raised from the Pre-[REDACTED] have been utilised.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Strategic benefits to our Company brought by the Pre-[REDACTED]

At the time of the Pre-[REDACTED], our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[REDACTED] in our Company and its knowledge and experience, including but not limited to the following aspects: (i) our Pre-[REDACTED] has provided valuable financing that served as additional working capital for our growth, allowing us to leverage its [REDACTED] funds to enhance operation and promote our product development and innovation; (ii) our Pre-[REDACTED] could provide strategic and professional advice, allowing us to streamline our capital and management structure. Our Pre-[REDACTED] is an experienced professional institutional [REDACTED] covering healthcare and pharmaceutical sectors, who can contribute its unique perspectives on brand building and market expansion as well as its insight on our Group’s corporate governance, financial reporting and internal control from its experiences with professionally [REDACTED] in and managing portfolio companies.

Notes:

- (1) Calculated by dividing the total Pre-[REDACTED] consideration of RMB100 million by the number of Shares held by the Pre-[REDACTED].
- (2) Calculated by dividing the cost per Share paid under the Pre-[REDACTED] by [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range.

Special Rights of the Pre-[REDACTED]

The Pre-[REDACTED] was granted certain customary rights, including but not limited to redemption right, pre-emptive rights, right of first refusal, tag-along right, liquidation preference rights and other preferential rights, against both the Company and the Controlling Shareholders, respectively.

Pursuant to a supplemental agreement entered in September 2022 between, among others, our Company and the Pre-[REDACTED], all special rights granted to the Pre-[REDACTED] against our Company, including redemption rights, have been terminated and shall not be reinstated or become enforceable thereafter under any circumstances.

Pursuant to a further supplemental agreement in connection with the termination of the special rights entered in December 2025 between, among others, our Controlling Shareholders and the Pre-[REDACTED], (i) the redemption rights granted to the Pre-[REDACTED] against the Controlling Shareholders shall be terminated immediately upon the submission of the first [REDACTED] application by our Company to the Stock

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Exchange and shall not be reinstated thereafter under any circumstances; and (ii) all the other special rights (i.e. pre-emptive rights, right of first refusal, tag-along right, liquidation preference rights and other preferential rights) granted to the Pre-[REDACTED] against the Controlling Shareholders shall be terminated upon completion of the [REDACTED], provided that such special rights shall be reinstated in the event that (i) the application for [REDACTED] is rejected or disapproved by the Stock Exchange, the SFC or any other securities regulatory authorities; (ii) the Company fails to submit the application for [REDACTED]; or (iii) the application for [REDACTED] is withdrawn by the Company.

Compliance with the Pre-[REDACTED] Guidance

On the basis that (i) the consideration for the Pre-[REDACTED] was and/or will be settled more than 28 clear days before the date of first submission of the [REDACTED] application to the Stock Exchange or no less than 120 clear days before the [REDACTED]; and (ii) the special rights granted to the Pre-[REDACTED] had been suspended or terminated prior to the submission of the application for the [REDACTED] and/or will be terminated upon completion of the [REDACTED], the Sole Sponsor confirms that the Pre-[REDACTED] are in compliance with chapter 4.2 of the Guide.

Information of the Pre-[REDACTED]

Changfeng Industrial Investment

Changfeng Industrial Investment is a limited partnership established in the PRC on 19 March 2021 and was principally engaged in equity investment, investment management and asset management related businesses.

As of the Latest Practicable Date, Changfeng Industrial Investment had four partners, comprising three limited partners and one general partner. The limited partners were Hefei Beicheng Industrial Investment Guidance Fund Co., Ltd. (合肥北城產業投資引導基金有限公司), Hefei Chuangye Investment Guidance Fund Co., Ltd. (合肥市創業投資引導基金有限公司) and Hefei Industrial Investment Holding Co., Ltd. (合肥市工業投資控股有限公司), holding approximately 60.0%, 25.0% and 14.8% partnership interests, respectively. The general partner was Hefei State-owned Assets Holding Co., Ltd. (合肥市國有資產控股有限公司), holding approximately 0.2% of the partnership interest. Hefei State-owned Assets Holding Co., Ltd. was interested to, among others, approximately 81.1% by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司), a wholly-owned investment vehicle of the State-owned Assets Supervision and Administration Commission of Hefei Municipal Government (合肥市人民政府國有資產監督管理委員會). To the best knowledge of our Directors after due diligence, all partners and ultimate beneficial owners of Changfeng Industrial Investment were ultimately owned or controlled by PRC state-owned entities or local PRC government branch, and each of them was an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivise them to further promote our development, Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei, Hefei Kang Zhong and Hefei Kang Cheng were established in the PRC as our Employee Incentive Platforms.

Hefei Kang Min

Hefei Kang Min was established as a limited partnership in the PRC on 29 October 2020. Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer, is the general partner of Hefei Kang Min and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Min effectively vest in Mr. Wang Wei, who owned approximately 0.1% of the equity interest in Hefei Kang Min as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, Hefei Kang Min had seven limited partners who were our current employees and one individual who was a former employee of our Group. Among them, each of Ms. Li Min, our former Director, Dr. Wang Kanglin, our Executive Director, Mr. Bai Jiarun, our Supervisor, Mr. Sun Ruike, our Supervisor and Mr. Wang Lei, our employee, held approximately 34.9%, 27.5%, 17.5%, 8.7% and 8.7% of the equity interests in Hefei Kang Min, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

Hefei Kang Hong

Hefei Kang Hong was established as a limited partnership in the PRC on 30 October 2020. Mr. Bai Jiarun, our Supervisor, is the general partner of Hefei Kang Hong and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Hong effectively vest in Mr. Bai Jiarun, who owned approximately 0.1% of the equity interest in Hefei Kang Hong as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, all limited partners of Hefei Kang Hong were our current employees. Among them, seven limited partners each held over 5% of the equity interests in Hefei Kang Hong, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

Hefei Kang Xing

Hefei Kang Xing was established as a limited partnership in the PRC on 2 November 2020. Mr. Lin Zirong, our Executive Director, Vice Chairman, Board Secretary and Joint Company Secretary, is the general partner of Hefei Kang Xing and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Xing effectively vest in Mr. Lin Zirong, who owned approximately 0.1% of the equity interest in Hefei Kang Xing as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, Hefei Kang Xing had 28 limited partners who were our current employees and ten individuals who were former employees of our Group or their close associates. Among them, 12 limited partners each held over 5% of the equity interests in Hefei Kang Xing, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Hefei Kang Bei

Hefei Kang Bei was established as a limited partnership in the PRC on 30 October 2020. Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer, is the general partner of Hefei Kang Bei and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Bei effectively vest in Mr. Wang Wei, who owned approximately 0.5% of the equity interest in Hefei Kang Bei as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, Hefei Kang Bei had 42 limited partners who were our current employees and six individuals who were former employees of our Group. Among them, two limited partners each held over 5% of the equity interests in Hefei Kang Bei, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

Hefei Kang Zhong

Hefei Kang Zhong was established as a limited partnership in the PRC on 30 October 2020, Mr. Lin Zirong, our Executive Director, Vice Chairman, Board Secretary and Joint Company Secretary, is the general partner of Hefei Kang Zhong and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Zhong effectively vest in Mr. Lin Zirong, who owned approximately 1.5% of the equity interest in Hefei Kang Zhong as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, Hefei Kang Zhong had 33 limited partners who were our current employees and seven individuals who were former employees of our Group. Among them, two limited partners each held over 5% of the equity interests in Hefei Kang Zhong, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

Hefei Kang Cheng

Hefei Kang Cheng was established as a limited partnership in the PRC on 15 August 2025, Mr. Yin Honggang, our vice general manager, is the general partner of Hefei Kang Cheng and is responsible for managing its day-to-day affairs and exercising its voting rights. Accordingly, the management powers and voting rights of Hefei Kang Cheng effectively vest in Mr. Yin Honggang, who owned approximately 47.4% of the equity interest in Hefei Kang Cheng as of the Latest Practicable Date. In addition, as of the Latest Practicable Date, all limited partners of Hefei Kang Cheng were our current employees. Among them, Mr. Qin Kaiyuan, our chief financial officer, and two other limited partners each held over 5% of the equity interests in Hefei Kang Cheng, respectively, while each of the remaining limited partners held less than 5% of the equity interests.

See “Statutory and General Information — D. Employee Incentive Platforms” in Appendix VI to this document for more information.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

REASONS FOR THE [REDACTED]

Our Company is seeking a [REDACTED] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen our brand influence and market awareness, optimise the [REDACTED] structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see “Future Plans and Use of [REDACTED]”.

COMPLIANCE WITH LAWS AND REGULATIONS

As confirmed by our PRC Legal Advisers, our Company has obtained the relevant approvals or confirmation and has registered or filed with the relevant competent authorities (where applicable) in accordance with the relevant laws and regulations in respect of its establishment and subsequent transfers of equity interests, including the Pre-[REDACTED] as referred to above, and changes in registered capital (where applicable), and the establishment of our Company and subsequent transfers of equity interests (including payment of consideration), all of which have been properly and legally completed and/or settled, and are effective and legally binding.

ACQUISITIONS, MERGERS AND DISPOSALS

During the Track Record Period, we deregistered Hefei NMN and Knature Mitochondrial, both of which were our then wholly-owned subsidiaries, on 18 November 2025, as none of them had any substantive business operations since establishment till their respective deregistrations (“**Deregistrations**”). The Deregistrations were carried out in accordance with our overall business strategy and did not have any material adverse impact on our financial performance. Our PRC Legal Advisers have confirmed the Deregistrations were in compliance with all applicable laws and regulations, and there has not been any material non-compliance, claim or litigation in connection with such Deregistrations.

[REDACTED]

Our Company has applied for H-share [REDACTED] to convert certain of the Domestic Shares into H Shares as per the instructions of the relevant Shareholders. The conversion of Domestic Shares into H Shares will involve an aggregate of [REDACTED] Domestic Shares held by nine existing Shareholders (i.e. representing approximately [REDACTED]% of our total issued Shares upon completion of the conversion of Domestic Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised).

Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of any existing Shareholders to convert their Domestic Shares. See “Share Capital” for further details.

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PUBLIC FLOAT

Following conversion of the Domestic Shares into H Shares and upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised):

- a. Hefei Feng Chao, Hefei Wei Zheng, Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei and Hefei Kang Zhong, will be deemed as our core connected persons and a total of 33,216,959 Domestic Shares held by them to be converted to H Shares and [REDACTED] on the Stock Exchange will not be counted towards the Public Float, representing approximately [REDACTED]% of our total issued Shares;
- b. a total of 24,000,000 Domestic Shares held by nine Shareholders will not be converted into H Shares and [REDACTED] on the Stock Exchange, and therefore will not be counted as part of the Public Float, representing approximately [REDACTED]% of our total issued Shares; and
- c. a total of 2,783,041 Domestic Shares held by two Shareholders will be converted into H Shares and [REDACTED] on the Stock Exchange and therefore will be counted as part of the Public Float, representing approximately [REDACTED]% of our total issued Shares.

See “Share Capital — Conversion of Domestic Shares into H Shares” for more details of the H Shares to be converted from Domestic Shares and [REDACTED] on the Stock Exchange following the completion of the [REDACTED] and the conversion of Domestic Shares into H Shares.

As a result, immediately upon completion of the [REDACTED] and the Conversion of Domestic Shares into H Shares, taking into account [REDACTED] H Shares to be issued pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised), an aggregate of 22,783,041 H Shares will count towards the public float of our Company, representing approximately [REDACTED]% of our total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised). The public float of our Company immediately upon completion of the [REDACTED] is higher than the prescribed percentage of Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, thereby satisfying Rule 19A.13A(1) of the Listing Rules.

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other [REDACTED] shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [REDACTED], must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK\$[REDACTED] million; or (b) have an expected market value at the time of [REDACTED] of not less than HK\$[REDACTED] million.

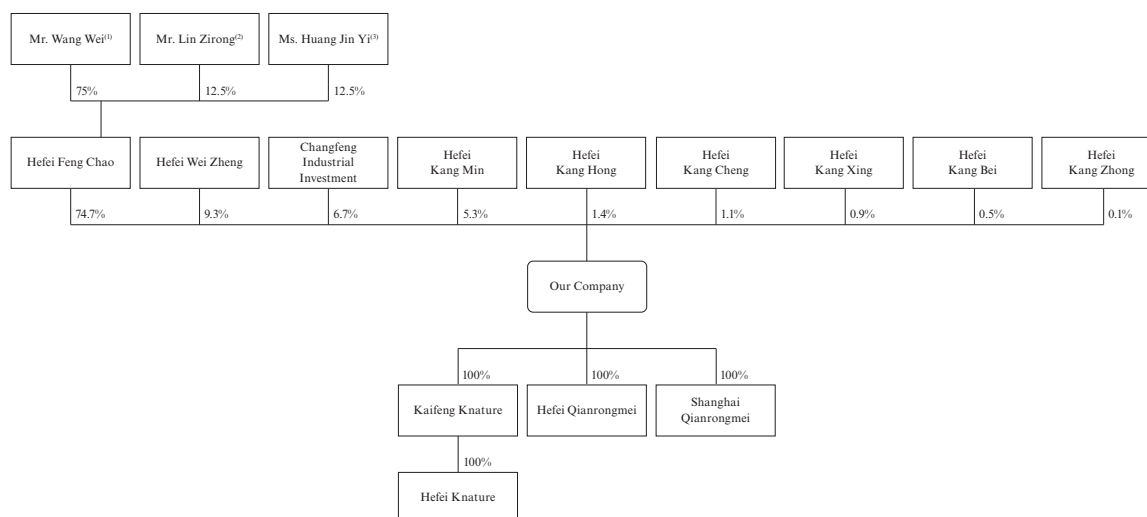
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Based on the [REDACTED] of HK\$[REDACTED] per H Share, being the low end of the indicative [REDACTED], the expected market value of the H Shares being held by the public and not subject to any disposal restrictions at the time of [REDACTED] under Rule 19A.13C of the Listing Rules would amount to approximately HK\$[REDACTED] million (assuming the [REDACTED] is not exercised). Hence, our Company will satisfy the free [REDACTED] requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the [REDACTED] Rules upon [REDACTED].

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately prior to the [REDACTED]

The following chart illustrates the simplified shareholding and corporate structure of our Group upon completion of the Conversion of Domestic Shares into H Shares and immediately prior to the completion of the [REDACTED]:



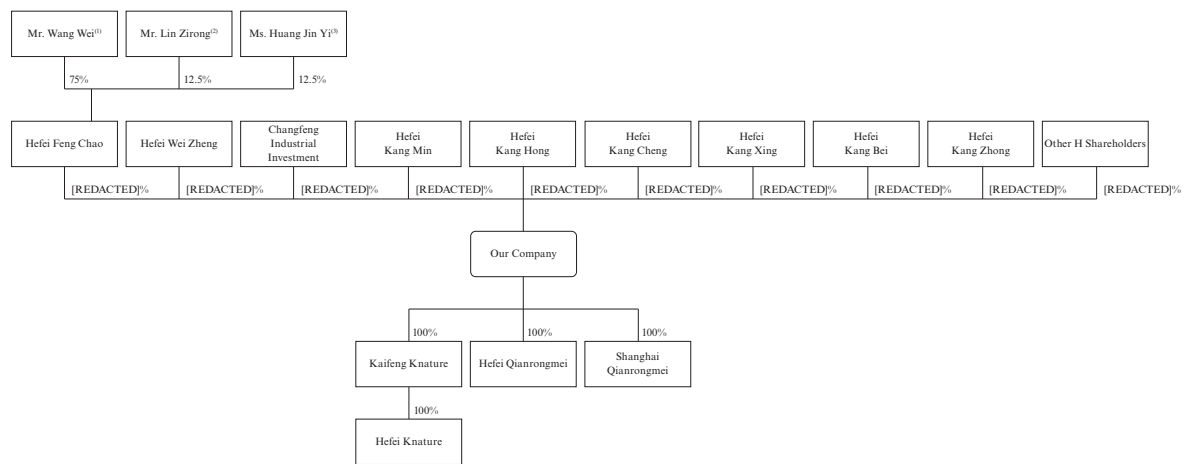
Note:

1. As of the Latest Practicable Date, Mr. Wang Wei, an Executive Director, Chairman and the Chief Executive Officer, held approximately 75% of the total equity interests in Hefei Feng Chao.
2. As of the Latest Practicable Date, Mr. Lin Zirong, an Executive Director, Vice Chairman, Board Secretary and Joint Company Secretary, held approximately 12.5% of the total equity interests in Hefei Feng Chao.
3. As of the Latest Practicable Date, Ms. Huang Jinyi, an Independent Third Party, held approximately 12.5% of the total equity interests in Hefei Feng Chao.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately following the [REDACTED]

The following chart illustrates the simplified shareholding and corporate structure of our Group upon completion of the Conversion of Domestic Shares into H Shares and immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note:

(1)-(3) See “— Shareholding and Corporate Structure Immediately prior to the [REDACTED]”.

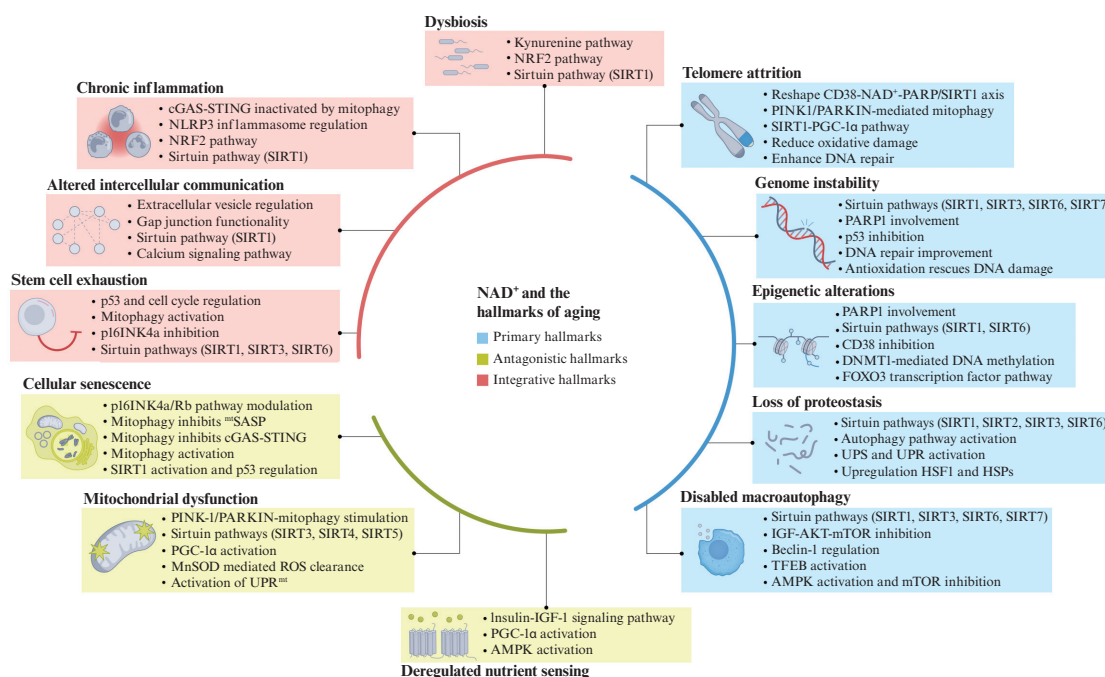
BUSINESS

OVERVIEW

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. We focus on the diseases attributable to mitochondrial dysfunction and we are committed to the scientific application of NAD^+ in addressing cardiovascular and neurodegenerative conditions, reproductive health, and ageing. In respect of our mitochondrial therapeutics, we aim to provide a scientific solution for extending healthy lifespans through an integrated approach of “Detect — Intervene — Assess — Reintervene”. By virtue of our expertise in mitochondrial medical treatment and leveraging the same in our R&D initiatives, we believe our drugs and drug candidates could become able to meet the growing demand for age-related diseases solutions in both medical and wellness markets.

During the Track Record Period, we marketed and sold 20 drugs, and we generated our revenue from the sales of these drugs. As of the Latest Practicable Date, 20 drugs were under production. Our flagship drug represents Coenzyme I for Injection (恩艾地®), and our other key commercialised drugs represent Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®) and Sodium Nitroprusside for Injection. In addition to the aforementioned four key drugs, we also sell another 16 generic drugs spanning four major therapeutic areas, comprising digestive, respiratory, haematological, and nervous systems. See “— Our Commercialised Drugs — Other Key Commercialised Drugs”.

Our flagship drug, Coenzyme I for Injection (恩艾地®) is a mitochondrial drug and the world’s first and only approved NAD^+ therapeutic, according to Frost & Sullivan. NAD^+ serves as the critical metabolic hub that sustains mitochondrial function and links the biology of ageing to a spectrum of diseases. The successful commercialisation of Coenzyme I for Injection (恩艾地®) has established our market leadership in the global mitochondrial medication industry. The diagramme below sets out the functions of NAD^+ .



(Source: Nature Aging: Emerging strategies, applications and challenges of targeting NAD^+ in the clinic)

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We possess a rich pipeline of clinical-stage mitochondrial drug candidates targeting various age-related conditions, including heart failure and premature ovarian insufficiency. See “— Our Mitochondrial-targeting Drug Candidates”. Both KN-19ND-L1 for heart failure and KN-25ND-L1 for premature ovarian insufficiency are in phase 2 clinical studies. Going forward, we will drive sustainable growth by deepening the market penetration of Coenzyme I for Injection (恩艾地®), expanding its indications, and advancing the commercialisation of our subsequent pipeline assets, thereby solidifying and enhancing our market competitiveness.

Our core competitive strength stems from our validated, end-to-end business model which encompass R&D to commercialisation. Additionally, our capabilities in “Detect — Intervene — Assess — Reintervene” for our mitochondrial therapeutic allow us to tailor solutions for broader healthcare needs. Supported by our proprietary R&D capabilities and proven commercialisation capabilities, we have achieved full vertical integration across the NAD⁺ value chain, which grants us significant cost advantages and robust supply chain control.

We also possess production capabilities for various dosage forms, including lyophilised powder injections, injectable solutions, and oral liquid/solid preparations. This has enabled us to develop a portfolio of enzyme-based drugs, such as Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®), as well as a series of well-established generic chemical drugs, of which Sodium Nitroprusside for Injection is a representative example.

During the Track Record Period, we generated our revenue from sales of drugs. The following table sets out our revenue by drug type during the Track Record Period.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
					(unaudited)			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Mitochondrial drug								
Coenzyme I for Injection (恩艾地®)	134,361.9	44.4	106,012.2	44.1	71,789.1	40.2	155,304.4	65.2
Other key commercialised drugs								
Hyaluronidase for Injection (千容美®)	3,991.1	1.3	30,189.3	12.6	22,101.4	12.4	34,556.8	14.5
Pancreatic Kininogenase for Injection (添舒®)	28,715.0	9.5	16,781.0	7.0	14,407.5	8.0	6,937.7	2.9
Sodium Nitroprusside for Injection	25,800.0	8.5	23,429.3	9.7	19,210.5	10.7	13,315.4	5.6
Other drugs ^(Note)	109,731.4	36.3	63,902.0	26.6	51,245.1	28.7	27,969.6	11.8
Total	302,599.4	100.0	240,313.8	100.0	178,753.6	100.0	238,083.9	100.0

Note: Other drugs primarily include Famotidine for Injection (注射用法莫替丁), Pantoprazole Sodium for Injection (注射用泮托拉唑钠), Omeprazole Sodium for Injection (注射用奥美拉唑钠), Doxofylline for Injection (注射用多索茶碱), Doxofylline Injection (多索茶碱注射液), Yinhuang

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Koufuye (銀黃口服液), Alginic Sodium Diester for Injection (注射用藻酸雙酯鈉), Adenosine Cyclophosphate for Injection (注射用環磷腺苷), Pentoxifylline for Injection (注射用己酮可可鹼), Ferrous Gluconate Tablets (葡萄糖酸亞鐵片), Troxerutin for Injection (注射用曲克蘆丁), Troxerutin for Injection (注射用阿奇黴素), Ribavirin Injection (利巴韋林注射液), Ganjing Buxuesu Koufuye (肝精補血素口服液), Lappaconitine Hydrobromide for Injection (注射用氫溴酸高烏甲素) and Chondroitin Sulfate Injection (硫酸軟骨素注射液).

OUR COMPETITIVE STRENGTHS

We have a diversified and commercialised drug portfolio with clear market advantages and commercial resilience.

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. Centred around mitochondria science, we develop and sell drugs supported by our capabilities within a closed-loop ecosystem of “Detect — Intervene — Assess — Reintervene”.

Our drug pipeline is anchored by innovative mitochondrial-targeting drug. According to Frost & Sullivan, our flagship drug Coenzyme I for Injection (恩艾地®), is the first a domestically-developed and the only globally approved NAD⁺ drug in China and worldwide, and the only commercial formulation directly containing NAD⁺, as of the Latest Practicable Date. Coenzyme I for Injection (恩艾地®) has not been included in any national or provincial VBP schemes or the NRDL to date, and its price is expected to remain steady, providing a resilient foundation for our revenue. Coenzyme I for Injection (恩艾地®) has gained extensive professional recognition, having been incorporated into nine clinical treatment guidelines, seven clinical expert consensuses, and four medical textbooks in China, spanning fields such as cardiovascular, oncology, geriatrics, and anti-ageing medicine, evidencing its solid medical value.

Beyond our flagship mitochondrial drug, we possess a diversified portfolio of other commercialised drugs, creating a risk-mitigated revenue structure. Our other commercialised drugs comprise Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®), and Sodium Nitroprusside for Injection. Among them, Hyaluronidase for Injection (千容美®) represented 38.2% of China’s hyaluronidase injection market by revenue in 2024 according to Frost & Sullivan, and as a drug supplied by only three manufacturers nationwide, currently has no plans to be included in centralised procurement. Furthermore, our Sodium Nitroprusside for Injection held the largest market share in China, accounting for approximately 50% of the market in 2024 according to Frost & Sullivan. These drugs span multiple high-growth therapeutic areas including cardiovascular diseases, immunity, ophthalmology, osteology and microcirculation disorders. Our drug portfolio, led by a first-in-class innovative drug and supported by several other drugs with substantial market share, enables us to effectively navigate market policy changes and meet diverse needs from serious medicine to proactive health management.

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We possess a robust and end-to-end in-house R&D engine driven by four proprietary technology platforms.

Our innovation capability is rooted in a fully integrated R&D system that we control from discovery through clinical development. We have established and operated four synergistic proprietary technology platforms: the mitochondrial innovative medicines platform, the mitochondrial transplantation platform, the mitochondrial functional assay platform, and the AI-driven synthetic-biology high-throughput screening platform. For instance, our AI-driven platform has been successfully utilised for rapid prediction and optimisation of protease properties and has accomplished the registration of NAD^+ as key API. See “— R&D — Our R&D Platforms”. Additionally, we have also contributed to the development of certain products within our pipeline, including collagen dressing patches, recombinant humanised type III collagen, recombinant humanised type XVII collagen, NAD^+ combined with recombinant humanised type III collagen, and NAD^+ combined with recombinant humanised type XVII collagen. Achieved the synthesis of PGE_2 , and accomplished the synthesis of Coenzyme A, resulting in the grant of 15 invention patents as well as one granted invention patent in the United States.

Such engine is powered by a seasoned R&D team of 52 members, over half of whom hold master’s degrees or higher. The team is led by core scientists with extensive industry experience and prestigious academic backgrounds. For example, our chief technology officer holds a doctor of philosophy in biology from Tsinghua University (清華大學), completed postdoctoral research and had been promoted to instructor at Harvard Medical School, having been awarded key projects including the National High-Level Talent Programme. This talent and technological foundation empowers us to conduct end-to-end development — from initial target discovery and AI-assisted screening, through the conduct of clinical trials, to in-house production, ensuring control and efficiency across the entire value chain.

We have built a promising pipeline of mitochondrial drug candidates targeting major unmet clinical needs, protected by a robust intellectual property portfolio. Our most advanced candidate, KN-19ND-L1 for post-acute myocardial infarction heart failure, has completed phase 1 clinical trial demonstrating a favourable safety and tolerability profile in healthy subjects and is currently undergoing a phase 2 clinical study expected to be completed in the first quarter of 2027. Another key candidate, KN-25ND-L1 for premature ovarian insufficiency, has received phase 2 clinical trial approval. Beyond these, our pre-clinical pipeline includes candidates for chronic heart failure, Alzheimer’s disease, and immune tolerance. See “— Our Mitochondrial-targeting Drug Candidates”. As of the Latest Practicable Date, our innovations are protected by a total of 70 granted patents, including 33 PRC invention patents and one U.S. invention patent, which collectively protect our core technologies, manufacturing methods, and commercial interests.

BUSINESS

We possess a suite of “Detect — Intervene — Assess — Reintervene” solutions, validated in both theory and practice for mitochondria-targeted therapy.

Our “Detect” phase employs a multi-faceted, clinically-grounded assessment protocol. We utilise tools including an ageing clock, multivjillion (multi-omics) testing, a mitochondrial clock, and analyse specific markers such as NAD^+ , Sirtuins, and ATP levels. This comprehensive diagnostic foundation allows us to identify dysfunctions with a precision that meets the exacting requirements of serious medical practice. The subsequent “Intervene” phase is supported by our diversified portfolio of drugs, including proprietary mitochondrial drugs such as our flagship drug Coenzyme I for Injection (恩艾地®). Following intervention, we systematically “Assess” the outcomes using our proprietary AI-powered quantification system. The insights gained directly inform tailored “Reintervene” strategies, creating a dynamic, data-driven, and personalised cycle that extends beyond one-time treatment to encompass ongoing management, which is a core tenet of proactive health.

This entire closed-loop ecosystem is powered by our proprietary AI-powered assessment and quantification system. This technology enables precise measurement and tailored intervention, ensuring that our model operates with the objectivity and repeatability required in clinical settings. Through continuous, algorithm-enhanced patient monitoring, we seek to build long-term engagement with patients. This transforms episodic care into an enduring health management partnership, capturing potential value across both the therapeutic and wellness spectra.

The scientific robustness of our model is exemplified by our proprietary NAD^+ testing method. NAD^+ is a critical biomarker directly linking cellular energy metabolism to a spectrum of age-related diseases and overall vitality. By anchoring our ecosystem in such a scientifically-validated metric, we ensure our “detect” phase is rooted in serious medical science. This rigour supports interventions that are recognised within established medical frameworks; for instance, Coenzyme I for Injection (恩艾地®) has been incorporated into nine clinical treatment guidelines and seven expert consensuses in China. Simultaneously, the model’s continuous, preventive, and optimisation-oriented nature aligns well with the ethos of proactive health management, addressing the growing demand for age-related diseases solutions in both medical and wellness markets. This dual positioning enables us to address urgent clinical needs today while building a sustainable platform for lifelong health optimisation, thereby ensuring long-term patient engagement and commercial resilience.

We possess end-to-end production capabilities, maintained under our own control, spanning from key active pharmaceutical ingredients to finished pharmaceutical products, ensuring stringent quality, supply security, and scalability.

Our integrated production system is anchored by our two production bases in Kaifeng, Henan, and Hefei, Anhui. These facilities encompass an aggregate gross floor area of approximately 53,000 square metres and house a comprehensive suite of production lines. Critically, we internally produce the core APIs for our mitochondrial medicines, including NAD^+ , within our dedicated synthetic biology raw material workshops. This vertical integration from raw material synthesis is a key competitive advantage, as it secures the

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supply and quality of the foundational components for our flagship and pipeline drugs. Our current production layout includes dedicated lines for APIs, freeze-dried powder injections, high-volume injection, small-volume injections, oral liquids, tablets, capsules, and granules, with all facilities and lines owned by us and fully compliant with GMP standards.

This controlled, end-to-end model is governed by a comprehensive Quality Management System that adheres to evolving cGMP standards. Our quality control begins with the stringent selection and auditing of raw material suppliers and permeates every stage. For APIs such as Coenzyme I, our proprietary process involves stages encompassing purification and freeze-drying. For finished formulations, such as our Coenzyme I for Injection (恩艾地®), the process includes precise weighing, pharmaceutical filtration, aseptic filling, lyophilisation, and rigorous visual inspection before packaging. Each batch undergoes strict quality control testing and is released only upon meeting national standards. Our control over the entire chain from molecule to medicine is fundamental to delivering the consistent, high-quality products required for serious therapeutic applications.

To enhance the production capacity of our mitochondrial drugs, we plan to proceed with the phase 2 project construction at our Kaifeng Production Base. The development of a synthetic biology smart factory at Kaifeng Production Base is designed to support capacity expansion, including the scaling up of production capabilities for synthetic biology APIs and lyophilised powder injection workshops. At our Hefei Production Base, production facilities compliant with both Chinese and international cGMP standards will be constructed in phases, specifically including workshops for recombinant nucleotide innovative drug APIs and formulations, workshops for recombinant human collagen APIs and formulations, and a production workshop for NAD⁺ diagnostic kits.

Upon completion, our production facilities will be primarily utilised for (i) the industrialisation of pharmaceutical products such as ageing biomarker diagnostic kits and healthcare products, and (ii) expanding the production capacity and product portfolio of our mitochondrial medicine range, thereby meeting the continuously growing market demand for related products.

We are led by a visionary and highly capable management team with outstanding executorial strength and we have an inclusive corporate culture.

Our Chairman, Mr. Wang Wei, brings decades of experience to shape our overall strategy and guide major decisions. Alongside him, vice Chairman Mr. Wang Zhongwei adds significant value through his extensive background in corporate governance and strategic development, fostering strong industry relationships and enhancing our market positioning. Mr. Lin Zirong oversees financial management and integrated operations, while Dr. Wang Kanglin directs our R&D activities. Collectively, they possess distinguished academic research credentials and multinational corporate leadership experience, enabling an astute understanding of both technological trends and market dynamics. See “Directors, Supervisors and Senior Management”.

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Through robust strategic planning and disciplined execution, this executive-led team ensures agile and forward-thinking leadership across all critical functions, from R&D and production to commercialisation. The seamless integration of scientific rigor and operational excellence fuels our business model, driving continuous innovation, accelerating pipeline translation, and ensuring sustained commercial success.

We also take great pride in our corporate culture, which is founded on collaboration, integrity, and a shared commitment to enhancing lives through science. We cultivate an environment where open dialogue, cross-functional teamwork, and responsible stewardship are encouraged at every level. This foundation enables us to attract and retain top talent, align our teams around common goals, and maintain the trust of our business partners and stakeholders, which are the elements we deem essential for realising our long-term vision.

OUR STRATEGIES

Our vision is to become the leading provider of mitochondrial drugs and health products on an international scale. We are committed to establishing innovative paradigms for intervening in ageing and age-related diseases, delivering a full-chain “Detect — Intervene — Assess — Reintervene” solution that promotes precision and accessibility in age-related diseases interventions. To realise this long-term vision, we plan to implement the following strategies:

Strengthen our market leadership in the age-related diseases field, expand brand advantages, and drive industry advancement

We will consolidate our position in the age-related diseases field by leveraging our closed-loop ecosystem of “Detect — Intervene — Assess — Reintervene” and our AI-powered mitochondrial health quantification system. Our strengths are underpinned by our proprietary NAD⁺ testing method, the only approved high-purity NAD⁺ formulation, and patented mitochondrial transplantation technology. Centred around our flagship drug Coenzyme I for Injection (恩艾地®), which holds international recognition as the only NAD⁺-based pharmaceutical product approved in China, and supported by its inclusion in multiple clinical guidelines and expert consensus documents across cardiology, oncology, geriatrics, and age-related diseases medicine, we will deepen our professional brand influence and drive the advancement of treatment standards within the industry.

Accelerate the clinical development and commercialisation of our mitochondrial medicine drug pipeline to broaden the product portfolio

We will vigorously advance our R&D pipeline centred around the targeted modulation of NAD⁺ metabolism. We will prioritise accelerating the phase 2 clinical trial of KN-19ND-L1 for post-acute myocardial infarction heart failure, aiming to complete this phase in the first quarter of 2027 and initiate phase 3 in the third quarter of the same year. The phase 2 clinical trial for the KN-25ND-L1 premature ovarian failure project was approved and initiated in early 2026, and is scheduled to be completed in the first quarter of 2027. Concurrently, we will advance the clinical development of KN-25ND-Z for chronic heart failure, planning to commence its phase 1 clinical trial in the second quarter of 2026 and complete it in the fourth quarter of the same year. We will also accelerate the

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development of pre-clinical candidates such as KN-22ND-L4 and KN-19ND-L2, targeting that the submission of IND applications will be initiated in late 2026 respectively. Through this strategic deployment, we aim to rapidly expand our therapeutic reach in the field of mitochondrial medicine and build a more diversified and competitive product portfolio.

Strengthen end-to-end capabilities from drug development and production to commercialisation, promote sustainable performance growth, and deepen AI integration across all operational stages

We will strengthen our comprehensive capabilities across the entire value chain from R&D to production and commercialisation. By leveraging our four key R&D platforms in mitochondrial innovative medicines, mitochondrial transplantation, mitochondrial functional assay, and AI-driven synthetic biology, we will deepen the application of artificial intelligence in target discovery, molecular design, and process optimisation. We will advance capacity expansion at our production bases in Kaifeng and Hefei to secure the internal supply of active pharmaceutical ingredients and finished formulations. Supported by our own sales team and our academic promotion network, we will extend our market coverage. Through the deep integration of AI across every operational stage, we aim to improve R&D efficiency, production quality, and commercial effectiveness, thereby fostering sustainable business growth.

Pursue strategic collaboration and investment opportunities, leveraging external innovation to enhance our platform and market position

We will actively pursue strategic collaborations and investment opportunities with pharmaceutical companies, research institutions, and universities to complement our internal capabilities with external innovation. Examples include continuing to deepen our cooperation with Peking University Third Hospital (北京大學第三醫院), Beijing Hospital (北京醫院), Zhongshan Hospital, Fudan University (復旦大學附屬中山醫院), The First Affiliated Hospital of University of Science and Technology of China (中國科學技術大學附屬第一醫院) and Anhui University (安徽大學) on clinical studies of mitochondrial medicine. We will also incorporate external expert insights through our R&D evaluation committee. Simultaneously, we will utilise resources such as raised capital to support strategic projects including capacity expansion. Through open innovation and strategic investment, we aim to integrate cutting-edge technologies and resources, thereby reinforcing and enhancing our technological platform and market position.

Implement a structured intellectual resource integration plan, forming the critical talent foundation that fuels our innovation pipeline and commercial ambitions

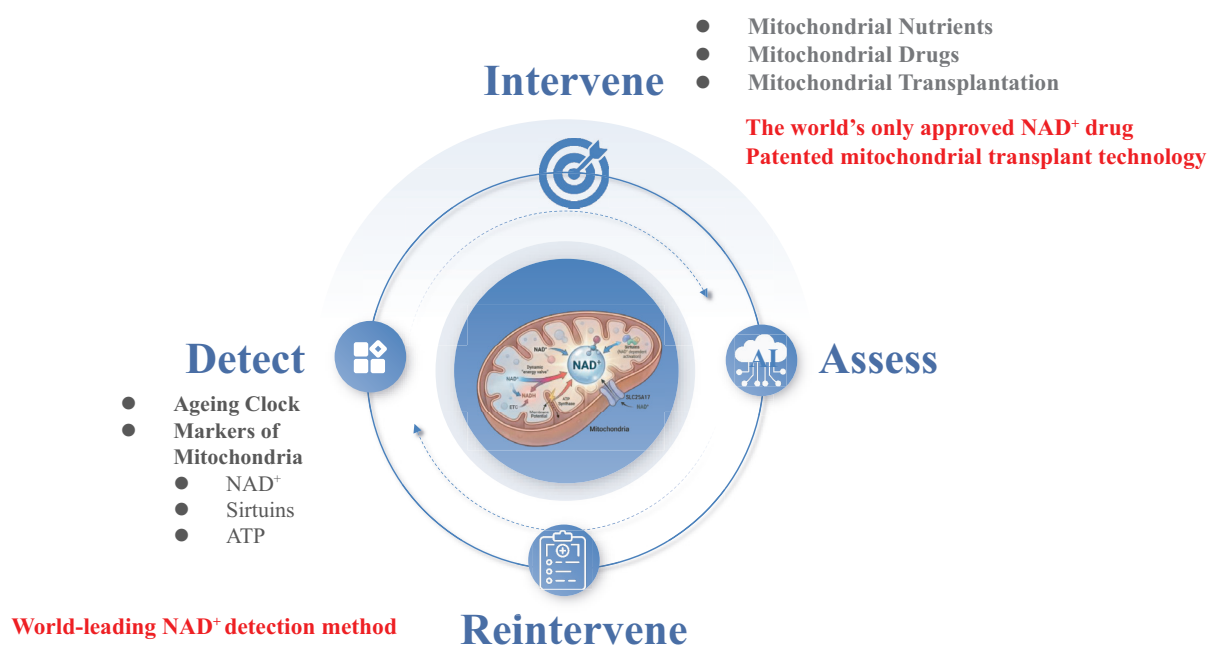
We will implement a systematic talent development plan and continue to attract and retain high-calibre research and medical leaders. We will refine the recruitment, training, and incentive mechanisms covering our workforce to support key functions including R&D, sales, production, and quality management. Through a competitive compensation system, incentive platforms, confidentiality agreements, and ongoing professional development programmes, we will build a core talent foundation that supports the advancement of our innovation pipeline and the achievement of drug commercialisation.

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OVERVIEW OF OUR COMMERCIALISED DRUGS

Centred around mitochondria, we provide age-related diseases solutions through an AI-powered assessment and quantification system with our capabilities in “Detect — Intervene — Assess — Reintervene”. Our commercialised drugs are represented by our flagship mitochondrial drug Coenzyme I for Injection (恩艾地®).

The following diagramme illustrates the aforesaid “Detect — Intervene — Assess — Reintervene” model in respect of our mitochondrial therapeutics.



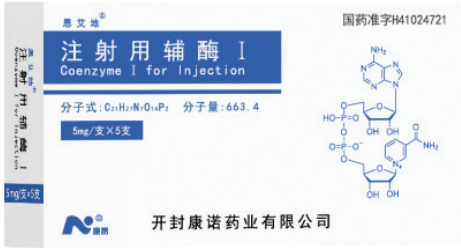
We had obtained approvals from the NMPA for our flagship mitochondrial drug and other three commercialised drugs. Our flagship mitochondrial drug represents Coenzyme I for Injection (恩艾地®), and our key commercialised other commercialised drugs represent Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®), and Sodium Nitroprusside for Injection.

In addition to the aforementioned four key drugs, we also sell another 16 generic drugs spanning four major therapeutic areas, including digestive, respiratory, haematological, and nervous systems.

As of the Latest Practicable Date, 20 drugs were under production. During the Track Record Period, we our generated revenue from the sales of these drugs.

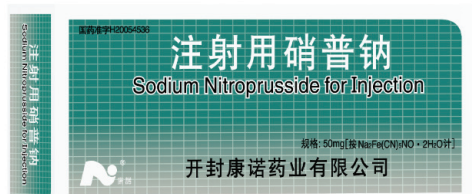
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The following table sets out the details, including the indications, trademark, VBP status, and descriptions of each of our four key commercialised drugs.

Therapeutic area(s)	Trademark	Drug names	VBP inclusion	End date of VBP inclusion validity period	Date of ANDA approval	Description
Cardiovascular Diseases Immunity	恩艾地®	Coenzyme I for Injection	N/A	N/A	5mg — 18 December 2002 2mg — 18 April 2003	Coenzyme I for Injection (恩艾地®) is a domestically-developed and the only globally approved NAD ⁺ drug. The mitochondrial mechanism of action of Coenzyme I for Injection (恩艾地®) is supported by robust clinical evidence, establishes a clear therapeutic value in medical practice. Given its demonstrated safety and efficacy, NAD ⁺ has been recognised as an age-related diseases drug. Backed by substantial clinical research, Coenzyme I for Injection (恩艾地®) offers a scientifically-grounded and accessible innovative option for the broader health market.
						
Ophthalmology and orthopedics	千容美®	Hyaluronidase for Injection	N/A	N/A	10 July 2002	Hyaluronidase for Injection (千容美®) is a biological enzyme preparation that catalytically hydrolyses hyaluronic acid, temporarily reducing intercellular viscosity to promote the diffusion and absorption of subcutaneous injected fluids.
						
Circulatory System Diseases	添舒®	Pancreatic Kininogenase for Injection	Provincial Procurement	1 August 2027	10 July 2002	The indications of Pancreatic Kininogenase for Injection comprise diabetic nephropathy, diabetic retinopathy, diabetic neuropathy and diabetic foot.
						

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Therapeutic area(s)	Trademark	Drug names	VBP inclusion	End date of VBP inclusion validity period	Date of ANDA approval	Description
Cardiovascular Diseases	N/A	Sodium Nitroprusside for Injection	Provincial Procurement	1 August 2027	22 April 2005	The indication of Sodium Nitroprusside for Injection is Hypertensive emergencies.



Notes:

- (1) Our commercialised drugs are all produced and sold in China, of which 15 have been listed on the NRDL.
- (2) All of our four key commercialised drugs were proprietarily developed.
- (3) For our commercialised drugs which are selected in multiple provincial VBP schemes, the end date of VBP inclusion validity period refers to the latest one.

During the Track Record Period, we primarily generated revenue from the sales of the aforesaid four key drugs. The following table sets out a breakdown of our revenue from sales of drugs by drug type during the Track Record Period.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
					(unaudited)			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Mitochondrial drug								
Coenzyme I for Injection (恩艾地®)	134,361.9	44.4	106,012.2	44.1	71,789.1	40.2	155,304.4	65.2
Other key commercialised drugs								
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Sodium Nitroprusside for Injection	25,800.0	8.5	23,429.3	9.7	19,210.5	10.7	13,315.4	5.6
Other drugs ^(Note)	109,731.4	36.3	63,902.0	26.6	51,245.1	28.7	27,969.6	11.8
Total	302,599.4	100.0	240,313.8	100.0	178,753.6	100.0	238,083.9	100.0

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Note: Other drugs primarily include Famotidine for Injection (注射用法莫替丁), Pantoprazole Sodium for Injection (注射用泮托拉唑钠), Omeprazole Sodium for Injection (注射用奥美拉唑钠), Doxofylline for Injection (注射用多索茶碱), Doxofylline Injection (多索茶碱注射液), Yinhuang Koufuye (银黄口服液), Alginic Sodium Diester for Injection (注射用藻酸双酯钠), Adenosine Cyclophosphate for Injection (注射用环磷腺苷), Pentoxifylline for Injection (注射用己酮可可碱), Ferrous Gluconate Tablets (葡萄糖酸亚铁片), Troxerutin for Injection (注射用曲克芦丁), Troxerutin for Injection (注射用阿奇霉素), Ribavirin Injection (利巴韦林注射液), Ganjing Buxuesu Koufuye (肝精补血素口服液), Lappaconitine Hydrobromide for Injection (注射用氢溴酸高乌甲素) and Chondroitin Sulfate Injection (硫酸软骨素注射液).

As of the Latest Practicable Date, we had obtained approvals from NMPA for a total of 138 drugs and secured 157 product licences. Among these drugs, 20 drugs were under production as of the Latest Practicable Date. Strategically, we adjust our drug production plan corresponding to the evolvments in the pharmaceutical markets and according to our continuing development.

The following table sets out the sales volume and average selling price of our key drugs during the Track Record Period.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
	Average selling price		Average selling price		Average selling price		Average selling price	
	Sales volume	price	Sales volume	price	Sales volume	price	Sales volume	price
	vial	RMB	vial	RMB	vial	RMB	vial	RMB
Mitochondrial drug								
Coenzyme I for Injection (恩艾地®)	1,360,387.00	98.77	1,207,762.00	87.78	810,087.00	88.62	1,777,876.00	87.35
Non-mitochondrial drugs								
Hyaluronidase for Injection (千容美®)	14,358.00	277.97	108,937.00	277.13	79,336.00	278.58	113,196.00	305.28
Pancreatic Kininogenase for Injection (添舒®)	2,075,674.00	13.83	1,311,400.00	12.80	1,140,600.00	12.63	1,068,205.00	6.49
Sodium Nitroprusside for Injection	2,600,500.00	9.92	2,884,120.00	8.12	2,194,460.00	8.75	2,370,220.00	5.62

Note: Weighted average method was adopted to calculate the average selling price as there are price differences across specifications for a single drug, such as dosages.

Coenzyme I for Injection (恩艾地®)

Coenzyme I for Injection (恩艾地®) is our flagship drug. Coenzyme I for Injection (恩艾地®) inhibits hyperacetylation of myocardial histone and mitochondrial proteins by activating deacetylase Sirtuins, thereby suppressing inflammatory damage and oxidative stress in endothelial cells, improving mitochondrial function, cellular metabolism, and coronary microcirculation, while also reducing myocardial ischemia-reperfusion injury. IV infusion of Coenzyme I for Injection (恩艾地®) (50 mg/d for 7 days) can target and activate Sirtuins, restore mitochondrial homeostasis, enhance myocardial energy metabolism, and significantly improve LVEF, N-terminal pro-B-type NT-proBNP levels, and quality of life

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in patients with heart failure. Coenzyme I for Injection (恩艾地®) is indicated for the adjunctive treatment of leukopenia, and for the treatment of coronary heart disease and myocarditis.

Coenzyme I for Injection (恩艾地®) was first launched in China in 2002. According to Frost & Sullivan, NAD^+ is recognised internationally as a class of age-related diseases therapeutics and it maintains a unique global position as the only NAD^+ drug in China and globally, while it has not been included in any VBP schemes or the NRDL to date. Below is an illustrative diagramme of Coenzyme I for Injection (恩艾地®):



Currently, Coenzyme I for Injection (恩艾地®) is the only approved pharmaceutical formulation containing NAD^+ itself. Since Coenzyme I for Injection (恩艾地®) is the only commercial formulation in development that directly contains NAD^+ , the NAD^+ has a relatively strong market competitiveness, with most other developments focusing on indirect approaches to enhancing NAD^+ levels.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue from the sales of Coenzyme I for Injection (恩艾地®) amounted to RMB134.4 million, RMB106.0 million and RMB155.3 million, respectively, accounting for 44.4%, 44.1%, and 65.2% of our revenue for the same periods, respectively.

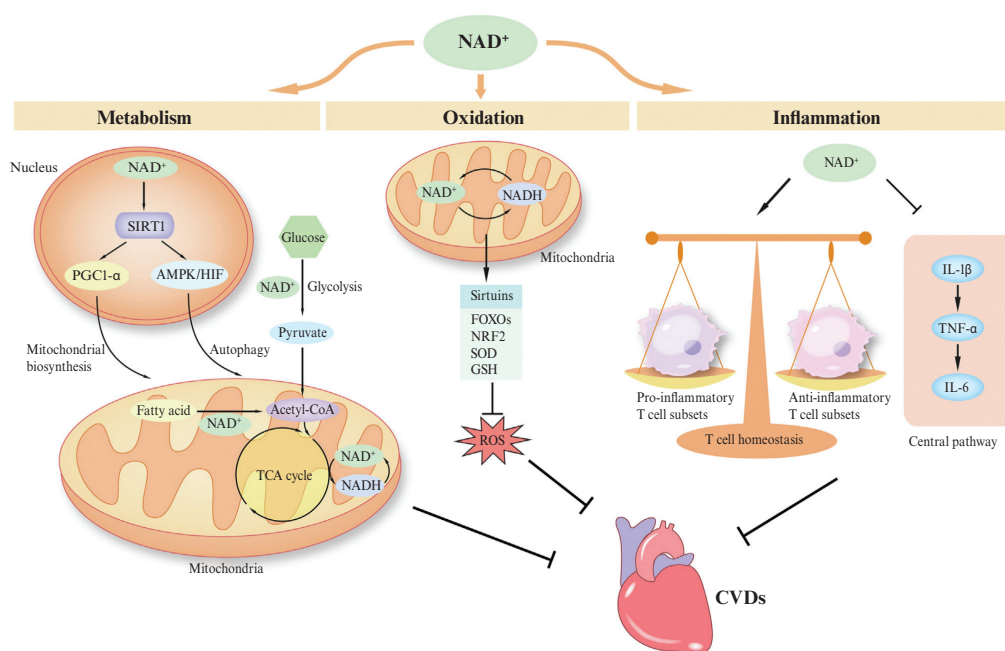
Coenzyme I for Injection (恩艾地®) maintains a stable pricing structure with no current plans for inclusion in centralised procurement, and its price is expected to remain steady in the future.

Mechanism of Action

Our Coenzyme I for Injection (恩艾地®) has NAD^+ as its active ingredient. The core function of NAD^+ lies in maintaining mitochondrial quality homeostasis, thereby supporting cellular energy metabolism and overall health. Specifically, NAD^+ activates Sirtuins proteins, initiating deacetylation processes that coordinately regulate both mitochondrial biogenesis and mitophagy. This dual-driven mechanism promotes the generation of functionally robust mitochondria while facilitating the timely removal of dysfunctional or damaged ones. By sustaining the dynamic balance of the mitochondrial network, this process ensures stable and efficient energy supply to target organs, supporting their normal physiological functions. Conversely, deficiency in NAD^+ levels disrupts mitochondrial quality control, leading to loss of homeostasis, accelerated cellular ageing, and the onset of various diseases. It is administered via IV or IM. Coenzyme I for Injection (恩艾地®) enables NAD^+ to enter circulation and reach target tissues including the myocardium, where NAD^+ specifically activates Sirtuins, inhibits pathological

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hyperacetylation in cardiomyocytes, and consequently modulates mitochondrial function, reduces oxidative stress, and suppresses cardiomyocyte apoptosis and fibrosis. The following diagramme illustrates how NAD^+ functions in respect of metabolism, oxidation and inflammation.



(Source: *Genes & Diseases: The effects of nicotinamide adenine dinucleotide in cardiovascular diseases: Molecular mechanisms, roles and therapeutic potential*)

The catalytic core region of Sirtuins proteins contains a unique NAD^+ binding site. When NAD^+ binds to the Sirtuins protein, the molecule undergoes conformational extension and expansion, activating it to perform histone deacetylation. Specifically, NAD^+ activates the histone deacetylase Sirtuins, which mediate the deacetylation of histones and mitochondrial proteins. This process drives chromatin remodelling and regulates gene transcription, an epigenetic mechanism, inhibiting cardiomyocyte apoptosis, myocardial fibrosis, and cardiac hypertrophy, while restoring mitochondrial homeostasis.

As a result, our Coenzyme I for Injection (恩艾地®) utilise NAD^+ as the active ingredient, while increasing NAD^+ levels can activate Sirtuins activity, thereby alleviating symptoms such as myocardial hypertrophy, ischemia, myocardial fibrosis, and arrhythmias.

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Indication, Symptoms and Treatments

Indication

Coenzyme I for Injection (恩艾地®) is indicated for a range of conditions encompassing cardiovascular disorders (such as coronary heart disease, myocarditis, heart failure and vascular ageing), reproductive ageing and fertility support (including assisted reproduction, ovarian ageing, asthenospermia) and neurodegenerative diseases, as well as immunosenescence-related conditions such as leukopenia and chronic fatigue syndrome.

Cause of the diseases

- **Cause of coronary heart disease:** coronary heart disease is mainly caused by atherosclerosis of the coronary arteries, where lipid deposition leads to narrowing of the vessel lumen. Risk factors for the coronary heart disease include hypertension, hyperlipidaemia, diabetes, smoking, obesity, and genetic predisposition.
- **Cause of myocarditis:** myocarditis is primarily caused by infections, most commonly coxsackievirus and influenza virus, while bacterial and fungal infections are relatively rare. In addition to infectious causes, non-infectious causes include autoimmune diseases, drug or toxin-induced injury, allergic reactions, and radiation exposure.
- **Cause of leukopenia:** leukopenia can result from various causes. Pharmacological agents such as chemotherapy drugs, chloramphenicol, and methimazole may suppress bone marrow haematopoiesis. Infections including influenza virus, Epstein-Barr virus, and Salmonella typhi can directly damage the haematopoietic system. Haematological disorders such as aplastic anaemia and myelodysplastic syndromes impair normal blood cell production. Autoimmune conditions such as systemic lupus erythematosus may generate antibodies that destroy white blood cells. Neoplastic factors, including leukaemia, lymphoma, and myeloma, can invade the bone marrow or suppress normal haematopoiesis, leading to leukopenia. Additionally, radiation exposure, chemical toxins, malnutrition, and hypersplenism may also contribute to reduced white blood cell counts.
- **Cause of heart failure:** the development of heart failure is primarily driven by underlying cardiac conditions, including coronary heart disease, hypertensive heart disease, cardiomyopathies, and valvular heart disease, which progressively impair myocardial function. Exacerbating or precipitating factors often include infections (e.g., pulmonary infections), arrhythmias, physical overexertion, emotional stress, and irregular medication use. Additionally, conditions such as diabetes, obesity, and chronic excessive alcohol consumption may also increase the risk of the heart failure.
- **Cause of vascular ageing:** the core driver of vascular ageing is advancing age, which leads to a reduction in vascular elastic fibres and the gradual progression of arteriosclerosis. Hypertension, hyperlipidaemia, and diabetes accelerate

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endothelial injury and lipid deposition. Unhealthy lifestyle habits such as smoking, a high-fat diet, and physical inactivity, along with genetic factors, also contribute to vascular ageing.

- **Cause of ovarian ageing:** ovarian ageing is predominantly associated with increasing age, typically accelerating after 35 years. Contributing factors may include genetic conditions (e.g., chromosomal abnormalities), iatrogenic damage (e.g., from radiotherapy or chemotherapy), autoimmune disorders (e.g., thyroid disease), and unhealthy lifestyle habits such as smoking, sleep deprivation, and chronic psychological stress.
- **Cause of asthenospermia:** asthenospermia results from various factors that impair sperm movement. Common causes include varicocele, which raises testicular temperature and leads to oxidative stress. Infections within the reproductive tract, such as prostatitis or epididymitis, can also reduce motility. Endocrine disorders such as hypogonadism disrupt hormone levels necessary for sperm function. Lifestyle factors, including smoking, obesity and prolonged heat exposure, negatively affect sperm activity. Additionally, immunological factors such as anti-sperm antibodies can cause sperm to clump together and lose mobility. Genetic abnormalities in sperm structure may further contribute to poor motility.
- **Cause of neurodegenerative diseases:** neurodegenerative diseases arise from a combination of genetic, age-related, and environmental factors. Certain disorders are linked to specific gene mutations, indicating a role of genetic susceptibility. Ageing is a significant risk factor, as neuronal degradation and functional decline progress over time. Environmental influences including prolonged exposure to toxins, head trauma, and unhealthy habits such as smoking and lack of exercise also elevate the risk. On a mechanistic level, processes such as oxidative stress, inflammatory responses, and abnormal protein aggregation are involved in the pathogenesis.
- **Cause of chronic fatigue syndrome:** chronic fatigue syndrome results from the interplay of multiple factors, typically involving immune system dysregulation, neuroendocrine dysfunction, and impaired energy metabolism. Viral infections, such as Epstein-Barr virus and human herpesvirus, are frequently considered potential triggers, with a clear history of infection noted in some patients prior to onset. Prolonged psychological stress, emotional disturbance and sleep disruption can further exacerbate fatigue and cognitive decline. In addition, genetic predisposition, autoimmune abnormalities and certain environmental factors, including exposure to chemical agents, may contribute to the pathophysiology.

Symptoms of the diseases

- **Symptoms of coronary heart disease:** coronary heart disease typically presents with angina pectoris, characterised by a crushing pain behind the sternum that may radiate to the shoulders and arms, often triggered by exertion and relieved by nitroglycerin. Atypical symptoms, such as chest tightness and shortness of breath, are more common in elderly patients and those with diabetes.

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- **Symptoms of myocarditis:** mild myocarditis may present with non specific, flu-like symptoms such as fever and fatigue. Severe myocarditis involve cardiac symptoms including chest tightness, chest pain, palpitations, and dyspnoea, which may progress to heart failure or even shock.
- **Symptoms of leukopenia:** leukopenia primarily presents with as increased susceptibility to infection due to reduced immunity. Mild cases may present with non specific symptoms such as fatigue and dizziness. In severe cases, patients experience recurrent infections including frequent colds, pneumonia, and oral ulcers, and may progress to sepsis in critical situations.
- **Symptoms of heart failure:** patients with heart failure often experience dyspnoea that worsens upon exertion, which can progress to orthopnoea and paroxysmal nocturnal dyspnoea in severe cases. Marked fatigue and oedema are also common, typically presenting as pitting oedema of the lower limbs, with pleural effusion and ascites occurring in advanced stages. Other frequent symptoms include palpitations, cough (which may produce white or pink frothy sputum), anorexia, and abdominal distension.
- **Symptoms of vascular ageing:** vascular ageing is often asymptomatic in its early stages. As it progresses, symptoms typically include elevated blood pressure, predominantly systolic hypertension, and weakened arterial pulsation. When coronary arteries are involved, angina pectoris may occur. Involvement of cerebral vessels can lead to dizziness and memory decline, while peripheral vascular disease may result in limb numbness and intermittent claudication.
- **Symptoms of ovarian ageing:** ovarian ageing primarily presents with menstrual irregularities, such as prolonged or shortened cycles and reduced menstrual flow, eventually leading to amenorrhoea. Fertility declines significantly, resulting in difficulty conceiving and an increased risk of miscarriage. Associated menopausal symptoms often include hot flushes and night sweats.
- **Symptoms of asthenospermia:** asthenospermia itself often presents no direct physical symptoms that a patient notices. The main sign is usually difficulty conceiving. If an underlying condition is present, other symptoms may occur, such as discomfort in the testicles or pelvic area, changes in sexual function including low libido or erectile issues, or in some cases a feeling of fullness or swelling in the scrotum. Many men with asthenospermia only become aware of it after undergoing a fertility test.
- **Symptoms of neurodegenerative diseases:** neurodegenerative diseases present with motor dysfunction, including limb tremor, muscle rigidity, bradykinesia, impaired balance, and gait abnormalities. Cognitive impairment commonly involves memory loss, poor concentration, reduced language ability, decreased computational skills, and slowed thinking. Neuropsychiatric symptoms may include mood swings, depression, anxiety, irritability, apathy, hallucinations, and delusions. Other possible features include sleep disturbances, dysphagia, and

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bladder or bowel dysfunction. As human bodies age, NAD^+ levels can decline by up to 50% between the ages of 40 and 60. This decline can lead to fatigue, reduced metabolic efficiency, cognitive decline, and other signs of aging.

- **Symptoms of chronic fatigue syndrome:** chronic fatigue syndrome is primarily characterised by persistent and unexplained fatigue that lasts for at least six months, is not relieved by rest, and significantly reduces daily activity levels. Patients often experience post-exertional malaise, where physical or mental exertion leads to a marked worsening of symptoms. Cognitive dysfunction, frequently referred to as “brain fog,” is common and includes difficulties with memory, concentration, and information processing. Sleep disturbances are typical, such as unrefreshing sleep, insomnia, or disrupted sleep patterns.

Current treatment method of the diseases

- **Treatment of coronary heart disease:** treatment of coronary heart disease typically involves medications such as aspirin, statins, nitrates, beta-blockers, and Coenzyme I for Injection (恩艾地®). In cases of severe stenosis, stent implantation may be performed. For multi-vessel disease, coronary artery bypass grafting is an option. Lifestyle modifications are essential, including smoking cessation, alcohol moderation, weight control, a low-salt, low-fat diet, and regular moderate exercise.
- **Treatment of myocarditis:** general management of myocarditis includes rest (bed rest in severe cases) and nutritional support. Pharmacological treatment may involve antiviral agents in the early stages, diuretics for heart failure, and beta-blockers for arrhythmias. Myocardial nutrition support, including Coenzyme I for Injection (恩艾地®), is often utilised. Symptomatic treatment may include vasoactive drugs for shock or electrical cardioversion for severe arrhythmias. Immunosuppressive therapy (e.g., corticosteroids) may be considered in severe cases.
- **Treatment of leukopenia:** treatment of leukopenia involves identifying and addressing the underlying cause, such as discontinuing offending drugs, avoiding harmful exposures, or treating primary diseases. Medications to elevate white blood cell counts, such as granulocyte colony-stimulating factor or leucogen, may be prescribed. Coenzyme I for Injection (恩艾地®) is also used in some protocols. Supportive care includes infection prevention, antibiotics when necessary, and nutritional reinforcement.
- **Treatment of heart failure:** the primary treatment for heart failure involves pharmacological intervention. Diuretics (e.g., furosemide) are used to reduce oedema, while angiotensin-converting enzyme inhibitors (e.g., enalapril) help improve ventricular remodelling. Beta-blockers (e.g., metoprolol) control heart rate, and aldosterone receptor antagonists may also be prescribed. In addition, Coenzyme I for Injection (恩艾地®) is utilised to support myocardial energy metabolism. Non-pharmacological approaches include sodium restriction, moderate exercise such as walking (while avoiding overexertion), smoking

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cessation, alcohol moderation, and weight management. For severe cases, advanced interventions such as CRT or ICD may be required, with heart transplantation considered for end-stage disease.

- **Treatment of vascular ageing:** management of vascular ageing focuses on controlling underlying conditions, including antihypertensive therapy (e.g., calcium channel blockers), lipid-lowering agents (e.g., statins), and glycemic control (e.g., metformin). Coenzyme I for Injection (恩艾地®) may be incorporated as part of a comprehensive strategy to improve metabolic function in vascular endothelial cells. Lifestyle modifications are crucial, encompassing a low-salt, low-fat diet, regular exercise such as jogging or swimming, smoking cessation, alcohol moderation, and weight management. Pharmacological support may also include antiplatelet agents (e.g., aspirin for thrombosis prevention) and antioxidants (e.g., vitamin E) for vascular protection.
- **Treatment of ovarian ageing:** currently there is no cure for ovarian ageing, but management focuses on supporting reproductive health and treating symptoms. Key approaches include lifestyle modifications such as a balanced diet and avoiding smoking. Fertility preservation through egg or embryo freezing is advised for those planning future pregnancy. For women trying to conceive, assisted reproductive technologies, such as IVF, are commonly used, possibly with donor eggs in cases of very low ovarian reserve. Hormone replacement therapy can help manage menopausal symptoms. Some experimental therapies are being studied, but they are not yet standard practice.
- **Treatment of neurodegenerative diseases:** currently, there is no curative treatment for neurodegenerative diseases, and management primarily focuses on alleviating symptoms. Cognitive symptoms may be addressed with medications such as donepezil or rivastigmine, while motor symptoms may be managed with levodopa or pramipexole. Psychiatric symptoms can be treated with agents such as sertraline or quetiapine. Coenzyme I for Injection (恩艾地®) may be used to support neuronal energy metabolism and alleviate symptoms associated with metabolic dysfunction. Non-pharmacological approaches include rehabilitation (physical and cognitive training), psychological support, and daily care to prevent complications. Emerging therapies such as stem cell or gene therapy are under investigation.
- **Treatment of asthenospermia:** treatment primarily focuses on addressing the underlying cause and improving overall sperm health. Common approaches include lifestyle modifications such as quitting smoking, reducing alcohol intake, maintaining a healthy weight, and avoiding excessive heat exposure. Medical interventions may involve treating identified infections with antibiotics, using hormonal therapy for endocrine disorders, or surgically correcting a varicocele. Antioxidant supplements such as coenzyme Q10 and L-carnitine are often recommended to reduce oxidative stress.

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- **Treatment of chronic fatigue syndrome:** management of chronic fatigue syndrome is primarily supportive and multidisciplinary, focusing on symptom relief and functional improvement. Core approaches include lifestyle modifications such as paced activity and consistent sleep routines, alongside psychological support such as cognitive behavioural therapy. Graded exercise therapy may be introduced cautiously to gradually increase tolerance. Pharmacological treatment is often symptomatic and may include analgesics for pain, low-dose antidepressants for sleep and mood, and occasionally supplements such as Coenzyme Q10 or B vitamins.

Safety and Efficacy

The overall safety profile of Coenzyme I for Injection (恩艾地®) has been evaluated in multiple pre-clinical studies and clinical trials. Pharmacodynamic studies and safety-toxicology studies support its favourable safety profile. According to data from completed clinical trials, short-term IV administration of Coenzyme I for Injection (恩艾地®) in patient populations including those with ischemic cardiomyopathy and heart failure has demonstrated good safety and efficacy. Adverse events reported in these studies were mostly mild, with no drug-related serious adverse events or safety signals leading to treatment discontinuation. Data from the National Adverse Drug Reaction Monitoring Centre (國家不良反應監測中心) have not indicated any new significant risks. Available evidence suggests a favourable benefit-risk profile for Coenzyme I for Injection (恩艾地®) within the approved indications and at recommended dosages.

Industry Recognition of Coenzyme I for Injection (恩艾地®)

As of the Latest Practicable Date, our flagship drug Coenzyme I for Injection (恩艾地®) has been incorporated into nine clinical treatment guidelines, seven clinical expert consensus, and four medical textbooks in China, reflecting the growing integration into standardised medical practice and broad acceptance across clinical and academic fields.

Coenzyme I for Injection (恩艾地®), the only NAD⁺ injectable preparation licensed in China, has garnered cross-specialty endorsement for its capacity to enhance cardiac energy metabolism and retard cellular ageing. It is formally incorporated into the standard treatment pathway for coronary artery disease in the County-level Coronary Heart Disease Rational Medication and Comprehensive Management Guidelines (《縣域冠心病合理用藥與綜合管理指南》); advocated by the Chinese Society of Clinical Oncology (CSCO) Guidelines for Clinical Practice in Onco-Cardiology 2025 (《中國臨床腫瘤學會(CSCO)腫瘤心臟病學臨床實踐指南2025》) to prevent and treat cancer-therapy-related myocardial injury; cited in the Rational Medication Guidelines for Heart Failure (《心力衰竭合理用藥指南》) as an agent that improves left-ventricular ejection fraction and reduces NT-proBNP; recommended in both the Guidelines for the Management of Chronic Disease in Elderly Patients with Cognitive Dysfunction (《老年認知功能障礙慢病管理指南》) and the Chinese Expert Consensus on Anti-ageing Drug Interventions (2024) (《延緩衰老藥物干預研究中國老年醫學專家共識(2024)》) to ameliorate cerebral energy metabolism; highlighted in the Chinese Expert Consensus on Clinical Assessment and Intervention of Vascular Ageing (2024 Edition) (《血管衰老臨床評估與干預中國專家共識(2024版)》) for restoring

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endothelial function via Sirtuins activation; and endorsed by the Chinese Expert Consensus on the Diagnosis and Treatment of Microvascular Diseases (《中國多學科微血管疾病診斷與治療專家共識》) for myocardial ischaemia linked to microvascular dysfunction. This convergence of opinion provides high-level evidence-based support for the widespread use of Coenzyme I for Injection (恩艾地®) in cardiovascular, neurodegenerative disease, oncological, geriatric and age-related diseases medicine.

In conclusion, Coenzyme I for Injection (恩艾地®) has received extensive professional recognition, indicating strong support across the fields of cardiology, geriatrics, oncology, and primary care. This professional endorsement facilitates the inclusion of Coenzyme I for Injection (恩艾地®) in standard treatment pathways, enhances its credibility among healthcare providers, and, as clinical guidelines evolve and further evidence emerges, lays a solid foundation for its continued market penetration.

We thrive to further study on the mitochondrial medicine and the majority of our drug candidates are mitochondria-targeting. See “— Our Mitochondrial-targeting Drug Candidates”.

Other Key Commercialised Drugs

Hyaluronidase for Injection (千容美®)

Hyaluronidase for Injection (千容美®) acts by specifically breaking down hyaluronic acid to resolve filler-related complications and promote tissue drainage. This drug is indicated for ophthalmic use to disperse locally accumulated medicinal solutions, exudates, or blood, to promote the absorption of vitreous opacities, to prevent symblepharon following chemical conjunctival burns, and to alleviate associated. Furthermore, Hyaluronidase for Injection (千容美®) is also indicated for the treatment of osteoarthritis.

Hyaluronidase for Injection (千容美®) is with effect of promoting the diffusion of drugs or fluids, demonstrates significant potential across various therapeutic and medical applications due to its ability to locally and temporarily degrade hyaluronic acid, enhancing tissue permeability and drug dispersion. In SC drug delivery, it facilitates the conversion of IV therapies, such as monoclonal antibodies, to SC administration, optimising dosage and improving patient compliance, thus reducing patients’ treatment time and overall costs. Hyaluronidase enables SC delivery of drugs such as antibiotics and antibody drugs, highlighting its value as a multifunctional tool in diverse applications, which shows its clinical potential in enabling SC delivery across multiple therapeutic contexts and different markets.

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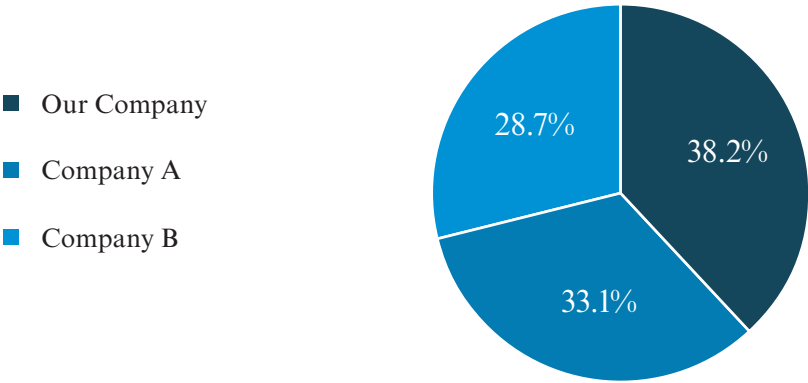
First launched in China in 2002, Hyaluronidase for Injection (千容美®) remains a first-in-class therapy within its indications, has not been included in any VBP schemes, and is currently under review for inclusion in the NRD. Below is an illustrative diagramme of Hyaluronidase for Injection (千容美®).



According to Frost & Sullivan, the rapid expansion of the hyaluronic acid market significantly increased demand for hyaluronidase for injection, leading to a substantial increase in their sales price. After 2021, the prices of hyaluronidase for injection by three manufacturers have remained relatively stable and are similar to current levels.

As of the Latest Practicable Date, there were three hyaluronidase for injection drugs have been approved by the NMPA in China. In 2024, Hyaluronidase for Injection (千容美®) captured the largest share of China’s hyaluronidase injection market by revenue accounting for 38.2%, according to Frost & Sullivan. The following chart sets out the competitive landscape of China’s hyaluronidase for injection market in terms of revenue in 2024:

Market Share of Hyaluronidase for injection in China, by Revenue, 2024



(Source: Frost & Sullivan)

Notes:

1. Company A: a listed company headquartered in Jilin Province, researches, develops, manufactures, and sells injection solution, solid solution, and active pharmaceutical ingredient.
2. Company B: a listed company headquartered in Shanghai, specialises in the production of biochemical raw materials, chemical raw materials and natural medicine extracts and their sterile water for injection and powder injection preparations.

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For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue from the sales of Hyaluronidase for Injection (千容美®) amounted to RMB4.0 million, RMB30.2 million and RMB34.6 million, accounting for 1.3%, 12.6% and 14.5% of our revenue for the same periods, respectively.

Hyaluronidase for Injection (千容美®), being a product supplied by only three manufacturers nationwide, currently has no plans to be included in the centralised procurement scheme, and we expect its price will remain stable in the future.

Indication, Symptoms and Treatments

Indication

Hyaluronidase for Injection (千容美®) is utilised to promote the diffusion of locally accumulated fluids, exudates, or blood in the ocular region, facilitating the absorption of vitreous opacities and preventing symblepharon after chemical burns to the conjunctiva. Furthermore, Hyaluronidase for Injection (千容美®) helps alleviate associated inflammatory responses and is employed in the treatment of osteoarthritis.

Hyaluronidase for Injection (千容美®) indicated for managing complications arising from hyaluronic acid fillers, and treating pathological scars in wounds.

Cause of the diseases

- **Cause of accumulated exudate or blood in the ocular region:** accumulation of exudate or blood in the ocular region typically results from pathological changes or traumatic injuries to ocular tissues, commonly caused by inflammatory responses, vascular abnormalities, or local collection of blood or tissue fluid following trauma.
- **Cause of vitreous opacities:** vitreous opacities are frequently caused by fundus pathologies secondary to systemic diseases, particularly vascular conditions such as diabetic retinopathy and hypertensive retinopathy, which lead to deposits of metabolic products or haemorrhagic changes within the vitreous.
- **Cause of symblepharon:** symblepharon primarily stems from chemical injuries to the eye, where acid or alkali burns cause extensive defects in the conjunctival and corneal epithelium. During the healing process, fibrous tissue proliferation leads to abnormal adhesion between the palpebral and bulbar conjunctiva.
- **Cause of osteoarthritis:** osteoarthritis is often caused by multiple predisposing factors, including age over 40 years, female sex, obesity or overweight, and a history of joint trauma. These factors may accelerate degenerative joint changes through altered biomechanical loading, metabolic abnormalities, or reduced tissue repair capacity.

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- **Cause of complications from hyaluronic acid fillers:** complications from hyaluronic acid fillers are typically caused by technical issues or individual reactions, including inappropriate dosing resulting in overfilling, asymmetry or uneven distribution; displacement of the filler material due to gravity or muscle movement; allergic reactions to hyaluronic acid components; and, in rare cases, vascular embolism caused by accidental intravascular injection.
- **Cause of pathological scarring:** the formation of pathological scars is often associated with abnormal skin wound healing processes. Common causes include surgical incisions, burns, scalds, lacerations, scratches, and severe acne. The primary pathological mechanisms involve excessive fibroblast proliferation and disorganised collagen fibre arrangement, clinically manifesting as hypertrophic scars or keloids.

Symptoms of the diseases

- **Symptoms of accumulated exudate or blood in the ocular region:** accumulation of blood or fluid in the ocular region primarily presents as periorbital swelling and pain, with visible subconjunctival haemorrhage appearing bright red or dark red. In severe cases, elevated intraocular pressure and blurred vision may occur. Significant accumulation can form a prominent haematoma.
- **Symptoms of vitreous opacities and related fundus conditions:** vitreous opacities typically cause visual disturbances such as floating shadows (floaters) and photopsia (light flashes). These are often accompanied by reduced visual acuity, blurred vision, metamorphopsia (distorted vision), or visual field defects. Symptoms are usually more pronounced against bright backgrounds and may progressively worsen.
- **Symptoms of symblepharon:** symblepharon mainly manifests as incomplete eyelid closure and restricted ocular movement. Patients often experience foreign body sensation and dryness in the eye. Severe cases may lead to exposure keratitis, visual impairment, and asymmetrical facial appearance.
- **Symptoms of osteoarthritis:** osteoarthritis is characterised by joint pain and swelling, typically aggravated by activity. As the condition progresses, joint deformity and restricted range of motion may develop, often accompanied by morning stiffness. Advanced cases may present with joint crepitus and functional impairment.
- **Symptoms of pathological scarring:** pathological scars typically present as rough, irregular skin texture, often accompanied by hyperpigmentation. The scar tissue is firm in consistency and may appear uneven or distorted in shape. Persistent itching or pain is frequently reported, which can significantly impact quality of life.

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Treatment method of the diseases

- **Treatment of accumulated exudate or blood in the ocular region:** treatment strategies include: (i) local injection or topical application of hyaluronidase to promote absorption; (ii) initial cold compresses followed by warm compresses to aid circulation; (iii) concomitant use of haemostatic agents; and (iv) surgical intervention may be required in severe cases.
- **Treatment of vitreous opacities:** treatment strategies encompass: (i) retrobulbar injection of hyaluronidase to accelerate absorption of opacities; (ii) pharmacological support such as prolonium iodide injections and oral lecithin-bound iodine capsules; (iii) laser photodisruption; and (iv) vitrectomy for severe cases.
- **Treatment of symblepharon:** clinical management includes: (i) topical application of hyaluronidase eye drops; (ii) adjunctive anti-inflammatory or antihistamine medications; and (iii) surgical options such as symblepharon lysis and reconstruction or total conjunctival sac reconstruction.
- **Treatment of osteoarthritis:** management primarily follows a stepwise approach: (i) pharmacological treatment: intra-articular injections of hyaluronidase, corticosteroids, or visco supplements such as hyaluronic acid and medical chitosan, combined with oral analgesics; and (ii) non-pharmacological interventions: including minimally invasive procedures, joint debridement, osteotomy, and joint replacement surgery.
- **Treatment of complications from hyaluronic acid fillers:** the treatment of choice for complications arising from hyaluronic acid fillers is Hyaluronidase for Injection (千容美®). By specifically degrading hyaluronic acid, this agent effectively addresses issues caused by overfilling, uneven distribution, or vascular embolism, helping to restore natural facial contour and function.
- **Treatment of pathological scarring:** management of pathological scars typically involves a multimodal approach: (i) intralesional injections: including hyaluronidase, corticosteroids (e.g., triamcinolone acetonide), or antimetabolites (e.g., 5-fluorouracil); (ii) topical agents: such as silicone gels, onion extract ointments, and corticosteroid creams; (iii) laser therapy: commonly using pulsed dye lasers and fractional lasers to improve scar texture and colour; and (iv) surgical intervention: surgical excision followed by meticulous closure and postoperative care may be considered for refractory scars.

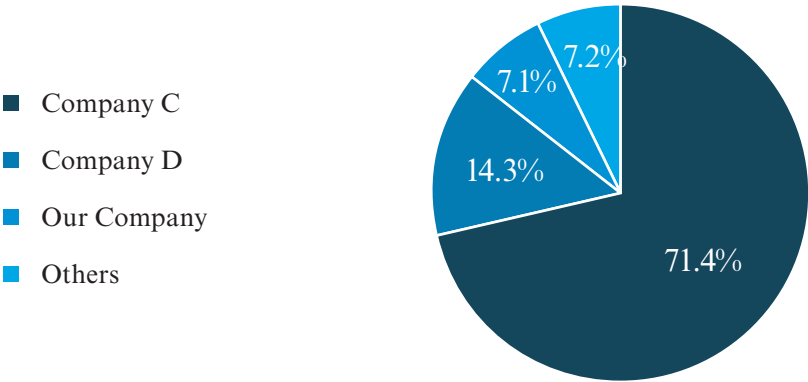
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Pancreatic Kininogenase for Injection (添舒®)

Pancreatic Kininogenase for Injection (添舒®), our generic drug, acting as a vasodilator that improves microcirculation through the effects on kallikrein-kinin system activation and microvascular dilation. Pancreatic Kininogenase for Injection (添舒®) is indicated for microcirculation disorders including diabetic nephropathy, peripheral neuropathy, retinopathy, ischemic cerebrovascular diseases, and other fundus diseases, and serves as an adjunctive therapy for hypertension. Pancreatic Kininogenase for Injection (添舒®) was first launched in China in 2002. The generic version of Pancreatic Kininogenase for Injection (添舒®) was granted marketing approval by the NMPA. Pancreatic Kininogenase for Injection (添舒®) has been selected in provincial VBP schemes in 2023. Below is an illustrative diagramme of Pancreatic Kininogenase for Injection (添舒®):



According to Frost & Sullivan, as of December 2025, the price of pancreatic kininogenase for injection is approximately RMB8.5 per 10 IU. As of the Latest Practicable Date, there were nine kininogenase products have been approved by the NMPA in China. In 2024, Pancreatic Kininogenase for Injection (添舒®) ranked third in the pancreatic kininogenase for injection market, with a market share of 7.1% according to Frost & Sullivan. The following chart sets out the competitive landscape of China’s pancreatic kininogenase for injection market in terms of revenue in 2024:



(Source: Frost & Sullivan)

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Notes:

1. Company C: a listed company headquartered Jiangsu Province, mainly produces pancreatic kininogenase series, heparin sodium, low molecular weight heparin, compound digestive enzymes, and asparaginase series.
2. Company D: a non-listed subsidiary of a listed company headquartered in Guangdong Province and specialises in the production of drugs in areas such as digestion, cardiovascular, antiviral, antibiotics, and traditional Chinese medicine.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue from the sales of Pancreatic Kininogenase for Injection (添舒®) the amounted to RMB28.7 million, RMB16.8 million, and RMB6.9 million, respectively, accounting for 9.5%, 7.0%, and 2.9% of our revenue for the same periods, respectively.

As a generic drug, Pancreatic Kininogenase for Injection (添舒®) will actively participate in centralised procurement, which may lead to a potential decrease in its price in the future.

Indication, Symptoms and Treatments

Indication

Pancreatic Kininogenase for Injection (添舒®) is a vasodilator that improves microcirculation, primarily used for microcirculatory disorders such as diabetic nephropathy, peripheral neuropathy, retinopathy, fundus diseases, and ischaemic cerebrovascular disease, and may also serve as adjunctive therapy for hypertension.

Cause of the diseases

The precise pathogenesis of diabetic microcirculatory dysfunction has not been fully elucidated, primarily involving multiple functional and metabolic abnormalities such as vascular endothelial injury with reduced nitric oxide synthesis, activation of the polyol pathway, non-enzymatic glycation of proteins, oxidative stress, and protein kinase c activation. These disturbances further lead to impaired autoregulatory movements in the microcirculation, resulting in increased microvascular blood flow and elevated pressure. Sustained haemodynamic abnormalities can cause structural damage to microvessels, manifested as increased vascular permeability, capillary leakage, basement membrane thickening, luminal narrowing or even occlusion, and microthrombus formation. This cascade ultimately induces microcirculatory ischaemia and hypoxia, leading to organ dysfunction.

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Symptoms of the diseases

- **Symptoms of diabetic nephropathy:** patients with diabetic nephropathy typically present with symptoms such as proteinuria, anorexia, chronic hyperglycaemia, and ascites. The underlying pathology primarily involves microvascular damage in the glomeruli leading to impaired filtration function.
- **Symptoms of diabetic retinopathy:** diabetic retinopathy results from the abnormal proliferation and rupture of retinal neovascularisation, leading to vitreous haemorrhage, fibrous proliferation, and tractional retinal detachment. This progression ultimately causes gradual visual deterioration and, in severe cases, blindness.
- **Symptoms of diabetic neuropathy:** diabetic neuropathy can affect both motor and sensory nerves. Patients commonly experience symptoms such as limb numbness, tingling, or burning pain, sometimes accompanied by muscle weakness. These manifestations often impose a dual burden on the patient’s physical functioning and psychological well-being.
- **Symptoms of diabetic foot:** diabetic foot primarily presents with coldness, pain, numbness, and reduced sensation in the lower limbs. In advanced stages, complete sensory loss and intermittent claudication may occur, often complicated by ulcers, infections, or even gangrene.
- **Symptoms of diabetic Cardiomyopathy**
 - (i) **Heart failure:** the incidence of congestive heart failure in diabetic patients is approximately twice as high in women compared to men. Those with a history of myocardial infarction require pathological biopsy for differentiation from post-infarction heart failure, while concomitant hypertension necessitates distinction from hypertensive heart disease.
 - (ii) **Angina pectoris:** besides epicardial coronary artery disease, diabetic patients may also develop angina due to occlusion of small intramural coronary arteries.
 - (iii) **Arrhythmias:** focal myocardial necrosis and fibrous scar formation can create electrical instability, leading to arrhythmias such as atrial fibrillation, sick sinus syndrome, conduction blocks, and various ventricular arrhythmias.
- **Symptoms of diabetic dermopathy:** diabetic patients are prone to cutaneous infections. Fungal infections (e.g., tinea corporis, onychomycosis, oral and vulvovaginal candidiasis) are most common. Bacterial infections often present as furuncles, carbuncles, and folliculitis; viral infections, particularly herpes zoster and herpes simplex, are also frequently observed.

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Current treatment method of the disease

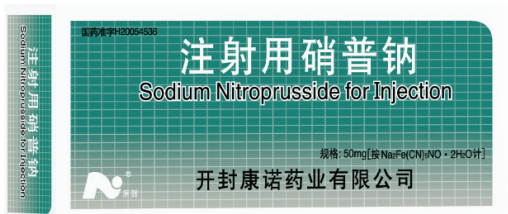
- **Early intervention:** upon diagnosis of diabetes, screening for complications should be initiated as early as possible to enable prompt diagnosis and timely intervention, including the use of medications to improve microcirculatory dysfunction.
- **Individualised treatment:** medications should be selected based on the patient’s clinical manifestations and the mechanisms of action of the drugs, with treatment administered over an appropriate course under medical guidance regarding initiation and discontinuation.
- **Rational combination therapy:** combination therapy is generally not recommended. If required, it should follow the principle of complementary mechanisms, avoiding combinations of drugs with similar modes of action while paying attention to potential drug interactions.
- **Emphasis on safety:** strict adherence to indications and contraindications is essential, with careful monitoring for adverse effects. Special consideration should be given to factors such as concomitant medications, hepatic and renal function, and the patient’s age. Medications for improving diabetic microcirculatory disorders primarily include vasodilators, agents affecting haemodynamics, endothelial protective drugs, and certain traditional Chinese medicine formulations.

Sodium Nitroprusside for Injection

Sodium Nitroprusside for Injection, a generic vasodilator, working by directly releasing nitric oxide to cause rapid relaxation of vascular smooth muscle and potent arterial and venous dilation, thereby reducing peripheral resistance and both preload and afterload with immediate onset and a very short duration of action.

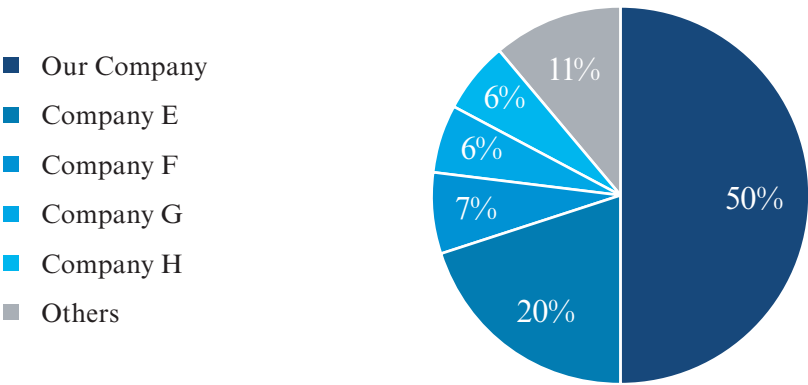
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Sodium Nitroprusside for Injection is indicated for hypertensive emergencies, including hypertensive crisis, hypertensive encephalopathy, malignant hypertension and peri-operative paroxysmal hypertension in phaeochromocytoma, for controlled hypotension during surgery, and for acute heart failure, including acute pulmonary oedema and acute heart failure associated with acute myocardial infarction or valvular regurgitation. The generic version of Sodium Nitroprusside for Injection has received marketing approval from the NMPA. Sodium Nitroprusside for Injection has been selected in provincial VBP schemes on 30 May 2022. Below is an illustrative diagramme of our Sodium Nitroprusside for Injection:



According to Frost & Sullivan, as of December 2025, the price of sodium nitroprusside for injection is approximately RMB9 per 50 mg. As of the Latest Practicable Date, there were 14 sodium nitroprusside for injection products have been approved by the NMPA in China. In 2024, the sodium nitroprusside for injection product of our Company held the largest market share of sodium nitroprusside for injection in China, accounting for approximately 50% of the market. The following chart sets out the competitive landscape of China’s sodium nitroprusside for injection market in terms of revenue in 2024:

Market Share of Sodium Nitroprusside for injection in China, by Revenue, 2024



(Source: Frost & Sullivan)

Notes:

1. Company E: a non-listed subsidiary of a listed company headquartered in Hunan Province, primarily engaged in the production of large-volume injections, freeze-dried powder injections, and other pharmaceutical formulations.

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2. Company F: a non-listed subsidiary of a listed company based in Jincheng, Shanxi, focuses on the development and production of drugs, including APIs, capsules, tablets and injectable solutions.
3. Company G: a non-listed wholly owned subsidiary of a listed company headquartered in Guangdong Province, focuses on the production and sales of cardiovascular, antiviral, paediatric, digestive, and immunomodulatory drugs.
4. Company H: a delisted company headquartered in Hainan Province, specialises in the development, production and sales of API and injectable solutions.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue from the sales of Sodium Nitroprusside for Injection amounted to RMB25.8 million, RMB23.4 million, and RMB13.3 million, respectively, accounting for 8.5%, 9.7%, and 5.6% of our revenue for the same periods, respectively.

As a generic product, Sodium Nitroprusside for Injection is expected to actively engage in centralised procurement, which may result in a potential price reduction in the future.

Indication, Symptoms and Treatments

Indication

Sodium Nitroprusside for Injection is indicated for the emergency reduction of blood pressure in hypertensive crises, such as hypertensive emergencies, hypertensive encephalopathy, and malignant hypertension, as well as for the management of paroxysmal hypertension associated with pheochromocytoma before and after surgery. Sodium Nitroprusside for Injection is also employed to achieve controlled hypotension during surgical anaesthesia.

Furthermore, Sodium Nitroprusside for Injection is used in the treatment of acute heart failure, including acute pulmonary oedema, and may be utilised in cases of acute heart failure secondary to acute myocardial infarction or valvular insufficiency, such as that involving the mitral or aortic valve.

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Cause of the disease

The pathogenesis of hypertensive emergencies has not been fully elucidated; however, the core mechanism involves the sudden constriction and spasm of systemic arterioles, leading to a rapid and severe rise in arterial blood pressure and resulting in hypertension-mediated organ damage. Multiple neurohumoral factors and pathophysiological mechanisms interact in a vicious cycle. The high morbidity and mortality associated with hypertensive emergencies are closely related to predisposing factors such as poor adherence to antihypertensive medication.

The triggers of acute heart failure include acute coronary syndrome, severe arrhythmias (such as tachyarrhythmias or bradyarrhythmias), hypertensive emergency, acute infection or sepsis, excessive sodium intake or inappropriate fluid administration, primary cardiomyopathy, valvular heart disease, acute intoxication, adverse drug reactions, acute exacerbation of chronic obstructive pulmonary disease, pulmonary embolism, congenital heart disease, pregnancy and peripartum cardiomyopathy, increased sympathetic tone or stress-induced cardiomyopathy, cardiac tamponade, metabolic or hormonal disturbances, severe anaemia, acute kidney injury or chronic kidney disease, surgical procedures or perioperative complications, and acute mechanical causes such as cardiac rupture, chest trauma, acute valvular regurgitation, or aortic dissection.

Symptoms of the disease

Hypertensive emergencies refer to a group of clinical syndromes characterised by a severe elevation in blood pressure within a short period (typically with systolic blood pressure exceeding 180 mmHg and/or diastolic blood pressure exceeding 120 mmHg), accompanied by hypertension-mediated target organ damage or progressive worsening of pre-existing organ dysfunction. Acute heart failure presents clinically with features of pulmonary congestion/pulmonary oedema, systemic congestion, reduced cardiac output, and hypoperfusion of tissues and organs; in severe cases, it may be complicated by acute respiratory failure and cardiogenic shock.

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Current treatment method of the disease

The principles for early blood pressure reduction in hypertensive emergencies are as follows: during the initial phase (within 1 hour), the reduction in mean arterial pressure (MAP) should not exceed 25% of the pre-treatment level, with adjustments based on the patient's baseline blood pressure and the extent of hypertension-mediated organ damage (HMOD); over the subsequent 2 to 6 hours, blood pressure should be gradually lowered to a safer level, generally around 160/100 mmHg, followed by further management tailored to the specific disease-related targets and rate of reduction; once the condition stabilises, blood pressure should be gradually normalised within 24 to 48 hours. In terms of drug selection, the principles of rapid yet controlled reduction and appropriate agent choice should be followed, utilising IV antihypertensive agents alone or in combination according to the clinical presentation. Labetalol and nicardipine are considered safe for all types of hypertensive emergencies and should be maintained as essential hospital stock; nitroglycerin and sodium nitroprusside are particularly suitable for hypertensive emergencies involving cardiac or aortic damage. For patients with acute coronary syndrome (ACS), it is recommended to keep blood pressure below 130/80 mmHg while ensuring that diastolic pressure remains above 60 mmHg. First-line agents for managing this condition include nitrates and beta-blockers. Alternative options may consist of diltiazem, urapidil, ACE inhibitors, ARBs, or diuretics, depending on the specific clinical scenario.

The treatment goals for AHF vary according to the stage of the condition: during the initial emergency phase, the focus is on rapidly stabilising haemodynamics, correcting hypoxaemia, relieving symptoms, and preserving perfusion and function of vital organs; in subsequent stages, efforts should shift to identifying and addressing the underlying causes and triggers of heart failure, managing symptoms and congestion, and preventing thromboembolic events; once the condition stabilises, treatment should be optimised and a long-term follow-up plan established to improve long-term prognosis. The therapeutic principles for AHF include reducing cardiac preload and afterload, improving both systolic and diastolic function, actively eliminating precipitating factors, and treating the primary aetiology. Given that AHF is life-threatening, pharmacological and non-pharmacological interventions should be initiated immediately for suspected cases while diagnostic evaluations are underway.

In addition to the four core commercialised products mentioned above, our company has also successfully developed and launched therapeutic drugs targeting multiple disease areas, including the digestive, respiratory, haematological, and nervous systems, while also establishing a product line in anti-infective treatments.

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OUR MITOCHONDRIA-TARGETING DRUG CANDIDATES

Our key drug candidates are mitochondria-targeting. We operate in the rapidly expanding mitochondrial medicine sector, which is projected to grow from RMB17.9 billion in 2024 to RMB308.1 billion by 2035 in China. Such growth is structurally supported by the central role of mitochondrial health in aging and related diseases, with NAD⁺ established as a core therapeutic target, alongside the sustained demand from China’s aging population, expected to reach 320.3 million people aged 65 and above by 2035. Within this high-potential landscape, our strategic focus on developing innovative mitochondrial-based therapies positions us to directly address these critical and growing unmet medical needs. The chart below sets out the information on our major innovative drug candidates as of the Latest Practicable Date:

Type	Candidates drug	Administration Method	Indications	Pre-clinical	IND	Phase 1	Phase 2	Phase 3	NDA	Next milestone
mitochondrial-targeted therapeutics	KN-19ND-L1	IV	Post-myocardial infarction heart failure	China						Phase 2 clinical trial is expected to be completed in Q1 2027
	KN-25ND-L1	IV	Premature ovarian failure	China						Phase 2 clinical trial is expected to be completed in Q1 2027
	KN-25ND-Z	Oral	Chronic heart failure	China						Phase 1 clinical trial is expected to commence in Q2 2026
	KN-25ND-L5	Oral	Premature ovarian failure	China						IND submission expected in Q3 2026
	KN-19ND-L2	Oral	Alzheimer’s disease	China						IND submission expected in Q4 2026
	KN-22ND-L4	IV	Immune tolerance	China						IND submission expected in Q4 2026
	KN-25ND-L6	IM	Immunological adjuvant (vaccine potentiation)	China						IND submission expected in Q3 2026
	KN-25CJ-Y	Oral	Muscle atrophy	China						IND submission expected in Q1 2027
	KN-25X1-Y	Topical Application	Alopecia	China						IND submission expected in Q4 2026
	KN-23XT-L1	IV	Peripheral vascular disease	China						IND submission expected in Q4 2029
Mitochondrial transplantation	KN-25CBM-Y	SC	Subcutaneous drug delivery	China						IND submission expected in Q3 2027
Other therapeutics	KN-25CNY-Y	IV	Acute thrombolysis	China						IND submission expected in Q3 2027

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KN-19ND-L1

KN-19ND-L1 is an innovative mitochondria-targeting drug. As a monotherapy, it demonstrates therapeutic potential in post-acute myocardial infarction heart failure. It offers a novel treatment option for patients with cardiovascular disease. To better serve patients and address an unmet clinical need, KN-19ND-L1 is administered by IV infusion instead of the original IM, offering greater convenience and a more rapid onset of action. The dose has been increased to 50 mg per vial, facilitating high-dose regimens required in acute settings. This development positions the medicine to fill a clear void in the management of premature ovarian insufficiency.

KN-19ND-L1 has completed phase 1 clinical trial and is currently undergoing phase 2 clinical studies. According to our timeline, KN-19ND-L1 is expected to complete its phase 2 clinical trial in the first quarter of 2027, followed by consultations with the CDE regarding phase 3 clinical trial, with an anticipated entry into phase 3 clinical trial in the third quarter of 2027.

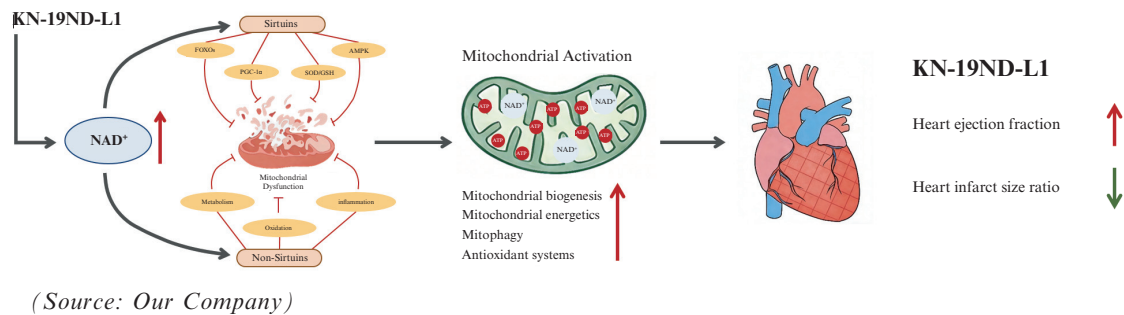
Competitive Strengths

KN-19ND-L1 is the world’s first innovative therapeutic agent for the treatment of heart failure via targeted modulation of the deacetylase Sirtuins under clinical development. By activating Sirtuins, it inhibits excessive acetylation of myocardial histones and mitochondrial proteins, thereby suppressing inflammatory damage and oxidative stress in endothelial cells, restoring mitochondrial homeostasis, improving myocardial energy metabolism, and ultimately ameliorating both the indicators and symptoms of heart failure. The drug addresses the underlying cause by enhancing mitochondrial function, thereby compensating for the limitations of conventional therapies. Its IV formulation allows for rapid symptom improvement following acute myocardial infarction.

This agent offers several distinct advantages. Contrary to traditional treatments that primarily target the neurohormonal system, it directly addresses the core deficit in heart failure which is the myocardial energy deficiency. Pre-clinical and early clinical studies indicate that it may improve left ventricular ejection fraction and inhibit ventricular remodelling. In heart failure, reduced NAD^+ levels in cardiomyocytes lead to mitochondrial dysfunction and insufficient energy production. Direct IV administration of NAD^+ elevates myocardial NAD^+ levels and improves energy metabolism. NAD^+ activates longevity-associated proteins such as Sirtuins, thereby modulating gene expression, suppressing cardiomyocyte apoptosis, and mitigating ventricular remodelling.

Furthermore, pre-clinical animal studies have demonstrated that, compared to LCZ696, KN-19ND-L1 achieved superior outcomes in both ejection fraction improvement and reduction of infarct size ratio. The phase 1 clinical trial data also indicate that NAD^+ infusion exhibits a wide safety margin; dose escalation from 50 mg to 800 mg in single administrations was well tolerated and demonstrated a favourable safety profile in healthy subjects. The following chart illustrates the efficacy of KN-19ND-L1.

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Mechanism of Action

NAD⁺ serves as the central hub of cellular energy homeostasis and quality control systems, with its significance manifested through two interconnected axes. Within the energy metabolism axis, it acts as a crucial redox pair, regulating the flux of the electron transport chain and mitochondrial membrane potential in real-time, thereby directly determining the cell’s immediate energy output efficiency. By activating deacetylases such as SIRT1 and SIRT3, NAD⁺ restores efficient oxidative metabolism and enhances overall mitochondrial ATP production, providing more energy to failing cardiomyocytes. In the quality control axis, NAD⁺ activates the Sirtuins protein family. This not only drives the expression of nuclear and mitochondrial genes via the SIRT1-PGC1 α pathway, promoting the biogenesis of healthy new mitochondria, but also activates the FoxO transcription factor pathway to selectively clear dysfunctional and reactive oxygen species-generating senescent mitochondria. Concurrently, it suppresses key pro-inflammatory signalling, significantly reducing myocardial oxidative damage and chronic inflammation levels, a critical aspect in countering heart failure progression. Furthermore, NAD⁺ stabilises sarcoplasmic reticulum calcium pump activity through SIRT3, enhancing calcium transient efficiency and myocardial contractility, while also utilising SIRT1 to inhibit the expression of genes promoting cardiac hypertrophy and fibrosis, thereby preventing adverse cardiac remodelling. Collectively, the mechanism of NAD⁺ is not targeted at a single pathway but involves the systemic restoration of metabolic homeostasis and quality control capacity in cardiomyocytes, directly addressing the core pathological foundations of heart failure: energy deficit and organelle homeostasis disruption. This suggests that NAD⁺ not only holds potential for alleviating heart failure symptoms but may also reverses cellular ageing and damage at the molecular level, thereby delaying or even partially reversing the overall disease trajectory.

We have completed a comprehensive clinical trials to unlock the full potential of KN-19ND-L1 with a focus on post-acute myocardial infarction heart failure. According to Frost & Sullivan, the prevalence of heart failure in China rose from 14.5 million in 2020 to 15.4 million in 2024, with a CAGR of 1.4%. It is expected to reach 18.4 million in 2035, reflecting a CAGR of 1.6% from 2024 to 2035.

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Clinical Development Plan

The phase 1 clinical trial of the drug KN-19ND-L1 was approved and received ethical clearance at The First Affiliated Hospital of University of Science and Technology of China (中國科學技術大學附屬第一醫院) in April 2023, with the first subject enrolled in June 2023, and the final subject enrolment completed in March 2024.

The phase 2 clinical trial of the drug received ethical approval from Zhongshan Hospital, Fudan University (復旦大學醫院附屬中山醫院) on 25 April 2025, with the first subject enrolled on 8 July 2025, and all 12 study centres activated by November 2025. The table below sets out details of KN-19ND-L1’s clinical development plan:

<u>Mono/ Combo-therapy</u>	<u>Trial Phase</u>	<u>Indication</u>	<u>Region</u>	<u>Trial Status</u>	<u>Expected Completion Date</u>
Mono	Phase 2	Heart failure following acute myocardial infarction	China	Phase 2 clinical trial is ongoing	The first quarter of 2027

Summary of Clinical Trial Data

1. Phase 1 Clinical Trial

The phase 1 trial is a clinical study conducted in healthy subjects for the indication of heart failure. Its objectives are to evaluate the safety of single and multiple IV administrations of Coenzyme I at varying doses in healthy Chinese adult subjects, while also assessing the PK profile following such administrations.

Trial Progress

Phase 1 trial was completed in the second quarter of 2024.

Trial Design

The phase 1 trial is a randomised, double-blind, placebo-controlled clinical study involving single and multiple ascending dose administration. The primary purpose of the trial is to evaluate the safety and tolerability of single and multiple IV administrations of Coenzyme I at varying doses in healthy Chinese adult subjects, while the secondary purpose is to assess the pharmacokinetic profile following such administrations. phase 1 clinical study evaluating the safety, PK characteristics, consisting of two parts: a SAD and a MAD study.

SAD study

A total of 58 healthy subjects were enrolled in the trial, with no participants withdrawing early, and all were included in the safety analysis.

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MAD study

A total of 20 healthy subjects were enrolled in the trial, with no participants withdrawing early, and all were included in the safety analysis.

Safety Results

SAD study

Regarding the adverse events, among the 46 subjects who received the investigational drug, 39 subjects experienced adverse events, resulting in an adverse event incidence of 84.8%. The adverse events listed in descending order of frequency, were: decreased blood pressure, palpitations, and abdominal discomfort. Among the 12 subjects who received the placebo, 9 subjects experienced a total of 13 adverse events, yielding an adverse event incidence of 75.0%. The adverse events reported included increased blood bilirubin, elevated blood triglycerides, increased unconjugated bilirubin, elevated alanine aminotransferase, increased blood pressure, sinus bradycardia, and supraventricular extrasystoles.

The incidence of adverse events/adverse reactions was slightly higher in the investigational drug group compared to the placebo group. Furthermore, within the investigational drug cohorts, the incidence of both adverse events and adverse reactions generally showed an increasing trend with higher dose levels. However, the severity of adverse events/reactions was predominantly low. Except for one adverse event (upper respiratory tract infection) in the 50 mg dose group, which was assessed as Grade 3, all other reported adverse events/adverse reactions were Grade 1 or 2. During the SAD phase of the study, no Grade 3 or higher adverse reactions, serious adverse events/serious adverse reactions, or adverse events/adverse reactions leading to withdrawal were reported. No dose escalation stopping criteria were met in any dose group following single administration during this phase of the study, indicating favourable safety and tolerability profiles.

MAD study

Regarding the adverse events, among the 16 subjects who received the investigational drug, 15 experienced adverse events, resulting in an adverse event incidence of 93.8%. The adverse events listed in descending order of frequency, were: palpitations, increased brachial pulse, chest discomfort, sinus bradycardia, and abdominal discomfort. Of the 4 subjects who received the placebo, 3 experienced 9 adverse events, yielding an adverse event incidence of 75.0%. Specifically, 2 subjects experienced 2 Grade 2 adverse events, namely increased blood pressure and decreased white blood cell count, while 1 subject experienced 7 Grade 1 adverse events, including increased brachial pulse, elevated blood pressure, and sinus bradycardia. During the MAD phase, no Grade 3 or higher adverse events, serious adverse events, or adverse events leading to withdrawal occurred in any dose group.

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The incidence of adverse events/adverse reactions was higher in the investigational drug group compared to the placebo group. Furthermore, within the investigational drug cohorts, the incidence of both adverse events and adverse reactions generally showed an increasing trend with higher dose levels. However, the severity of adverse events/reactions was predominantly low. During this trial phase, no Grade 3 or higher adverse events/adverse reactions, serious adverse events/serious adverse reactions, or adverse events/adverse reactions leading to withdrawal were reported. No dose escalation stopping criteria were met in any dose group following multiple administrations in this phase of the study, indicating favourable safety and tolerability profiles.

2. Phase 2 Clinical Trial

The phase 2 trial is a clinical study conducted in patients diagnosed with heart failure following acute ST-segment elevation myocardial infarction for the corresponding indication. Its objectives are to evaluate the safety and efficacy of the investigational treatment in this specific patient population, while also assessing the PK profile and preliminary efficacy endpoints following the administration regimen.

Trial Progress

We have commenced the phase 2 clinical trial in the second quarter of 2025, which is expected to be completed in the first quarter of 2027. To further advance the R&D progress, we plan to use a portion of the funds from the public offering specifically for subsequent phase 2 clinical trial activities.

Trial Design

This is a randomised, double-blind, placebo-controlled phase 2 clinical study designed to evaluate the safety, PK profile, and preliminary efficacy of Coenzyme I for Injection (恩艾地®) in patients with heart failure following acute ST-segment elevation myocardial infarction. The study plans to enrol approximately 100 subjects, who will be administered either Coenzyme I for Injection (恩艾地®) or a placebo across three dosing groups: 200 mg (40 subjects), 500 mg (40 subjects), and placebo (20 subjects). The primary objective is to evaluate the efficacy of the treatment, while secondary objectives include assessing its safety, characterising population PK, and determining the optimal dose. Additionally, an exploratory objective aims to investigate relevant biomarker changes following treatment.

Pre-clinical Pharmacokinetics

The pre-clinical PK studies for KN-19ND-L1 and KN-25ND-L1 shared the same experimental system which were conducted using two distinct animal models: the first group employed rats, while the second group utilised beagle dogs.

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Under the conditions of this study, NAD⁺ were administered to SD rats with single IV doses of low, medium, and high-dose, the exposure parameters (C_{max}, AUC_{0-t}, and AUC_{0-∞}) increased with ascending doses, with the increase in exposure closely proportional to the increase in NAD⁺ dose. Following continuous IV administration of 135 mg/kg NAD⁺ for seven days, no significant accumulation was showed in SD rats.

After single IV doses of low, medium, and high-dose groups NAD⁺ to beagle dogs, plasma NAD⁺ returned to pre-dose concentrations within 0.083 h, indicating rapid elimination. NAD⁺ administration produced an immediate rise in C_{max}, AUC_{0-t} and AUC_{0-∞} with dose. The C_{max} rose approximately in proportion to the dose increments (1:3:10). For the low and intermediate doses the increases in AUC_{0-t} and AUC_{0-∞} matched the dose increments, whereas at the high dose the rise in exposure exceeded the dose increment. Following seven consecutive daily IV doses of 45 mg/kg NAD⁺, no accumulation was showed appreciably in beagle dogs.

Pre-clinical Toxicology

Single-dose toxicity study in beagle dogs

The experimental system employed six beagle dogs (equal numbers of males and females) to evaluate toxicity following a single IV injection. Observation parameters included clinical signs, body weight, food consumption, body temperature, electrocardiogram, haematology, coagulation, serum biochemistry, toxicokinetics, and pathological examination. The results indicated that the maximum tolerated dose of Coenzyme I for Injection (恩艾地®) in beagle dogs was 2000 mg/kg. On the dosing day, vomiting was observed in male animals in the 1000 mg/kg dose group, while both male and female animals in the 2000 mg/kg dose group exhibited vomiting, altered posture (prone position), and reduced activity. Within 1–2 hours after dosing, decreased body temperature was noted in animals from both the 1000 mg/kg and 2000 mg/kg dose groups. Animals in the 2000 mg/kg dose group showed elevated white blood cell count, absolute neutrophil count, and neutrophil percentage on Day 2 post-dosing. All abnormal parameters returned to normal within the 14-day observation period.

Single-dose toxicity study in SD rats

The experimental system utilised 40 SD rats (equal numbers of males and females) to assess toxicity following a single tail vein injection. Observation parameters included clinical signs, body weight, food consumption, and pathological examination. The results demonstrated gender-dependent toxicity responses under the study conditions: the maximum tolerated dose for male rats was 1700 mg/kg, with the lethal dose ranging between 1700 and 2000 mg/kg, while the maximum tolerated dose for female rats was 2000 mg/kg.

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Repeated-Dose Toxicity Study in Beagle Dogs

The experimental system employed 40 beagle dogs (with an equal number of males and females) to evaluate toxicity following continuous IV bolus administration over 28 days. Parameters monitored included clinical observations, body weight, food consumption, body temperature, ophthalmologic examination, electrocardiography, haematology, coagulation, urinalysis, serum biochemistry, toxicokinetics, histopathology, and bone marrow cytology. Results indicated that the NOAEL for both male and female beagle dogs was 45 mg/kg. Animals in the 135 mg/kg and 450 mg/kg dose groups exhibited vomiting, altered posture (prone or lateral recumbency), reduced muscle tone, abdominal breathing, and decreased respiratory frequency. Additionally, animals in the 450 mg/kg dose group showed lowered body temperature, increased heart rate, a tendency toward increased heart weight, and histopathological examination revealed cardiac lesions in male animals at this dose level. Injection site reactions were observed in male animals of the 45 mg/kg dose group and in both sexes of the 135 mg/kg and 450 mg/kg dose groups. All noted changes resolved completely after a 4-week recovery period.

Repeated-Dose Toxicity Study in SD Rats

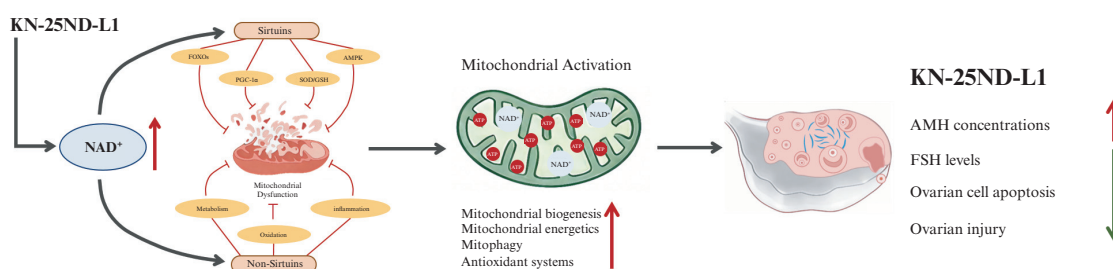
The experimental system utilised 152 Sprague-Dawley rats (with an equal number of males and females) to assess toxicity following continuous tail vein bolus administration over 28 days. Parameters monitored included clinical observations, body weight, food consumption, haematology, clinical biochemistry, coagulation, urinalysis, toxicokinetics, histopathological examination, and bone marrow cytology. Results demonstrated that the NOAEL for both male and female rats was 405 mg/kg. Animals in the 1350 mg/kg dose group exhibited cardiac and thymic lesions, along with reduced thymus weight and organ coefficients. Male rats additionally showed decreased body weight and food consumption, as well as testicular and epididymal lesions, while female rats presented ovarian lesions. After a 4-week recovery period, all observed changes had resolved, except for cardiac, testicular, and epididymal pathologies, which showed a recovery trend but were not fully restored.

KN-25ND-L1

KN-25ND-L1 is an innovative mitochondria-targeting drug. As a monotherapy, it demonstrates therapeutic potential in POI. It offers a novel treatment option for female patients with an endocrine disorder of the reproductive system. To better serve patients and address an unmet clinical need, KN-25ND-L1 is administered by IV infusion instead of the original IM, offering greater convenience and a more rapid onset of action. The dose has been increased to 50 mg per vial, facilitating high-dose regimens required in acute settings. This development positions the medicine to fill a clear void in the management of ovarian dysfunction. Currently, the primary treatment for ovarian function decline consists of hormonal drugs, which carry the risk of adverse effects with prolonged use. KN-25ND-L1 employs an injectable formulation designed to improve key ovarian metrics, enhance both the quality and quantity of oocytes produced, and reduce the incidence of associated adverse reactions.

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Based on the completed phase 1 clinical safety trials for heart failure, KN-25ND-L1 has received phase 2 clinical trial approval and we plan to complete phase 2 the first quarter of 2027, followed by consultations with the CDE. and an anticipated initiation of phase 3 trials in the third quarter of 2027. The following chart illustrates the efficacy of KN-25ND-L1.



(Source: Our Company)

Competitive Strengths

KN-25ND-L1 represents an innovative therapeutic agent for the treatment of premature ovarian failure through targeted modulation of Sirtuins. By addressing the underlying pathology via mitochondrial functional enhancement, this drug overcomes the limitations of conventional treatments, while its IV formulation facilitates rapid symptomatic improvement. Specifically, it activates Sirtuins (such as SIRT1/3) to augment mitochondrial performance, reduce reactive oxygen species (ROS) generation, facilitate DNA repair, and inhibit cellular apoptosis, thereby delaying ovarian ageing and enhancing both the quality and quantity of oocytes.

This product demonstrates multiple advantages. Pre-clinical animal studies utilising dual validation models, namely natural ageing and cyclophosphamide (CTX)-induced ovarian failure, confirm the therapeutic potential of NAD⁺ across diverse aetiologies, reinforcing the reliability and generalisability of the findings. Experimental results indicate that NAD⁺ significantly reduces follicle-stimulating hormone (FSH) levels, elevates anti-Müllerian hormone (AMH) concentrations, improves follicular reserve, and histologically suppresses ovarian cell apoptosis, suggesting its mechanism extends beyond hormonal modulation to encompass cytoprotection and energy metabolism maintenance. In the natural ageing model, NAD⁺ attenuates age-related ovarian functional decline, implying potential utility in menopause delay and health management for older women. In the CTX-induced model, NAD⁺ markedly ameliorates ovarian injury and reduces oestrous cycle abnormalities, supporting its translational value for ovarian preservation in patients with chemotherapy-associated premature ovarian failure. Compared with the positive control agent EV, NAD⁺ exhibits more consistent efficacy in FSH reduction and AMH preservation, highlighting its distinct therapeutic profile. Phase 1 clinical trial data further indicate that NAD⁺ infusion possesses a broad safety margin, with SD escalation from 50 mg to 800 mg demonstrating favourable tolerability in healthy subjects. Moreover, experimental observations reveal that the effects of NAD⁺ extend beyond hormonal parameters to include ovarian structural integrity, follicular reserve capacity, and apoptotic indices, providing a multidimensional framework for comprehensive assessment of ovarian

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function preservation. Collectively, NAD⁺ demonstrates dual regulatory capabilities in hormone modulation and ovarian protection across varied models of premature ovarian failure, thereby establishing a robust experimental foundation for its clinical application in female reproductive health and chemotherapy-related ovarian preservation.

Mechanism of Action

NAD⁺ serves as the central regulator of cellular energy homeostasis and quality control systems. It functions as a key redox pair (NAD⁺/NADH), directly modulating the flux of the electron transport chain and mitochondrial membrane potential, thereby acting as a rate-determining factor in ATP production and setting the efficiency of the cell’s immediate energy output. Moreover, NAD⁺ activates Sirtuins to initiate mitochondrial biogenesis, which promotes the generation of new, healthy mitochondria, and facilitates mitophagy to clear dysfunctional ones, thus sustaining a rejuvenated and high-quality mitochondrial network. NAD⁺ also activates PARPs to conduct DNA damage repair, strengthening cellular resistance to metabolic, oxidative, and other stresses.

Through the above mechanisms, NAD⁺ exerts beneficial effects on three critical cell types and stages within the ovary. In granulosa cells, it improves follicular metabolism and steroidogenesis, supplying both energy and hormonal support for follicular development, while also promoting progesterone secretion and luteinisation. In the oocyte, NAD⁺ counteracts mitochondrial dysfunction, enhancing both the quality and quantity of oocytes; it also reverses protein acetylation to maintain chromatin organisation and chromosomal structure, ensuring genomic stability and normal meiosis. Additionally, it contributes to improving oocyte maturation and ovarian follicle reserve, thereby opposing ovarian ageing. In the embryo stage, NAD⁺ supports higher fertilisation rates and boosts developmental potential, laying a healthy foundation by fundamentally improving oocyte quality from the outset.

Clinical Development Plan

We initiated the development of KN-25ND-L1 in 2024. In 2025, we received IND approval from the NMPA for the clinical trials of KN-25ND-L1 in China. We are about to commence phase 2 in the first quarter of 2026 and plan to complete it in the first quarter of 2027. phase 3 will be initiated in the third quarter of 2027 and completed in the first quarter of 2028.

In the fourth quarter of 2025, we received approval from the NMPA. The table below sets out details of KN-25ND-L1 clinical development plan:

<u>Mono/ Combo-therapy</u>	<u>Trial Phase</u>	<u>Indication</u>	<u>Region</u>	<u>Trial Status</u>	<u>Expected Completion Date</u>
Mono	Phase 2	POI	China	Phase 2	The first quarter of 2027

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Summary of Clinical Trial Data

1. Phase 1 Clinical Trial

According to the Technical Guidelines for Common Issues in Drug Research and Development and Clinical Trial Applications (Draft for Comments) (藥物研發及申報臨床常見問題技術指導原則(徵求意見稿)) issued by the CDE of the NMPA, prior to initiating phase 2 clinical trial, applicants should complete pharmaceutical and non-clinical studies meeting the requirements of the respective development stage, and obtain preliminary information on safety, and dose-exposure-response relationships from phase 1 clinical trial. Currently, KN-19ND-L1 has successfully completed phase 1 clinical trial, demonstrating favourable safety and tolerability in healthy subjects, with key dose-exposure-response data already obtained. Given that the active ingredients and route of administration of the two innovative drugs remain unchanged, KN-25ND-L1 can share the phase 1 clinical trial data of KN-19ND-L1, thereby proceeding to phase 2 clinical studies on this basis and avoiding the duplication of phase 1 clinical trial, which significantly conserves R&D resources and time.

This strategy effectively enhances R&D efficiency, facilitates the rapid advancement of innovative projects for different indications into phase 2 clinical trial, accelerates the overall development process, and holds promise for providing new treatment options to patients at an earlier stage.

2. Phase 2 Clinical Trial

This phase 2 clinical trial is designed as a multicentre, randomised, double-blind, placebo-controlled study. It aims to enrol female participants with diminished ovarian reserve, specifically those who have experienced at least one previous assisted reproductive treatment failure, with an anti-Müllerian hormone level < 1.2 ng/mL and an antral follicle count < 5. Participants will be randomly allocated to one of three drug intervention groups (low, medium, and high dose) or a placebo control group. Following two consecutive cycles of treatment (i.e., two successive menstrual cycles), the primary efficacy endpoints will be the changes from baseline in antral follicle count and anti-Müllerian hormone level. Clinical benefit endpoints will include stratified follicle counts, number of oocytes retrieved, number of mature metaphase II oocytes (used for intracytoplasmic sperm injection), fertilisation rate, number of high-quality embryos, and embryo implantation rate. Biochemical and clinical pregnancy rates will also be recorded to reflect improvements in actual reproductive outcomes. Safety will be evaluated comprehensively based on the incidence and severity of adverse events, laboratory test results, 12-lead electrocardiograms, vital signs, and physical examinations. Pharmacodynamic assessments will focus on changes in Sirtuins and reactive oxygen species levels before and after administration, along with measurements of six key sex hormones, dehydroepiandrosterone sulphate, and inhibin B. PK analyses will determine blood concentrations of NAD⁺ and nicotinamide, supporting exposure-response and safety correlation analyses.

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Pre-clinical Pharmacokinetics

Pre-clinical PK are common to both KN-25ND-L1 and KN-19ND-L1.

Pre-clinical Toxicology

Pre-clinical toxicology are common to both KN-25ND-L1 and KN-19ND-L1.

Other Innovative Drug Candidates

As of the Latest Practicable Date, our pipeline of innovative drug candidates under pre-clinical studies included:

- KN-25ND-Z, an innovative drug designed for chronic heart failure. The candidate, administered orally, is currently in the pre-clinical development stage. For patients with chronic heart failure, the disease represents a prolonged battle, where safety and adherence are not considered in isolation but achieve optimal integration through oral formulations. Oral formulations, with their home-based usability, non-invasive adjustability, and ease of adherence, not only reduce the burden on the healthcare system but, more importantly, empower patients to take control of their health. They seamlessly integrate treatment into daily life, thereby offering the most practical pathway to effectively managing the condition, delaying complications, improving quality of life, and enhancing long-term prognosis. Therefore, in the development of drugs for chronic heart failure and other chronic diseases, prioritising the creation of efficient and safe oral formulations from the perspectives of both safety and adherence is one of our core strategic priorities. The candidate is currently undergoing comprehensive pre-clinical development and the IND application has been accepted for review;
- KN-22ND-L4, an innovative drug candidate designed for the induction of immunotolerance in oncology, a pivotal therapeutic strategy in the field of cancer treatment. The candidate, administered via IV infusion, is currently in the pre-clinical development stage. The candidate is currently undergoing comprehensive pre-clinical development, with the planned submission of an IND application targeted for the fourth quarter of 2026; and,
- KN-19ND-L2, an innovative drug candidate designed for the treatment of Alzheimer’s disease, a prevalent and challenging disorder in the field of neurology. The candidate, administered orally, is currently in the pre-clinical development stage. The candidate is currently undergoing comprehensive pre-clinical development, with the planned submission of an IND application targeted for the fourth quarter of 2026.

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PRODUCTION

We typically produce our drugs in-house while outsourcing the processing of non-critical generic drugs to qualified CMOs. We plan to significantly reduce such outsourcing in the future, thereby maintaining cost control and ensuring product quality and safety throughout the entire lifecycle.

Our In-house Production Facilities

We have established production bases in Kaifeng, Henan, and Hefei, Anhui (“**Kaifeng Production Base**” and “**Hefei Production Base**”). Our Kaifeng Production Base occupies approximately 34,000 square metres, featuring two production lines for the synthesis of biological raw materials, specifically for the production of NAD⁺ and PGE₂. The pre-treatment and extraction workshop has two production lines dedicated to pre-treatment extraction and biochemical raw material tasks. Additionally, there are production lines for lyophilised powder injections, two for small-volume injectables, and one each for oral solutions, syrups, tablets, hard capsules, granules, and powders.

Our Hefei Production Base is constructed according to cGMP standards, covering an area of 18,561 square metres, with a comprehensive workshop of 13,498 square metres. It has established a production line for large-volume injectables, laboratories, and supporting facilities. It has obtained an A-class production licence and is qualified for large-volume infusion production.

We own all of our production facilities and production lines. All of our production lines have passed GMP compliance inspections, and all our drugs have obtained production licences. The following table illustrates the production capacity utilisation of our workshops.

Workshop/ Production Line	Theoretical Capacity (Based on 256 days/year)	Designed Capacity	For the year ended December 31					Nine months ended 30 September		
			2023		2024		2025			
			Actual Capacity	Capacity Utilisation %	Designed Capacity	Actual Capacity	Capacity Utilisation %	Designed Capacity	Actual Capacity	Capacity Utilisation %
Lyophilised Powder for Injection Workshop	25,000,000	2,500	2,545	101.8	2,500	1,897	75.9	1,250	845	67.6
Mixture, Oral Solution and Syrup Workshop	22,110,000	2,211	517	23.4	2,211	406	18.4	2,211	311	14.1
Small Volume Injection Workshop	15,360,000	1,536	157	10.2	1,536	70	4.6	1,536	31	2.0
Coenzyme Workshop	46kg	46	12	25.0	46	4	8.7	46	14	30.9
Primary Processing and Extraction Workshop	Pancreatic Kininogenase (50 days): 95g	95	100	105.3	95	—	0.0	95	59	62.1
	Hyaluronidase (78 days): 1,168g	1,168	344	29.4	1,168	889	76.1	1,168	1,124	96.2
	Codonopsis and Lycium Berry Extract Paste (43 days): 11,610kg	11,610	10,405	89.6	11,610	5,472	47.1	11,610	5,747	49.5
	Liver Extract Paste (85 days): 4,972.5kg	4,973	4,449	89.5	4,973	2,341	47.1	4,973	2,925	58.8

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Note:

Workshop renovations were conducted during the second half of 2025. Therefore, production capacity for that period is calculated based on half a year. Due to imbalances in production capacity, subcontracting (toll manufacturing) has been utilised.

The below table sets out our production equipment as of the Latest Practicable Date:

<u>No.</u>	<u>Equipment Name</u>	<u>Equipment Type</u>	<u>Year of Commission</u>
1	Water for Injection System	Machinery	2024
2	Chromatography System	Machinery	2022
3	Purification Filtration System	Machinery	2022
4	Desalination Concentration System	Machinery	2022
5	Vacuum Freeze Dryer	Machinery	2022
6	Fermentation System	Machinery	2021
7	Extraction System	Machinery	2021
8	Preparative Chromatography System	Machinery	2021
9	Vertical Washer	Machinery	2025
10	Vial Filling and Capping Machine	Machinery	2025
11	Capping Machine	Machinery	2025

Expansion plan

We plan to enhance the production capacity of our mitochondrial drugs by undertaking phase 2 project construction at our Kaifeng Production Base. The construction of an intelligent synthetic biology factory at the Kaifeng Production Base aims to support capacity expansion, including increasing the production capabilities of synthetic biology raw materials and lyophilised powder injections. Our Hefei Production Base will be built in phases to meet both Chinese and cGMP international standards for production facilities, specifically including a workshop for the production of recombinant nucleotide innovative drug raw materials and formulations, a workshop for recombinant human collagen raw materials and formulations, and a workshop for the production of NAD⁺ diagnostic kits.

The intelligent synthetic biology factory and the recombinant nucleotide innovative drug raw materials and formulations workshop will utilise [REDACTED] from the [REDACTED], with details of their use set out in “Future Plans and [REDACTED]”. Meanwhile, the NAD⁺ diagnostic kit production workshop and the recombinant human collagen raw materials and formulations workshop will use self-raised funds. Once these production facilities are completed, they will primarily be used for:

- (i) the industrialisation of products such as diagnostic kits for signs of ageing and healthcare products; and

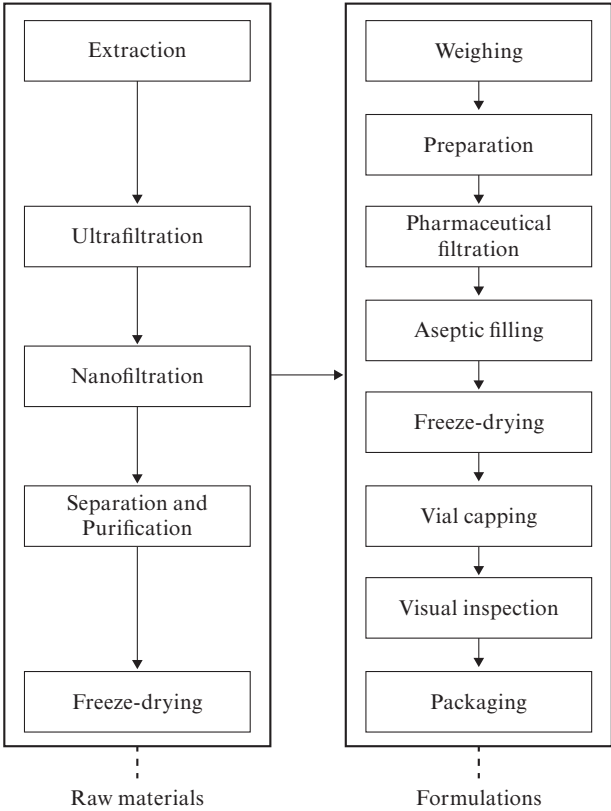
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- (ii) expanding our company’s mitochondrial medicine product capacity and product matrix to meet the ongoing growth demand in the market for related products.

Production Process

We have established standardised production processes and procedures to ensure consistency and quality. The processes varies depending on the product and will be adjusted according to the specific characteristics of each product to meet the relevant production requirements.

The following diagramme illustrates the production process of our Coenzyme I for Injection (恩艾地®) (raw materials and formulations).



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Raw Material Procurement and Supplier Management

The raw materials required for our drug production primarily include host strains, plasmids, microorganism, animal organs and chemical active pharmaceutical ingredients. During the Track Record Period, these raw materials were all sourced from third-party suppliers, all of which were based in China.

Supplier selection and management

We have implemented rigorous supplier selection procedures to ensure the quality and reliability of our supply chain. We source our suppliers from the Approved Supplier List, with our quality department responsible for our approval in accordance with GMP quality standards. We carry out supplier selection through competitive bidding and price comparison mechanisms. Potential suppliers are evaluated on multiple criteria, including product offerings, quality standards, corporate management practices, quality management system, reputation, business scale and pricing. All suppliers must possess the necessary licences and permits for their operations. Suppliers are classified and assessed based on our supplier management procedures. Material suppliers are managed according to their classification, with differing quality evaluation methods applied accordingly.

To ensure quality control of products and services provided by suppliers, we conduct initial qualification reviews and on-site audits of key suppliers. All incoming materials undergo comprehensive inspection against quality standards and only materials that pass the checks can be stored.

Procurement practices

Our procurement department oversees the procurement of raw materials, typically formulating procurement plans based on the production plan and sourcing from approved suppliers through price enquiries. We have established and maintained long-term relationships with most of our suppliers, ensuring stability and continuity in our supply chain. The purchase prices for raw materials are determined based on type, quantity, and specifications. Payment typically requires an advance payment, which is a requirement of most suppliers. Our suppliers typically arrange logistics and delivery, with goods accepted into inventory only after passing inspection.

Supply chain stability

Supply chain stability of our principal raw materials is maintained through multiple suppliers. We have alternative sources that offer comparable quality and pricing, ensuring flexibility and resilience in our supply chain. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortages, delivery delays, or significant price increases for major raw materials that adversely impacted our operations or gross profit margins. For further details, see “Risk Factors”. Any loss or deterioration in our relationship with key suppliers, disruptions in raw material supply, or significant cost increases could materially and adversely affect our business, financial condition, and results of operations”.

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Production Collaboration with Qualified CMOs

During the Track Record Period and as of the Latest Practicable Date, we outsourced the processing of some generic drugs to qualified CMOs. During the commissioned production process, we sign strict commissioning and quality agreements with the CMOs, clearly outlining the rights and obligations of both parties, production standards, quality control requirements, and the division of responsibilities. CMOs must possess the appropriate production qualifications, technical capabilities, and quality management systems, and must pass our rigorous assessments and audits.

We supervise the entire commissioned production process, including the acceptance of raw material procurement, execution of production processes, and quality inspection, to ensure that the products produced meet national pharmaceutical standards and our quality requirements.

We retain ownership of all intellectual property, proprietary technology, and trade secrets, which will not be transferred to the CMOs. We also ensure that each CMO agreement includes confidentiality clauses that prohibit the CMOs from using intellectual property, proprietary technology, or trade secrets for any purposes unrelated to the cooperation. Our company has not experienced any quality issues or customer complaints resulting from products produced by the CMOs.

Inventory Management

Our inventory mainly consists of finished products and raw materials. We have established an 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 and our quality control department is responsible for quality check. We closely monitor our inventory levels and generally keep three months of finished products in stock. We generally purchase raw materials based on their useful lives and required lead time. We start to make provision for inventories primarily with a shelf life of less than six months in accordance with IFRS. As of the Latest Practicable Date, there was no foreseeable short-term inventory issue.

QUALITY MANAGEMENT

We operate a comprehensive Quality Management System (QMS) that encompasses all key stages of the R&D and production processes. We closely monitor the evolving cGMP standards and regulatory developments in the market, continually updating our internal procedures to meet international standards regarding patient and user safety and regulatory compliance.

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Quality Control in the Procurement of Raw Materials

To maintain the quality of raw materials, we purchase materials exclusively from the qualified suppliers on our approved suppliers list. For more details regarding our supplier selection process, see “— Production — Raw Material Procurement and Supplier Management”. Raw materials are subject to rigorous testing to ensure compliance with quality standards, and could be utilised only upon satisfying our release standards.

Under the quality agreements established with our CMOs to be compliant with GMP requirements in China:

- CMOs are required to inspect raw materials upon receipt to ensure compliance with our quality specifications; and
- Raw materials are quarantined upon receipt and stored under strict monitoring.

Quality Assurance During Production

Our key measures include:

- Our production process parameters, equipment operating conditions, and environmental factors are continuously monitored to ensure that the production process complies with the approved process protocols and GMP requirements; and
- A traceability system is established to implement a unique code for each product; and
- Record management procedures are in place to ensure that all records related to production, inspection, and other processes are authentic and complete, with retention periods complying with regulatory requirements.

Quality Control of Final Products

We release our final products under national standards. Each batch of final products undergoes the following quality control steps:

- We perform inspection on the final products prior to release from the factory or before market launch to ensure compliance with quality standards. The entire production and inspection processes are audited.
- The products would be authorised for market release only upon meeting relevant regulations, drug registration requirements and quality standards.
- The products are stored and transported strictly in accordance with their specified storage conditions to ensure compliance with product storage requirements.

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- After product launch, samples are retained and stability studies conducted to monitor product quality throughout its shelf life. Additionally, adverse reaction monitoring data is collected to support pharmacovigilance activities.

PRODUCT RETURNS

We usually does not accept any product returns. Drugs that have been accepted cannot be returned unless there are quality issues within the validity period due to our reasons. Returns for quality reasons will undergo re-inspection once the storage and transportation conditions are confirmed to be acceptable. If they pass inspection, they may be resold with the approval of the qualified person. If they do not pass, they will be destroyed with the consent of the qualified person.

During the Track Record Period, we did not experience any significant complaints from customers or legal claims related to product liability or other issues due to product quality problems.

SALES, MARKETING AND DISTRIBUTION

During the Track Record Period and up to the Latest Practicable Date, we conducted all our sales in China, with a focus on public and private healthcare institutions. We sell most of our drugs to distributors, who in turn distribute drugs primarily to hospitals and healthcare institutions. We have established a professional and efficient in-house sales team that works closely with distributors, marketing service providers and third party promoters to conduct market research, channel management and marketing activities.

Our sales, marketing and distribution functions are conducted through over five sales support offices. Our sales, marketing, promotion and distribution personnel work closely to deepen our market penetration and expand our coverage of hospitals and other medical institutions through efficient sales and marketing efforts.

Marketing and Promotion

We develop our marketing and promotion strategies centrally and implement our strategies through internal sales teams that are aligned to our key therapeutic areas, as well as independent third party promoters where we believe it enables us to leverage their relationships to expand our hospital coverage efficiently. We believe this approach enables us to optimise the allocation of our marketing resources.

We intend to use our in-house personnel for the marketing and promotion of all our drugs and our drug candidates. Over the longer term, we expect that all our marketing and promotion activities will be conducted by our own sales force in order to maximise our monitoring and understanding of end-customer sales trends and needs for our drugs. We expect to continue to expand our sales force by strengthening recruitment of qualified personnel and consolidating sales teams of acquired companies in anticipation of our business growth. As of the Latest Practicable Date, our in-house sales team comprised 147 employees with an average of approximately 10 years of experience in the pharmaceutical

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industry. Members in our sales team all hold related degrees or have wide marketing experience in pharmaceutical industry and have gained required expertise through regular training.

Our centralised marketing department is responsible for developing our overall sales and marketing strategies. The marketing department establishes our marketing strategies for each of our drugs through its research and analysis of the competitive positioning of our drugs and coordinates the various other departments involved in our marketing and promotion activities. In addition, our marketing department is responsible for the introduction of new drugs and their pre-marketing strategy, including market research and planning, management of KOLs, allocation of marketing resources, and, based on new product features and competitive conditions, pricing strategy. We believe that by centralising and coordinating our approach, it enables us to implement overall brand strategies through academic and professional marketing that maximise our brand recognition, market share and coverage of hospitals and other medical institutions.

In-house sales force

According to the strategies developed by the marketing department, our internal marketing and promotional activities are conducted primarily through 125 sales specialists and 22 marketing promotion specialists. that are aligned to our key therapeutic areas. Each division is responsible for the implementation of our marketing strategies by promoting the relevant pharmaceutical products directly to hospitals and other medical institutions in China through academic activities and the provision of related information that seek to be academic in nature and are designed to educate the doctors at the relevant hospitals and other medical institutions as to the usage and benefits of our drugs. In particular, the marketing of our mitochondrial drugs, which constitute our core strategic portfolio, is driven by our in-house sales team through comprehensive consumer education. Having an in-house team enables us to engage with healthcare professionals and market coverage. According to Frost & Sullivan, the number of public hospitals in China is 11,754 while the number of private hospitals is 26,956 by the end of 2024. Our mitochondrial drug has been successfully introduced into 189 public hospitals and 861 private hospitals in China. We expect to further expand partnerships in public hospitals while accelerating our presence in the private hospital market. This approach underpins our strategy to utilise our own team for solidifying our sales channels, while continuing to utilise distributors for drugs in other segments.

Our in-house sales team is managed through a structured approach to meetings and training, combined with strict oversight of conduct and performance. Meetings are conducted daily, weekly and monthly to outline daily work plan and objectives, provide a deeper analysis of sales progress, key client interactions, project follow-ups and upcoming targets and plans, and deliver comprehensive business reviews, summarising past performance, identifying issues, and defining actionable solutions, respectively. Continuous product knowledge training, supported by scheduled assessments, ensures our sales team remains well-informed and competent. Leadership engagement through market visits enables assessment of sales personnel’s client interactions and helps gather valuable end market feedback.

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Additionally, the marketing and promotion of our drugs are further supported by a number of additional departments. Our warehousing & distribution department ensures the efficient and accurate delivery of our drugs to various market points. The quality department maintains strict oversight throughout the entire process to guarantee product quality and compliance. Furthermore, the pharmacovigilance department continuously monitors product safety, promptly collecting and responding to medication feedback. Together, these departments provide a solid foundation for our market activities.

Marketing service providers

We engage marketing service providers for market promotion services, conference and event services and market research services. The below outlines the specific scope of services provided by our marketing service providers.

Market Promotion Services: our marketing service providers deliver professional promotional support, encompassing regular visits to medical institutions, collection of hospital and department information, tracking of commercial channel dynamics, analysis of competitor data, monitoring of product distribution flows, and inventory information management. Visits serve as the core method of execution for this service, aiming to deepen client relationships through frontline engagement, promptly gather market feedback, and provide real-time data support for decision-making.

Conference and Event Services: our marketing service providers undertake the planning and execution of various academic conferences and promotional events, including departmental seminars, thematic salons, and regional or national-level large-scale academic conferences. Services cover agenda design, speaker invitations, participant organisation, on-site coordination, and post-event evaluation, all aimed at enhancing the professional influence of products through high-quality academic exchange platforms.

Market Research Services: our marketing service providers offer systematic market research solutions, including disease area analysis, patient flow studies, market capacity assessments, competitor strategy analysis, and customer demand insights. By employing a combination of quantitative and qualitative research methodologies, they provide clients with objective and in-depth market intelligence to support product strategy formulation and business planning.

Third party promoters

We utilise third party promoters for certain products, therapeutic areas and geographies in order to expand our coverage and deepen our market penetration while maintaining operational flexibility and optimising our resource allocation. Our marketing centre is responsible for the management of our third party promoters, including the establishment of annual promotion targets for such promoters. As we seek to focus our marketing and promotion activity on hospitals and other medical institutions directly through our in-house sales teams, we will only recruit third party promoters for specific territories which we believe are difficult to penetrate using our own sales force.

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Our third party promoters consist primarily of promotion services companies. We typically enter into agreements with our third-party promoters for a term of one year pursuant to which the promoters organise and participate in the marketing and academic promotion of our drugs. The agreements specify the relevant products to be promoted in designated territories. We set annual promotion targets and require the promoters to furnish us with annual and quarterly academic promotion plans and written feedback on their promotion activities.

Our third-party promoters will carry out relevant promotion activities after the contracts are signed, which will be reviewed and accepted on a monthly basis, with corresponding payments made upon satisfactory acceptance. The promotion content includes academic conferences, market research, consulting services, and other similar activities.

Our promotion agreements prohibit the promoters from promoting competing products or subcontracting their promotional responsibilities, and require our third party promoters to comply with all applicable laws and regulations during the course of their marketing and promotion activities, including anti-bribery laws and regulations. They are not allowed to use our trade name, business cards or any other material which may lead others to believe that they are our employees.

Distributors

During the Track Record Period, our drugs were distributed primarily through our distributors, who were our customers on our financial statements, from whom we generated a substantial portion of our revenue. Our distributors are our direct customers, and are responsible for selling and delivering our drugs to medical institutions.

During the Track Record Period, we experienced fluctuations in the number of our distributors. These changes were primarily caused by our continuous efforts to optimise and consolidate our distributor network. Prior to the Track Record Period in 2022, one subsidiary had a dispute with a former distributor in relation to its alleged breach of a distribution agreement regarding the exclusive distribution of one of our commercialised drugs in the PRC, and we made a provision of RMB16.8 million for the year ended 31 December 2022 accordingly. The dispute was subsequently settled in 2024 by way of a full and final settlement agreement, and the provision was fully utilised with no further liabilities. See Note 28 to the Accountant’s Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed above, none of our distribution relationship was terminated due to material breach of the terms of the relevant distribution agreement, and we did not experience any material dispute or litigation with our distributors.

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The following table sets out the movement of the number of our distributors for the years/period indicated:

	Year ended 31 December		Nine months ended 30 September
	2023	2024	2025
At the beginning of the year/period	986	919	899
Addition	354	419	351
(Termination)	(421)	(439)	(494)
Net increase/(decrease)	<u>(67)</u>	<u>(20)</u>	<u>(143)</u>
At the end of the year/period	<u>919</u>	<u>899</u>	<u>756</u>

The details of the movement of the distributors for our mitochondrial drugs are set out in the following table:

	Year ended 31 December		Nine months ended 30 September
	2023	2024	2025
At the beginning of the year/period	78	100	298
Addition	57	238	259
(Termination)	(35)	(40)	(175)
Net increase/(decrease)	<u>22</u>	<u>198</u>	<u>84</u>
At the end of the year/period	<u>100</u>	<u>298</u>	<u>382</u>

The details of the movement of the distributors for other commercialised drugs are set out in the following table:

	Year ended 31 December		Nine months ended 30 September
	2023	2024	2025
At the beginning of the year/period	908	819	601
Addition	297	181	92
(Termination)	(386)	(399)	(319)
Net increase/(decrease)	<u>(89)</u>	<u>(218)</u>	<u>(227)</u>
At the end of the year/period	<u>819</u>	<u>601</u>	<u>374</u>

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The relationships between our key distributors and us are unlikely to materially adversely change or terminate, and we have effective measures in place to mitigate the relevant risk exposure. We maintain strong and long-term relationships with our key distributors with proven track records. Our partnerships are reinforced by mutual commercial interests and alignment with national procurement policies. Even in the unlikely event of a termination with any single distributor, we believe that we will be able to swiftly transition to alternative qualified distributors under similar commercial terms for similar products. Our diversified regional distribution network and rigorous qualification requirements further mitigate any potential supply chain risks, ensuring business continuity regardless of individual distributor changes.

During the Track Record Period, most of our major distributors were a few large-scale state-owned enterprises and various subsidiaries or entities within the same state-owned group, which were well-established and have demonstrated a stable track record of sales performance. According to Frost & Sullivan, this is a common practice in the pharmaceuticals sales business in China, because the drug distribution industry in China is highly concentrated. According to the Chinese Expert Consensus on the Management of Nationally Organised Centralised Procurement Drugs in Medical Institutions 《(醫療機構國家組織集中採購藥品管理中國專家共識)》, medical institutions should regularly conduct comprehensive evaluations of distributors’ supply capabilities and service quality.

When selecting distributors, key criteria include well-established local sales networks, supply capacity and distribution service capability supported by significant sales volumes, followed by drug quality, corporate management standards and strong reputational benefits, as well as emergency support capacity. Generally, state-owned distributors tend to hold greater advantages in these areas compared to non-state-owned ones, as they often benefit from stronger government support, broader market coverage, tighter channel control, and higher risk resilience. The selection of distributors often depends on above-mentioned factors, as well as the level of geographic coverage and channel penetration by distributors, rather than ownership structure alone. Different entities within these state-owned enterprises are responsible for distributing our drug products in different geographic regions, and we do not rely on any single distributor entity across the entire country. To the best knowledge of our Directors, we ensure that all distributors meet the necessary qualifications and regulatory requirements, and actively monitors their performance and compliance. We believe that distributors also have a vested interest in maintaining long-term relationships with our Company, and that our Company is upholding a robust and compliant distribution network.

Because of the foregoing, our Directors are of the view that our relationships with key distributors are not likely to materially adversely change or terminate. As of the Latest Practicable Date, nothing has come to the attention of the Company and the Sole Sponsor that would lead us or them to believe otherwise.

We have established a market standard distributor management procedure to ensure standardised and compliant pharmaceutical sales operations, which includes sales targets and progress monitoring, development and progress of end consumer market coverage, accountants receivable targets and collection progress, inventory levels and turnover

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progress, and social responsibility assessments. Our agreements with distributors shall include explicit terms on payment, delivery, and pricing policies. The procedure also enforces strict regional sales restrictions, prohibits unauthorised price adjustments or cross-regional sales and mandates regular compliance reviews. Additionally, we maintain protocols for handling product returns, adverse event reporting, and market monitoring to prevent unethical practices, ensuring a well-regulated and transparent distribution network aligned with both corporate policies and regulatory standards.

To the best knowledge of our Directors, during the Track Record Period, all of our distributors were independent third parties, and none of our distributors were wholly-owned or majority controlled by our current or ex-employees. During the Track Record Period and up to the Latest Practicable Date, we did not provide financial assistance to any of our distributors.

Since 2024, we proactively adjusted our R&D and sales strategy, shifting our strategic focus on R&D and sales of mitochondria-targeting drugs and drug candidates. This shift was driven by our voluntary restructuring of our sales channels, specifically scaling down the distribution relationships with certain distributors who focused solely on the sale of generic drugs and reallocating our drugs originally delivered to certain distributors, who primarily targeting in hospitals, to our own sales force to market and sale such drugs to the health consumption sector instead. Our Directors are of the view that such strategic change was effective.

Distribution agreements

The distribution agreements with our distributors stipulate that upon delivery of our drugs to and acceptance by distributors, the ownership is transferred to them as well. They should be then responsible for all subsequent transactions along with all the associated risks. We record revenue accordingly as product sales to our distributors. Consistent with market practices, such distribution agreements are not in the form of long-term contracts, but order-based model, with delivery contracts executed for each batch of goods.

The material terms of our distribution agreements are generally set out as follows:

- *Duration:* The duration is determined on a per-order basis.
- *Exclusivity arrangement:* The distributor is required to sell the goods strictly within the authorised region and must not transfer or lend stock to other distributors. Any breach of this obligation shall result in the distributor bearing all associated financial losses.
- *Quality Standards:* Both parties shall adhere to the national pharmaceutical standards.
- *Payment Method:* The distributor shall remit payment to the bank account designated by us via bank transfer. Settlements made in cash or through any other means shall not be deemed as valid payment and will be considered unpaid.

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- *Obligation to Report:* The distributor is required to collect and report any suspected adverse drug reactions encountered during the handling of our drugs to us.
- *Returns policy:* Distributors may not return products to us for reasons other than drug production defects or quality issues attributable to our supply responsibility. Any costs and losses arising from unauthorised returns shall be borne by the distributor.

Distributor management

We select our distributors based on their distribution capabilities, market knowledge, financial stability, credit history and scale of operations. We require our distributors to possess all licences and permits necessary for the sales and distribution of pharmaceutical products, and to adhere to the latest GSP standards for their sales, distribution, storage and transportation activities. Our distributors are required to maintain a product inventory level of one to three months of sales to meet the requirements of their internal policy. In addition, our distribution agreements stipulate that our distributors must ensure reasonable inventory to avoid stockouts or shortage.

Our distributors are not permitted to engage subdistributors to further distribute the products and are solely authorised to distribute directly to end consumers. Furthermore, strict restrictions are imposed on sales platforms, locations and official pricing. Resale and unauthorised redistribution by distributors are expressly prohibited. These controls mitigate the risk of market cannibalisation by ensuring direct oversight of the distribution chain, maintaining compliance with pricing and inventory regulations, and preventing unchecked secondary distribution that could undermine market stability and compromise brand integrity.

Inventory Management

We have established a comprehensive inventory management system, with monthly stock-taking conducted jointly by the finance and logistics departments. All finished products and raw materials are stored in strict compliance with their respective storage requirements. Regarding the returns policy, we do not accept any returns unless the pharmaceuticals are defective or cannot be delivered.

During the Track Record Period and up to the Latest Practicable Date, we did not notice any unusually large procurements that were inconsistent with our distributors’ historical practices, nor did we notice any abnormally high inventory level of our distributors.

Delivery and Logistics

We are responsible for arranging the delivery of our drugs to locations designated by our distributors along with the insurance for each batch of drugs to be delivered to our distributors.

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During the Track Record Period, we engaged external shipping companies to deliver our drugs. Pursuant to the agreements, the shipping companies are responsible for any direct losses caused by them during the transportation and delivery of our drugs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major material disruption or damage in relation to the delivery of our drugs.

Compliance with the “Two-Invoice System”

We are subject to the “Two-Invoice System” in China, which generally requires an MAH to issue a first invoice to their distributors, who then issue a second invoice directly to the end-customer medical institutions. Under this system, typically only one tier of distributor is allowed to distribute drugs or other pharmaceutical products between the MAH and the public medical institution. Public medical institutions are mandated to adopt the “Two-Invoice System”.

We operate a single-layer distribution system by directly engaging distributors to sell our drugs. With the implementation of the “Two-Invoice System” in China, our distributors are generally restrained from engaging sub-distributors for the distribution of our drugs to public medical institutions in China. During the Track Record Period, none of our distributors engaged any sub-distributors.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we were not found to have violated or circumvented any regulations, or policies related to the “Two-Invoice System”. We had not been disqualified from participating in public tendering processes in any province, nor were we subject to administrative fines or penalties. Furthermore, we had not received any warnings or notices from relevant authorities regarding non-compliance with “Two-Invoice System”.

Product Pricing

Pricing of pharmaceutical products in China is heavily regulated. Our market access department analyses government policies and regulation in order to develop our product pricing strategies for the PRC public hospital tender process and procure our drugs’ entry into the national Medical Insurance Catalogue and provincial Medicine Procurement at appropriate pricing levels.

Some of the drugs we sell to our customers are then sold to public hospitals and other medical institutions owned or controlled by government authorities in China. Each public medical institution must make substantially all of their purchases of pharmaceutical products through a centralised tender process. We submit bids in a tender process to supply our drugs to these institutions at specified prices. Our bids are generally considered on the basis of price relative to substitute drugs and their clinical effectiveness, as well as the quality of our drugs among other things. If we are successful in winning bids in a centralised tender process, the relevant products will be sold to the public medical institutions at the bid prices, which in part determine the prices at which we sell our drugs to our distributors. The centralised tender process can create pricing pressure among substitute products or

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products that are perceived to be substitute products. Our bidding strategy generally focuses on differentiating our non-generic and, to a less extent, generic products instead of competing solely based on pricing.

During the Track Record Period, we experienced renegotiations of the terms of our agreements with certain customers in relation to the procurement of our generic drugs in anticipation of possible lowering of price of such generic drugs should they be subject to centralised tender process. Notwithstanding the above, there was no material adverse impact arising from such renegotiations on our business operation during the Track Record Period.

According to the Interim Measures for the Administration of Basic Medical Insurance Drug Use” (《基本醫療保險用藥管理暫行辦法》), drugs included in the NRDL are subject to price controls imposed by the National Healthcare Security Administration and provincial healthcare administrative departments at the national or provincial level. With the exception of Chinese herbal pieces, newly added drugs to the NRDL generally have their reimbursement standards determined simultaneously. For exclusive drugs, reimbursement standards are established through access negotiations.

Among non-exclusive drugs, those selected in the national centralised procurement programme have their reimbursement standards determined in accordance with the relevant centralised procurement regulations. For other non-exclusive drugs, reimbursement standards are established through methods such as access bidding.

The PRC government authorities do not impose restrictions over the prices at which pharmaceutical products may be sold to distributors, hospitals and other medical institutions. Specifically, for drugs included in the centralised procurement or the NRDL through negotiation, the transaction price between us and healthcare institutions must comply with the official bid-winning price or the negotiated agreement price. For other drugs outside the scope of the NRDL, we retain the right to autonomously determine the selling prices to distributors and healthcare institutions.

To the best of our knowledge, we were not subject to any investigations by the PRC government authorities in respect of our product pricing policies or practices during the Track Record Period.

To mitigate the risks associated with potential price control measures imposed on our drugs and to lessen the potential impact on our business and results of operations, we seek to continue to expand our product portfolio to reduce our reliance on any single or small group of products. We will also continue to monitor and adjust our product portfolio with targeted focus on higher margin products to mitigate the potential impact of future price control measures on our overall profitability.

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R&D

We believe our R&D capabilities will be the driving force behind our long-term competitiveness, as well as our future growth and development. Our market-driven R&D efforts focus on drug candidates that satisfy rapidly growing clinical needs within China’s largest and fastest growing therapeutic areas, with a view to drug candidates that have the potential for future development and commercialisation in global markets. Against the backdrop of ageing population and declining birth rates, our company has leveraged the scientific rationale of NAD⁺ in improving mitochondrial dysfunction, along with beneficial outcomes from investigator-initiated trials (IIT) on ageing-related diseases and rigorous GLP pre-clinical studies, to carry out a series of innovative drug pipeline deployments. We aim to balance the clinical development risk by strategically allocating our efforts between proprietary formulation improvements of existing and proven compounds and new chemical entities.

Our Internal R&D

We focus on R&D projects within mitochondrial therapeutics, which we expect to become one of our key therapeutic areas following the planned launch of several drug candidates that are currently in various stages of development. As of 30 September 2025, more than half of our R&D team members were master degree holders in medical, pharmaceutical and other related areas, and nine personnel from global pharmaceutical institutions. Our R&D team is led by the following three core members, all of whom possess extensive experience in the pharmaceutical industry and strong academic backgrounds in medicine:

Dr. Wang Kanglin (王康林博士) serves as our chief scientist. See “Directors, Supervisors and Senior Management” for the profile of Dr. Wang.

Dr. Jiang Liwei (江力瑋博士) serves as our chief technology officer, overseeing the comprehensive operations of the R&D Centre. Her responsibilities include the management and advancement of technical projects within the centre, addressing practical challenges, technical requirements, and complex issues encountered during project implementation, as well as leading R&D activities. Dr. Jiang holds a Doctor of Philosophy in Biology from Tsinghua University (清華大學), completed postdoctoral research and then served as a lecturer at Harvard Medical School in the United States. She has published over ten academic papers in journals such as *Cell*, *Science Translational Medicine*, and *Nano Today*. With four years of experience in the pharmaceutical field, she previously served as an instructor at Harvard Medical School and a principal investigator at the Institute of Health and Medical Technology, Hefei Institutes of Physical Science, Chinese Academy of Sciences (中國科學院合肥物質科學院健康所). Dr. Jiang has been awarded key projects including the Young Scientist Programme of the National Key Research and Development Programme (國家重點研發計劃青年科學家項目), the National High-Level Talent Programme (國家高層次人才項目), and the American Society of Nephrology Transition to Independence Grants (美國腎病學會獨立PI項目) for independent principal investigators. Additionally, she has secured authorisation for six invention patents.

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Mr. Liu Shizheng (劉石崢先生) serves as our chief medical officer, overseeing all clinical projects for our Company. He is responsible for formulating development strategies, defining study protocols, and implementing clinical programmes, guaranteeing the scientific rigour, standardised execution, and successful completion of clinical trials. Mr. Liu is dedicated to advancing drug pipeline strategies, regulatory approvals, and real-world evidence studies. He earned his bachelor’s degree in clinical medicine and his master’s degree in pharmacology from Harbin Medical University (哈爾濱醫科大學). Throughout his career, he has worked at several prominent pharmaceutical companies, including Harbin Pharmaceutical Group Co., Ltd. (哈藥集團股份有限公司 (stock code: 600664.SH)), Sino-American Tianjin Smith Kline & French Laboratories Ltd. (中美天津史克製藥有限公司), Johnson & Johnson (China) Investment Ltd. (強生(中國)投資有限公司), Gan & Lee Pharmaceuticals Co., Ltd. (甘李藥業股份有限公司 (stock code: (603087.SH))), Novartis (China) Pharmaceutical Co., Ltd. (諾華(中國)製藥有限公司), Sanofi (China) Investment Co., Ltd. (賽諾菲(中國)投資有限公司), and Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津藥物研究院有限公司). With over three decades of experience dedicated to the research, development, and commercialisation of clinical pharmaceuticals, Mr. Liu has contributed to multiple therapeutic areas, including cardiovascular, neurology, gastroenterology, respiratory, oncology, and vaccines.

In addition, our R&D team undertake projects to improve our production activities. Each of our drug development programmes is subject to the approval of an evaluation committee that consists of internal and external experts. The evaluation committee reviews feasibility studies on drug candidates and makes final decisions on whether to carry out a new drug development programme. We carefully select drug development programmes by balancing the commercial potential of the drug and its likelihood of successful development by analysing our potential intellectual property rights to the product, and its potential competition and market size. If a drug development programme is approved by our evaluation committee, it is assigned a project code and a project manager who, in turn, determines the research team members. The project manager is responsible for implementing the programme, including the coordination of the various professional departments involved, such as our pharmacology, toxicology, clinical, product registration, intellectual property, quality management, molecular biology and synthesis departments. We also conduct periodic review of on-going programmes and may elect to discontinue programmes that are not making satisfactory progress.

We enter into confidentiality agreements with our research employees that provide that all relevant intellectual properties developed by our research staff during their employment with us become our intellectual properties and are treated as trade secrets. Our employees are required to refrain from disclosing trade secrets to any third party.

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For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our R&D expenses were RMB28.5 million, RMB20.5 million and RMB21.0 million, respectively.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
					(unaudited)			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Outsourced R&D expenses	16,795	58.9	4,766	23.3	3,561	25.2	7,024	33.5
Salaries and benefits	7,584	26.6	9,928	48.4	6,741	47.8	8,843	42.1
R&D Material								
Consumption	1,789	6.3	2,739	13.4	1,920	13.6	2,571	12.3
Depreciation and amortisation	1,866	6.6	2,302	11.2	1,678	11.9	2,120	10.1
Others	467	1.6	766	3.7	216	1.5	423	2.0
	<u>28,501</u>	<u>100.0</u>	<u>20,499</u>	<u>100.0</u>	<u>14,116</u>	<u>100.0</u>	<u>20,981</u>	<u>100.0</u>

Our R&D Platforms

We have demonstrated strong in-house R&D capabilities and financial stability by using our internal funds to support the advancement of our drug candidates underdevelopment, which helps maximise our R&D efficiency while allowing us to maintain complete control over the commercialisation of our drug candidates. Through continuous R&D efforts, we have established four mutually reinforcing product-development platforms that underpin our ability to innovate continuously:

Mitochondrial innovative medicines platform

We established a mitochondrial innovative medicines platform, which aims to leverage artificial intelligence models to predict binding sites between target proteins and drugs under mitochondrial dysfunction conditions, and to conduct active drug screening and targeted delivery research for the development of novel therapies targeting mitochondrial dysfunction-related diseases and age-related conditions such as acute heart failure after myocardial infarction, chronic heart failure, ovarian function decline, Alzheimer’s disease, muscle atrophy, and hair loss.

To date, the platform has yielded substantial research outcomes, including obtaining clinical approval for an NAD⁺ injection for anti-heart failure drugs and IND approval for a candidate drug against ovarian function decline, registering an oral NAD⁺ candidate drug for anti-chronic heart failure, completing animal experiments for an NAD⁺-based vaccine response in the elderly, and securing a total of seven authorised invention patents.

The platform focuses on AI-assisted screening and intelligent design research for CD38 inhibitors and MPC inhibitors. It employs a drug-target affinity prediction algorithm for intelligent screening of target inhibitors and utilises this algorithm to screen potential inhibitors from FDA-approved drugs. Combined with molecular docking methods for secondary screening, the platform identifies high-binding-energy candidate drugs with

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higher reliability. Furthermore, in collaboration with Anhui University, the platform also prioritises lead compound optimisation, having developed an AI-based molecular generation platform that optimises lead compounds based on metrics such as efficacy, selectivity, bioavailability, and drug-likeness.

Mitochondrial transplantation platform

The platform specialises in the R&D of mitochondrial transplantation technology, aiming to isolate and transfer functionally intact, healthy mitochondria from donor sources into recipient cells to repair defective mitochondria. The principle of the mitochondrial transplantation technology that our platform focuses on is built upon the core biological role of mitochondria. Mitochondria are responsible for producing ATP, the energy necessary for sustaining life processes, and also regulate key cellular functions such as metabolism, apoptosis, calcium homeostasis, and signal transduction. When mitochondria become impaired due to factors such as genetic mutations, ageing, or environmental stress, the resulting cellular energy deficit can lead to dysfunction or even cell death. This mechanism underlies the pathogenesis of a wide range of diseases. Mitochondrial transplantation is a process in which healthy, fully functional mitochondria are isolated from donor cells or tissues and, via specific technical means, delivered into recipient cells. This approach aims to replace or complement the original defective or damaged mitochondria, thereby restoring normal cellular function. Currently, in collaboration with a team from Zhongshan Hospital, Fudan University (復旦大學), we have completed an IIT clinical project targeting diabetic peripheral vascular disease, enrolling ten cases, with results indicating favourable safety and efficacy. The platform has filed four invention patent applications, and two further patents have been granted, with an additional seven patents currently in the process of technology transfer.

Mitochondrial functional assay platform

We have established an integrated mitochondrial functional assay platform, which serves as a critical foundation for comprehensively assessing mitochondrial function, evaluating pharmacodynamics, and developing diagnostic kits. By focusing on core mitochondrial biomarkers and utilising advanced high-throughput antibody screening, the platform enables precise quantitative detection and supports engagement with cutting-edge life science research. Its high technical complexity creates a significant barrier that safeguards our core intellectual property. Applicable across all business segments, including innovative drug development, mitochondrial transplantation, and clinical trials in cardiovascular, metabolic, neurodegenerative, and oncological fields. The platform allows high-throughput screening of clinical samples and can be flexibly configured to provide customised, one-stop research solutions.

Building upon this platform, we have developed detection methods for key mitochondrial function markers and are currently developing auxiliary diagnostic kits for cardiovascular diseases. Based on the technical achievements derived from this platform, we have filed one related invention patent application and has obtained one granted invention patent.

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Specifically, we are proprietarily developing a NAD^+ Quantitative Detection Kit, deploying the fluorescence immunochromatography method for detection. The diagnostic kit integrates the development of high-specificity antibodies for NAD^+ and the integration of competitive fluorescence immunochromatography for 15-minute detection from a fingerstick blood sample. In January 2026, Anhui Provincial Science and Technology Service Standardisation Technical Committee (安徽省科技服務標準化技術委員會) has completed its science and technology achievement evaluation Report for the designed detection kit. We expect to produce the kits upon obtaining the Medical Device Registration Certificate (Class II) to be issued by the NMPA.

AI-driven synthetic-biology high-throughput screening platform

By integrating artificial intelligence with synthetic biology technologies, we have established an AI-driven synthetic-biology high-throughput screening platform for assessing multiple attributes of proteases. This platform employs multi-objective optimisation algorithms to replace conventional directed evolution methods, enabling precise design and optimisation of protease properties, thereby enhancing screening efficiency, conserving experimental resources, and reducing both development time and costs. Utilising AI agent technology, which operates through learning perception, integrated planning, and result output to form an autonomous cycle, we have optimised the biosynthesis and purification pathways of proteases. This has significantly improved key metrics such as enzyme activity and purity, successfully demonstrating how intelligent agents can contribute to enhancing product quality.

To date, leveraging this platform, we have successfully registered and filed NAD^+ as an API, contributed to the development of the following products within our pipeline, including the collagen dressing patches, recombinant humanised type III collagen, recombinant humanised type XVII collagen, NAD^+ combined with recombinant humanised type III collagen, and NAD^+ combined with recombinant humanised type XVII collagen. By leveraging AI agent technology, large model prediction, and precise computation, we have significantly enhanced key indicators such as the enzymatic activity and purity of Coenzyme I (NAD^+), successfully achieving the optimisation of our production process pathway and the synthesis of Coenzyme A and PGE_2 , resulting in the grant of 15 invention patents as well as one granted invention patent in the United States.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of suppliers of raw and auxiliary materials and technical service providers. We select our suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our purchases from our five largest suppliers in aggregate in each period amounted to RMB29.2 million, RMB21.7 million and RMB19.7 million, respectively, accounting for 16.6%, 13.7% and 17.5% of our total purchases, respectively. In 2023, 2024 and the nine months ended 30 September 2025, our purchases from our largest supplier in

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each period amounted to RMB10.9 million, RMB5.0 million and RMB8.3 million, respectively, accounting for 6.1%, 3.1% and 7.4% of our total purchases in each period, respectively.

All of our five largest suppliers in each year during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the best knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

The following table sets out the details of our top five suppliers and our purchases from them in each year during the Track Record Period.

For the Nine Months Ended 30 September 2025

Ranking	Supplier	Purchase amount (RMB '000)	Percentage of total purchase	Products/ services purchased	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Supplier A	8,321	7.4%	Property, plant and equipment	A domestic listed company focusing on the R&D, manufacturing and sales of pharmaceutical equipment	2024	Payment on delivery	Wire transfer
2.	Supplier B	3,918	3.5%	Promotional campaign	A company focusing on the sales and delivery of pharmaceutical products	2019	30 days	Wire transfer
3.	Supplier C	2,969	2.6%	Property, plant and equipment	A company focusing on sales and after-sales services for vehicles and related products	2025	Prepayment	Wire transfer
4.	Supplier D	2,257	2.0%	Promotional campaign	A company focusing on corporate management services covering business consulting and marketing planning	2023	30 days	Wire transfer
5.	Supplier E	2,255	2.0%	Promotional campaign	A company focusing on corporate management consulting and corporate image planning	2025	30 days	Wire transfer

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For the Year Ended 31 December 2024

Ranking	Supplier	Purchase amount (RMB '000)	Percentage of total purchase	Products/ services purchased	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Supplier F	4,968	3.1%	Property, plant and equipment	A specialised technical company in the design and construction of environmental control systems	2024	Payment upon acceptance	Wire transfer
2.	Supplier G	4,547	2.9%	Property, plant and equipment	A specialised company in the R&D, manufacturing, and engineering services of biopharmaceutical equipment and medical devices	2023	Payment upon acceptance	Wire transfer
3.	Supplier H	4,125	2.6%	Promotional campaign	A company focusing on commercial promotion services	2022	30 days	Wire transfer
4.	Supplier I	4,045	2.6%	Promotional campaign	A specialised company in the R&D, manufacturing, and sales of pharmaceutical devices	2024	30 days	Wire transfer
5.	Supplier B	3,976	2.5%	Promotional campaign	A company focusing on the sales and delivery of pharmaceutical products	2019	30 days	Wire transfer

For the Year Ended 31 December 2023

Ranking	Supplier	Purchase amount (RMB '000)	Percentage of total purchase	Products/ services purchased	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Supplier J	10,858	6.1%	R&D service fee	A company providing technology development and data services for the healthcare sector, encompassing medical research, biotechnology development, and artificial intelligence healthcare applications	2022	Payment upon acceptance	Wire transfer
2.	Supplier K	6,304	3.6%	Promotional campaign	A company focusing on sale of pharmaceutical and healthcare products	2020	30 days	Wire transfer
3.	Supplier L	5,770	3.3%	Property, plant and equipment	A company focusing on execution of construction and engineering projects	2021	Payment upon acceptance	Wire transfer
4.	Supplier M	3,120	1.8%	Raw materials	A domestic listed company focusing on the manufacturing of the API	2020	Prepayment	Wire transfer
5.	Supplier N	3,113	1.8%	Advertisement services	A company providing advertising and media services	2023	Payment upon acceptance	Wire transfer

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CUSTOMERS

During the Track Record Period, our revenue was primarily derived from the sales of drugs. Our customers mainly consist of private and state-owned pharmaceutical companies and medical institutions.

For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue generated from our five largest customers in aggregate in each period amounted to RMB152.0 million, RMB71.9 million and RMB96.2 million, accounting for 50.2%, 30% and 40.5% of our total revenue, respectively. In 2023, 2024 and the nine months ended 30 September 2025, our revenue from our largest customer in each period amounted to RMB60.3 million, RMB21.9 million and RMB32.2 million, respectively, accounting for 19.9%, 9.1% and 13.5% of our total revenue in each period, respectively. All of our five largest customers in each year during the Track Record Period were Independent Third Parties, and none of our Directors, their respective associates or any of our Shareholder who, to the best knowledge of our Directors, held more than 5% of our issued share capital as of the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period.

The following table sets out the details of our top five customers and our revenue generated from them in each year during the Track Record Period.

For the Nine Months Ended 30 September 2025

Ranking	Customer	Revenue (RMB '000)	Percentage of total revenue	Pharmaceutical products purchased from us	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Customer A	32,183	13.5%	Various types of our commercialised drugs	A company focusing on comprehensive pharmaceutical business covering distribution, retail, and R&D of healthcare products	2017	60 days	Wire transfer
2.	Customer B	21,336	9.0%	Various types of our commercialised drugs	A Hong Kong listed company focusing on distribution and sales of pharmaceutical products	2017	90 days	Wire transfer
3.	Customer C	20,382	8.6%	Various types of our commercialised drugs	A domestic listed company providing large-scale pharmaceutical logistics, distribution, and supply chain solutions	2017	90 days	Wire transfer
4.	Customer D	11,596	4.9%	Various types of our commercialised drugs	A domestic listed company focusing on wholesale and retail of pharmaceuticals and medical device of pharmaceutical wholesale and supply chain services	2017	90 days	Wire transfer
5.	Customer E	10,720	4.5%	Various types of our commercialised drugs	A company focusing on execution of regional pharmaceutical retail and wholesale operations	2018	90 days	Wire transfer

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For the Year Ended 31 December 2024

Ranking	Customer	Revenue (RMB '000)	Percentage of total revenue	Pharmaceutical products purchased from us	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Customer B	21,857	9.1%	Various types of our commercialised drugs	A Hong Kong listed company focusing on distribution and sales of pharmaceutical	2017	90 days	Wire transfer
2.	Customer A	21,331	8.9%	Various types of our commercialised drugs	A company focusing on comprehensive pharmaceutical business covering distribution, retail, and R&D of healthcare products	2017	60 days	Wire transfer
3.	Customer C	13,248	5.5%	Various types of our commercialised drugs	A domestic listed company providing of large-scale pharmaceutical logistics, distribution, and supply chain solutions	2017	90 days	Wire transfer
4.	Customer F	7,850	3.3%	Various types of our commercialised drugs	A company providing wholesale, retail services and integrated supply chain solutions for pharmaceutical products	2017	90 days	Wire transfer
5.	Customer E	7,604	3.2%	Various types of our commercialised drugs	A company focusing on execution of regional pharmaceutical distribution and wholesale operations	2018	90 days	Wire transfer

For the Year Ended 31 December 2023

Ranking	Customer	Revenue (RMB '000)	Percentage of total revenue	Pharmaceutical products purchased from us	Background	Year of commencing business relationship with us	Credit terms	Payment method
1.	Customer B	60,280	19.9%	Various types of our commercialised drugs	A Hong Kong listed company focusing on distribution and sales of pharmaceutical	2017	90 days	Wire transfer
2.	Customer A	48,388	16.0%	Various types of our commercialised drugs	A company focusing on comprehensive pharmaceutical business covering distribution, retail, and R&D of healthcare products	2017	60 days	Wire transfer
3.	Customer C	21,229	7.0%	Various types of our commercialised drugs	A domestic listed company providing of large-scale pharmaceutical logistics, distribution, and supply chain solutions	2017	90 days	Wire transfer
4.	Customer E	13,503	4.5%	Various types of our commercialised drugs	A company focusing on execution of regional pharmaceutical distribution and wholesale operations	2018	90 days	Wire transfer
5.	Customer F	8,562	2.8%	Various types of our commercialised drugs	A company providing wholesale, retail services and integrated supply chain solutions	2017	90 days	Wire transfer

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COMPETITION

The pharmaceutical industries in China are characterised by rapidly advancing technologies and fierce competition. While we believe that our R&D experience and operational history provide us with competitive advantages, we are exposed to potential competition from many different sources, including national and regional manufacturers of pharmaceutical products similar to ours as well as large state-owned pharmaceutical companies.

We face competition from products targeting similar indications as ours, based on factors such as efficacy, safety, price, brand reputation, and overall market acceptance. Key competitors vary depending on the product. Some competitors may possess greater financial and R&D resources and might allocate those resources to developing, importing, or licensing and marketing substitutes for our drugs in China. Additionally, they may have more extensive sales and marketing networks than we do. See “Industry Overview”.

INSURANCE

We maintain a clinical trial insurance policy that covers its liability for participant injuries resulting from serious adverse events during the clinical trials of our Company. During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies. Our Directors believe that our insurance policies are in line with market practice and adequate for our business. However, the risks related to our business and operations may not be fully covered by insurance. For details, see “Risk Factors — Other Risks Relating to Our Business Operation — We may not have sufficient insurance to cover our business risks”. To minimise our product liability risk, we have instituted stringent quality control measures in order to avoid or reduce the incidence of product defects. See “— Production — Quality Management”.

EMPLOYEES

As of 30 September 2025, we had 424 employees in total, who were all based in China. The following table sets out the number of our employees categorised by function as of 30 September 2025.

<u>Function</u>	<u>Numbers of full-time employees</u>
Production	166
Sales and Marketing	147
R&D	52
Administration	40
Finance	19
Total	424

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In compliance with the applicable labour laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, confidentiality obligations and grounds for termination. We also enter into separate confidentiality and non-competition agreements with our key employees to keep trade secrets or confidential information about our business.

Our talent strategy is driven by the requirements of our business operations. The success of our business depends on our ability to recruit and retain qualified and talented professional for R&D, production, and sales, marketing personnel and management team. We will further strengthen our scientific research and clinical development team across diverse oncological areas. In particular, we intend to recruit top-notch scientist specialised in fields such as biotechnology to accelerate our drug discovery and improve our drug candidates’ success rate. To remain competitive in the labour market, we provide various incentives and benefits to our employees. We provide a series of annual training plans, including orientation programmes, on-the-job training, professional skill training and external training, to our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and we have adopted an employee incentive platforms for our employees, especially key employees.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes, labour disputes or industrial actions which had a material effect on our business, and we consider our relations with our employees to be good.

We believe that our success depends in part on our ability to attract, recruit and retain talented staffs. We recruit our employees based on a number of factors, including their work experience, educational background and the needs of our vacancies. Our primary channels for recruitment include recruitment websites, employee referrals, campus recruitment, and executive search firms. We do not use employment agents in recruiting our employees.

The individual employment contracts that we enter into with our employees cover matters such as wages, bonuses, employee benefits and grounds for termination. We also require our key personnel to enter into confidentiality agreements with us in connection with our intellectual property, key data and business secret protection. As required by applicable PRC regulations, we participate in various employee benefit plans that are organised by municipal and provincial governments and make contributions to social insurance funds for our employees in China, including basic pension insurance, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance funds, and housing provident fund.

We conduct new staff training to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees on a regular or irregular basis in addition to on-the-job training. These include internal training and development programmes and external training sessions from time to time to improve our employees’ technical skills and ensure their awareness and compliance with our various policies and procedures.

BUSINESS

Our employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. We believe that we maintain a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material labour disputes or any material difficulties in recruiting staff for our operations.

LAND AND PROPERTIES

As of the Latest Practicable Date, we owned and leased a number of properties in China. The following table sets out a summary of the properties owned by us as of the Latest Practicable Date.

<u>No.</u>	<u>Location</u>	<u>Usage</u> (<i>sq.m.</i>)	<u>Area</u>	<u>Ownership</u>	<u>End of lease term</u>
1	Comprehensive Workshop, South Side of Huaihai Avenue, Shuangfeng Economic Development Zone, Changfeng County, Hefei City, Anhui Province, China	Industry	13,497.8	Owned	N/A
2	Unit 801, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	93.9	Owned	N/A
3	Unit 802, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	94.0	Owned	N/A
4	Unit 803, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	93.9	Owned	N/A
5	Unit 804, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	94.1	Owned	N/A
6	Unit 805, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	96.1	Owned	N/A
7	Unit 806, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	96.1	Owned	N/A
8	Unit 807, 8th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	94.1	Owned	N/A

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<u>No.</u>	<u>Location</u>	<u>Usage</u> (<i>sq.m.</i>)	<u>Area</u>	<u>Ownership</u>	<u>End of lease term</u>
9	Unit 901, 9th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	93.9	Owned	N/A
10	Unit 902, 9th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	94.0	Owned	N/A
11	Unit 905, 9th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	96.1	Owned	N/A
12	Unit 906, 9th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	96.1	Owned	N/A
13	Unit 907, 9th Floor, Building 4, Zhengkai Impression City, Kaifeng City, Henan Province, China	Business	94.1	Owned	N/A
14	Buildings 93 and 98, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	50.3	Owned	N/A
15	Buildings 78 and 90, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	1,565.5	Owned	N/A
16	Buildings 89, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	622.0	Owned	N/A
17	Buildings 96 and 97, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	2,353.8	Owned	N/A
18	Buildings 65, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	117.0	Owned	N/A
19	Buildings 13, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	520.4	Owned	N/A
20	Buildings 85, No. 15, Weidu Road, Nanguan District, Kaifeng City, Henan Province, China	Industry	1,392.9	Owned	N/A

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<u>No.</u>	<u>Location</u>	<u>Usage</u> (<i>sq.m.</i>)	<u>Area</u>	<u>Ownership</u>	<u>End of lease term</u>
21	Buildings 104, No. 15, Weidu Road, Nangan District, Kaifeng City, Henan Province, China	Industry	955.4	Owned	N/A
22	Buildings 62 and 63, No. 15, Weidu Road, Nangan District, Kaifeng City, Henan Province, China	Industry	672.6	Owned	N/A
23	Buildings 79, 101, 102, No. 15, Weidu Road, Nangan District, Kaifeng City, Henan Province, China	Industry	451.67	Owned	N/A

The following table sets out a summary of the properties leased by us as of the Latest Practicable Date.

<u>No.</u>	<u>Location</u>	<u>Usage</u> (<i>sq.m.</i>)	<u>Area</u>	<u>Ownership</u>	<u>End of lease term</u>
1	Flat 1608, Building 23, Jingtong Yuan, Chaoyang District, Beijing, China	Accommodation	146.0	Leased	4 September 2025
2	Unit 4, Shuangfeng Zhigu Innovation and Entrepreneurship Park, Meichonghu Road, Shuangfeng Economic Development Zone, Hefei, Anhui Province, China	Industry	5,873.3	Leased	25 October 2026
3	Unit 6, Shuangfeng Zhigu Innovation and Entrepreneurship Park, Meichonghu Road, Shuangfeng Economic Development Zone, Hefei, Anhui Province, China	Industry	4,487.2	Leased	31 December 2026
4	Flat 601, 136 Yixin Road, Guangzhou Avenue North, Baiyun District, Guangzhou, China	Accommodation	143.2	Leased	2 September 2025
5	Room J, 5th Floor, 86 Longkou West Road, Tianhe District, Guangzhou, Guangdong Province, China	Accommodation	111.8	Leased	8 March 2026
6	Room 514, 8 Mingcheng Avenue, Yuhuatai District, Nanjing, Jiangsu Province, China	Office	98.3	Leased	14 December 2025

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<u>No.</u>	<u>Location</u>	<u>Usage</u> (<i>sq.m.</i>)	<u>Area</u>	<u>Ownership</u>	<u>End of lease term</u>
7	Flat 601, 136 Yixin Road, Guangzhou Avenue North, Baiyun District, Guangzhou City, Guangdong Province, China	Accommodation	143.2	Leased	2 September 2025
8	Room J, 5th Floor, 86 Longkou West Road, Tianhe District, Guangzhou City, Guangdong Province, China	Accommodation	111.78	Leased	8 March 2026
9	Room 514, 8 Mingcheng Avenue, Yuhuatai District, Nanjing City, Jiangsu Province	Accommodation	98.28	Leased	14 December 2025
10	Talent Apartment Building, Shuangfeng Zhigu Park, Meichonghu Road, Shuangfeng Economic Development Zone, Hefei, Anhui Province, China.	R&D and business operation	5,873.33	Leased	25 October 2026
11	Talent Apartment Building, Shuangfeng Zhigu Park, Meichonghu Road, Shuangfeng Economic Development Zone, Hefei, Anhui Province, China.	Staff accommodation	N/A	Leased	22 September 2026
12	2 nd Floor, Office Building at 18 and 18-1 Xinghong Road, Minhang District, Shanghai, China	Office	1,230.0	Leased	14 March 2027
13	Flat 1101, No. 8, Lane 368, Xinghong Road, Minhang District, Shanghai, China	Accommodation	97.5	Leased	21 July 2026
14	Flat 402, No. 7, Lane 18, Shenzheng Road, Minhang District, Shanghai, China	Accommodation	94.0	Leased	14 July 2026
15	Flat 501, No. 15, Lane 18, Shenzheng Road, Minhang District, Shanghai, China	Accommodation	78.0	Leased	29 August 2026
16	Flat 701, No. 26, Lane 399, Xinghong Road, Minhang District, Shanghai, China	Accommodation	107.0	Leased	12 November 2026
17	Flat 1001, No. 22, Lane 399, Xinghong Road, Minhang District, Shanghai, China	Accommodation	107.0	Leased	9 November 2026

BUSINESS

Use of Limit-exceeding Premise and Relevant Properties

During the Track Record Period and up to the Latest Practicable Date, among the land and properties used by our subsidiary Kaifeng Kanture, approximately 8,990.06 sq.m. of land did not possess land use rights certificates, and 24 buildings were constructed on the land used by us without obtaining the requisite property ownership certificates and construction planning approvals. Such properties were primarily consisted of our production workshops, warehouses, canteens and other auxiliary buildings.

On 19 August 2025, the competent authority in charge of land use and relevant matters issued a certificate, confirming its consent for Kaifeng Knature to continue using the land in its current state. The certificate provides that it will not compulsorily reclaim the land use right, demolish our properties thereon, or impose any administrative penalties, such as confiscation or fines, on Kaifeng Knature. On 29 August 2025, the relevant competent authority issued a certificate, confirming its consent for Kaifeng Knature to continue using the aforesaid land in its current state. Our PRC Legal Advisers are of the view that, based on the aforesaid written confirmations, (i) Kaifeng Knature can continue using the land outside the original parcel boundary in its current state; (ii) Kaifeng Knature can continue to use the properties thereon; and (iii) the defective titles with regard to the Limit-exceeding Premise will not affect our occupation and use of the land and properties or cast any material adverse impact on our business operations. Our Directors have confirmed that our Group did not receive any administrative penalties, rectifications orders or complaints during the Track Record Period and up to the Latest Practicable Date.

Despite the aforesaid, we have formulated a production contingency plan to minimise our production interruption under any potential extreme circumstances. Such plan representing commissioning production of certain drugs to a qualified and compliant pharmaceutical manufacturer with a proven long-term cooperative foundation such that the said use of Limit-exceeding Premise and the properties thereon will not have any potential implication on our overall operation. Alternatively, in an unlikely event we are ordered to relocate our operation premise due to unanticipated events such as change of laws or regulations, we will relocate relevant premises. In light of the above, our Directors are of the view that the use of Limit-exceeding Premise and the properties thereon, together with the aforesaid contingency plans, will not have any material adverse effects on our overall operation.

Save for the aforesaid use of Limit-exceeding Premise, our Directors were of the view that, which was concurred by our PRC Legal Advisers, we were in compliance with the PRC laws and regulations with respect to the occupation of land and use of properties.

BUSINESS

INTELLECTUAL PROPERTY

Intellectual property rights are central to the success of our business. Our success depends, in part, on our ability to obtain and maintain patent and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating valid, enforceable intellectual property rights of third parties.

As of the Latest Practicable Date, we have been granted a total of 70 patents, including a U.S. invention patent and 33 Chinese invention patents. Besides, we owned 30 utility model patents and six design patents. In addition, we have filed 3 PCT patent applications, and a further 20 patents are currently under substantive examination. The following table sets out an overview of our material patents and the patent applications that we had filed in connection with our products as of the Latest Practicable Date.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our key personnel and non-compete agreement with our key scientific personnel and management personnel. In addition, our employment agreements stipulate that all inventions and creations made or developed by our employees during their employment while performing tasks assigned by us or primarily utilising our material and technical resources shall belong to us. Our employees are required to refrain from disclosing trade secrets to any third party. Additionally, we also follow procedures to ensure that we do not infringe on the intellectual property rights of others and we are not engaged in the sales of counterfeit pharmaceutical products. For details of trademarks and other intellectual property rights material to our business and operation, see “Appendix VI — Statutory and General Information”.

During the Track Record Period and up to the Latest Practicable Date, we had not (i) been sued on the basis of, (ii) undergone arbitration in respect of, or (iii) received any notification from third parties claiming infringement of, any intellectual property or sales of counterfeit 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 products that had a material adverse effect on our business. Despite our efforts and internal control measures adopted to protect intellectual property, we are still subject to risks relating to intellectual property rights. For details, see “Risk Factors — Risks Relating to Intellectual Property Rights”.

BUSINESS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our ESG Policies and ESG Working Group

We operate our business in a responsible and sustainable manner, and we are committed to maintaining transparency and accountability to our stakeholders, including but not limited to employees. We aim to keep abreast of changes in government policies and liaise with local regulators to ensure our strict compliance with relevant laws and regulations. To support our long-term sustainability strategy, we have tailor made certain ESG policies and regularly review and assess the effectiveness of our ESG frameworks to ensure these policies could align with best practices and evolving stakeholder expectations.

We have established a dedicated Environmental, Social, and Governance Working Group (“**ESG Working Group**”), comprising management representatives and led by our Board, to guide, coordinate and oversee our operations and development. Our ESG Working Group is delegated to assist in identifying, analysing, monitoring and reporting the ESG-related risks we may face. Our ESG Working Group also assists in establishing policy, targets and key performance indicators (“**KPIs**”), and corresponding action plans that align with the current business operation situation. To ensure these policies are promptly adjusted in response to potential risks we may face, our ESG Working Group should report annually to our Board on our ESG performance.

Identification and Assessment of Potential ESG-related Risks

In identifying, assessing, and prioritising material ESG topics and related potential risks, we consider our business development strategy, industry characteristics, national policies, and stakeholder expectations. Through stakeholder engagement and industry analysis, we have identified key ESG issues that are most relevant to our operations. The following table sets out the material ESG-related issues we identified, their potential risks and impacts, and our corresponding strategies to tackle these issues:

Material ESG-related issues	Potential risks and impacts	Corresponding adaption/ mitigation measures and strategies (adopted/to be adopted)
Greenhouse gas (“ GHG ”) emissions	In the course of our business operations, we may generate GHG emissions inevitably, which exposes us to potential climate-related risks.	We regularly review the GHG emissions profile of our operation to better manage and control the emissions.
Resource management	Ineffective management of resources can potentially result in excessive energy consumption, leading to increased operational costs.	We implement measures for resource management and promote energy conservation in our operations.

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Material ESG-related issues	Potential risks and impacts	Corresponding adaption/ mitigation measures and strategies (adopted/to be adopted)
Climate change	Physical and transition risks induced by climate change may cause disruption during our operation and could increase the operational cost.	We monitor the changes in ESG-related regulatory requirements and market trends.
Employee management	Failure to comply with labour laws can lead to lawsuits and fines. In addition, insufficient resources dedicated to the development of human capital, such as a lack of training and promotion opportunities, may give rise to risks of higher turnover rates and a less competent workforce.	We prioritise the protection of the lawful rights and interests of our employees. To ensure compliance with employment regulations, we have established internal policies. We also provide employees with social benefits and career development opportunities.
Product safety and quality	Considering our business nature, product safety and quality must be prioritised as our primary concerns. Any safety failure will give rise to ethical issues, and will lead to regulatory fines, product liability lawsuits, or even criminal charges. It may lead to costly product recalls, production line stoppages, and reputational damage.	We have implemented the Pharmaceutical Quality Risk Management Procedure to identify and control the potential risk that may happen during the entire process of pharmaceutical operations.
Business ethics	Neglecting business ethics can result in severe consequences, such as regulatory penalties, financial losses, reputational damage, stakeholder disengagement, and ultimately, business failure.	We are committed to upholding the highest standards of business ethics in our operations. This involves conducting our business with integrity, transparency, and respect for stakeholders, including employees and the community.

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A comprehensive set of policies and procedures focused on the environment, employee welfare, and corporate governance has been established, in compliance with the applicable laws and the Listing Rules.

Identification of climate-related risks

We endeavour to the green and low-carbon development and pay attention to the potential climate change impacts on our business operation. In terms of physical risk, extreme weather events, such as extreme precipitation and floods, could disrupt operation. We will take the necessary actions to respond to the relevant government notices in case of these events, make contingency plans to ensure the safety of our employees. In terms of transition risk, potential regulatory shifts in carbon emissions or disclosure requirements could impose compliance costs. In order to respond effectively to the potential impacts of climate change on our business, we will continuously track evolving ESG standards and industry trends, ensuring our operations remain resilient and compliant.

Environmental Protection

We adhere to the standards set or issued by the relevant PRC environment-related laws and regulations in assessing and managing the environmental impacts of our business activities. We have certificated as the Green Factory in Henan Province (河南省綠色工廠) which represents our commitment in connecting environmental protection to our production process. In order to systematically address the various environmental issues that may arise from our operations, our production bases have implemented an environmental protection system that meets the requirement of ISO 14001:2015. We have established company-wide environmental policies and standard operating procedures, including but not limit to the Atmospheric Pollutant Emission Management Procedures (《大氣污染排放管理規程》), Waste Management Procedures (《廢棄物管理規程》), Water Resources Protection and Management Procedures (《水資源保護管理規程》), Environmental Noise and Workplace Noise Management Procedures (《環境噪音和噪音工作場所管理規程》).

We have implemented a series of measures to fulfil our environmental responsibilities, including but not limited to:

- *Carbon emission management:* Periodically schedule inspections on resource consumption and assess the environmental impact of atmospheric emissions.
- *Waste management:* We place general waste at the specific locations to be handled by municipal authorities. Hazardous waste should be stored at specific locations. The hazardous waste should be verified and categorised by the Environmental, Health and Social (“EHS”) administrator in accordance with relevant standards and handed over to a qualified third-party organisation for disposal.
- *Water management:* We recycle cooling water from the freeze-drying room to the raw water tank in the water production room. We implement the sewage process equipment to purify the sewage.

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- *Noise management:* EHS Leading Group (EHS領導小組) should conduct regular noise inspections in the factory and other work areas, provide suitable noise reduction equipment for the workers and set up noise protection warning signs to raise awareness of noise management among our employees.
- *Energy management:* We have implemented a policy to switch off office equipment after working hours to reduce standby energy consumption. When purchasing equipment, we prioritise energy-efficient products whenever possible.

Environmental metrics and targets

GHG emissions

We measure GHG emissions covering Scope 1, Scope 2, and Scope 3 categories. Scope 1 emissions are direct emissions originating primarily from our operational activities, such as petrol and natural gas. Scope 2 emissions are energy indirect emissions resulting from our consumption of purchased electricity. Scope 3 emissions include other indirect emissions, notably those associated with wastepaper processing, freshwater and sewage treatment, and business travel. The following table sets out our emissions during the Track Record Period:

GHG Emissions ⁽¹⁾ Key Performance Indicator	Unit	For the Year ended		For the
		31 December	2024	nine months ended
		2023		30 September
				2025
Direct (Scope 1) GHG emissions	Tonnes of carbon dioxide equivalent (tCO ₂ e)	645.01	499.53	469.32
Energy indirect (Scope 2) GHG emissions	tCO ₂ e	2,165.17	2,242.23	1,905.28
Other indirect (Scope 3) GHG emissions	tCO ₂ e	100.83	88.67	69.39
Total GHG emissions (Scopes 1, 2 and 3)	tCO ₂ e	2,911.01	2,830.43	2,443.99

Notes:

- (1) GHG emission data are presented in terms of carbon dioxide equivalent and are based on, including but not limited to (i) “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development; (ii) “How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange; (iii) “2023 National Electricity Carbon Footprint Factor” issued by Ministry of Environmental Protection of the People’s Republic of China; and (iv) the “Global Warming Potential Values” from the IPCC Sixth Assessment Report.

BUSINESS

Waste management

Due to our business nature, we may involve the use of hazardous chemical materials, and hazardous wastes may be produced. We divide the waste we produced into hazardous waste (such as organic chemical waste, pharmaceutical waste and sludge from the sewage treatment centre) and general waste (such as paper and municipal waste). For hazardous waste, it should be stored in the hazardous waste warehouse. EHS administrator should verify and categorise the hazardous waste in accordance with relevant standards and hand over to a qualified third-party organisation for disposal. General waste is placed at specific locations to handle by municipal authorities. We have also established the standard operating procedures that specify the waste disposal requirements in different operational environments, including but not limited to Production Waste Disposal Management Procedures (《生產廢棄物處理管理規程》), Quality Control Room Waste Management Procedures (《質量控制室廢棄物管理規程》) and Prevention of Pollution, Waste Minimisation and Recycling Management Procedures (《預防污染、廢物最小化、回收利用管理規程》). We will also keep track on the amount of waste generated, to minimise the environmental impacts resulted from our operation.

Waste Key Performance Indicator	Unit	For the Year ended 31 December		For the nine months ended 30 September
		2023	2024	2025
Non-hazardous waste	tonnes	14.79	15.16	11.29
Hazardous waste	tonnes	1.09	0.86	0.35

Resource management

We endeavour to promote green operations, we have implemented the Water and Electricity Conservation Management Policy (《節約用水用電管理制度》) to lower consumption in the operational sites and office, improve resource utilisation and raise environmental awareness among the workforces. We have implemented energy management system in accordance with ISO 5001:2018 standards. We have actively monitored our electricity consumption and implemented various measures to enhance energy efficiency. We prioritise energy-saving lighting equipment in the office and public area, use sound-sensing and light-activated system in stairwells to effectively conserve energy, and require our employees to switch off idle lighting system and electronic appliances.

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Meanwhile, we strive to foster conservation culture in our Group and intend to reduce water consumption. To promote water conservation and minimise unnecessary usage, we have formulated the Water Resources Protection and Management Procedures (《水資源保護管理規程》) that EHS Leading Group should identify the water usage in different departments, conduct regular quantitative analysis of water usage, increase the reuse of water resources.

Use of Resources			For the Year ended		For the
			31 December		nine months
Key Performance Indicator		Unit	2023	2024	ended 30 September 2025
Energy Consumption					
Direct energy consumption	Petrol	MWh	59.40	40.87	12.17
	Natural gas	MWh	3,010.50	2,338.25	2,231.45
Purchased energy	Electricity	MWh	3,489.40	3,613.58	3,070.56
Total energy consumption		MWh	6,559.30	5,992.70	5,314.18
Water Consumption					
Total water consumption		m ³	134,871	139,112	117,803
Packaging Materials Consumption					
Total packaging materials consumption		tonnes	21.06	15.35	7.76

Environmental Targets

We have set various goals to reduce our environmental impact, and we continue to take significant steps toward these targets:

- **GHG emissions.** We aim to reduce our GHG emissions and support the national “carbon peaking and carbon neutrality” goals. This will be achieved through the adoption of energy-efficient equipment, if possible. In 2025, we have procured a substantial amount of electric vehicles to replace most of the existing fossil fuel vehicles, with a view to reducing GHG emissions during daily usage.
- **Energy consumption.** During the Track Record Period, we actively monitored our electricity consumption. Looking ahead, we aim to promote energy-saving practices and increase the share of low-carbon energy used throughout our daily operations, if possible. This includes encouraging the procurement and use of energy-efficient equipment if possible.
- **Water consumption.** During the Track Record Period, we closely monitored our water consumption and implemented initiatives to promote water conservation.
- **Hazardous waste discharge.** During the Track Record Period, we conducted periodic monitoring of our hazardous waste discharge. For the hazardous waste generated from our business operations, we engage certified third-party service providers to ensure proper and compliant disposal. Looking ahead, we aim to continuously monitor and evaluate waste sources to reduce unnecessary hazardous waste generation.

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- **Non-hazardous waste disposal.** During the Track Record Period, we conducted periodic monitoring of our non-hazardous waste disposal and centrally processed by relevant departments, including but not limit to Plant and Engineering Department (設備工程部), to ensure proper and compliant disposal.

Social Matters

Employment rights and well-being

We are committed to building a fair, equitable and inclusive employment environment. We strictly comply with the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), the Provisions on Prohibition of Using Child Labour (《禁止使用童工規定》) and other relevant laws and regulations. We are committed to ensuring all employees enjoy equal opportunities in recruitment, promotion, benefits and career development. Employment procedures are conducted in accordance with the Knature Employee Handbook (《康諾生物員工手冊》), Knature Recruitment, Onboarding and Offboarding Management Policy (《康諾生物招聘、入離職管理制度》) and Requirements of Knature Regarding the Prohibition of Child Labour and Forced Labour (《康諾生物關於禁止使用童工和強迫勞動的相關規定》).

We are devoted to offering fair and equal opportunities in all our employment practices and we have implemented relevant policies and procedures. As part of our retention strategy, we have developed a comprehensive compensation system under the Knature Compensation and Benefits Management Policy (《康諾生物薪酬福利管理制度》), providing competitive salaries and merit-based incentives based on individual and overall business performance.

Employee training

We recognise that training and career development are essential to empowering our employees. We have established the Requirements of Knature on Professional Titles, Skills, and Educational Advancement Awards (《康諾生物關於職稱、技能、學歷提升的獎勵規定》), incentivising our employees to pursue continuous learning and participate in professional development programmes that suit them the most.

Occupational health and safety

To provide a safe working environment, we have established an occupational health and safety management system that comply with ISO 45001:2018 requirements and work safety guidelines with regards to relevant laws and regulations including the Environmental Safety Hazard Investigation Policy (《環境安全隱患排查制度》), Hazardous Chemical Management Policy (《危險化學品管理制度》) and EHS Management Procedures (《EHS管理規程》). We also provide our production staff with sufficient safety equipment and formulate standard operational procedures to ensure employees' production operations follow the standardised protocols. To reinforce safety awareness, we conduct periodic safety education and training sessions, and organise drills to improve employees' understanding of workplace safety protocols and emergency response procedures. Our Safety Production Committee (安全生產委員會) operates under the guidance of the Safety

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Production Committee Management Procedures (《安全生產委員會管理規程》) to maintain a safe working environment, conduct periodic inspection for each of our operational departments and implement related mitigation measures when necessary.

Supply chain ESG management

We believe that sustainable supply chain management is the cornerstone of maintaining high-quality service. We have established the Material Supplier Management Procedures (《物料供應商管理規程》) and corresponding supplier quality system assessment criteria, encompassing product quality, after-sales service provision and timely delivery. Our suppliers are required to comply with relevant environmental regulations and uphold principles of integrity. To control EHS risks from the source, we prioritise suppliers with corresponding environmental compliance documents and those certified under the ISO 14001:2015 Environmental Management System.

Business ethics

We adhere to the principles of integrity and compliant development, striving to build a transparent and fair business environment. We have established the Knature Employee Handbook (《康諾生物員工手冊》) and the Knature Information Risk Management and Confidentiality Policy (《康諾生物信息風險管理及保密制度》) to safeguard our security and interests while standardising information management systems. The system categorises company data into four confidentiality levels, defining the authorised access scope and management requirements for each information type. Our employees must sign secrecy agreements upon joining, with strict prohibitions against disclosing or disseminating secret information. Violators shall be held accountable in accordance with applicable laws and regulations.

Social responsibility

We pay attention to the development of the communities in which we operate, support social development and fulfil our social responsibilities through various public welfare activities. We encourage our employees to participate in volunteer service activities. Corporate social responsibility is an integral part of our core growth philosophy, pivotal to our ability to create sustainable value for our Shareholders and communities.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. As of the Latest Practicable Date, we were not subject to any claims, damages or losses which would have a material adverse effect on our financial position or results of operations as whole. As of the Latest Practicable Date, no material litigation, arbitration or administrative proceedings had been threatened against us or any of our members.

We are committed to maintaining a high standard of compliance with the laws and regulations applicable to our business, and we intend to maintain this culture through the strict implementation of our risk management and internal control policies. For details, see

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“— Risk Management and Internal Control”. During the Track Record Period and up to the Latest Practicable Date, we did not have material non-compliance incidents which our Directors believe would have a material operational or financial impact on us as a whole.

Risk Control Measure on Our Production

In November 2024 the Henan Provincial Medical Products Administration (河南省藥品監督管理局) (“**Henan MPA**”) implemented risk control measures to temporarily suspend our production of Injectable Pancreatic Kininogenase. According to the confirmation notice on its official website, the suspension was lifted by Henan MPA in December 2024. According to the written confirmation issued by the Henan MPA in May 2025, our remedial actions were fully compliant with the relevant requirements. Save for the said incident, there had been no other similar risk control measures impacting our production during the Track Record Period and up to the Latest Practicable Date. Our Directors have confirmed that (i) following the implementation of comprehensive remedial measures, our production process has been fully reinstated in compliance with relevant requirements, as confirmed by the relevant regulatory authority, and (ii) the said incident was an one-off occurrence. Hence, the said risk control measure did not have, and is not expected to have, any material adverse impact on our overall business operations.

LICENCES, PERMITS, AND CERTIFICATES

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licences, permits and certificates that are material for our operations in the PRC, and all of such licences, permits and certificates are currently in effect. We had not experienced any material difficulty in renewing our key licences, permits and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

Additionally, according to Measures for the Administration of Drug Registration (《藥品管理法》), the clinical trial of a certain drug shall be implemented within three years from its clinical trial approval from the NMPA. Where no study subject has signed an informed consent within three years from the date of approval, the approval shall become void. A new application must be submitted if the clinical trial subsequently needs to be conducted. We have commenced the clinical trials for our drug candidates within three years from their respective date of approvals, so the expiry date is not applicable.

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AWARDS AND RECOGNITION

The table below out a summary of the major awards and recognition we received during the Track Record Period.

Awards or Recognition	Granting Authority	Time
Functional Medicine Scientific Research Contribution Award (功能醫學科研貢獻獎)	China Anti-Aging Promotion Association (中國抗衰老促進會)	November 2025
Yangtze Delta National Technology Innovation Centre — Conno Biotechnology Joint Innovation Centre (長三角國創中心 — 康諾生物聯合創新中心)	Yangtze Delta National Technology Innovation Centre (長三角國家技術創新中心)	October 2025
2025 Outstanding Case of Future Industry Application Scenarios in Anhui Province (2025年安徽省未來產業應用場景優秀案例)	Anhui Provincial Development and Reform Commission (安徽省發改委)	September 2025
Green Factory in Henan Province (河南省綠色工廠)	Henan Provincial Department of Industry and Information Technology (河南省工信廳)	August 2025
National Key Specialised, Refined, Characteristic and Innovative Little Giant Enterprise (國家專精特新重點小巨人企業)	Ministry of Industry and Information Technology of China (國家工信部)	July 2025
Top 20 Biopharmaceutical Innovation Leaders in the Yangtze River Delta G60 Sci-tech Innovation Corridor (長三角生物醫藥創新領航top20)	Office of the Joint Conference of the Yangtze River Delta G60 Sci-tech Innovation Corridor (長三角G60科創走廊聯席會議辦公室)	December 2024

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Awards or Recognition	Granting Authority	Time
2024 International Functional Medicine Excellence Brand (2024年度國際功能醫學卓越品牌)	China Anti-Aging Promotion Association (中國抗衰老促進會)	November 2024
National High-Tech Enterprise (國家高新技術企業)	Anhui Provincial Department of Industry and Information Technology (安徽省工信廳)	November 2024
National High-Tech Enterprise (國家高新技術企業)	Henan Provincial Department of Science and Technology (河南省科技廳)	October 2024
Anhui Province Outstanding Patent Award (安徽省專利優秀獎)	Anhui Provincial Market Supervision Administration (安徽省市場監督管理局)	September 2024
National Specialised, Refined, Characteristic and Innovative Little Giant Enterprise (國家專精特新小巨人企業)	Ministry of Industry and Information Technology of China (國家工信部)	July 2024
Anhui Provincial Industrial Innovation Research Institute for Synthetic Biomanufacturing (合成生物製造安徽省產業創新研究院)	Anhui Provincial Department of Science and Technology (安徽省科技廳)	May 2024
Anhui Provincial Postdoctoral Workstation (安徽省博士後工作站)	Anhui Provincial Department of Human Resources and Social Security (安徽省人社廳)	November 2023

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Awards or Recognition	Granting Authority	Time
Anhui Provincial Enterprise R&D Centre (安徽省企業研發中心)	Anhui Provincial Department of Science and Technology (安徽省科技廳)	September 2023
Anhui Provincial Enterprise Technology Centre (安徽省企業技術中心)	Anhui Provincial Department of Industry and Information Technology (安徽省工信廳)	July 2023
Henan Provincial Engineering Technology Research Centre for Separation and Purification of Biochemical Pharmaceuticals (河南省生化藥物分離純化工程技術研究中心)	Henan Provincial Department of Science and Technology (河南省科技廳)	December 2021
Henan Provincial Enterprise Technology Centre (河南省企業技術中心)	Henan Provincial Development and Reform Commission (河南省發改委)	May 2021
Kaifeng Key Laboratory for Engineering Technology Application of Biopharmaceuticals (開封市生物藥物工程技術應用重點實驗室)	Kaifeng Science and Technology Bureau (開封市科技局)	February 2021
Hefei Key Enterprise (合肥市重點企業)	Hefei Development and Reform Commission (合肥市發改委)	November 2020
Kaifeng Engineering Technology Research Centre for Separation and Purification of Biochemical Pharmaceuticals (開封市生化藥物分離純化工程技術研究中心)	Kaifeng Science and Technology Bureau (開封市科技局)	December 2018

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RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks for our operations so risk management is important for our business. For details of the various operational risks we face, see “Risk Factors”. In addition, we are also exposed to different financial risks, such as foreign exchange risk, cash flow and fair value interest rate risk, credit and liquidity risks that arise in the ordinary course of our business. For details, see “Financial Information”. In order to identify, assess, control and monitor the risks that may cause impediments to our business, we have designed and implemented policies and procedures to help ensure effective risk management in our operations.

We have adopted a comprehensive set of risk management policies, which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Our senior management, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analysed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by us and reported to our Directors.

To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted or will adopt, among other things, the following risk management and internal control measures:

- our Board is responsible for evaluating and determining the nature and extent of the risks in achieving our strategic objectives, and ensuring that we establish and maintain appropriate and effective risk management and internal control policies. Our Board also oversees our management team in designing, implementing and monitoring of the risk management and internal control systems;
- our management team is responsible for formulating the quality assurance procedures, standard operating procedures and other risk management policies. The relevant teams in our Company, such as our compliance team, finance team and the human resources team, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice;
- we have designated a senior management officer who will be responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments’ reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Company; and (viii) reporting to our audit committee on our material risks.

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- the relevant departments of our Company, including but not limited to the finance department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to standardise risk management across our Company and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritisation, measurement and categorisation of all key risks that could potentially affect their objectives; (iii) continuously monitor the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary; and (v) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework;
- our internal auditor is responsible for conducting monitor and review on risk mitigating activities, and reporting risks regularly at appropriate management levels within our Group and providing assurance on the progress of solutions for existing or potential risks; and
- our Audit Committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving our corporate risk tolerance; (iii) monitoring the most significant risks associated with our business operation and our management’s handling of such risks; (iv) reviewing our corporate risk in light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across our Company. See “Directors, Supervisors and Senior Management — Board Committees — Audit Committee”.

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.

Internal Control

Our Board is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder’s investment at all times. Our internal control policies set out a framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. 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 operations, such as protection of intellectual property, environmental protection and occupational health and safety. We provide periodic training on these measures and procedures to our employees as part of our employee training programme. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the produce development process.

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- our Directors (who are responsible for monitoring our corporate governance) with assistance from our legal advisers, will periodically review our compliance status with all relevant laws and regulations after the [REDACTED].
- we have established a data compliance policy that outlines the guiding principles of data protection, the data compliance management framework, data security and protection requirements, an emergency plan in case of a data security incident, and data classification management, which are in connection with the data collected from our clinical trials. Internal control measures have been adopted to safeguard personal data and clinical results, ensuring compliance with relevant laws and regulations, and key measures of which include, (i) all trial human subjects are required to sign a consent letter, which outlines the approach to handle their personal data, to ensure that clinical trials participants are fully informed and have given their consents for their data to be used in the clinical trial; (ii) the personal data and clinical results are stored on access-restricted platforms. These platforms are equipped with firewalls, continuous logging, encrypted data transfer, and regular backup procedures. Access to these platforms is password-protected, with password complexity requirements in place and the implementation of two-factor authentication. Furthermore, there exists the continuous monitoring and control of the access list to the data storage platforms, with all access logged. This monitoring procedure enables the tracking of user activity and timely identification of any unauthorised access attempts; and (iii) all employees are required to receive training on topics regarding cybersecurity, data security, and personal data protection at group level. Additionally, email alerts are sent to our employees from time to time to enhance their awareness on the risks associated with hacking, phishing and IT security breaches;
- We have established an Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee our risk management and internal control procedures. See “Directors, Supervisors and Senior Management — Board Committees — Audit Committee”.
- We have engaged SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Adviser to provide advice to our Directors and management team until the end of the first fiscal year after the [REDACTED] regarding matters relating to the Listing Rules. Our Compliance Adviser is expected to ensure our use of the [REDACTED] from the [REDACTED] complies with “Future Plans and [REDACTED]” after the [REDACTED], as well as to provide support and advice regarding the requirements of relevant regulatory authorities in a timely manner.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. We believe that our Directors and our senior management members possess the requisite knowledge and experiences in providing good corporate governance oversight in connection with risk management and internal control.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned directly as to approximately 74.6667% by Hefei Feng Chao, our holding company which was directly owned as to 75% by Mr. Wang Wei, our Executive Director, Chairman and Chief Executive Officer. In addition, as Mr. Wang Wei also served as a general partner of each of Hefei Kang Min and Hefei Kang Bei, which were established as our employee incentive platforms, respectively, the voting rights of Hefei Kang Min and Hefei Kang Bei were accordingly effectively vested in Mr. Wang. Therefore, Mr. Wang Wei, Hefei Feng Chao, Hefei Kang Min and Hefei Kang Bei constitute a group of Controlling Shareholders before the [REDACTED]. Immediately following the completion of the [REDACTED], our group of the Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of the voting rights (assuming the [REDACTED] is exercised in full) and thus remain as our Controlling Shareholders.

For details of the relationship among our Controlling Shareholders, and their shareholding in our Company, see “History, Development and Corporate Structure” and “Substantial Shareholders”.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Our Board consists of eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. Our executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the role of Mr. Wang Wei and Mr. Lin Zirong in Hefei Feng Chao, our direct Controlling Shareholder, acting as a director and/or supervisor (as the case may be), our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

- (a) save as disclosed above, none of our Directors or senior management members holds directorship or senior management position at Hefei Feng Chao or its close associates.
- (b) our daily management and operations are carried out by our senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Company. For details of the industry experience of our senior management team, see “Directors, Supervisors and Senior Management” in this document;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company 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 Company and the Controlling Shareholders which would support our independent management. For details, see “— Corporate Governance”.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from the Controlling Shareholders and their close associates after the [REDACTED].

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specialising in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers. We are in possession of all relevant licences, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of the Controlling Shareholders and their close associates

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have an independent financial system and make financial decisions according to our Company’s own business needs. We have our own internal control and accounting systems and an independent finance department for discharging the treasury function and independent access to third party financing. We do not expect to rely on the Controlling Shareholders and their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalent on hand and internally generated funds as well as the [REDACTED] from the [REDACTED].

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders and their associates. As of the Latest Practicable Date, we did not have any outstanding loans provided by or granted to, nor any non-trade balances due to or due from, the Controlling Shareholders or their associates. All guarantees provided by our Controlling Shareholders on our Group’s borrowing will be fully released upon the [REDACTED].

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 the Controlling Shareholders after the [REDACTED].

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules (“**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognise the importance of good corporate governance in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Company and the Controlling Shareholders:

- (a) where a Board meeting is held for the matters in which any Director has a material interest, such Director(s) shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Shareholders’ meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their associates have a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with the Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. For details of the independent non-executive Directors, see “Directors, Supervisors and Senior Management”;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial adviser, the appointment of such independent professionals will be made at our Company’s expenses; and
- (f) we have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and the Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].

INTERESTS OF THE CONTROLLING SHAREHOLDER IN OTHER BUSINESSES

The Controlling Shareholders and our Directors confirm that, which is concurred by the Sole Sponsor based on the due diligence work performed, saved as disclosed in this document, as of the Latest Practicable Date, our Controlling Shareholders did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. All Directors are elected by the general meeting for a term of three years which is renewable upon re-election. The major powers and functions of our Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of our Company, determining the annual financial budgets and final accounts of our Company, determining the fundamental management systems of our Company, formulating profit distribution plans and loss recovery plans of our Company, and exercising other powers and functions as conferred by the Articles of Association.

Our Supervisory Committee consists of three Supervisors, comprising two shareholder representative Supervisors, and one employee representative Supervisor. The Supervisory Committee is responsible for supervising the performance of duty of our Board and the senior management of our Company and overseeing the financial conditions of our Company. The employee representative Supervisor is elected by our workers congress, while shareholder representative Supervisors are elected at the Shareholders’ general meetings. Our Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the management of day-to-day operations of our Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets out certain information of our Directors:

Name	Age	Position(s)	Principal roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationship with other Directors, Supervisors and senior management
Mr. Wang Wei (王偉)	59	Chairman of our Board, Executive Director and Chief Executive Officer	Responsible for the overall development strategies, business and investment plans and major decision-making of our Group	August 2017	February 2023*	None

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Principal roles and responsibilities	Date of joining our Group	Date of appointment as Director	Relationship with other Directors, Supervisors and senior management
Mr. Wang Zhongwei (王忠偉)	60	Vice Chairman of our Board and Executive Director	Responsible for assisting the Chairman in overseeing the strategic development and overall management of our Group	August 2017	February 2023*	None
Mr. Lin Zirong (林子榮)	47	Vice Chairman of our Board, Executive Director, Board Secretary and Joint Company Secretary	Responsible for assisting the Chairman in overseeing the strategic development and overall management of our Group, as well as the overall financial management of our Group	August 2017	February 2023*	None
Dr. Wang Kanglin (王康林)	49	Executive Director and Chief Scientist	Responsible for overseeing the R&D activities of our Group	July 2018	February 2023*	None
Ms. Zheng Siyuan (鄭思源)	28	Non-Executive Director	Participating in the formulation of corporate strategies and decision-making of our Group	February 2023	December 2024	None
Mr. Lin King Yeung (連景揚)	37	Independent non-executive Director	Supervising and providing independent judgement to our Board	December 2025	December 2025, effective upon [REDACTED]	None
Dr. Li Weiping (李衛平)	65	Independent non-executive Director	Supervising and providing independent judgement to our Board	December 2025	December 2025, effective upon [REDACTED]	None
Dr. Yang Shigao (楊世高)	41	Independent non-executive Director	Supervising and providing independent judgement to our Board	December 2025	December 2025, effective upon [REDACTED]	None

Notes:

* The appointment dates refer to the dates on which the relevant Directors were designated as our Directors upon our conversion into a joint stock company in February 2023.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Wang Wei (王偉), aged 59, is an executive Director, the chairman of our Board and the chief executive officer of our Company. Mr. Wang Wei joined our Group in August 2017 and has been serving as an executive Director since February 2023. He is primarily responsible for the overall development strategies, business and investment plans and major decision-making of our Group.

Mr. Wang Wei has over 29 years of experience in the pharmaceutical industry, with extensive expertise in corporate management, marketing and business operations. From September 1995 to August 2004, he served in Sino-American Tianjin SmithKline & French Laboratories Ltd. (中美天津史克製藥有限公司) with successive positions as academic representative, office director, regional manager and national sales manager. From October 2004 to August 2006, he served as the general marketing director at China Shineway Pharmaceutical Group Limited (神威藥業集團有限公司) (HKEX: 02877). From November 2006 to December 2007, he served as the general manager at Gan & Lee Pharmaceuticals Co., Ltd. (甘李藥業有限公司) (SSE: 603087). From January 2008 to April 2009, Mr. Wang Wei served as the vice president at Hangzhou Minsheng Pharmaceutical Co., Ltd. (杭州民生藥業股份有限公司). From June 2009 to January 2011, he served as a special marketing counsel at Hapharm Group Co., Ltd. (哈藥集團股份有限公司) (SSE: 600664). From January 2011 to June 2012, Mr. Wang Wei rejoined Shenwei Pharmaceutical Group Co., Ltd. as the deputy president in marketing. From June 2012 to December 2016, he served as the general manager at Pingguang Pharmaceutical Co., Ltd. (平光製藥股份有限公司). Since March 2017, Mr. Wang Wei has also served as an executive director of Hefei Feng Chao, one of our Controlling Shareholders.

Mr. Wang Wei obtained his bachelor’s degree in oral medicine from Anhui Medical University (安徽醫科大學) in the PRC in July 1990. He also obtained his master’s degree in Executive Master of Business Administration from Tsinghua University in the PRC in July 2005. Mr. Wang Wei is also qualified as a senior engineer.

Mr. Wang Zhongwei (王忠偉), aged 60, is an executive Director and the vice chairman of our Board. Mr. Wang joined our Group in August 2017 and has been serving as an executive Director since February 2023. Mr. Wang Zhongwei is primarily responsible for assisting the Chairman in overseeing the strategic development and overall management of our Group.

Mr. Wang Zhongwei has nearly 40 years of experience in the pharmaceutical industry, with extensive experience in corporate management and production operations. From June 1993 to July 2000, he served as various positions, including the head of the quality inspection department, deputy director and director of Kaifeng Biochemical Pharmaceutical Factory (開封市生物化學製藥廠). From September 2000 to September 2003, he served as the director of Kaifeng Knature Biochemical Pharmaceutical Factory (開封市康諾生化製藥廠), the predecessor of Kaifeng Knature, one of our wholly-owned

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subsidiaries. He then served as the chairman of Kaifeng Knature from October 2003 to November 2016, and as its general manager from December 2016 to April 2020, respectively.

Mr. Wang Zhongwei obtained his diploma degree in pharmacy from Kaifeng Medical College of Higher Vocational College (開封醫學專科學校) (which has been merged into Henan University (河南大學) in June 2000) in the PRC in July 1987. Mr. Wang Zhongwei is also qualified as a senior engineer and a licensed pharmacist.

Mr. Lin Zirong (林子榮), aged 47, is the Vice Chairman, Executive Director, Board Secretary and Joint Company Secretary. Mr. Lin joined our Group in August 2017 and has served as an executive Director since February 2023. He is primarily responsible for assisting the Chairman in overseeing the strategic development and overall management of our Group, as well as the overall financial management of our Group.

Mr. Lin Zirong has over 18 years of experience in the pharmaceutical industry, with extensive experience in financial management and corporate operations. From June 2007 to November 2011, he served as a regional manager at Pingguang Pharmaceutical Co., Ltd. (平光製藥股份有限公司), and its deputy general manager of securities affairs from November 2012 to September 2016. From November 2011 to December 2012, Mr. Lin Zirong served as a division director at China Shineway Pharmaceutical Group Limited (神威藥業集團有限公司) (HKEX: 02877). Mr. Lin Zirong also served as a supervisor at Hefei Feng Chao, one of our Controlling Shareholders since December 2020.

Mr. Lin Zirong obtained his diploma in accounting from Xi'an Jiaotong University (西安交通大學) in the PRC in June 2005. He also obtained his master's degree in Business Administration (Professional) from Tsinghua University in the PRC in June 2025.

Mr. Lin Zirong was a director of the following company incorporated in the PRC, which was dissolved by way of deregistration, details of which are set out below:

Name of company	Principal business activity prior to dissolution	Date of dissolution	Company Status
Knature Mitochondrial	Pharmaceutical production	18 November 2025	Deregistered

To the best of our Directors' knowledge, information and belief having made reasonable enquiries, there was no judgement or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Lin Zirong involved in the dissolution of Knature Mitochondrial, and as of the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Lin Zirong in his capacity as a director prior to the abovementioned company's dissolution. Mr. Lin Zirong also confirmed that Knature Mitochondrial was solvent at the time of its dissolution.

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Dr. Wang Kanglin (王康林), aged 49, is an executive Director and the chief scientist of our Company. Dr. Wang Kanglin joined our Group in July 2018 and has served as our chief scientist ever since. He has been serving as an executive Director in February 2023 and is primarily responsible for overseeing the R&D activities of our Group.

Dr. Wang Kanglin has over 22 years of experience in pharmaceutical R&D. From July 2002 to January 2011, he served as a teacher at Hefei University of Technology (合肥工業大學). From February 2011 to April 2013, he served as a researcher at Xinchang Pharmaceutical Factory, Zhejiang Medicine Co., Ltd. (浙江醫藥股份有限公司新昌製藥廠). From October 2013 to May 2014, he served as the director at the quality and research department at Zhejiang Huahai Pharmaceutical Co., Ltd. (浙江華海藥業股份有限公司) (SSE: 600521). From May 2014 to April 2018, he served as the R&D director at Pingguang Pharmaceutical Co., Ltd. (平光製藥股份有限公司).

Dr. Wang Kanglin has served as a doctoral and master’s supervisor at multiple universities, including Anhui University, Jiangnan University, and The University of Science and Technology of China (Science Island Branch) (中國科學技術大學科學島分院). Dr. Wang Kanglin is also a member of the expert committee on China Medical Biotech Association (中國醫藥生物技術協會) and the expert committee of the China Biochemical Pharmaceutical Industry Association (中國生化製藥工業協會). He has received honours including, among others, the Hefei Hundred Talents Programme for Innovative Leading Talents (合肥市百人計劃創新領軍人才), the Anhui Provincial Special Support Programme for Innovative Leading Talents (安徽省特支計劃創新領軍人才), and the Anhui Provincial Leading Talent in Technology (安徽省技術領軍人才).

Dr. Wang Kanglin obtained his bachelor’s degree in chemistry education from Anhui Normal University (安徽師範大學) in the PRC in July 1999. He obtained his master’s degree in Applied Chemistry from Chengdu University of Technology (成都理工大學) in the PRC in June 2002. He then obtained his doctoral degree in Applied Chemistry from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2009. He further obtained his postdoctoral training in pharmacy from Zhejiang University (浙江大學) in the PRC in March 2014. Dr. Wang Kanglin is also qualified as a professional-level senior engineer.

Non-executive Director

Ms. Zheng Siyuan (鄭思源), aged 28, is a non-executive Director. Ms. Zheng joined our Group as a Supervisor in February 2023 and has been serving as a non-Executive Director since December 2024 and has since been responsible for participating in the formulation of corporate strategies and decision-making of our Group.

Ms. Zheng was nominated to our Board by Changfeng Industrial Investment, one of our Shareholders. Ms. Zheng has experience in investment management, and she has served as an investment manager at Hefei Chanin Capital Venture Investment Management Co., Ltd. (合肥產投資本創業投資管理有限公司) since July 2022.

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Ms. Zheng obtained her bachelor’s degree in Financial Engineering from Shandong University of Finance and Economics (山東財經大學) in the PRC in June 2019, and master’s degree in Finance from University of Science and Technology of China (中國科學技術大學) in the PRC in June 2022.

Independent Non-executive Directors

Mr. Lin King Yeung (連景揚), aged 37, was appointed as an independent non-executive Director in December 2025, with effect upon [REDACTED].

Mr. Lin King Yeung has been serving as a strategic department director at EXIO (HK) Limited since January 2026. From November 2018 to January 2026, Mr. Lin King Yeung served as a senior vice president of Invest Hong Kong. From May 2017 to July 2018, he served as a vice president of the investment banking division of Central China International Capital Limited (中州國際融資有限公司). From December 2015 to April 2017, he served as a senior analyst of the investment banking division of Zhongtai International Capital Limited (中泰國際融資有限公司). From January 2014 to November 2015, he served as a manager of corporate finance department of F.E. Corporate Finance Advisory Limited. (F.E.企業融資顧問有限公司). From November 2012 to January 2014, he served as an accountant at Ernst & Young.

Mr. Lin obtained the qualification of certified public accountant of Australia in December 2017. He obtained a bachelor’s degree in Business Finance and a master’s degree of Financial Management from The University of Durham in the United Kingdom in July 2010 and January 2012, respectively.

Dr. Li Weiping (李衛平), aged 65, was appointed as an independent non-executive Director in December 2025, with effect upon [REDACTED].

Dr. Li Weiping has been serving various positions at Anhui Medical University (安徽醫科大學) since September 1983, including teaching assistant, lecturer, associate professor, professor, doctoral supervisor, level two Professor, and a supervisor. From November 2006, Dr. Li Weiping has been serving as a guest professor at Anhui University of Traditional Chinese Medicine (安徽中醫學院).

Dr. Li Weiping obtained a bachelor’s degree in medicine, a master’s degree in pharmacy, and a doctoral degree in medicine from Anhui Medical University (安徽醫科大學) in August 1983, July 1989 and July 1999, respectively. Dr. Li Weiping has also been serving as the vice Chairman of Anhui Pharmaceutical Association (安徽省藥學會) since December 2022.

Dr. Yang Shigao (楊世高), aged 41, was appointed as an independent non-executive Director in December 2025, with effect upon [REDACTED].

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Dr. Yang has extensive academic and research experience in biomedical and life sciences. From July 2014 to September 2015, he served as an assistant researcher at the Institute of Process Engineering, Chinese Academy of Sciences (中國科學院過程工程研究所). From November 2015 to April 2016, he was a post-doctoral researcher at The University of Texas Southwestern Medical Centre in the United States. He subsequently served as a post-doctoral researcher at the Duke University Medical Centre in the United States from May 2016 to August 2019, and as a research associate at the same institution from September 2019 to May 2020. From August 2021 to July 2024, Dr. Yang served as a specially appointed professor at the First Affiliated Hospital (Northern District) of Anhui Medical University (安徽醫科大學第一附屬醫院(北區)) (formerly known as the Fourth Affiliated Hospital of Anhui Medical University (安徽醫科大學第四附屬醫院)). Since March 2024, he has been a specially appointed professor at the First Affiliated Hospital of Anhui Medical University (安徽醫科大學第一附屬醫院). Since April 2020, Dr. Yang has been a professor, doctoral supervisor and Southeast Scholar at the School of Life Sciences of Anhui University (安徽醫科大學生命科學學院), and has served as Assistant Dean of the School since January 2024.

Dr. Yang obtained a bachelor’s degree in Chinese medicine resources and development and a master’s degree in biochemistry and molecular biology from Anhui Agriculture University (安徽農業大學) in July 2007 and June 2010, respectively. He obtained his Ph.D. degree in biology from Tsinghua University in July 2014.

BOARD OF SUPERVISORS

The following table sets out certain information of our Supervisors:

Name	Age	Position(s)	Principal roles and responsibilities	Date of joining our Group	Date of appointment as Supervisor	Relationship with other Directors, Supervisors and senior management
Mr. Sun Rui Ke (孫瑞科)	44	Shareholder Representative Supervisor and Chairperson of the Supervisory Committee	Supervising our Board and senior management as well as operation and financial activities of our Group	June 2018	February 2023	None
Mr. Bai Jiarun (白佳潤)	49	Employee Representative Supervisor	Supervising our Board and senior management as well as operation and financial activities of our Group	August 2017	August 2025	None
Ms. Zhu Jie (朱婕)	26	Shareholder Representative Supervisor	Supervising our Board and senior management as well as operation and financial activities of our Group	December 2024	December 2024	None

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Mr. Sun Rui Ke (孫瑞科), aged 44, is a Supervisor of our Company. He also serves as the Chairman of the Supervisory Committee of our Company. Mr. Sun joined our Group in June 2018 and has served as a Supervisor since February 2023. He is primarily responsible for supervising the performance of duties by our Board and senior management.

Mr. Sun has over 21 years of experience in the pharmaceutical industry, with extensive experience in sales and marketing management. From March 2003 to June 2010, he served as a provincial manager at the marketing centre of Henan Furentang Pharmaceutical Co., Ltd. (河南輔仁堂製藥有限公司). From July 2010 to May 2018, he served as a general manager of the prescription drug business unit of Pingguang Pharmaceutical Co., Ltd. (平光製藥股份有限公司).

Mr. Sun obtained his diploma degree in Integrated Chinese and Western Medicine from Henan University of Chinese Medicine (河南中醫藥大學) (formerly known as Henan College of Chinese Medicine (河南中醫學院)) in the PRC in July 2003.

Mr. Bai Jiarun (白佳潤), aged 49, is a Supervisor of our Company. Mr. Bai joined our Group in August 2017 and has served as a Supervisor since August 2025. He is primarily responsible for supervising the performance of duties by our Board and senior management.

Mr. Bai has over 18 years of experience in the pharmaceutical industry, with extensive experience in sales and marketing management. From September 2007 to January 2013, he served as the director of the government affairs department of Jilin Cornell Pharmaceutical Co., Ltd. (吉林康乃爾藥業有限公司). From January 2013 to March 2017, he served as the vice general manager of the marketing centre and the general manager of the prescription drugs business unit of Hefei Pingguang Pharmaceutical Company Limited (合肥平光醫藥有限公司).

Mr. Bai obtained his diploma degree in Computer Applications from Shaanxi University of International Trade & Commerce (陝西國際商貿職業學院) in the PRC in June 2000. Mr. Bai obtained his master’s degree in marketing management from Brest Business School in France in December 2022.

Ms. Zhu Jie (朱婕), aged 26, is a Supervisor of our Company. Ms. Zhu joined our Group in December 2024 and has served as a Supervisor ever since. She is primarily responsible for supervising the performance of duties by our Board and senior management.

Ms. Zhu was nominated to the Supervisory Committee by Changfeng Industrial Investment, one of our Shareholders. Ms. Zhu has experience in investment management, and she has served as an investment manager at Hefei Chanin Capital Venture Investment Management Co., Ltd. (合肥產投資本創業投資管理有限公司) since July 2024.

Ms. Zhu obtained her bachelor’s degree in Logistics Management from Nanjing University of Finance and Economics (南京財經大學) in the PRC in June 2021 and master’s degree in Finance from Hefei University of Technology (合肥工業大學) in the PRC in June 2024.

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SENIOR MANAGEMENT

The following table sets out certain information of the senior management of our Group (other than our executive Directors):

Name	Age	Position(s)	Principal roles and responsibilities	Date of joining our Group	Date of appointment as Senior Management	Relationship with other Directors and Senior Management
Mr. Qin Kaiyuan (秦開元)	41	Chief Financial Officer	Responsible for the overall financial management and capital operations of our Group	July 2024	December 2024	None

Mr. Qin Kaiyuan (秦開元), aged 41, is the chief financial officer of our Company. Mr. Qin joined our Group in July 2024 and has served as the chief financial officer of our Company since December 2024. He is primarily responsible for the overall financial management and capital operations of our Group.

Mr. Qin has over 16 years of experience in the pharmaceutical industry, with extensive experience in financial management and corporate operations. From March 2010 to September 2013, Mr. Qin served as a marketing control accounting specialist at Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (杭州中美華東製藥有限公司). From October 2013 to April 2016, he served as an expatriate finance manager at Huadong Medicine Co., Ltd. (華東醫藥股份有限公司) (SZSE: 000963). From April 2016 to November 2022, he served as an expatriate finance director at China Grand Enterprises, Inc (中國遠大集團有限責任公司). From May 2023 to July 2024, he served as a financial director at Hubei Hongshanhu Pharmaceutical Co., Ltd. (湖北紅珊瑚醫藥有限公司).

Mr. Qin obtained his bachelor’s degree in Accounting from Zhengzhou University in the PRC in July 2007. Mr. Qin holds a PRC senior-level accounting professional qualification. He obtained the qualification of certified management accountant of the United States in July 2018.

INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors, Supervisors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document.

As of the Latest Practicable Date, none of our Directors, Supervisors or senior management were related to other Directors or senior management of our Company.

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JOINT COMPANY SECRETARIES

Mr. Lin Zirong, is one of the joint company secretaries of our Company. For the biographical details of Mr. Lin Zirong, see “— Directors — Executive Directors”.

Mr. Ng Tung Ching Raphael (吳東澄) (“**Mr. Ng**”), is one of the joint company secretaries of our Company with effect from the [REDACTED] Date.

Mr. Ng has over 14 years of experience in the legal and company secretarial areas, specialising in corporate governance and compliance. Currently, he is the assistant vice president of Governance Services/Entity Solutions of Computershare Hong Kong Investor Services Limited.

Mr. Ng obtained his bachelor’s degree in law from Manchester Metropolitan University. He also holds a master’s degree in Chinese Business Law from The Chinese University of Hong Kong and a master’s degree in Professional Accounting and Corporate Governance from City University of Hong Kong. Mr. Ng is an associate member of both The Hong Kong Chartered Governance Institute (“**HKCGI**”, formerly known as the Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute in the United Kingdom. Mr. Ng also possesses the practitioner’s endorsement from HKCGI.

BOARD COMMITTEES

Our Company has established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to our Board. The Audit Committee comprises three members, namely Mr. Lin King Yeung, Dr. Li Weiping and Dr. Yang Shigao, with Mr. Lin King Yeung as the chairman of the Audit Committee who is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession and evaluate

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our Board diversity policy. The Nomination Committee comprises three members, namely Dr. Li Weiping, Dr. Yang Shigao and Ms. Zheng Siyuan, with Dr. Li Weiping as the chairman of the Nomination Committee.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration Committee comprises three members, namely Dr. Yang Shigao, Dr. Li Weiping and Mr. Lin Zirong, with Dr. Yang Shigao as the chairman of the Remuneration Committee.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [REDACTED].

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer, and Mr. Wang Wei currently performs these two roles as the chairman of our Board and our chief executive officer. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. Wang Wei is the Director best suited to identify strategic opportunities and focus of our Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of (i) ensuring consistent leadership within our Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of our Board, and (iii) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable us to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and the chief executive officer of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted a Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to our Board Diversity Policy, we seek to achieve Board diversity through the consideration of a

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number of factors when selecting the candidates to our Board, including, but not limited to, gender, skills, age, professional experience, knowledge, cultural background, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our board currently consists of one female Director and seven male Directors. Our Directors have a balanced mix of knowledge and skills, including pharmaceutical, sales, overall management and strategic development, finance and accounting and corporate governance in addition to industry experience relevant to our Group’s operations and business. They obtained degrees in various majors including pharmaceutical, economics, accounting and business management. This diverse academic background allows our Board to approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of our Board and selecting individuals to be nominated as Directors. After the [REDACTED], our Nomination Committee will monitor and evaluate the implementation of our Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of our Board Diversity Policy, including any measurable objectives set for implementing our Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Background Information

As of the Latest Practicable Date, Ms. Li Min (李敏), who served as a Director until June 2025, and Ms. Wang Yichen (王亦辰), the daughter of Mr. Wang Zhongwei, our vice chairman and executive Director, held 90% and 10% of the equity interest, respectively, in NMN Science Holding Limited, a company incorporated in the British Virgin Islands in April 2020. NMN Science Holding Limited is the sole shareholder of NMN (Hong Kong) Health Science Limited (“NMN HK”, together with its subsidiaries, the “NMN HK Group”), a company incorporated in Hong Kong in May 2020 and principally engaged in the sales and marketing of NMN-related dietary supplements in Hong Kong through e-commerce channels.

NMN is a naturally occurring compound that is commonly marketed as a dietary supplement and is believed to support cellular energy metabolism and anti-ageing functions. Based on the regulatory restrictions applicable to NMN-related consumer health products

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in the PRC and the advice of our PRC Legal Advisers, NMN is not included in the current Catalogue of Health Foods Permitted for Use in the PRC and is therefore not permitted to be marketed or sold as a food or health supplement in the PRC. However, as advised by our PRC Legal Advisers, there has been no express prohibition under PRC laws prohibiting (i) consumers in the PRC purchasing NMN-related products from overseas markets (including Hong Kong) or (ii) overseas enterprises (including those in Hong Kong) selling NMN-related products to consumers in the PRC through compliant cross-border e-commerce channels.

Business Delineation

Our Directors are of the view that the businesses of our Group and NMN HK Group are clearly delineated and do not compete or overlap in any material aspect, taking into account their respective business models, product offerings, geographic markets, and operational structures. We are principally engaged in the R&D, production and sale of pharmaceutical products in the PRC, whereas the NMN HK Group primarily focuses on the trading and marketing of NMN-related dietary supplement products mainly in Hong Kong through e-commerce channels. Considering the prevailing regulatory restrictions in the PRC, our Group is not engaged in the manufacturing, sale or promotion of NMN-related products.

In addition, our Group and the NMN HK Group have operated as separate and independent businesses with distinct product portfolios, customer bases, geographic focus and operating entities. Our Group’s products are primarily distributed to hospitals, distributors and pharmacies in the PRC, while the NMN HK Group mainly serves overseas and end-user consumers through cross-border e-commerce channels. As confirmed by our Directors, during the Track Record Period and as of the Latest Practicable Date, there has been no overlap in manufacturing, distribution, core operations or brand execution between the two groups, nor has there been any sharing of premises, inventory, IT systems or sales platforms. Save as disclosed below in “— Historical Transactions and Related Arrangements”, there has been no connected transaction between our Group and the NMN HK Group during the Track Record Period.

Historical Transactions and Related Arrangements

Since (i) Ms. Li Min served as our former Director no more than 12 months ago before the Latest Practicable Date and (ii) Ms. Wang Yichen, being the daughter of Mr. Wang Zhongwei, our Vice Chairman and Executive Director, may be considered as a deemed connected person of our Group, both of Ms. Li Min and Ms. Wang Yichen may then constitute connected persons under Chapter 14A of the Listing Rules. Therefore, NMN HK Group may also constitute a connected person of our Group, and all transactions between our Group and NMN HK Group may therefore be regarded as connected transactions as defined under Chapter 14A of the Listing Rules.

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Historical Transactions

During the Track Record Period, our Group entered into certain transactions with NMN HK Group, which comprised: (i) the sale of NMN raw materials and product packaging materials by Hefei NMN, our former wholly owned subsidiary to NMN HK Group in 2020, in an aggregate amount of approximately RMB1.4 million (“**2020 Sales Transaction**”), to support NMN HK Group in the efficient commencement of its first NMN product line; and (ii) certain one-off financial support arrangements ranging from October 2020 to April 2023, pursuant to which Hefei Knature, a wholly owned subsidiary of our Company, provided aggregate financial support of approximately RMB1.2 million to Suzhou Nongmei Nong Health Technology Co., Ltd. (蘇州農美農健康科技有限公司) (“**Suzhou NMN**”), a wholly owned subsidiary of NMN HK, to enable Suzhou NMN to procure raw materials from independent third-party suppliers in the ordinary course of business (“**HK NMN Financial Support Transactions**”). The HK NMN Financial Support Transaction was fully settled in September 2025, upon Suzhou NMN repaying the full amount of RMB1.2 million to Hefei Knature. See Note 26 and Note 15 to the Accountant’s Report in Appendix I and Appendix IA to this document, respectively.

As confirmed by our Directors, the terms of the 2020 Sales Transaction and the HK NMN Financial Support Transactions were both negotiated on an arm’s length basis and conducted on normal commercial terms, which were fair and reasonable and in the interests of our Group and the Shareholders as a whole. As of the Latest Practicable Date, all related balances between our Group and HK NMN Group have been fully settled.

Trademarks

In addition, certain trademarks used by NMN HK in its business operations were previously registered in the name of Mr. Wang Wei, the chairman, executive Director and Chief Executive Officer. As part of our Group’s ongoing efforts to delineate its business from that of NMN HK Group and to enhance operational independence, all such trademarks have been transferred to NMN HK Group and there are no remaining overlapping trademarks or other intellectual property rights between our Group and NMN HK Group as of the Latest Practicable Date.

Independence Measures Adopted

We have implemented a range of measures to ensure that there is clear business delineation between our Group and NMN HK Group and to address any actual or perceived conflicts of interest between the parties. These measures include:

- **Separation of management and operations:** All overlapping personnel arrangements between our Group and NMN HK Group have been terminated. For example, Ms. Li Min resigned as a Director in June 2025 and no longer held any position within our Group. Our Directors further confirmed that, as of the Latest Practicable Date, NMN HK Group operated with an independent management and operational team, and no individuals held any position in both our Group and NMN HK Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

- **Segregation of intellectual property:** To further reinforce the operational independence between the two groups, all trademarks and intellectual patents previously registered under the name of our Group or our connected persons but used by NMN HK Group have been transferred or deregistered as of the Latest Practicable Date. Following completion of these arrangements, our Group did not retain any legal or beneficial interest in any intellectual property used by NMN HK Group as of the Latest Practicable Date.
- **Termination and settlement of historical balances and financial assistance arrangements:** As mentioned above, during the Track Record Period, our Group and NMN HK Group entered into certain transactions involving procurement of NMN raw materials and product packaging materials and financial assistance. To reinforce its financial independence and ensure a clear separation from NMN HK Group, our Company has taken active steps to terminate all such arrangements. As of the Latest Practicable Date, all outstanding balances arising from the above transactions had been fully settled. Our Directors also confirmed that our Group has not entered into, or does not intend to enter into, any new business or financial arrangements with NMN HK Group following the [REDACTED].
- **Strengthened internal control and governance practices:** Our Company has engaged Acclime Consulting (Hong Kong) Limited as its internal control consultant and has adopted certain internal control measures to monitor and manage potential conflicts of interest, including restrictions on Directors, Supervisors and senior management from holding positions or participating in any business that may compete with or conflict with the interests of our Group. Pursuant to these enhanced internal control measures, among others, any transactions with NMN HK Group, will be conducted on normal commercial terms, subject to board-level review and approval, and in compliance with the applicable requirements under the Listing Rules and in the interests of our Group and its Shareholders as a whole.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2026 and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer under the Listing Rules and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Rule 13.51 of the Listing Rules

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, saved and except disclosed above, there was no information relating to the appointment of our Directors that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of our Shareholders as of the Latest Practicable Date.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management members receive remuneration in the forms of salaries, allowances, contribution to pension schemes and discretionary bonuses.

The aggregate amount of remuneration (including salaries, allowances, contribution to pension schemes and discretionary bonuses) and other benefits in kind paid to our Directors and Supervisors for the two years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 were approximately RMB2.3 million, RMB2.9 million and RMB2.8 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration (including any discretionary bonus which may be paid) payable by our Group to our Directors and Supervisors for the financial year ending 31 December 2025 is expected to be approximately RMB2.8 million.

The aggregate amount of fees, salaries, allowances, discretionary bonus, pension schemes contribution and other benefits in kind (if applicable) paid to the five highest-paid individuals of our Group for the two years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 were approximately RMB2.8 million, RMB4.418 million and RMB2.6 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisor or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EMPLOYEE INCENTIVE SCHEME

For more information, see “Appendix VI — Statutory and General Information — D. Employee Incentive Platforms”.

COMPLIANCE ADVISER

We have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our compliance adviser upon the [REDACTED] pursuant to Rule 3A.19 of the Listing Rules. The material terms of the Compliance Adviser’s agreement are as follows:

- (i) SDIC Securities Corporate Finance (Hong Kong) Limited shall act as our Compliance Adviser for the purpose of 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], or until the agreement is terminated, whichever is earlier;
- (ii) the Compliance Adviser will provide us with certain services, including proper guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, regulations and rules;
- (iii) the Compliance Adviser will, as soon as reasonably practicable, inform us of any amendment or supplement to the Listing Rules announced by the Stock Exchange from time to time, and of any amendment or supplement to the applicable laws, regulations and rules in Hong Kong applicable to our Company; and
- (iv) the Compliance Adviser will act as an additional channel of communication of our Company with the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and the conversion of Domestic Shares into H Shares (assuming the [REDACTED] is not exercised), the following persons are expected to have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Interest in our Company

Name of Shareholder	Nature of Interest	As of Latest Practicable Date			Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Number of Domestic Shares	Approximate percentage of shareholding in the total Domestic Shares of our Company ^(Note 2)	Approximate percentage of shareholding in the total issued share capital of our Company ^(Note 2)	Number of H Shares	Approximate percentage of shareholding in the total issued share capital of our Company ^(Note 3)	Approximate percentage of shareholding in the total issued share capital of our Company ^(Note 3)
Mr. Wang Wei	Interest in a controlled corporation ^(Note 4, 5, 6)	19,320,055	80.5%	32.2%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Feng Chao	Beneficial interest ^(Note 4)	17,920,001	74.7%	29.9%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Kang Min	Beneficial interest ^(Note 5)	1,283,014	5.4%	2.7%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Kang Bei	Beneficial interest ^(Note 6)	117,040	0.5%	0.2%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Weizheng	Beneficial interest ^(Note 7)	2,239,999	9.3%	3.7%	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Wang Zhongwei	Interest in a controlled corporation ^(Note 7)	2,239,999	9.3%	3.7%	[REDACTED]	[REDACTED]%	[REDACTED]%
Changfeng Industrial Investment	Beneficial interest ^(Note 8)	1,600,001	6.7%	2.7%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei State-owned Assets Holding Co., Ltd. (合肥市國有資產控股有限公司)	Interest in a controlled corporation ^(Note 8)	1,600,001	6.7%	2.7%	[REDACTED]	[REDACTED]%	[REDACTED]%
Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股集團)有限公司	Interest in a controlled corporation ^(Note 8)	1,600,001	6.7%	2.7%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests are long positions.
- (2) The calculation is based on the total number of 60,000,000 Shares (including [REDACTED] Domestic Shares and [REDACTED] H Shares) in issue as of the Latest Practicable Date (assuming all [REDACTED] Domestic Shares have been converted into H Shares pursuant to the Full Circulation Program).
- (3) The calculation is based on the total number of [REDACTED] Shares (including [REDACTED] Domestic Shares and 56,000,000 H Shares) in issue immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (4) As of the Latest Practicable Date, Hefei Feng Chao, one of our Controlling Shareholders holding 44,800,002 Shares, representing approximately 74.7% of our total Shares as of the Latest Practicable Date was owned 75% by Mr. Wang Wei, 12.5% by Mr. Lin Zirong and 12.5% by Ms. Huang Jinyi, an Independent Third Party, respectively. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Feng Chao.

SUBSTANTIAL SHAREHOLDERS

- (5) Hefei Kang Min, one of our six Employee Incentive Platforms holding 3,207,536 Shares, representing approximately 5.4% of the total issued share capital of our Company as of the Latest Practicable Date. Mr. Wang Wei was the general partner of Hefei Kang Min. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Kang Min.
- (6) Hefei Kang Bei, one of our six Employee Incentive Platforms holding 292,600 Shares, representing approximately 0.5% of the total issued share capital of our Company as of the Latest Practicable Date. Mr. Wang Wei was the general partner of Hefei Kang Bei. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Kang Bei.
- (7) Hefei Weizheng, a limited partnership established in the PRC on 16 August 2017 holding 5,599,998 Shares, representing approximately 9.3% of the total issued share capital of our Company as of the Latest Practicable Date. Mr. Wang Zhongwei was the general partner of Hefei Weizheng. By virtue of the SFO, Mr. Wang Zhongwei was deemed to be interested in all of the Shares held by Hefei Weizheng.
- (8) Changfeng Industrial Investment, a limited liability partnership established in the PRC on 19 March 2021, holding 4,000,002 Shares, representing approximately 6.7% of the total issued share capital of our Company as of the Latest Practicable Date. Hefei State-owned Assets Holding Co., Ltd (合肥市國有資產控股有限公司) was the general partner of Changfeng Industrial Investment, and was interested as to, among others, approximately 81.1% by Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司) (“**Hefei Industrial Investment**”), a wholly-owned investment vehicle of the State-owned Assets Supervision and Administration Commission of Hefei Municipal Government (合肥市人民政府國有資產監督管理委員會). By virtue of the SFO, Hefei Industrial Investment was deemed to be interested in all of the Shares held by Changfeng Industrial Investment.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the [REDACTED] and the conversion of Domestic Shares into H Shares (and the [REDACTED] of any additional H Shares pursuant to the [REDACTED]), have an interest or short position in Shares or underlying Shares of our Company, which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, 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 meeting of our Company.

SHARE CAPITAL

OUR SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB60 million, comprising 60,000,000 ordinary shares of nominal value of RMB1.0 each.

Upon the Completion of the [REDACTED]

Immediately following completion of the [REDACTED] and conversion of Domestic Shares into H Shares (assuming the [REDACTED] is not exercised), the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to our total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) (%)
Domestic Shares	[REDACTED]	[REDACTED]
H Shares converted from Domestic Shares	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u>[REDACTED]</u>	<u>100.0</u>

For details of our existing Shareholders’ proposed conversion of Domestic Shares into H Shares, see “History, Development and Corporate Structure — Full Circulation”.

SHARE CAPITAL

Immediately following completion of the [REDACTED] and Conversion of Domestic Shares into H Shares, assuming the [REDACTED] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to our total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is fully exercised) (%)
Domestic Shares	[REDACTED]	[REDACTED]
H Shares converted from Domestic Shares	[REDACTED]	[REDACTED]
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.0

DOMESTIC SHARES AND H SHARES

Upon completion of the [REDACTED] and the Conversion of Domestic Shares into H Shares, the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company and are regarded as one class of Shares under our Articles of Association.

Apart from certain qualified domestic institutional [REDACTED] in the PRC, the qualified PRC [REDACTED] 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 subscribed for by, or traded between, legal or natural PRC persons.

Domestic Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF DOMESTIC SHARES INTO H SHARES

If any of the Domestic Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

SHARE CAPITAL

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic Shares into H shares for listing and circulation on the Stock Exchange. An unlisted domestic joint stock company may file for “full circulation” when applying for an overseas [REDACTED].

We have filed with the CSRC for the conversion of [REDACTED] Domestic Shares into H Shares on a one-for-one basis upon completion of the [REDACTED] and the CSRC issued the filing notice in respect of the Conversion of Domestic Shares into H Shares dated [•].

We have applied to the [REDACTED] of the Stock Exchange for the granting of [REDACTED], and permission to deal in, our H Shares to be issued pursuant to the [REDACTED], and the H Shares to be converted from [REDACTED] Domestic Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

Set out below are number of Shares held by our existing Shareholders and their respective shareholding as of the date of the Latest Practicable Date and upon completion of the Conversion of Domestic Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised):

The Conversion of Domestic Shares into H Shares will involve an aggregate of [REDACTED] Domestic Shares held by all existing Shareholders, representing approximately 45% of total issued Shares of our Company upon completion of the Conversion of Domestic Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised). Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Domestic Shares into H Shares and the [REDACTED] (assuming the [REDACTED] is not exercised).

Shareholders	Number of Domestic Shares held by the Shareholders as of the Latest Practicable Date	Approximate percentage of shareholding in the Domestic Shares as of the Latest Practicable Date (%)	Shares immediately after the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic Shares into H Shares				
			Domestic Shares	Approximate percentage of shareholding in the Domestic Shares (%)	H Shares	Approximate percentage of shareholding in the H Shares (%)	Approximate percentage of shareholding in our total issued Shares (%)
Hefei Feng Chao	44,800,002	74.7	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Wei Zhang	5,599,998	9.3	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changfeng Industrial Investment	4,000,002	6.7	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Min	3,207,536	5.4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Hong	855,398	1.4	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Cheng	638,400	1.1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Xing	545,720	0.9	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Bei	292,600	0.5	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hefei Kang Zhong	60,344	0.1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	60,000,000	100.0	[REDACTED]	100.0	[REDACTED]	[REDACTED]	[REDACTED]

SHARE CAPITAL

We will perform the following procedures for the conversion of Domestic Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

RESTRICTIONS ON TRANSFER OF SHARES

In accordance with the PRC Company Law, shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such publicly [REDACTED] shares are [REDACTED] and [REDACTED] on the relevant stock exchange. As such, the Shares issued by our Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

See “[REDACTED] — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertakings by our Controlling Shareholders” for details on the lock-up undertaking given by our Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Appendix V — Summary of the Principal Legal and Regulatory Provisions” in this document.

FINANCIAL INFORMATION

You should read the following discussion in conjunction with the consolidated financial statements of our Group included in the Accountants’ Report and the notes thereto included in Appendix I to this document, and the selected historical financial information and operating data included elsewhere in this document. The consolidated financial statements of our Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set out in “Forward-looking Statements” and “Risk Factors”.

OVERVIEW

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. We focus on the diseases attributable to mitochondrial dysfunction and we are committed to the scientific application of NAD⁺ in addressing cardiovascular and neurodegenerative conditions, reproductive health, and ageing. In respect of our mitochondrial therapeutics, we aim to provide a scientific solution for extending healthy lifespans through an integrated approach of “Detect — Intervene — Assess — Reintervene”. By virtue of our expertise in mitochondrial medical treatment and leveraging the same in our R&D initiatives, we believe our drugs and drug candidates could become able to meet the growing demand for age-related diseases solutions in both medical and wellness markets.

As of the Latest Practicable Date, 20 drugs were under production. During the Track Record Period, we generated the revenue from the sales of these drugs.

Notably, we had obtained approvals from the NMPA for our flagship mitochondrial drug and other three commercialised drugs. Our flagship mitochondrial drug represents Coenzyme I for Injection (恩艾地®), and our other commercialised drugs include Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®) and Sodium Nitroprusside for Injection. In addition to the aforementioned four key drugs, we also sell another 16 generic drugs spanning four major therapeutic areas, including digestive, respiratory, haematological, and nervous systems. During the Track Record Period, we primarily generated revenue from the sales of the aforesaid four key drugs.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparing this Historical Financial Information, we have adopted all applicable new and revised IASB Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The Historical Financial Information also complies with the applicable

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disclosure provisions of the Listing Rules. We have applied accounting policies consistently throughout the Track Record Period and have not adopted any new standards or interpretations that are effective for the financial year beginning on or after 1 July 2025.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We are a commercial-stage pharmaceutical company that integrates R&D, production and sales capacities, with a pipeline of innovative drug candidates. We also have a drug pipeline focusing on mitochondrial medicine, which is one of the fastest growing domains of medical R&D in China according to Frost & Sullivan. Our business, financial, position and results of operations have been, or may be expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain key factors is set out below.

Our business and results of operations depend on the sales of pharmaceutical products. We believe our pharmaceutical products are differentiated and innovative, with a strategic focus on our flagship drug, Coenzyme I for Injection (恩艾地®), and our other commercialised drugs include Hyaluronidase for Injection (千容美®), Pancreatic Kininogenase for Injection (添舒®) and Sodium Nitroprusside for Injection. In addition to the aforesaid four drugs, we also have 16 other genetic drugs covering four major therapeutic areas, covering four major therapeutic areas, including digestive, respiratory, haematological, and nervous systems. See “Business — Our Mitochondrial-targeting Drug Candidates”.

The time required to obtain approvals from the NMPA or other comparable regulatory authorities is unpredictable but typically take several years following the commencement of clinical trials. Any delays in the regulatory approvals of any of our drug candidates in major markets will delay our ability to generate revenue from those drug candidates in those markets and adversely affect our results of operations. See “Risk Factors — The regulatory approval processes for the NMPA and other comparable regulatory authorities are lengthy, time-consuming, and may evolve over time. If we are unable to obtain any regulatory approvals in the target markets for our drugs candidates without undue delay, our business may suffer material and substantial damage”.

Sales Activities and Dependence on Distributors

Many of our 20 commercialised drugs under production are not covered under the centralised procurement in China. Therefore, our results of operations are significantly influenced by our dependence on a network of distributors, making the maintenance of strong relationships with these distributors crucial for ensuring timely drug availability and maximising our market presence. Collaborative partnerships enhance distribution efficiency, leading to better promotional support and alignment in marketing strategies that positively impact our financial performance. Additionally, working closely with distributors allows us to gain valuable insights into market trends and customer preferences, enabling us to adapt our sales strategies quickly and optimize inventory management. Moreover, distributors play a critical role in promoting our products; effective collaboration can enhance brand visibility and credibility in the market, driving sales growth. Our engagement with distributors creates a feedback loop that helps refine

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our offerings and marketing approaches, ensuring we remain competitive and responsive to market demands. By focusing on these aspects, we can enhance our operational effectiveness and ensure sustainable financial outcomes.

Continuous Commitment to Mitochondria-targeting Drug Research

During the Track Record Period, a significant portion of our revenue was generated from sales of Coenzyme I for Injection (恩艾地®), our flagship NAD⁺ drug. Therefore, public awareness of mitochondria directly influences our ability to maintain consistent sales. Mitochondria, the energy factories of cells, play a critical role in sustaining overall health and preventing various diseases. As awareness of cellular energy metabolism and health issues continues to grow, the significance of mitochondrial medicine in therapeutic and wellness applications is increasingly acknowledged. When patients and consumers gain a deeper understanding of mitochondrial functions and the benefits of related medications, they are more likely to choose our mitochondria-targeting drugs, thereby driving our sales growth on a continuous basis. Consequently, enhancing public knowledge of mitochondrial medications remains crucial. Through collaborative marketing campaigns, educational initiatives, and partnerships with healthcare professionals, we can build patients and consumers’ trust in our commitment to mitochondria-targeting drugs, while expanding our target market and increasing brand visibility. Furthermore, by participating in relevant research and professional conferences, we can demonstrate the scientific basis and clinical efficacy of our products, further solidifying our market position. Hence, increasing public awareness of mitochondrial medications is not only crucial for boosting sales but also serves as a foundational element for achieving sustainable performance growth.

Future Therapeutic Landscape for NAD⁺

The future therapeutic landscape for NAD⁺ may also have our financial performance, as evidenced by the anticipated growth of China’s mitochondrial medicine product market, which is expected to reach RMB308.1 billion by 2035, with a remarkable CAGR of 29.5% from 2024 to 2035, according to Frost & Sullivan. The recent publication of the first national rare disease list, which includes mitochondrial encephalomyopathies, sets a framework for diagnosis, treatment, and accessibility, paving the way for expanded therapeutic applications of NAD⁺-based products across chronic conditions such as neurodegenerative, cardiovascular, and metabolic diseases.

As understanding of mitochondrial dysfunction deepens, innovations like NAD⁺ drugs and stem cell therapies leveraging healthy mitochondria will further broaden our market opportunities. Additionally, advancements in personalised medicine through the integration of multi-omics and mitochondrial functional profiling enable more precise diagnoses and targeted therapies, thereby enhancing treatment outcomes. Given that NAD⁺ is crucial for mitochondrial function, its effectiveness in modulating key cellular pathways underscores its potential in addressing ageing-related decline in mitochondrial function. As cellular uptake mechanisms become better understood, our ability to optimise NAD⁺ delivery could position us favorably in a rapidly evolving market, thereby driving sustainable financial growth for our company.

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R&D Expenditures

Our R&D activities are mostly mitochondria-targeting. Therefore, we have devoted, and we will devote significant resources to our mitochondria-targeting drug development programmes. Development expenditures are expensed as incurred and are recognised as R&D costs. During the Track Record Period, our R&D expenditures incurred were all expensed as incurred. Our R&D costs were RMB28.5 million and RMB20.5 million for the years ended 31 December 2023 and 2024, respectively, and RMB14.1 million and RMB21.0 million for the nine months ended 30 September 2024 and 30 September 2025, respectively. Our R&D expenditures are affected by the stage of our existing drug candidates and any additional drug candidates to be developed and the sufficiency of the funding available to us in the respective period. We expect to increase our R&D expenditures to progress our drug development programmes.

Competition in the Pharmaceutical Market

The development and commercialisation of drugs in China is highly competitive. We face potential competition from different pharmaceutical and biopharmaceutical companies. These entities are, or may be, seeking to develop drugs, therapies and approaches to treat our targeted diseases or their underlying causes. Any drug candidates that we successfully develop and commercialise will compete with existing drugs and new drugs that may become available in the future. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialise drugs that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than the drugs that we may develop or commercialise. See “Our Competitive Strengths” under the descriptions of each of our drug candidates in “Business” for details of our major competitors for each drug candidate.

Cost Structure

During the Track Record Period, a substantial portion of our costs was in relation to selling and distribution expenses, administrative expenses, as well as R&D costs.

During the Track Record Period, our selling and distribution activities are mainly related to marketing and promotion, conference activities, market research and information service. Our selling and distribution expenses amounted to RMB131.2 million and RMB130.4 million for the years ended 31 December 2023 and 2024, respectively, and RMB84.9 million and RMB93.4 million for the nine months ended 30 September 2024 and 30 September 2025, respectively. Our current R&D activities are mainly related to drug discovery, pre-clinical studies and clinical trials of our drug candidates. Our R&D expenses were RMB28.5 million and RMB20.5 million for the years ended 31 December 2023 and 2024, respectively, and RMB14.1 million and RMB21.0 million for the nine months ended 30 September 2024 and 30 September 2025, respectively. Our administrative expenses primarily consist of employee benefit expenses, depreciation and amortisation expenses, lease expenses, and consulting expenses. Our administrative expenses were RMB26.2 million and RMB29.5 million for the years ended 31 December 2023 and 2024, respectively, and RMB19.0 million and RMB26.3 million for the nine months ended 30 September 2024 and 30 September 2025, respectively. We expect our administrative expenses to increase in

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the future to support further commercialisation activities with respect to our drug candidates and the expansion of our operational scale in general, as well as to reflect the expenses incurred in connection with our production base expansions, enhanced compliance, quality management, and ESG initiatives.

We expect our cost structure to evolve as we move our drug candidates, which are currently at earlier clinical stages, into more advanced clinical development stages, progress our drug candidates to commercialisation and increased sales volumes of our commercialised products.

Financing for our Operations

During the Track Record Period, we funded our cash requirements primarily through sale of pharmaceutical products, bank borrowings and government grants. We expect that our expenses will continue to increase in connection with our ongoing sales and R&D activities, particularly as we launch additional commercialised products and advance the clinical development of our clinical-stage drug candidates. Accordingly, we need to use cash to fund our continuing operations. If we are required to obtain substantial additional funding and are unable to raise capital when needed, on acceptable terms, or at all, we could be forced to delay, reduce, or terminate our drug development programmes or any future commercialisation efforts, which could adversely impact our ability to generate revenue and achieve profitability. See “Risk Factors — The implementation of our strategy and other aspects of our business will require significant funding. If we do not have access to sufficient funding, it could adversely affect our business prospects”.

General Factors Affecting the Pharmaceutical Industry in which We Operate

Our business and operating results are affected by general factors affecting the pharmaceutical industry in which we operate, including, but not limited to, relevant laws and regulations, governmental policies and initiatives, and public medical insurance programmes affecting the pharmaceutical market in the PRC, the growth and competitive environment of the global pharmaceutical market, as well as political, economic, and social instability of different local markets in which we currently conduct, or plan to conduct, clinical trials and/or commercialisation activities.

MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATION

The preparation of our financial statements in conformity with IFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on our historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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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. Judgements made by our management in the application of IFRS Accounting Standards that have significant effect on the financial statements. The following discussion provides supplemental information on our critical accounting policies, certain of which require estimates and assumptions from our Directors.

Revenue from contracts with customers

Revenue is recognised when control of the goods has transferred, being when the goods have been inspected and accepted by the customers. Transportation and handling activities that occur before the customer obtains control are considered as fulfilment activities. The normal credit period for its customer is 30 to 90 days upon acceptance by customers. For certain customers, we receive a deposit before the delivery, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the deposit. We typically receives 100% deposit on acceptance of new customers’ order. A contract liability is recognised for receipt in advance for sales in which revenue has yet been recognised. All our sales contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Property, Plant and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. 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 and, for qualifying assets, borrowing costs capitalised in accordance with our accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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 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 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.

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R&D Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated other intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as other intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial Assets Measured at Fair Value

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.

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RESULTS OF OPERATIONS

The following table sets out a summary of our consolidated profit or loss and other comprehensive loss for the years/periods indicated, as derived from our consolidated statements of comprehensive income set out in the Accountant’s Report included in Appendix I to this document:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	302,599	240,314	178,754	238,084
Cost of sales	<u>(38,191)</u>	<u>(39,963)</u>	<u>(28,770)</u>	<u>(29,963)</u>
Gross profit	264,408	200,351	149,984	208,121
Other income	23,586	23,526	4,414	9,635
Other gains and losses, net	243	916	558	969
Impairment losses (recognised) reversed under expected credit loss model, net	(1,762)	2,356	1,393	(982)
Selling and distribution expenses	(131,183)	(130,420)	(84,927)	(93,426)
Administrative expenses	(26,159)	(29,470)	(18,962)	(26,301)
Research and development costs	(28,501)	(20,499)	(14,116)	(20,981)
[REDACTED] expenses	—	—	—	(3,862)
Finance costs	<u>(882)</u>	<u>(1,838)</u>	<u>(1,683)</u>	<u>(958)</u>
Profit before tax	99,750	44,922	36,661	72,215
Income Tax expense	<u>(20,229)</u>	<u>(11,017)</u>	<u>(8,916)</u>	<u>(18,804)</u>
Profit and total comprehensive income	<u><u>79,521</u></u>	<u><u>33,905</u></u>	<u><u>27,745</u></u>	<u><u>53,411</u></u>

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DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period. Our revenue amounted to RMB302.6 million, RMB240.3 million for the years ended 31 December 2023 and 2024, respectively; and RMB178.8 million and RMB238.1 million for the nine months ended 30 September 2024 and 30 September 2025, respectively.

Our revenue generated during the Track Record Period primarily derived from the sales of our mitochondrial drug and other commercialised drugs. In particular, revenue from the sales of mitochondrial drug, Coenzyme I for Injection (恩艾地®) was the major portion of our revenue during the Track Record Period. For the year ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our revenue generated from Coenzyme I for Injection (恩艾地®) was RMB134.4 million, RMB106.0 million and RMB155.3 million, accounting for 44.4%, 44.1% and 65.2% of our total revenue for the relevant period, respectively. The following table sets out a breakdown of our revenue from sales of drugs by drug type during the Track Record Period.

	Year ended 31 December				For the nine months ended 30 September			
	2023		2024		2024		2025	
	(unaudited)		(unaudited)		(unaudited)		(unaudited)	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Mitochondrial drug								
Coenzyme I for Injection (恩艾地®)	134,361.9	44.4	106,012.2	44.1	71,789.1	40.2	155,304.4	65.2
Other commercialised drugs								
Hyaluronidase for Injection (千容美®)	3,991.1	1.3	30,189.3	12.6	22,101.4	12.4	34,556.8	14.5
Pancreatic Kininogenase for Injection (添舒®)	28,715.0	9.5	16,781.1	7.0	14,407.5	8.0	6,937.7	2.9
Sodium Nitroprusside for Injection	25,800.0	8.5	23,429.3	9.7	19,210.5	10.7	13,315.4	5.6
Other drugs ^(Note)	109,731.4	36.3	63,901.9	26.6	51,245.1	28.7	27,969.6	11.8
Total	302,599.4	100.0	240,313.8	100.0	178,753.6	100.0	238,083.9	100.0

Note:

Other drugs primarily include Famotidine for Injection (注射用法莫替丁), Pantoprazole Sodium for Injection (注射用泮托拉唑钠), Omeprazole Sodium for Injection (注射用奥美拉唑钠), Doxofylline for Injection (注射用多索茶碱), Doxofylline Injection (多索茶碱注射液), Yinhuang Koufuye (銀黃口服液), Alginic Sodium Diester for Injection (注射用藻酸雙酯鈉), Adenosine Cyclophosphate for Injection (注射用環磷腺苷), Pentoxifylline for Injection (注射用己酮可可鹼), Ferrous Gluconate Tablets (葡萄糖酸亞鐵片), Troxerutin for Injection (注射用曲克蘆丁), Troxerutin for Injection (注射用阿奇霉素), Ribavirin Injection (利巴韋林注射液), Ganjing Buxuesu Koufuye (肝精補血素口服液), Lappaconitine Hydrobromide for Injection (注射用氫溴酸高烏甲素) and Chondroitin Sulfate Injection (硫酸軟骨素注射液).

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Cost of Sales

Our cost of sales amounted to RMB38.2 million and RMB40.0 million for the years ended 31 December 2023 and 2024, respectively; and RMB28.8 million and RMB30.0 million for the nine months ended 30 September 2024 and 30 September 2025, respectively. Our cost of sales during the Track Record Period primarily consisted of costs in relation to (i) raw materials procurement; (ii) labour costs; and (iii) manufacturing costs.

Gross Profit

Our gross profit amounted to RMB264.4 million, RMB200.4 million for the years ended 31 December 2023 and 2024, respectively; and RMB150.0 million and RMB208.1 million for the nine months ended 30 September 2024 and 30 September 2025, respectively.

Other Income

Our income amounted to RMB23.6 million, RMB23.5 million and RMB9.6 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. During the Track Record Period, our income primarily consisted of (i) government grants; (ii) bank interest income and (iii) interest income from related parties. The following table sets out a breakdown of our other income and gains for the years/periods indicated:

	Year ended 31 December				Nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Government grants	22,440	95.1	22,390	95.2	3,341	75.7	8,283	86.0
Bank interest income	827	3.5	1,012	4.3	986	22.3	935	9.7
Interest income from related parties	100	0.4	107	0.5	80	1.8	80	0.8
Others	219	1.0	17	0.0	7	0.2	337	3.5
Total	23,586	100	23,526	100	4,414	100	9,635	100

During the Track Record Period, the largest portion of our other income were government grants, consisted of the subsidies received from the governments as rewards of the our contribution to technology innovation and regional economic development, which were generally one-off in nature.

Bank interest income mainly represented the interests incurred from our bank deposits.

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Interest income from related party represented the receivables from a related party, representing the land use tax paid by the Company on behalf of the related party. The land had been owned by one of our related parties and was fully acquired by our Group in September 2025.

Other Gains and Losses, net

Our other gains and losses amounted to RMB0.2 million, RMB0.9 million and RMB1.0 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. During the Track Record Period, our other gains primarily derived from investment income from wealth management products provided by commercial banks in the PRC. Losses were pertinent to the disposals of certain assets such as equipment in the normal course of our business operations. The following table sets out a breakdown of our other gains and losses for the years/periods indicated:

	Year ended 31 December		For the nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Fair value change on financial assets at fair value through profit or loss	244	936	562	1,606
Others	(1)	(20)	(4)	(637)
Total	243	916	558	969

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Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses costs primarily consisted of (i) business promotion expenses; (ii) salaries and benefits for our sales team personnel; and (iii) travelling and business entertainment expenses incurred in the course of our sales and promotion activities. Our selling and distribution expenses amounted to RMB131.2 million, RMB130.4 million and RMB93.4 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. The following table sets out a breakdown of our selling and distribution expenses for the years/periods indicated:

	Year ended 31 December				Nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Marketing promotion costs	64,951	49.5	60,810	46.6	39,794	46.9	35,421	37.9
Conference expenses	34,590	26.4	37,910	29.1	24,535	28.9	31,995	34.2
Other business promotion expenses (Market research and advertisement related)	14,831	11.3	3,018	2.3	2,444	2.9	1,513	1.6
Salaries and benefits	11,008	8.4	22,687	17.4	14,158	16.7	19,689	21.1
Travelling and business entertainment expenses	3,318	2.5	3,257	2.5	2,032	2.4	1,907	2.0
Others	2,485	1.9	2,738	2.1	1,964	2.3	2,901	3.1
Total	131,183	100	130,420	100	84,927	100	93,426	100

Marketing promotion costs represented the expenses incurred by marketing service providers we engaged to promote our drugs.

Conference expenses were the costs associated with attending, hosting or participating in pharmaceutical-related conference, seminar and/or other professional gatherings.

Other business promotion expenses primarily includes the expenses incurred for our market research and advertisement-related expenses.

Salaries and benefits represented the salaries and the bonuses of our marketing and sales personnel.

Travelling and business expenses represented the travelling and accommodation expenses incurred for our selling and distribution activities.

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Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employees’ salaries and benefits; (ii) professional fees; (iii) depreciation and amortisation expenses; (iv) travelling and entertainment expenses; (v) facility management expenses; (vi) office-related expenses; and (vii) others. Our administrative expenses amounted to RMB26.2 million, RMB29.5 million and RMB26.3 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025. The following table sets out a breakdown of our administrative expenses for the years/periods indicated:

	Year ended 31 December				Nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Employee's salaries and benefits	12,191	46.6	16,205	55.0	10,933	57.7	13,008	49.5
Professional fees	3,419	13.1	1,089	3.7	615	3.2	1,244	4.7
Depreciation and amortisation expenses	5,175	19.8	6,220	21.1	3,993	21.1	7,275	27.7
Travelling and business entertainment expenses	1,734	6.6	1,421	4.8	909	4.8	1,060	4.0
Facility management expenses	1,498	5.7	1,945	6.6	1,123	5.9	2,438	9.3
Office-related expenses	405	1.5	385	1.3	242	1.3	273	1.0
Others	1,737	6.7	2,205	7.5	1,147	6.0	1,004	3.8
Total	26,159	100	29,470	100	18,962	100	26,301	100

Employee’s salaries and benefits consisted of staff costs of our management and administrative personnel, including their basis salary, bonus and pension.

Professional fees consisted of auditor’s remuneration and fees for legal and other professional services, which were non-[REDACTED] related.

Depreciation and amortisation expenses represented the depreciation of our right-of-use assets in relation to our leased properties, and property, plant and equipment; and amortisation of our intangible assets such as software.

Travelling and business entertainment expenses represented the travelling, accommodation and business entertainment expenses incurred in the normal course of our business operations.

Facility management expenses included the management and maintenance expenses in connection with our office premises, including but not limited to utility expenses.

Office-related expenses mainly represented our general office expenses.

Others expenses includes but not limited to membership fees for industry associations and training expenses.

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R&D Costs

During the Track Record Period, our R&D costs primarily consisted of (i) outsourced R&D costs (representing CRO service expenses); (ii) salaries and benefits of our R&D personnel; (iii) R&D material expenses (representing the materials procurement costs for our R&D activities); and (iv) depreciation and amortisation expenses pertinent to our laboratory facilities. Our R&D costs amounted to RMB28.5 million, RMB20.5 million and RMB21.0 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025. The following table sets out a breakdown of our research and development costs for the years/periods indicated:

	Year ended 31 December				Nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Outsourced R&D expenses (CRO expenses)	16,795	58.9	4,766	23.3	3,561	25.2	7,024	33.5
Salaries and benefits	7,584	26.6	9,928	48.4	6,741	47.8	8,843	42.1
Depreciation and amortisation expenses	1,866	6.6	2,302	11.2	1,678	11.9	2,120	10.1
R&D material expenses	1,789	6.3	2,739	13.4	1,920	13.6	2,571	12.3
Others	467	1.6	764	3.7	216	1.5	423	2.0
Total	28,501	100	20,499	100	14,116	100	20,981	100

Outsourced R&D expenses consisted of the expenses we paid to CROs.

Salaries and benefits represented salaries and bonus of our R&D personnel.

Depreciation and amortisation expenses represented the expenses relating to the depreciation and amortisation equipment and devices in our laboratories.

R&D material expenses consisted of the procurement fees for the medical kits, reagents and other materials used in our R&D activities.

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Finance Costs

During the Track Record Period, our finance costs mainly consisted of (i) interest on bank borrowings and (ii) interest on lease liabilities. Our finance costs amounted to RMB0.9 million, RMB1.8 million and RMB1.0 million for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, respectively. The following table sets out a breakdown of our finance costs for the years/periods indicated:

	Year ended 31 December				Nine months ended 30 September			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
					(Unaudited)		(Unaudited)	
Interest on bank borrowings	848	96.1	1,676	91.2	1,559	92.6	826	86.2
Interest on lease liabilities	34	3.9	162	8.8	124	7.4	132	13.8
Total	882	100	1,838	100	1,683	100	958	100

Income Tax Expenses

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.

During the Track Record Period and up to the Latest Practicable Date, we had paid all taxes in accordance with tax regulations and did not have any disputes or unresolved tax issues with the relevant tax authorities.

Under the law of the PRC on Enterprise Income Tax (“EIT Law”) and implementation regulations of the EIT Law, the basic tax rate of our PRC subsidiaries is 25%, except for (i) a subsidiary that is qualified as High and New Technology Enterprise, the applicable EIT tax rate is 15% and (ii) a subsidiary which recorded loss during the Track Record Period.

Profit before Tax

As a result of the foregoing, our profit after tax for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 was RMB99.8 million, RMB44.9 million and RMB72.2 million, respectively.

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REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Nine Months Ended 30 September 2025 Compared to Nine Months ended 30 September 2024

Revenue

Our revenue increased by RMB59.3 million, or 33.2%, from RMB178.8 million for the nine months ended 30 September 2024 to RMB238.1 million for the nine months ended 30 September 2025, primarily because an increase in the revenue from the sales of our flagship drug Coenzyme I for Injection (恩艾地®) during the period; with a focus on flagship mitochondrial drug Coenzyme I for Injection (恩艾地®) resulting in an increase of the number of distributors for Coenzyme I for Injection (恩艾地®) from 298 to 382. During the same period, we also recorded an increase in revenue from the sales of Hyaluronidase for Injection (千容美®).

Cost of sales

Our cost of sales increased by RMB1.2 million, or 4.1%, from RMB28.8 million for the nine months ended 30 September 2024 to RMB30.0 million for the nine months ended 30 September 2025. Such increase was corresponding to an increase in our revenue during the period.

Gross profit and gross profit margin

Our gross profit increased by RMB58.1 million, or 38.7%, from RMB150.0 million for the nine months ended 30 September 2024 to RMB208.1 million for the nine months ended 30 September 2025, primarily attribute to the higher gross profit of sales of Coenzyme I for Injection (恩艾地®) during the period. For the nine months ended 30 September 2024 and 2025, our gross profit margin was 83.9% and 87.4%, respectively.

Other income

Our other income increased by RMB5.2 million, or 118.2%, from RMB4.4 million for the nine months ended 30 September 2024 to RMB9.6 million for the nine months ended 30 September 2025. Such increase was primarily attributable to an increase in our government grants, as we received certain subsidies relating to our leases, and additionally, we obtained a government-accredited award during the period.

Other gains and losses, net

Our net gains and losses increased by RMB0.4 million, or 66.7%, from RMB0.6 million for the nine months ended 30 September 2024 to RMB1.0 million for the nine months ended 30 September 2025. Such increase was primarily pertinent to the additions of wealth products we procured during the period, also resulting in the fair value change on our total wealth products during the period.

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Selling and distribution expenses

Our selling and distribution expenses increased by RMB8.5 million, or 10.0%, from RMB84.9 million for the nine months ended 30 September 2024 to RMB93.4 million for the nine months ended 30 September 2025. During this period, we expanded our marketing team resulting in an increase of salaries and benefits expenses for RMB5.5 million, from RMB14.2 million for the nine months ended 30 September 2024 to RMB19.7 million for the nine months ended 30 September 2025. Additionally, we engaged in more promotional activities to sustain the market shares of our key drugs, mainly representing our Coenzyme I for Injection (恩艾地®).

Administrative expenses

Our administrative expenses increased by RMB7.3 million, or 38.4%, from RMB19.0 million for the nine months ended 30 September 2024 to RMB26.3 million for the nine months ended 30 September 2025, primarily because of the depreciation and amortisation of additional property, plant and equipment in our Hefei Production Base and an increase in administrative employee’s salaries and benefits from RMB10.9 million for the nine months ended 2024 to RMB13.0 million for the nine months ended 30 September 2025.

R&D costs

Our R&D costs increased by RMB6.9 million, or 48.9%, from RMB14.1 million for the nine months ended 30 September 2024 to RMB21.0 million for the nine months ended 30 September 2025, primarily attributable to (i) progression of R&D of our drug candidates, mainly representing KN-19ND-L1 advancing from its phase 1 to its phase 2 clinical trial during the period; and (ii) the new recruitment of R&D personnel and salary increases of our existing R&D personnel.

Finance costs

Our finance costs decreased by RMB0.7 million, or 41.2%, from RMB1.7 million for the nine months ended 30 September 2024 to RMB1.0 million for the nine months ended 30 September 2025, primarily due to repayment of certain bank borrowings during the period.

Profit before tax

As a result of the foregoing, our profit before tax increased by RMB35.5 million, or 96.7%, from RMB36.7 million for the nine months ended 30 September 2024 to RMB72.2 million for the nine months ended 30 September 2025.

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Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

Revenue

Our revenue decreased by RMB62.3 million, or 20.6%, from RMB302.6 million for the year ended 31 December 2023 to RMB240.3 million for the year ended 31 December 2024, primarily because of the decrease in sales of certain drugs, as (i) revenue from the sales of Pancreatic Kininogenase for Injection (添舒®) and other drugs, on an aggregate basis, decreased by RMB57.8 million, affected by the centralised procurement for the year ended 31 December 2024, and (ii) we strategically and gradually shifted our marketing resources from third party promoters to the expansion of our in-house sales and marketing team, with focus on the health consumption sector during the year ended 31 December 2024 in which the effect to generate revenue from the strategic change of sales and marketing strategy is yet to be reflected.

Cost of Sales

Our cost of sales remained relatively for the years ended 31 December 2023 and 2024, at RMB38.2 million and RMB40.0 million, respectively.

Gross profit and gross profit margin

Our gross profit decreased by RMB64.0 million, or 24.2%, from RMB264.4 million for the year ended 31 December 2023 to RMB200.4 million for the year ended 31 December 2024, primarily attribute to a decrease in our total revenue. For the same years, our gross profit margin slightly decreased by 4.0% from 87.4% to 83.4%, corresponding to a decrease in our gross profit during the year.

Other income

Our other income decreased by RMB0.1 million, or 0.4%, from RMB23.6 million for the year ended 31 December 2023 to RMB23.5 million for the year ended 31 December 2024. Such decrease was primarily attributable to the fluctuations of government grant.

Other gains and losses, net

Our net gains and losses increased by RMB0.7 million, or 350.0%, from RMB0.2 million for the year ended 31 December 2023 to RMB0.9 million for the year ended 31 December 2024. Such increase was primarily pertinent to the additions of wealth products we procured during the period, also resulting in the fair value change on our overall wealth products during the year.

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Selling and distribution expenses

Our selling and distribution expenses remained relatively stable for the years ended 31 December 2023 and 2024, at RMB131.2 million and RMB130.4 million, respectively.

Administrative expenses

Our administrative expenses increased by RMB3.3 million, or 12.7%, from RMB26.2 million for the year ended 31 December 2023 to RMB29.5 million for the year ended 31 December 2024, primarily attributable to higher employee salaries and benefits.

R&D costs

Our R&D costs decreased by RMB8.0 million, or 28.1%, from RMB28.5 million for the year ended 31 December 2023 to RMB20.5 million for the year ended 31 December 2024, primarily due to adjustment of our drug pipeline by suspending research and development of certain drug candidates during the year, which were potential generic drugs. We determined to shift our strategic R&D focus to innovative drugs by optimising the allocation of our R&D resources to further enhance our core competitiveness.

Finance costs

Our finance costs increased by RMB0.9 million, or 100.0%, from RMB0.9 million for year ended 31 December 2023 to RMB1.8 million for the year ended 31 December 2024, primarily due to an increase in our interest on bank borrowings due to an increase on our total bank borrowings during the year.

Profit before tax

As a result of the foregoing, our profit before tax decreased by RMB54.9 million, or 55.0%, from RMB99.8 million for the year ended 31 December 2023 to RMB44.9 million for the year ended 31 December 2024.

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DISCUSSION OF SELECTED BALANCE SHEET ITEMS

The following table sets out a summary of our balance sheet items as of 31 December 2023 and 2024, and 30 September 2025, derived from our consolidated statements of financial position set out in the Accountants’ Report in Appendix I to this document:

	As of 31 December		As of 30 September 2025
	2023	2024	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (Unaudited)
Non-current assets			
Property, plant and equipment	75,590	100,832	110,997
Intangible assets	4,123	3,119	2,393
Right-of-use assets	18,917	18,865	23,285
Other receivables and deposits	14,591	14,317	8,223
Term deposits	—	40,000	30,000
Deferred tax assets	9,210	4,537	3,955
Amount due from related parties	6,042	—	—
	<u>128,473</u>	<u>181,670</u>	<u>178,853</u>
Current assets			
Inventories	41,922	32,616	26,185
Trade and other receivables	100,795	51,340	62,363
Tax prepayment	6,118	—	—
Amount due from related parties	—	6,538	—
Financial assets at fair value through profit or loss (“FVTPL”)	20,025	62,911	42,827
Term deposits	—	—	20,000
Cash and cash equivalents	50,221	15,859	29,646
	<u>219,081</u>	<u>169,264</u>	<u>181,021</u>
Current liabilities			
Trade and other payables	40,616	46,339	42,221
Provision	16,786	—	—
Contract liabilities	12,813	3,985	2,446
Bank borrowings	53,297	23,849	9,990
Lease liabilities	1,360	1,966	1,996
Deferred income	1,233	1,531	—
Tax payables	525	5,389	10,840
	<u>126,630</u>	<u>83,059</u>	<u>67,493</u>
Net current assets	<u>92,451</u>	<u>86,205</u>	<u>113,528</u>
Total assets less current liabilities	<u>220,924</u>	<u>267,875</u>	<u>292,381</u>

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Net Current Assets (Liabilities)

The following table sets out our current assets and current liabilities as of the dates indicated:

	As of 31 December		As of 30 September 2025	As of 30 November 2025
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current Assets				
Inventories	41,922	32,616	26,185	26,151
Trade and other receivables	100,795	51,340	62,363	65,542
Tax prepayment	6,118	—	—	—
Amount due from related parties	—	6,538	—	—
Financial assets at FVTPL	20,025	62,911	42,827	57,809
Term deposits	—	—	20,000	20,000
Cash and cash equivalents	50,221	15,859	29,646	8,033
<i>Subtotal</i>	219,081	169,264	181,021	177,535
Current Liabilities				
Trade and other payables	40,616	46,339	42,221	32,907
Provision	16,786	—	—	—
Contract liabilities	12,813	3,985	2,446	2,855
Bank borrowings	53,297	23,849	9,990	14,990
Lease liabilities	1,360	1,966	1,996	2,008
Deferred income	1,233	1,531	—	—
Tax payables	525	5,389	10,840	2,860
<i>Subtotal</i>	126,630	83,059	67,493	55,620
Net Current Assets (Liabilities)	92,451	86,205	113,528	121,915

Our net current assets decreased by RMB6.3 million, or 6.8%, from RMB92.5 million as of 31 December 2023 to RMB86.2 million as of 31 December 2024, primarily due to an decrease of RMB 49.5 million in trade and other receivables and an decrease of RMB29.4 million in bank borrowings. Our net current assets further increased by RMB27.3 million, or 31.7% from RMB86.2 million as of 31 December 2024 to RMB113.5 million as of 30 September, 2025 primarily due to an increase of RMB20.0 million in term deposits and an increase in cash and cash equivalents of RMB13.8 million. Our net current assets further increased to RMB121.9 million as of 30 November 2025, primarily driven by a decrease of RMB9.3 million in trade and other payables and a decrease of RMB8.0 million in tax payables.

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Our non-current assets increased by RMB53.2 million, or 41.4%, from RMB128.5 million as of 31 December 2023 to RMB181.7 million as of 31 December 2024, primarily relating to the additions of our property, plant and equipment assets in connection with our business expansions, mainly representing the construction of our Hefei Production Base, and an increase in long term deposits of RMB40.0 million. Our non-current assets decreased by RMB2.8 million, or 1.5% from RMB181.7 million as of 31 December 2024 to RMB178.9 million as of 30 September, primarily representing an RMB3.7 million decrease in costs of construction-in-progress which were subsequently recognised as property, plant and equipment which were reduced by prepayments for the construction project prior to its acceptance and capitalisation during the period.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of our production bases, laboratory and relevant facilities and equipment, leasehold improvements and construction in progress. Our property, plant and equipment amounted to RMB75.6 million, RMB100.8 million and RMB111.0 million as of 31 December 2023 and 2024 and 30 September 2025, respectively. The increase in our property, plant and equipment during the Track Record Period was primarily due to the construction of our Hefei Production Base and the procurement of additional equipment and machinery in response to our enhanced R&D and production needs, partially offset by the depreciation of our existing property, plant and equipment.

As of 31 December 2023 and 2024 and 30 September 2025, our management performed assessments on the recoverable amounts of the cash generating units; and no impairment was required as of 31 December 2023 and 2024 and 30 September 2025, respectively.

Right-of-use Assets

Our right-of-use assets primarily consist of the leased properties, warehouse, and employee dormitories. Our right-of-use assets amounted to RMB18.9 million, RMB18.9 million and RMB23.3 million as of 31 December 2023 and 2024 and 30 September 2025, respectively. The slight decrease in the balance of our right-of-use assets from 31 December 2023 to 31 December 2024 was due to the depreciation of the leased property; and an increase in the balance in our right-of-use assets from 31 December 2024 to 30 September 2025 was primarily due to the addition of leased properties during the period, representing additional office premises for our business operations and the dormitories we leased for our employee.

Financial Assets at FVPL

Our financial assets at FVPL primarily represent transferable wealth management products. The fluctuation of our financial assets at FVPL during the Track Record Period was primarily attributable to the varying amounts of wealth management products we purchased during the Track Record Period pursuant to our bank wealth management products.

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We primarily invest in low-to-medium risk, net-asset-value-based wealth management products from major banks and their affiliates, balancing liquidity and returns through instruments with defined holding periods. These products are subject to market fluctuations and do not guarantee principal or returns, despite their historical positive performance on our financial statements. While many of our wealth management products allow flexible redemptions after an initial holding period, certain longer-term products have limited liquidity. Generally speaking, we align investment maturities with our anticipated cash flow needs to manage liquidity risk.

With regards to the purchase and redemption of financial products, we have formulated an investment policy of diversifying risks and generating steady returns on the premise of ensuring the safety of fund. We generally prefer bank-issued financial products with a relatively low risk level assigned to them by relevant banks as stipulated in the purchase agreements for. In terms of investing in financial products, our investment strategy is to diversify risks and generate returns, while ensuring the safety of the funds. We have implemented the following investment policies:

- Our Finance Department and Investment and Acquisition Department are responsible for the analysis and research of investments in financial products as well as the routine management of such investments; and
- Investments in financial products could be made when we have surplus cash that is not required for our short-term working capital purposes.

We have established internal control measures for investing in financial products, including: (i) evaluating working capital sufficiency for business needs prior to and after investment; (ii) adopting a prudent approach in selecting and approving financial assets to minimise financial risks; and (iii) making case-by-case investment decisions based on factors such as the macroeconomic environment, market conditions, risk control and expected investment outcomes. In relation to the valuation of financial products, our Directors will (i) delegate the Audit and Legal Department to review the terms and conditions of the investment agreements, carefully consider all related information and agree on the valuation approaches adopted and key assumptions; (ii) review the analysis and research of investments in financial products made by our Finance Department; and (iii) approve the results if the procedures are deemed satisfactory and it is unnecessary to appoint external valuation expert to conduct the valuation. Based on the above processes, our Directors are of the view that the valuation analysis is fair and reasonable, and the fair value measurements of financial products are properly prepared.

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Inventories

Our inventories primarily consist of the raw materials, work in progress and finished goods in connection with the sales of pharmaceutical products. In particular, raw materials represented the materials for our drug production such as pill box, packaging material, printing materials and paper used for prescription purposes. Finished goods represented the goods such as injection and oral liquid. The decrease in our inventories from 2024 to 2025 was due to a decrease in finished goods and raw materials relating to our generic drugs, as we had been shifting our strategic focus from the sales of generic drugs to the sales of mitochondrial drug and the continuous mitochondria-targeting R&D activities.

Our inventories amounted to RMB41.9 million, RMB32.6 million and RMB26.2 million as of 31 December 2023 and 2024 and 30 September 2025, respectively.

Our inventories turnover days were 379.6 days, 340.4 days and 268.6 days as of 31 December 2023 and 2024 and 30 September 2025, respectively.

As of 30 November 2025, RMB5.0 million, or 19.2% of our inventories outstanding as of 30 September 2025 had been consumed.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) outstanding balances due from our customers, (ii) bills receivables, (iii) prepayments, (iv) receivable from government, (v) VAT receivables, (vi) property rental deposits, (vii) deposit paid for purchase of property, plant and equipment and (viii) interest receivables.

Our trade and other receivables increased by 21.6% from RMB51.3 million as of 31 December 2024 to RMB62.4 million as of 30 September 2025. This increase was primarily attributable to: (i) the growth in trade receivables from RMB26.5 million in 2024 to RMB41.3 million as of 30 September 2025, reflecting the expansion of our business, and (ii) an increase in the payments to the professional parties for the [REDACTED] from nil to RMB1.8 million, which is expected to be capitalised upon the [REDACTED].

Our trade and other receivables decreased by 49.1% from RMB100.8 million as of 31 December 2023 to RMB51.3 million as of 31 December 2024. This decrease was mainly due to: (i) our proactive efforts in strengthening the collection of trade receivables, leading to a reduction in trade receivables from RMB74.5 million in 2023 to RMB26.5 million in 2024; (ii) a decrease in bill receivable from RMB19.1 million to RMB16.3 million, as customers reduced their use of notes for settlement; and (iii) a decrease in prepayments from RMB5.1 million to RMB3.7 million, in relation to our CRO service providers, primarily due to the completion of equipment delivery and acceptance, resulting in the transfer out of prepaid amounts.

As of 30 November 2025, RMB17.6 million, or 42.6% of our trade and other receivables as of 30 September 2025, had been subsequently settled.

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The average turnover days of our trade receivables for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 were 63.6 days, 75.6 days and 51.2 days, respectively. According to Frost & Sullivan, our trade receivables were in line those of our market peers. Trade and bills receivables turnover days are based on the average balance of trade receivables divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance is calculated as the average of the beginning balance and ending balance of a given year/period.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables (owed to our suppliers), (ii) accrued staff costs, (iii) refundable guarantee deposits (by distributors and collaboration partners, in connection with our normal business operations to ensure compliance with the standards outlined in the relevant purchase and/or collaboration agreements), (iv) VAT and other tax payables, (v) accruals and other payables (primarily relating to accrued service fees), and (vi) interest payable. Our trade and other payables increased from RMB40.6 million as of 31 December 2023 to RMB46.3 million as of 31 December 2024, primarily attributable to an increase in accrued staff costs. Our trade and other payables decreased from RMB46.3 million as of 31 December 2024 to RMB42.2 million as of 30 September 2025, primarily because of (i) the decrease in accrued staff costs; and (ii) the decrease in trade payables resulting from the milestone payments to the construction suppliers in relation to our Hefei Production Base.

The average turnover days of our trade payables for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 were 38.9 days, 37.7 days and 41.7 days, respectively. Trade and other payables turnover days are based on the average balance of trade payables divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance is calculated as the average of the beginning balance and ending balance of a given year/period.

As of 30 November 2025, RMB13.5 million, or 55.8% of our trade and other payables as of 30 September 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities represent the full payments in advances from our customers in exchange for our sales of pharmaceutical products and the relevant contract liabilities are recognised as revenue when we fully deliver our products to our customers. Contract liabilities are classified as current as they are expected to be settled within our normal operating cycle. The balance of contract liabilities derived from the prepayment for our generic drugs during the year.

Our contract liabilities decreased from RMB12.8 million as of 31 December 2023 to RMB4.0 million as of 31 December 2024, and further decreased to RMB2.4 million as 30 September 2025, as the revenue generated from our generic drugs decreased due to our proactive shift of the strategic focus to the sales of mitochondrial drug and the continuous mitochondria-targeting R&D activities since 2024.

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LIQUIDITY AND CAPITAL RESOURCES

Our use of cash during the Track Record Period primarily related to the production of our drugs, marketing and administrative activities, and R&D activities, in the normal course of our business operations. During the Track Record Period, we funded our cash requirements principally through our operating cash inflow from sales revenue collection, bank borrowings and government grants. We believe our current cash and cash equivalents and the estimated net [REDACTED] from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this document.

As of 30 September 2025 and the Latest Practicable Date, we had unutilised bank facilities of RMB69.0 million and RMB64.0 million, respectively, none of which were restricted. We do not anticipate any changes to the availability of bank loans to finance our operations in the future and net [REDACTED] from the [REDACTED]. We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[953.0] million after deducting professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED] at the [REDACTED] of HK\$[REDACTED] per [REDACTED].

Cash Flows

Our cash is primarily utilised for operating and investing activities. We generally rely on cash generated from operations to fund our business activities. We plan to fund our future capital requirements through cash generated from business operations, the [REDACTED] from the [REDACTED], and other potential equity or debt financings following the [REDACTED]. We currently expect that the available source of funding for our working capital will remain unchanged in the foreseeable future. We will closely monitor our working capital levels, carefully assess future cash flow needs, and adjust our operational and expansion plans as necessary to ensure we maintain sufficient working capital to support business operations. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our cash and cash equivalents were RMB50.2 million, RMB15.9 million, and RMB29.6 million, respectively.

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The following table sets out a summary of our consolidated statements of cash flows for the years/periods indicated:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash generated from operating activities	<u>19,413</u>	<u>93,803</u>	<u>64,290</u>	<u>67,674</u>
Net cash (used in) investing activities	<u>(38,587)</u>	<u>(108,777)</u>	<u>(95,351)</u>	<u>(7,922)</u>
Net cash from (used in) financing activities	<u>26,587</u>	<u>(19,388)</u>	<u>990</u>	<u>(45,965)</u>
Cash and cash equivalents at the end of the year/period	<u>50,221</u>	<u>15,859</u>	<u>20,150</u>	<u>29,646</u>

Net Cash Generated from Operating Activities

During the Track Record Period, the cash inflow from our operating activities was primarily generated from the sales of pharmaceutical products, while the cash outflow was mainly attributable to payments for (i) the procurement of raw materials, (ii) research and development expenses, (iii) selling and distribution expenses, and (iv) administrative and income tax expenses. The cash generated from operating activities reflected our profit before tax and it was adjusted for non-cash and non-operating items such as interest expenses, depreciation of property, plant and equipment, and depreciation of right-of-use assets, and changes in working capital, which included increases or decreases in inventory, trade and other receivables, trade and other payables, and contract liabilities.

Our net cash generated from our operating activities amounted to RMB67.7 million for the nine months ended 30 September 2025. The cash inflow was primarily generated from the profit before tax of RMB72.2 million, which was adjusted for an increase in trade and other receivables of RMB6.9 million arising from an increase in the sales of our mitochondrial drug and other operating activities of RMB4.4 million, a decrease in trade and other payables of RMB1.4 million, partially offset by a decrease in inventories of RMB6.7 million and a decrease in amounts due from related parties of RMB1.5 million.

Our net cash generated from our operating activities amounted to RMB93.8 million for the year ended 31 December 2024. The cash inflow was primarily generated from the profit before tax of RMB44.9 million, which was adjusted for non-cash and non-operating items, including (i) depreciation of property, plant and equipment of RMB8.3 million, (ii) depreciation of right-of-use assets of RMB2.1 million, (iii) amortisation of intangible assets of RMB1.0 million, and (iv) impairment losses recognised (reversed) under expected credit

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loss model, net of reversal of RMB2.4 million. This amount was further adjusted for an increase of RMB34.5 million due to changes in working capital, which primarily resulted from a decrease in trade and other receivables of RMB51.8 million attributable to the efforts made by us to collect trade receivables during 2024, and a decrease in inventories of RMB8.4 million, partially offset by a decrease in provision in relation to commercial disputes we settled in the fiscal year of 2024 of RMB16.8 million in 2024 and a decrease in contract liabilities of RMB8.8 million.

Our net cash generated from our operating activities amounted to RMB19.4 million for the year ended 31 December 2023. The cash inflow generated from the profit before tax of RMB99.8 million, which was adjusted for non-cash and non-operating items, including (i) depreciation of property, plant and equipment of RMB8.0 million, (ii) depreciation of right-of-use assets of RMB1.2 million, (iii) amortisation of intangible assets of RMB0.9 million, and (iv) Impairment losses recognised (reversed) under expected credit loss model, net of reversal of RMB1.8 million. This amount was further adjusted for a decrease of RMB65.0 million due to changes in working capital, which primarily resulted from an increase in trade and other receivables of RMB49.7 million due to an increase in sales of our mitochondrial drug, an increase in inventory of RMB5.7 million, and a decrease in trade and other payables of RMB13.6 million mainly resulting from return of deposits to our distributors, partially offset by an increase in contract liabilities and deferred income of RMB2.0 million, respectively.

Net Cash (Used in)/Generated from Investing Activities

Our cash flows used in investing activities primarily related to our purchase of property, plant and equipment and subscription of wealth management products.

Our net cash used in investing activities was RMB7.9 million for the nine months ended 30 September 2025, primarily consisting of RMB338.6 million of placement of financial assets, RMB19.6 million of purchase of property, plant and equipment and placement of deposits for purchase of property, plant and equipment and RMB10.0 million of placement of term deposits and partially offset by RMB360.3 million of redemption of financial assets.

Our net cash used in investing activities was RMB108.8 million for the year ended 31 December 2024, primarily consisting of RMB239.8 million of placement of financial assets and RMB26.3 million of purchase of property, plant and equipment and placement of deposits for purchase of property, plant and equipment and partially offset by RMB197.9 million of redemption of financial assets.

Our net cash used in investing activities was RMB38.6 million for the year ended 31 December 2023, primarily consisting of RMB136.4 million of placement of financial assets and RMB18.4 million of purchase of property, plant and equipment and placement of deposits for purchase of property, plant and equipment, partially offset by RMB117.6 million of redemption of financial assets.

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Net Cash (Used in)/Generated from Financing Activities

Our cash flows in relation with financing activities primarily reflected our proceeds from bank borrowings and repayment of bank borrowings during the Track Record period.

Our net cash used in financing activities was RMB46.0 million for the nine months ended 30 September 2025, primarily consisting of RMB51.7 million of repayment of bank borrowings and RMB2.3 million of repayments of lease liabilities, partially offset by RMB10.0 million of proceeds from bank borrowings.

Our net cash used in financing activities was RMB19.4 million for the year ended 31 December 2024, primarily consisting of RMB58.3 million of repayment of bank borrowings and RMB2.2 million of interest paid on bank borrowings, partially offset by RMB42.8 million of proceeds from bank borrowings.

Our net cash generated from financing activities was RMB26.6 million for the year ended 31 December 2023, primarily consisting of RMB43.3 million of repayment of bank borrowings and RMB2.3 million of lease liabilities, partially offset by RMB73.5 million of proceeds from bank borrowings.

INDEBTEDNESS

The following table sets out the breakdown of our indebtedness as of the dates indicated:

	As of 31 December		As of 30 September	As of 30 November
	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
Bank borrowings	67,197	51,749	9,990	14,990
Lease liabilities	2,900	3,278	2,303	2,316
Total indebtedness	70,097	55,027	12,293	17,306

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Bank Borrowings

During the Track Record Period and up to 30 September 2025, being the latest practicable date, for the purpose of indebtedness statement, our borrowings were primarily bank borrowings. As of 31 December 2023, 2024 and 30 September 2025, and as of 30 November 2025, our bank borrowings were approximately RMB67.2 million, RMB51.7 million, RMB10.0 million and RMB15.0 million, respectively. Our bank borrowings were short term or long term, unsecured or secured, and denominated in RMB. The following table sets out a breakdown of our bank borrowings as of the dates indicated:

	As of 31 December		As of 30 September	As of 30 November
	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Current	53,297	23,849	9,900	14,990
Non-current	13,900	27,900	—	—
Total	67,197	51,749	9,900	14,990

Lease Liabilities

As of 31 December 2023, 2024 and 30 September 2025, and as of 30 November 2025, our lease liabilities amounted to approximately RMB2.9 million, RMB3.3 million, RMB2.3 million and RMB2.3 million, respectively. The table below sets out a breakdown of our lease liabilities as of the dates indicated.

	As of 31 December		As of 30 September	As of 30 November
	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Current	1,360	1,966	1,996	2,008
Non-current	1,540	1,312	307	308
Total	2,900	3,278	2,303	2,316

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure were related to acquisition of property, plant and equipment. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our capital expenditures amounted to RMB19.4 million, RMB26.3 million and RMB21.2 million, respectively.

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We have historically funded our capital expenditures primarily through [REDACTED] from operating cash inflow, the [REDACTED] from the Pre-[REDACTED] and our bank borrowings. Going forward, we expect our capital expenditures will continue to consist primarily of payment of purchase of property, plant and equipment. We expect to finance our capital expenditures primarily through the [REDACTED] from the [REDACTED]. We may adjust our capital expenditures for any given period according to our ongoing business needs.

CAPITAL COMMITMENTS

During the Track Record Period, our capital expenditure primarily represented acquisition of property, plant and equipment. For the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025, our capital commitments amounted to RMB3.5 million, RMB5.8 million and RMB1.7 million, respectively.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

KEY FINANCIAL RATIO

The following table sets out our key financial ratio as of the dates indicated:

	As of 31 December		As of
	2023	2024	30 September 2025
Net Profit margin ⁽¹⁾	26.3%	14.1%	22.4%
Gross Profit margin ⁽²⁾	87.4%	83.4%	87.4%
Current Ratio ⁽³⁾	1.8	2.0	2.7
Return on equity ⁽⁴⁾	48.2%	15.3%	20.1%

(1) Net profit margin is calculated based on profit for the year/period divided by revenue and multiplied by 100.0% for a given year/period.

(2) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100.0% for a given year/period.

(3) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the respective year/period.

(4) Return on equity is calculated as using net profit divided by the average of the beginning and ending balance of total equity for that year/period and multiplied by 100%.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, our related party transactions represented non-recurring transactions, and compensation of key management personnel. Each of the said related party transactions was conducted in the normal course of our business. See Note 35 of the Accountants’ Report in Appendix I to this document.

FINANCIAL RISKS

We are exposed to various types of financial and market risks, including credit risk, liquidity risk, and interest rate risk. Our Directors review and agree on financial management policies and practices for managing each of these risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial losses to us. Our credit risk is primarily attributable to bank balances, time deposits with original maturity over three months, trade and other receivables, amount due from subsidiaries. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Liquidity Risk

In management of the liquidity risk, we monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We rely on shareholders’ investment and bank borrowings as a significant source of liquidity.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to lease liabilities, and fixed-rate bank borrowings and time deposits. We are exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The cash flow interest rate is mainly concentrated on the fluctuation of interest rates on bank balances and the PRC Loan Prime Rate arising from the bank borrowings.

We consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because bank balances are excluded from sensitivity analysis.

FINANCIAL INFORMATION

DIVIDEND

We have not declared or paid any dividend during the Track Record Period.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders’ general meeting for approval. Our Board may declare dividends in the future after taking into account our distributable profits, financial condition, cash flows, expected future capital expenditure, return to our Shareholders, capital requirements, finance costs, the external financing environment and any other factors that our Directors may deem relevant. Any declaration and payment, as well as the amount of, dividends will be subject to the requirements of our Article of Association and the PRC Company Law. According to the PRC Company Law and our Articles of Association, dividends are distributed to our Shareholders in proportion to their shareholdings. We currently do not have a fixed pay-out ratio for future cash dividends. The payment of dividends may also be limited by legal restrictions.

In any event, we will pay dividends out of our profit after tax only after we have made the following allocations:

- (a) recovery of accumulated losses, if any;
- (b) allocation to the statutory common reserve fund an amount of 10% of our profit after tax, as determined under the Accounting Standards for Business Enterprises issued by the MOF (“**PRC GAAP**”); until such fund has reached more than 50% of our registered capital; and
- (c) allocation, if any, to a discretionary common reserve fund an amount approved by the Shareholders in a Shareholders’ meeting.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that our current cash and cash equivalents and the estimated net [REDACTED] from the [REDACTED] will be sufficient to meet our anticipated cash needs for at least the next 12 months from the date of this document, by using our cash and cash equivalents amounted to RMB29.6 million as of 30 September 2025, combining with short term and long term deposits amounted to RMB20.0 million and RMB30.0 million, respectively, and wealth management products we had amounted to RMB42.8 million for the purpose of meeting us and our short term cash commitments.

DISTRIBUTABLE RESERVES

As of 30 September 2025, we had distributable reserves of RMB206.1 million.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions, and other fees incurred in connection with the [REDACTED]. At the [REDACTED] of HK\$[REDACTED] per [REDACTED], the [REDACTED] expenses which are payable by us are estimated to amount in aggregate to be approximately HK\$[REDACTED] million, accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED].

The total [REDACTED] expenses consist of (i) approximately HK\$[REDACTED] million [REDACTED] fees (including [REDACTED] commission, incentive fee, SFC transaction levy, Stock Exchange [REDACTED] fee, and AFRC transaction levy) and (ii) approximately HK\$[REDACTED] million [REDACTED] fees mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK\$[REDACTED] million, and (b) other fees and expenses and fees paid to other professional parties of approximately HK\$[REDACTED] million. Among the total [REDACTED] expenses, RMB[REDACTED] million was charged to our consolidated statements of comprehensive income during the Track Record Period, and approximately HK\$[REDACTED] million is expected to be charged to profit or loss, and approximately HK\$[REDACTED] million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] ADJUSTED [REDACTED] ASSETS

See “[REDACTED] Financial Information” in Appendix [II] to this document for further details of our [REDACTED] statement of adjusted consolidated net tangible assets.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had no off-balance sheet arrangements.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, having performed reasonable due diligence on our Group, there has been no material adverse change in our financial or [REDACTED] position or prospects since 30 September 2025 and up to the date of this document.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million after deducting professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED] at the [REDACTED] of HK\$[REDACTED] per [REDACTED].

We intend to use the net [REDACTED] we receive from the [REDACTED] as follows:

- (1) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing R&D and production of our key mitochondria-targeting drug candidate KN-19ND-L1, a NAD⁺ innovative potential drug for the treatment of heart failure following acute myocardial infarction:
 - in particular, approximately [REDACTED]%, or HK\$[REDACTED] million will be allocated to the phase 2 clinical trial of KN-19ND-L1, and approximately [REDACTED]%, or HK\$[REDACTED] million to its phase 3 clinical trial. We have commenced the phase 2 clinical trial in the second quarter of 2025, which is expected to be completed in the first quarter of 2027. Subject to the actual completion of the phase 2 clinical trial, we will progress to the phase 3 clinical trial in the third quarter of 2027. See “Business — Our Drug Candidates” for the details of KN-19ND-L1.
- (2) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing R&D and production of our key mitochondria-targeting drug candidate KN-25ND-Z, a NAD⁺ innovative potential drug for the treatment of chronic heart failure:
 - approximately [REDACTED]%, or HK\$[REDACTED] million will be allocated to the phase 1 clinical trial of KN-25ND-Z, approximately [REDACTED]%, or HK\$[REDACTED] million to its phase 2 clinical trial and approximately [REDACTED]%, or HK\$[REDACTED] million to its phase 3 clinical trial. We plan to commence the phase 1 clinical trial in the second quarter of 2026, which is expected to be completed in the fourth quarter of 2026. Subject to the actual completion of phase 1 clinical trial, we will progress to the phase 2 clinical trial and we expect the phase 3 clinical trial could commence in the fourth quarter of 2028 thereafter. See “Business — Our Drug Candidates” for the details of KN-25ND-Z”.

FUTURE PLANS AND [REDACTED]

- (3) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to fund the continuing R&D and production of our KN-25ND-L1, our NAD⁺ innovative anti-ovarian-dysfunction drug:
- approximately [REDACTED]%, or HK\$[REDACTED] million will be allocated to its phase 2 clinical trial, which will commence in the first quarter of 2026; and approximately [REDACTED]%, or HK\$[REDACTED] million to its phase 3 clinical trial, which is expected to commence in the third quarter of 2027, subject to the actual completion of the phase 2 clinical trial.
- (4) approximately [REDACTED]% or HK\$[REDACTED] million, will be used for the construction of our Kaifeng synthetic-biology smart factory project. We consider the newly-constructed synthetic-biology smart factory is pivotal to our production upgrade, transforming biological design into scalable and precision production. The investment encompasses:

Our investment primarily includes:

- *Lands and Infrastructure*: Securing a strategic site and building the specialised physical and utility plants required for advanced bioproduction.
- *Smart Equipment and Systems*: Funding the core automated production lines, robotics, and the proprietary software and hardware suite that will enable our closed-loop process monitoring and control.

The construction of the said synthetic-biology smart factory is expected to commence in January 2027 and is expected to be completed by September 2029.

- (5) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the construction of our Hefei synthetic biology smart workshop project, covering its infrastructure investment and equipment procurement. Specifically, the capital investment will cover all critical path expenditures, including:
- *Infrastructure*: Securing a strategic site and building the specialised physical and utility plants required for advanced bioproduction.
 - *Core Equipment*: Procurement, installation, and calibration of specialised bioproduction machinery.

The construction of the said synthetic-biology smart workshop is expected to commence in January 2027 and is expected to be completed in April 2030. The newly-constructed production site is designed to further enhance our production capabilities, ensuring scalable, high-quality and compliant production to meet anticipated market demand for our drugs.

FUTURE PLANS AND [REDACTED]

- (6) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the upgrade of our sales-and-distribution network. The upgrade features the recruitment of additional sales personnel in anticipation of our continuing business operation. We believe these upgrades could improve market responsiveness and drive our sustainable revenue growth.
- (7) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the AI and digital-infrastructure development in connection with our R&D activities, production and operational digitalisation and smart-system deployment, as well as server and computer upgrades to enhance our overall operational efficiency.

We believe our AI and digital infrastructure will significantly enhance our operational performance encompassing our R&D, production, and cross-functional operations.

In respect of R&D, we expect the application of AI enables us to accelerate drug discovery, potentially cutting our pre-clinical research timeline by approximately 50%. Our digital labs will also automate data analysis, improving collaboration among our teams. In respect of production, we plan to use machine learning to optimise critical processes, which will boost drug product yield and quality. Predictive maintenance along with AI-driven quality systems will also help minimise disruptions to our production. At group level, we plan to apply AI management to set up an intelligent collaboration platform and a unified data knowledge graph, enabling automated workflows and data-informed decision-making.

We will also leverage the aforesaid enhanced capabilities to penetrate our market presence and impact on patient care. In respect of commercialisation, our AI will analyse market dynamics to refine our strategies and equip our medical teams with intelligent tools. In respect of patient care, the AI-powered collaboration platform will enable us to facilitate the creation of personalised treatment plans, supported by a continuous feedback with data updates which could facilitate our treatment approaches.

With a unified data architecture and scalable AI deployment, we expect that the AI and digital-infrastructure development will enable us to shorten our drug development timeframe, reduce our operating outflows and unlock our revenue growth potential.

- (8) approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for the working capital and other general corporate purposes.

We will only place the net [REDACTED] from the [REDACTED] which are not immediately required for the disclosed purposes in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations other jurisdictions or applicable laws in the relevant jurisdiction). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

FUTURE PLANS AND [REDACTED]

We currently have no specific plans as to how the net [REDACTED] from this [REDACTED] will be allocated beyond the uses specified above, and therefore our management will retain discretion to allocate the remainder of the net [REDACTED] of this [REDACTED] among these uses.

This expected use of the net [REDACTED] from this [REDACTED] represents our intentions based upon our current plans and business conditions. As of the Latest Practicable Date, we could not predict with certainty all of the particular uses for the net [REDACTED] to be received upon the completion of this [REDACTED] or the amounts that we will actually spend on the uses set out above. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our drug development programmes, the status of and results from pre-clinical studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our drug candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net [REDACTED] from this [REDACTED] and may change the allocation of use of these proceeds among the uses described above. An [REDACTED] will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the [REDACTED].

We will issue an appropriate announcement if there is any material change in the above-mentioned use of [REDACTED].

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Indemnity

Each of our Company and our Controlling Shareholders [has] agreed to indemnify, among others, the Sole Sponsor, the Sole Overall Coordinator, the [Joint Global Coordinators], the [Joint Bookrunners], the [Joint Lead Managers], the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

[REDACTED]

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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STRUCTURE OF THE [REDACTED]

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STRUCTURE OF THE [REDACTED]

[REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

[REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

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HOW TO APPLY FOR HONG KONG [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-58, received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KNATURE BIOPHARMACEUTICAL CO., LTD. AND SDIC SECURITIES CORPORATE FINANCE (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Knature Biopharmaceutical Co., Ltd.* (康諾生物製藥股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-3] to [I-58], which comprises the consolidated statements of financial position of the Group as at 31 December 2023 and 2024, the statements of financial position of the Company as at 31 December 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 two 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-58] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [dated1] (the “Document”) in connection with the [REDACTED] of [H shares] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of 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.

* English name for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

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 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 the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors 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 purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at 31 December 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 preparation of the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

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ACCOUNTANTS’ REPORT

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 this 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 accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the “IASB”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2023	2024
	NOTES	RMB’000	RMB’000
Revenue	6	302,599	240,314
Cost of sales		<u>(38,191)</u>	<u>(39,963)</u>
Gross profit		264,408	200,351
Other income	8	23,586	23,526
Other gains and losses	9	243	916
Impairment losses (recognised) reversed under expected credit loss model, net		(1,762)	2,356
Selling and distribution expenses		(131,183)	(130,420)
Administrative expenses		(26,159)	(29,470)
Research and development expenses		(28,501)	(20,499)
Finance costs	10	<u>(882)</u>	<u>(1,838)</u>
Profit before tax		99,750	44,922
Income tax expense	11	<u>(20,229)</u>	<u>(11,017)</u>
Profit and total comprehensive income	12	<u>79,521</u>	<u>33,905</u>
Earnings per share	15		
— Basic (RMB)		<u>1.33</u>	<u>0.57</u>

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December	
		2023	2024
	NOTES	RMB’000	RMB’000
NON-CURRENT ASSETS			
Property, plant and equipment	16	75,590	100,832
Intangible assets	17	4,123	3,119
Right-of-use assets	18	18,917	18,865
Other receivables and deposits	20	14,591	14,317
Term deposits	21A	—	40,000
Deferred tax assets	31	9,210	4,537
Amounts due from related parties	26	6,042	—
		<u>128,473</u>	<u>181,670</u>
CURRENT ASSETS			
Inventories	19	41,922	32,616
Trade and other receivables	20	100,795	51,340
Tax prepayment		6,118	—
Amounts due from related parties	26	—	6,538
Financial assets at fair value through profit or loss (“FVTPL”)	21B	20,025	62,911
Cash and cash equivalents	21A	50,221	15,859
		<u>219,081</u>	<u>169,264</u>
CURRENT LIABILITIES			
Trade and other payables	22	40,616	46,339
Provision	22	16,786	—
Contract liabilities	23	12,813	3,985
Bank borrowings	24	53,297	23,849
Lease liabilities	25	1,360	1,966
Deferred income		1,233	1,531
Tax payables		525	5,389
		<u>126,630</u>	<u>83,059</u>
NET CURRENT ASSETS		<u>92,451</u>	<u>86,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>220,924</u>	<u>267,875</u>

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		At 31 December	
		2023	2024
	NOTES	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	24	13,900	27,900
Deferred income		726	—
Lease liabilities	25	<u>1,540</u>	<u>1,312</u>
		<u>16,166</u>	<u>29,212</u>
NET ASSETS		<u>204,758</u>	<u>238,663</u>
CAPITAL AND RESERVES			
Share capital	27	60,000	60,000
Reserves		<u>144,758</u>	<u>178,663</u>
TOTAL EQUITY		<u>204,758</u>	<u>238,663</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December	
		2023	2024
	NOTES	RMB'000	RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	36	12,502	12,602
Property, plant and equipment	16	24,903	53,117
Intangible assets	17	990	890
Right-of-use assets	18	3,537	4,450
Other receivables and deposits	20	6,956	2,023
Term deposits	21A	—	40,000
		<u>48,888</u>	<u>113,082</u>
CURRENT ASSETS			
Inventories	19	32	369
Other receivables	20	5,196	6,221
Amounts due from subsidiaries	26	20,980	13,555
Financial assets at FVTPL	21B	18,024	62,910
Cash and cash equivalents	21A	<u>13,533</u>	<u>14,621</u>
		<u>57,765</u>	<u>97,676</u>
CURRENT LIABILITIES			
Trade and other payables	22	5,071	12,253
Bank borrowings	24	14,990	19,500
Lease liabilities	25	259	948
Amounts due to subsidiaries	26	63	85,639
Deferred income		<u>1,233</u>	<u>1,531</u>
		<u>21,616</u>	<u>119,871</u>
NET CURRENT ASSETS (LIABILITIES)		<u>36,149</u>	<u>(22,195)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>85,037</u>	<u>90,887</u>

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		At 31 December	
		2023	2024
	NOTES	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings	24	5,000	20,000
Deferred income		726	—
Lease liabilities	25	<u>410</u>	<u>786</u>
		<u>6,136</u>	<u>20,786</u>
NET ASSETS		<u><u>78,901</u></u>	<u><u>70,101</u></u>
CAPITAL AND RESERVES			
Share capital	27	60,000	60,000
Reserves	30	<u>18,901</u>	<u>10,101</u>
TOTAL EQUITY		<u><u>78,901</u></u>	<u><u>70,101</u></u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital RMB'000	Share capital RMB'000	Capital reserve RMB'000 (Note)	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 January 2023	14,989	—	112,161	(1,913)	125,237
Profit and total comprehensive income for the year	—	—	—	79,521	79,521
Conversion into a joint stock company (Note 27)	<u>(14,989)</u>	<u>60,000</u>	<u>(86,222)</u>	<u>41,211</u>	<u>—</u>
At 31 December 2023	—	60,000	25,939	118,819	204,758
Profit and total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,905</u>	<u>33,905</u>
At 31 December 2024	<u>—</u>	<u>60,000</u>	<u>25,939</u>	<u>152,724</u>	<u>238,663</u>

Note: The capital reserve mainly represents the net effect of the following:

- (i) the difference between the then paid-in capital of RMB999,000, the consideration received from issuance of shares with preferred right of RMB100,000,000 in 2021 and derecognition of interests accrued of RMB12,889,000 upon the termination of preferred rights in 2022;
- (ii) capital contribution of RMB271,000 from shareholders which he has agreed to contribute to the Company without any obligation for repayment; and
- (iii) effect of the Company’s conversion into a joint stock company on 21 March 2023.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December	
	2023	2024
	<i>RMB’000</i>	<i>RMB’000</i>
OPERATING ACTIVITIES		
Profit before tax	99,750	44,922
Adjustments for:		
Depreciation of property, plant and equipment	8,040	8,298
Depreciation of right-of-use assets	1,175	2,135
Amortisation of intangible assets	915	1,004
Impairment losses recognised (reversed) under expected credit loss model, net of reversal	1,762	(2,356)
Fair value change on financial assets at FVTPL	(244)	(936)
Bank interest income	(827)	(1,012)
Interest income from amount due from related parties	(100)	(107)
Write-down of inventories	1,261	857
Loss on written-off of property, plant and equipment	5	28
Finance costs	882	1,838
Operating cash outflows before movements in working capital	112,619	54,671
(Increase) decrease in trade and other receivables	(49,694)	51,811
(Increase) decrease in inventories	(5,660)	8,449
(Decrease) increase in trade and other payables	(13,566)	276
Decrease in provision	—	(16,786)
Increase (decrease) in contract liabilities	1,954	(8,828)
Increase (decrease) in deferred income	1,959	(428)
Cash generated from operations	47,612	89,165
Income tax paid	(28,199)	(1,480)
Income tax refunded	—	6,118
NET CASH GENERATED FROM OPERATING ACTIVITIES	19,413	93,803
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and placement of deposits for purchase of PPE	(18,379)	(26,312)
Purchases of intangible assets	(1,000)	—
Placement of property rental deposit	(172)	(292)
Placement of term deposits	—	(40,000)
Placement of financial assets at FVTPL	(136,400)	(239,800)
Redemption of financial assets at FVTPL	117,619	197,850
Interest received	833	166
Advances to related parties	(1,088)	(389)
NET CASH USED IN INVESTING ACTIVITIES	(38,587)	(108,777)

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	Year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
FINANCING ACTIVITIES		
New bank borrowings raised	73,527	42,848
Repayment of bank borrowings	(43,330)	(58,296)
Repayments of lease liabilities	(2,251)	(1,705)
Interest paid	<u>(1,359)</u>	<u>(2,235)</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>26,587</u>	<u>(19,388)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,413	(34,362)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>42,808</u>	<u>50,221</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>50,221</u></u>	<u><u>15,859</u></u>

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ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

The Company was incorporated and registered in the People’s Republic of China (the “PRC”) on 16 August 2017 as a limited liability company. On 21 March 2023, the Company was converted to a joint stock company with limited liability under the Company Law of the PRC. The parent company of the Company is Hefei Feng Chao Biotechnology Co., Ltd.* (合肥鳳巢生物科技有限公司) (“Hefei Feng Chao”), a company controlled by Mr. Wang Wei (“Mr. Wang”). The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed (the “Corporate Information”) in the document. The Group is a biopharmaceutical company specialising in research and development, drug production, and commercialisation of mitochondrial medicine and healthcare products.

The Historical Financial Information are presented in RMB, which is same as the functional currency of the Company.

* *English name for identification purpose only*

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform 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 included applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

No statutory financial statements of the Company have been prepared during the track record period as it is incorporated in the jurisdictions where there are no statutory audit requirements.

The directors of the Company have, at the date of this report, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS**Application of new and amendments to IFRS Accounting Standards**

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRS Accounting Standards, which are effective for the accounting period beginning on [1 January 2025], throughout the Track Record Period.

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New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity ²
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 Improvement to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for the annual periods beginning on or after a date to be determined

² Effective for the annual periods beginning on or after 1 January 2026

³ Effective for the annual periods beginning on or after 1 January 2027

Except for the new and amendments to IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of other amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 “*Presentation and Disclosure in Financial Statements*”

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “*Presentation of Financial Statements*”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; 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. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 “*Statement of Cash Flows*” and IAS 33 “*Earnings per Share*” are also made.

IFRS 18, and amendments to other standards, 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 and structure of the statement of profit or loss and disclosures in the future financial statements, but has no impact on the Group’s overall financial position and overall performance.

4. MATERIAL ACCOUNTING POLICY INFORMATION

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 when 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.

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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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Note 6.

Leases

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, less any lease incentives received; 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.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value.

Lease liabilities

At the commencement date of a lease, the Group recognizes 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.

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The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other 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 recognizes as expenses the related costs for which the grants are intended to compensate.

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”.

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Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans 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 IFRS Accounting Standards 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.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to capital reserve. When the share are forfeited, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax 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

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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 and at the time of the transaction does not give rise to equal taxable and deductible temporary difference.

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 realized, 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 recognizes 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 levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

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.

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. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized 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 property assets, commences when the assets are ready for their intended use.

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Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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 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.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting periods, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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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 trade 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 marketplace.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) 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 at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortized 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 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 amortized 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.

(i) Amortized cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortized 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 amortized 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) Financial asset 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.

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Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets (including trade receivables, other receivables and deposits, amounts due from related parties, term deposits 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. Assessments 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 recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL for its financial instruments, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes 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 each 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:

- 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.

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(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:

- (a) significant financial difficulty of the issuer or the borrower; or
- (b) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(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 Groups 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.

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 amortized 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, where the corresponding adjustment is recognised through a loss allowance account.

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Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset measured at amortized cost, the difference between the asset’s carrying amount and the sum of consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity 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

All financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

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Timing of revenue recognition

The management of the Group exercises significant judgment in assessing the timing of revenue recognition for certain goods sold to distributors where the goods are targeted to be sold to new markets. The management of the Group determines that the control of the goods has not been passed to the customers when the products are delivered to the customers in view that it is agreed with the customers that the Group is able to require return of the products under certain conditions and the obligation of the distributors to pay for the goods by the distributor is not yet unconditional. Accordingly, revenue is not recognized upon delivery of the products. Instead, it is deferred until the control has passed to the customers when the management of the Group determines that it will no longer require return of the products and the customers will pay for the consideration, after continuous communication with the customers.

Key sources of estimation uncertainty

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 coming twelve months, are described below.

Provision of ECL for trade receivables

Trade receivables that with significant balances or credit-impaired are assessed for ECL individually. For the remaining balance, the management of the Group estimates the amount of the remaining trade receivables based on provision matrix which is performed by grouping debtors based on the debtor aging. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group’s trade receivables are disclosed in Note 33.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2023	2024
	RMB’000	RMB’000
Revenue by products		
Mitochondrial drugs	134,362	106,012
Other commercialised drugs (<i>Note</i>)	58,506	70,400
Other drugs	109,731	63,902
	<u>302,599</u>	<u>240,314</u>

Note: Other commercialised drugs representing Hyaluronidase for Injection, Pancreatic Kininogenase for Injection and Sodium Nitroprusside for Injection.

All revenue is recognised at a point in time.

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(ii) Performance obligation for contracts with customers

The Group mainly sells pharmaceutical products to its distributors which then sell to hospital and medical institutions throughout the PRC. The Group also makes direct sales to medical institutions through its sales team.

Revenue is recognised when control of the goods transfers to the customer, which occurs upon inspection and acceptance by the customer, except when the Group determines that the control of the products has not been passed to the customers and the customers’ obligation to pay the consideration is not yet unconditional such as those entered into with distributors targetting to sell the products to new markets. In such case, revenue recognition is deferred until the management of the Group determines that the control of the products has passed and the customers’ obligation to pay the consideration becomes unconditional. Transportation and handling activities that occur before the customer obtains control are considered as fulfilment activities.

The normal credit period for its customer is 30 — 90 days upon acceptance by customers. For certain customers, the Group receives a deposit before the delivery, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives 100% deposit on acceptance of new customers’ order.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customer

All the Group’s sales contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

The chief executive officer of the Company, being the chief operating decision maker (“CODM”), regularly reviews revenue analysis by types of products, when making decisions about allocating resources and assessing performance of the Group. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

All operating entities of the Group are domiciled in the PRC. The Group’s revenue were primarily derived in the PRC based on the location of the operations. As at 31 December 2023 and 2024, all of the Group’s non-current assets were located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2023	2024
	RMB’000	RMB’000
Customer A	60,281	N/A*
Customer B	48,389	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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8. OTHER INCOME

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Government grant (<i>Note</i>)	22,440	22,390
Bank interest income	827	1,012
Interest income from amount due from related parties	100	107
Others	219	17
	<u>23,586</u>	<u>23,526</u>

Note: The amounts represent government grants received from various PRC government authorities in connection with the fiscal subsidy and tax incentives, of which certain grants are subject to specific conditions; such amounts are initially recognized as deferred income until the related conditions are fulfilled.

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Fair value change on financial assets at FVTPL	244	936
Others	<u>(1)</u>	<u>(20)</u>
	<u>243</u>	<u>916</u>

10. FINANCE COSTS

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Interest on bank borrowings	1,394	2,199
Interest on lease liabilities	<u>34</u>	<u>162</u>
	1,428	2,361
Less: amounts capitalised in the cost of qualifying assets (<i>Note</i>)	<u>(546)</u>	<u>(523)</u>
	<u>882</u>	<u>1,838</u>

Note: During the years ended 31 December 2023 and 2024 and borrowing costs from certain bank borrowings were capitalized to expenditure on construction in progress at a weighted average rate of 3.88% and 4.88% respectively.

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11. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Current tax:		
— The PRC Enterprise Income Tax (“EIT”)	17,245	6,344
Deferred tax (<i>note 31</i>):		
Charge for the year	<u>2,984</u>	<u>4,673</u>
	<u>20,229</u>	<u>11,017</u>

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law, the basic tax rate of the Company’s PRC entities is 25%, except for two PRC entities that are qualified as High and New Technology Enterprise, the applicable EIT tax rate is 15%. The income tax expense for the Track Record Period is reconciled to the profit before tax per consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Profit before tax	<u>99,750</u>	<u>44,922</u>
Tax at the domestic tax rate of 25%	24,937	11,231
Tax effect of concessionary rates	(5,273)	(3,070)
Tax effect of research and development expenses that entitled additional deduction	(4,382)	(2,515)
Tax effect of expenses not deductible for tax purposes	394	385
Tax effect of tax losses not recognised	4,353	4,655
Others	<u>200</u>	<u>331</u>
Income tax expense for the year	<u>20,229</u>	<u>11,017</u>

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12. PROFIT FOR THE YEAR

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Auditor’s remuneration	955	345
Amortisation of intangible assets	915	1,004
Depreciation of property, plant and equipment	8,040	8,298
Depreciation of right-of-use assets	1,175	2,135
	<u>9,215</u>	<u>10,433</u>
Analyzed as:		
— charged in administrative expenses	5,288	6,305
— charged in research and development expenses	921	1,306
— charged in selling and distribution expenses	12	11
— charged in cost of sales	2,994	2,811
	<u>9,215</u>	<u>10,433</u>
Directors’ and supervisors’ remuneration (<i>Note 13</i>)	2,274	2,858
Other staff costs		
— Salaries and other allowances	26,964	45,350
— Retirement benefit scheme contributions	1,976	2,370
— Performance and discretionary bonus (<i>Note</i>)	1,747	1,446
	<u>32,961</u>	<u>52,024</u>
Analyzed as:		
— charged in administrative expenses	11,831	14,685
— charged in research and development expenses	7,584	9,928
— charged in selling and distribution expenses	11,008	22,687
— charged in costs of sales	2,538	4,724
	<u>32,961</u>	<u>52,024</u>
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB1,261,000 (2024: RMB857,000))	<u>21,517</u>	<u>26,709</u>

Note: Performance and discretionary bonus is determined at the end of each reporting period based on the duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

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13. DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVES’ AND EMPLOYEES’ EMOLUMENTS

(A) Directors’, Supervisors’ and chief executive’s emoluments

During the Track Record Period, directors’, supervisors’ and chief executive’s remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Date of appointment	Director fee RMB’000	Salaries and other benefits RMB’000	Retirement benefit scheme RMB’000	Discretionary bonus RMB’000	Total RMB’000
For the year ended 31 December 2023						
Executive directors:						
Mr. Wang (<i>Note (i)</i>)	February 2023	—	302	7	103	412
Mr. Wang Zhongwei	February 2023	—	307	12	53	372
Mr. Lin Zirong	February 2023	—	231	7	103	341
Dr. Wang Kanglin	February 2023	—	517	9	3	529
Ms. Li Min (<i>Note (ii)</i>)	February 2023	—	—	—	—	—
Ms. Xi Caini (<i>Note (iii)</i>)	February 2023	—	—	—	—	—
		—	1,357	35	262	1,654
Supervisors:						
Mr. Sun Ruike	February 2023	—	462	7	—	469
Ms. Jia Bing (<i>Note (iv)</i>)	February 2023	—	141	7	3	151
		—	603	14	3	620
		—	1,960	49	265	2,274
	Date of appointment	Director fee RMB’000	Salaries and other benefits RMB’000	Retirement benefit scheme RMB’000	Discretionary bonus RMB’000	Total RMB’000
For the year ended 31 December 2024						
Executive Directors:						
Mr. Wang (<i>Note (i)</i>)	February 2023	—	349	8	3	360
Mr. Wang Zhongwei	February 2023	—	396	13	3	412
Mr. Lin Zirong	February 2023	—	283	8	3	294
Dr. Wang Kanglin	February 2023	—	734	10	3	747
Ms. Li Min (<i>Note (ii)</i>)	February 2023	—	—	—	—	—
Ms. Xi Caini (<i>Note (iii)</i>)	February 2023	—	—	—	—	—
		—	1,762	39	12	1,813
Non-executive director:						
Ms. Zheng Siyuan	December 2024	—	—	—	—	—
		—	—	—	—	—
Supervisors:						
Mr. Sun Ruike	February 2023	—	581	8	127	716
Ms. Jia Bing (<i>Note (iv)</i>)	February 2023	—	321	8	—	329
Ms. Zhu Jie	December 2024	—	—	—	—	—
		—	902	16	127	1,045
		—	2,664	55	139	2,858

Notes:

- (i) Mr. Wang is the chief executive officer of the Company and chairman of the board of directors.
- (ii) Ms. Li Min resigned as executive directors in June 2025.

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(iii) Ms. Xi Caini resigned as executive directors in November 2024.

(iv) Ms. Jia Bing resigned as supervisor in August 2025.

The executive directors’ and chief executive’s emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The supervisors’ emoluments shown above were paid for their services as supervisors of the Company during the Track Record Period.

The non-executive director’s emoluments shown above were for her service as a director of the Company and the Group.

All amounts shown represent emoluments paid from the date of their respective appointments as directors or supervisors, as applicable.

During the Track Record Period, none of the directors and supervisors of the Company waived or agreed to waive any emoluments and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement of join or upon joining the Group or as compensation for loss of office.

Subsequent to the Track Record Period, Mr. Lin King Yeung, Dr. Li Weiping, and Dr. Yang Shigao were appointed as independent non-executive directors of the Company in December 2025 which will be effective upon the Company’s [REDACTED]. Additionally, Mr. Bai Jiarun was been appointed as a supervisor of the Company in August 2025.

(B) Five highest paid employees

The five highest paid individuals of the Group during the Track Record Period included one director and one supervisor (including their emoluments before being appointed as director and supervisor) of the Company for the year ended 31 December 2023 and one director of the Company for the year ended 31 December 2024, details of their emoluments are set out in (a) above. Details of the remuneration during the Track Record Period of the remaining three and four highest paid employees who are not directors nor supervisors of the Company for the year ended 31 December 2023 and 2024 respectively, are as follows:

	Year ended 31 December	
	2023	2024
	RMB’000	RMB’000
Salaries and other allowances	1,524	3,639
Retirement benefits schemes contributions	25	32
Performance and discretionary bonus (<i>Note</i>)	213	—
Total	1,762	3,671

Note: Performance and discretionary bonus is determined at the end of each reporting period based on the duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

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The emoluments of these employees (excluding the directors and supervisors) are within the following bands:

	Year ended 31 December	
	2023	2024
HK\$500,001 to HK\$1,000,000	3	2
HK\$1,000,001 to HK\$1,500,000	—	2
Total	<u>3</u>	<u>4</u>

14. DIVIDEND

No dividend was declared or paid by the Company in respect of 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	
	2023	2024
Profit for the year attributable to owners of the Company (RMB'000)	<u>79,521</u>	<u>33,905</u>
Number of shares ('000)		
Weighted average number of ordinary shares	<u>60,000</u>	<u>60,000</u>

The Company was converted to a joint stock company on 21 March 2023, 60,000,000 ordinary shares with par value of RMB1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. This conversion of share capital is applied retrospectively for the purpose of calculating basic earnings per share.

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

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16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings <i>RMB'000</i>	Plant machinery and equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
COST							
At 1 January 2023	43,285	68,737	5,259	102	11,515	8,548	137,446
Additions	518	6,273	100	—	7,319	277	14,487
Written-off	—	(304)	(56)	—	—	—	(360)
At 31 December 2023	43,803	74,706	5,303	102	18,834	8,825	151,573
Additions	984	14,834	601	—	17,149	—	33,568
Transfer	26,551	884	—	—	(27,435)	—	—
Written-off	—	(820)	(93)	(50)	—	—	(963)
At 31 December 2024	71,338	89,604	5,811	52	8,548	8,825	184,178
ACCUMULATED DEPRECIATION							
At 1 January 2023	17,523	44,983	3,947	94	—	1,751	68,298
Provided for the year	2,060	4,574	360	4	—	1,042	8,040
Written-off	—	(299)	(56)	—	—	—	(355)
At 31 December 2023	19,583	49,258	4,251	98	—	2,793	75,983
Provided for the year	2,117	5,011	417	—	—	753	8,298
Written-off	—	(798)	(89)	(48)	—	—	(935)
At 31 December 2024	21,700	53,471	4,579	50	—	3,546	83,346
CARRYING VALUES							
At 31 December 2023	24,220	25,448	1,052	4	18,834	6,032	75,590
At 31 December 2024	49,638	36,133	1,232	2	8,548	5,279	100,832

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The Company

	Buildings	Plant machinery and equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST						
At 1 January 2023	—	3,789	511	11,515	1,443	17,258
Additions	—	2,322	62	7,125	207	9,716
At 31 December 2023	—	6,111	573	18,640	1,650	26,974
Additions	523	12,649	442	16,086	—	29,700
Transfer	26,357	884	—	(27,241)	—	—
Written-off	—	(8)	—	—	—	(8)
At 31 December 2024	26,880	19,636	1,015	7,485	1,650	56,666
ACCUMULATED DEPRECIATION						
At 1 January 2023	—	468	153	—	545	1,166
Provided for the year	—	511	105	—	289	905
At 31 December 2023	—	979	258	—	834	2,071
Provided for the year	104	899	152	—	330	1,485
Written-off	—	(7)	—	—	—	(7)
At 31 December 2024	104	1,871	410	—	1,164	3,549
CARRYING VALUES						
At 31 December 2023	—	5,132	315	18,640	816	24,903
At 31 December 2024	26,776	17,765	605	7,485	486	53,117

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account the residual value, at the rate per annum as follows:

Buildings	20 years
Plant, machinery and equipment	3 to 10 years
Furniture and fixtures	5 years
Motor vehicles	5 to 10 years
Leasehold improvement	5 years or over the lease terms, whichever is shorter

The Group’s property, plant, and equipment include certain buildings with carrying amounts of RMB24,220,000 and RMB18,190,000 as of 31 December 2023 and 2024, respectively, for which property ownership certificates are currently in the process of being obtained.

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17. INTANGIBLE ASSETS

The Group

	Trademark <i>RMB'000</i>	Patents <i>RMB'000</i>	Total <i>RMB'000</i>
COST			
At 1 January 2023	92	9,415	9,507
Additions	—	1,000	1,000
At 31 December 2023 and 2024	92	10,415	10,507
AMORTISATION			
At 1 January 2023	10	5,459	5,469
Provided for the year	9	906	915
At 31 December 2023	19	6,365	6,384
Provided for the year	9	995	1,004
At 31 December 2024	28	7,360	7,388
CARRYING VALUES			
At 31 December 2023	73	4,050	4,123
At 31 December 2024	64	3,055	3,119

The Company

	Patents <i>RMB'000</i>	Total <i>RMB'000</i>
COST		
At 1 January 2023	—	—
Additions	1,000	1,000
At 31 December 2023 and 2024	1,000	1,000
AMORTISATION		
At 1 January 2023	—	—
Provided for the year	10	10
At 31 December 2023	10	10
Provided for the year	100	100
At 31 December 2024	110	110
CARRYING VALUES		
At 31 December 2023	990	990
At 31 December 2024	890	890

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The above items of intangible assets are amortised on a straight-line basis at the rate per annum as follows:

Trademark	10 years
Patents	10 years

18. RIGHT-OF-USE ASSETS

The Group

	Leased properties RMB'000	Leasehold lands RMB'000	Total RMB'000
At 31 December 2023	<u>3,176</u>	<u>15,741</u>	<u>18,917</u>
At 31 December 2024	<u>3,449</u>	<u>15,416</u>	<u>18,865</u>
	Year ended 31 December		
	2023	2024	
	<i>RMB'000</i>	<i>RMB'000</i>	
Expense relating to leases of short-term leases		17	18
Total cash outflows for leases		2,302	1,885
Additions to right-of-use assets		3,489	2,083
Depreciation			
— Leased properties		850	1,810
— Leasehold lands		<u>325</u>	<u>325</u>

The Company

	Leased properties RMB'000	Leasehold lands RMB'000	Total RMB'000
At 31 December 2023	<u>713</u>	<u>2,824</u>	<u>3,537</u>
At 31 December 2024	<u>1,687</u>	<u>2,763</u>	<u>4,450</u>

During the Track Record Period, the Group and the Company leases warehouse and staff quarter for its operations. Lease contracts are entered into for fixed term of 2.3 years to 3 years. The lease terms are negotiated on an individual basis. 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 staff quarters. As at 31 December 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.

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In addition, the Group owns several buildings where its research & development and manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amounts of RMB2,707,000 and RMB2,651,000 as at 31 December 2023 and 2024 in which the Group is in the process of obtaining.

Restrictions or covenants on leases

The Group’s lease liabilities of RMB2,900,000 and RMB3,278,000 are recognised with related right-of-use assets of RMB3,176,000 and RMB3,449,000 as at 31 December 2023 and 2024, respectively.

The Company’s lease liabilities of RMB669,000 and RMB1,734,000 are recognised with related right-of-use assets of RMB713,000 and RMB1,687,000 as at 31 December 2023 and 2024, respectively.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

19. INVENTORIES

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Raw materials	11,928	5,756
Work in progress	1,753	1,180
Finished goods	28,241	25,680
	<u>41,922</u>	<u>32,616</u>

The Company

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Raw materials	—	313
Finished goods	32	56
	<u>32</u>	<u>369</u>

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20. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Trade receivables — contracts with customers	74,497	26,490
Less: Allowance of credit losses	(3,783)	(1,427)
	70,714	25,063
Bills receivables	19,075	16,269
Prepayments	5,078	3,684
Other receivables (<i>Note (a)</i>)	6,103	6,103
Value-added tax (“VAT”) receivables	5,699	6,101
Property rental deposits	532	824
Deposit paid for purchase of property, plant and equipment	7,956	6,544
Interest receivables	—	846
Others	229	223
	<u>115,386</u>	<u>65,657</u>
Analysis as:		
Non-current assets (<i>Note (b)</i>)	14,591	14,317
Current assets	<u>100,795</u>	<u>51,340</u>
	<u>115,386</u>	<u>65,657</u>

Notes:

- a) Other receivables represent payments made by the Group on behalf of a third party in connection with land relocation expenses. The amount is unsecured, interest free and repayable on demand.
- b) The amounts included property rental deposits, deposits paid for purchase of property, plant and equipment, interest receivables and other receivables that the Group does not expect to receive within twelve months after each of the reporting period end.

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB33,384,000.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates.

	At 31 December	
	2023	2024
	RMB'000	RMB'000
0–90 days	9,576	8,966
91–180 days	20,470	6,886
181–270 days	35,111	4,085
271–360 days	4,507	4,206
Over 360 days	<u>1,050</u>	<u>920</u>
	<u>70,714</u>	<u>25,063</u>

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Before accepting any new customers, the Group has an internal credit control system to assess the potential customers’ credit quality and the board of directors has delegated the management to be responsible for determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically.

Included in the Group’s trade receivables balance are debtors with aggregate carrying amount of RMB61,200,000 and RMB16,290,000 are past due at the 31 December 2023 and 2024 respectively. Out of the past due balance, RMB48,706,000 and RMB11,616,000 has been past due 90 days or more as at 31 December 2023 and 2024 and is not considered as in default due to long and on-going business relationship and good repayment record from these customers.

The Group does not hold any collateral over the balances.

The Company

	At 31 December	
	2023	2024
	RMB’000	RMB’000
Prepayments	4,732	3,038
Property rental deposits	302	498
Deposit paid for purchase of property, plant and equipment	6,654	679
VAT receivables	464	3,177
Interest receivables	—	846
Others	—	6
	<u>12,152</u>	<u>8,244</u>
Analysis as:		
Non-current assets (<i>Note (a)</i>)	6,956	2,023
Current assets	<u>5,196</u>	<u>6,221</u>
	<u>12,152</u>	<u>8,244</u>

Note:

- a) The amounts included property rental deposits, deposits paid for purchase of property, plant and equipment and interest receivables that the Company does not expect to receive within twelve months after each of the reporting period end.

Details of impairment assessment of trade and other receivables are set out in Note 33.

21A. CASH AND CASH EQUIVALENTS/TERM DEPOSITS

The Group and the Company

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group and the Company’s short term cash commitments.

Term deposits

As at 31 December 2024, time deposits with original maturity over one year that carried interest at fixed interest rates ranging from 2.60% to 2.75%.

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Details of impairment assessment of term deposits and bank balances of the Group and the Company are set out in note 33.

21B. FINANCIAL ASSETS AT FVTPL

As at 31 December 2023 and 2024, the amounts represent wealth management products issued by banks and were RMB-denominated and carrying short maturities. The return of the principal amount is not guaranteed.

Details of the valuation techniques and key inputs adopted for their fair value measurements are disclosed in note 33.

22. TRADE AND OTHER PAYABLES AND PROVISION

Trade and other payables

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Trade payables	4,354	2,903
Accrued staff costs	4,470	9,390
Refundable guarantee deposits	7,283	6,534
VAT & other tax payables	1,739	2,616
Accruals and other payables	20,794	23,728
Interest payable	110	236
Others	1,866	932
	<u>40,616</u>	<u>46,339</u>

Credit period on purchases of goods is granted from 0 — 120 days but the Group normally settles within 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	At 31 December	
	2023	2024
	RMB'000	RMB'000
0–90 days	3,593	1,688
91–180 days	629	1,036
181–270 days	69	79
271–360 days	—	—
Over 360 days	63	100
	<u>4,354</u>	<u>2,903</u>

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The Company

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Trade payables	171	213
Accrued staff costs	1,427	2,477
Refundable guarantee deposit	114	460
VAT & other tax liabilities	216	139
Accruals and other payables	2,501	8,573
Interest payable	64	137
Others	578	254
	<u>5,071</u>	<u>12,253</u>

Credit period on purchases of goods is granted from 0 — 120 days but the Company normally settles within 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	At 31 December	
	2023	2024
	RMB'000	RMB'000
0–90 days	167	208
91–180 days	—	2
181–270 days	4	—
Over 360 days	—	3
	<u>171</u>	<u>213</u>

Provision

The Group

During the year ended 31 December 2022, the Group was involved in a commercial dispute with a former distributor in relation to alleged breach of a distributor agreement. Based on management’s assessment, it was considered probable that the Group would incur a liability of RMB16,786,000 and therefore provision was recognised for the year ended 31 December 2022. The dispute was settled during the year ended 31 December 2024 by way of a full and final settlement agreement. The provision was fully utilized with no further obligations.

23. CONTRACT LIABILITIES

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Receipt in advance for sale of pharmaceutical products	<u>12,813</u>	<u>3,985</u>

As at 1 January 2023, contract liabilities amounted to RMB8,350,000.

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Contract liabilities are classified as current as they are expected to be settled within the Group’s normal operating cycle. The balance of contract liabilities as at 31 December 2023 was decreased mainly due to decrease of pre-order for future sales during the year ended 31 December 2024.

All contract liabilities as at 1 January 2023 and 2024 are recognised as revenue during the year ended 31 December 2023 and 2024 respectively.

24. BANK BORROWINGS

The Group

	At 31 December	
	2023	2024
	RMB’000	RMB’000
Bank borrowings	<u>67,197</u>	<u>51,749</u>
The carrying amounts of the above bank borrowings are repayable:		
— within one year	53,297	23,849
— within a period of more than one year but not exceeding two years	—	7,900
— within a period of more than two year but not exceeding five years	8,900	—
— more than five years	<u>5,000</u>	<u>20,000</u>
	<u>67,197</u>	<u>51,749</u>
Analyzed as:		
Current	53,297	23,849
Non-current	<u>13,900</u>	<u>27,900</u>
	<u>67,197</u>	<u>51,749</u>
The exposure of the bank borrowings are as follow:		
Fixed-rate borrowings	52,297	22,849
Variable-rate borrowings	<u>14,900</u>	<u>28,900</u>
	<u>67,197</u>	<u>51,749</u>

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The Company

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Bank borrowings	<u>19,990</u>	<u>39,500</u>
The carrying amounts of the above bank borrowings are repayable:		
— within one year	14,990	19,500
— more than five years	<u>5,000</u>	<u>20,000</u>
	<u>19,990</u>	<u>39,500</u>
Analysed as:		
Current	14,990	19,500
Non-current	<u>5,000</u>	<u>20,000</u>
	<u>19,990</u>	<u>39,500</u>
The exposure of the bank borrowings are as follow:		
Fixed-rate borrowings	14,990	19,500
Variable-rate borrowings	<u>5,000</u>	<u>20,000</u>
	<u>19,990</u>	<u>39,500</u>

The Group and the Company’s variable-rate bank borrowings carry interest with PRC loan prime rate (“PRC Loan Prime Rate”) plus a specific margin of the relevant banks. The range of effective interest rates (which are also equated to contractual interest rates) on the Group’s and the Company’s bank borrowings are as follows:

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Fixed-rate borrowings	3.45% to 3.85%	3.05% to 3.45%
Variable-rate borrowings	4.35% to 4.60%	4.00%

The Company

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Fixed-rate borrowings	3.45% to 3.65%	3.20% to 3.45%
Variable-rate borrowings	4.60%	4.00%

As at 31 December 2023 and 2024, bank borrowings of RMB9,990,000 and RMB24,500,000 were secured by certain Group’s property, plant and equipment and intangible assets and guaranteed by Mr. Wang, the controlling shareholder of the Company and independent guarantee companies.

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25. LEASE LIABILITIES

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	1,360	1,966
Within a period of more than one year but not exceeding two years	1,172	1,312
Within a period of more than two years but not exceeding five years	<u>368</u>	<u>—</u>
	2,900	3,278
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(1,360)</u>	<u>(1,966)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u><u>1,540</u></u>	<u><u>1,312</u></u>

The Company

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	259	948
Within a period of more than one year but not exceeding two years	270	786
Within a period of more than two years but not exceeding five years	<u>140</u>	<u>—</u>
	669	1,734
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(259)</u>	<u>(948)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u><u>410</u></u>	<u><u>786</u></u>

As at 31 December 2023 and 2024 the weighted average incremental borrowing rates applied to lease liabilities is 4.20%.

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26. AMOUNTS DUE FROM (TO) RELATED PARTIES/SUBSIDIARIES

The Group

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Amount due from related parties		
Trade nature (Note i)		
— NMN (Hong Kong) Health Science Limited (農美儂(香港)健康科學有限公司)	1,498	1,498
	<u>1,498</u>	<u>1,498</u>
Non-trade nature		
— Kaifeng Knature Medical Devices Co., Ltd.* (開封康諾醫療器械有限公司) (“Knature Medical Devices”) (Note ii)	3,391	3,887
— Suzhou NMN Health Science Co, Ltd.* (蘇州農美儂健康科技有 限公司) (“Suzhou NMN”) (Note iii)	1,153	1,153
	<u>4,544</u>	<u>5,040</u>
	<u>6,042</u>	<u>6,538</u>
Analyzed as:		
Non-current assets	6,042	—
Current assets	—	6,538
	<u>6,042</u>	<u>6,538</u>
	Maximum balance outstanding during Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Amount due from related parties		
Non-trade nature		
— Kaifeng Medical Devices	3,391	3,887
— Suzhou NMN	<u>1,153</u>	<u>1,153</u>

* English name for identification purpose only

Notes:

- (i) As at 1 January 2023, the Group trade nature balances of amount due from related party, an entity controlled by Ms. Li Min, an executive director of the Company, amounted to RMB1,498,000. The Group normally granted a credit period of 30 days to related party and no loss allowance was recognised of the amount due from related party as the credit risk of the related parties is low, in the opinion of the directors of the Company. The amount has been subsequently settled in 2025.

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The following is an ageing analysis of trade nature amounts due from related parties, presented based on the revenue recognition date at the end of each reporting period.

	At 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Over 360 days	1,498	1,498
(ii) As at 1 January 2023, the amount is RMB2,903,000. The non-trade nature amounts due from Knature Medical Devices, an entity controlled by Mr. Wang Zhongwei, an executive director of the Company, is unsecured, unguaranteed, carrying interest at interest rates at PRC Loan Prime Rate. The amount was subsequently settled during the year ended 31 December 2025.		
(iii) As at 1 January 2023, the amount is RMB453,000. The non-trade nature amounts due from Suzhou NMN, an entity controlled by Ms. Li Min, an executive director of the Company, is unsecured, unguaranteed, interest-free and repayable on demand. The amount was subsequently settled during the year ended 31 December 2025.		

The Company

The amounts due from/to subsidiaries were non-trade nature, which were unsecured, unguaranteed, interest free and repayable on demand as at 31 December 2023 and 2024.

27. PAID-IN CAPITAL/SHARE CAPITAL

As disclosed in Note 1, the Company was converted into a joint stock limited liability company on 21 March 2023, the balance as at 1 January 2023 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at 31 December 2023 and 2024 represented the issued share capital of the Company. The summary of movements in the Company’s pain-in capital and share capital are set out as below:

Paid-in capital

	Shown in Historical Financial Information <i>RMB\$'000</i>
At 1 January 2023	60,000

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Share capital

	Number of shares	Share capital RMB\$'000
Ordinary shares of RMB1 each		
Authorised, issued and fully paid:		
At 1 January 2023	N/A	N/A
Issue of ordinary shares upon conversion into a joint stock company (<i>Note</i>)	60,000,000	60,000
At 31 December 2023 and 2024 (<i>Note</i>)	60,000,000	60,000

Note: On 21 March 2023, pursuant to the shareholders’ resolution on 20 February 2023, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as at the conversion base date, which is 30 November 2022 including paid-in capital, capital reserve and accumulated losses, were converted into 60,000,000 ordinary shares with a par value of RMB1 each.

28. RETIREMENT BENEFITS PLANS

The employees of the Group’s entities in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC entities are required to contribute a certain percentage of the payroll costs of their employees to the retirement benefit scheme, subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total expenses charged to profit or loss, amounting to RMB2,025,000 and RMB2,425,000 for the years ended 31 December 2023 and 2024 respectively, represent contributions payable or paid to the retirement benefits scheme by the Group.

29. EMPLOYEE INCENTIVE PLAN

In recognition of the contributions of the Company’s employees and to incentivize them to further promote the development, five employee incentive platforms (the “Employee Incentive Platform”) Hefei Kang Min* (合肥康民商務諮詢服務合夥企業(有限合夥)), Hefei Kang Hong* 合肥康虹商務諮詢服務合夥企業(有限合夥), Hefei Kang Bei* 合肥康貝商務諮詢服務合夥企業(有限合夥), Hefei Kang Zhong* 合肥康眾商務諮詢服務合夥企業(有限合夥) and Hefei Kang Xing* 合肥康行商務諮詢服務合夥企業(有限合夥) were established in the PRC.

The general partner of the respective Employee Incentive Platform is as follow:

Employee Incentive Platform	General Partner (“GP”)
Hefei Kang Min	Mr. Wang
Hefei Kang Hong	Mr. Bai Jiarun (“Mr. Bai”), supervisor of the Company appointed in August 2025
Hefei Kang Xing	Mr. Lin Zirong
Hefei Kang Bei	Mr. Wang
Hefei Kang Zhong	Mr. Lin Zirong

Pursuant to an equity transfer agreement dated 24 December 2020, Hefei Feng Chao transferred 10% equity interests in the Company to the above Employee Incentive Platform.

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Effective on 10 October 2020, the Group adopted the employee incentive plan and RMB1,399,100 the then paid-in capital of the Company were issued to 184 employees at a subscription consideration of RMB28.59 per then paid-in capital (“2020 Share Incentive Plan”). The subscription consideration has been transferred to the respective GP. Each share granted under this batch can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme. If the grantees terminate the labour relationship with the Company on or before the lock-up period, representing 12 months from the successful listing at a stock exchange, the respective GP or anyone designated by the respective GP has the right to buy back the granted awards from the grantees at original consideration. The residual interest platform remains under the ownership of the respective GP.

Effective on 1 April 2023, the Group adopted the employee incentive plan and 28,000 shares were issued to a director of the Company and 621,900 shares were issued to 15 employees at a subscription consideration of RMB7.14 per share (“2023 Share Incentive Plan”). The subscription consideration has been transferred to the respective GP. Each share granted under this batch can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme. If the grantees terminate the labour relationship with the Company on or before the lock-up period, representing 12 months from the successful listing at a stock exchange, the respective GP or anyone designated by the respective GP has the right to buy back the granted awards from the grantees at original consideration. The residual interest platform remains under the ownership of the respective GP.

Movement of the employee incentive plan for the years ended 31 December 2023 and 2024 are set out below:

	2020 Share Incentive Plan <i>(Paid in capital — RMB)</i>	2023 Share Incentive Plan <i>(No. of shares)</i>
Outstanding at 1.1.2023	1,313,265	N/A
Granted during the year	—	649,900
Forfeited during the year	<u>(19,168)</u>	<u>—</u>
Outstanding at 31.12.2023	1,294,097	649,900
Forfeited during the year	<u>(6,996)</u>	<u>(302,500)</u>
Outstanding at 31.12.2024	<u><u>1,287,101</u></u>	<u><u>347,400</u></u>

The Group used the discounted cash flow model to determine the fair value of the underlying shares of RMB27.09 per the then paid-in capital granted in 10 October 2020, RMB16.15 per shares granted in 1 April 2023. Best estimates of key assumptions, such as discount rate, terminal growth rate, and discount for lack of marketability (“DLOM”), are required to be determined by management. Key assumptions used in determining the fair value of shares under the share-based payment arrangements are as follows:

	At 10 October 2020	At 1 April 2023
Discount rate	14.5%	14.0%
Terminal growth rate	2.6%	2.0%
Discount for lack of marketability	20.0%	19.0%

The Group did not recognize any expense for the year ended 31 December 2023 and 2024 as the directors of the Company are of the view that the probability of fulfilment of the vesting conditions has not yet become probable.

* *The English name is for identification purpose only*

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ACCOUNTANTS’ REPORT

30. RESERVES OF THE COMPANY

	Capital reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2023	112,161	(45,839)	66,322
Loss and total comprehensive expense	—	(2,410)	(2,410)
Conversion into a joint stock Company (<i>Note 27</i>)	(86,222)	41,211	(45,011)
As 31 December 2023	25,939	(7,038)	18,901
Loss and total comprehensive expense	—	(8,800)	(8,800)
As 31 December 2024	25,939	(15,838)	10,101

31. DEFERRED TAXATION

The following is the major deferred tax assets (liabilities) recognised by the Group and movements thereon during the years ended 31 December 2023 and 2024:

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Expected credit losses RMB'000	Tax losses RMB'000	Unrealised profit RMB'000	Provision and accruals RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	(134)	134	468	3,475	480	7,376	395	12,194
(Charge) credit to profit or loss	(591)	591	440	(3,475)	436	(144)	(241)	(2,984)
At 31 December 2023	(725)	725	908	—	916	7,232	154	9,210
(Charge) credit to profit or loss	(95)	95	(551)	—	28	(4,102)	(48)	(4,673)
At 31 December 2024	(820)	820	357	—	944	3,130	106	4,537

As at 31 December 2023 and 2024, the Group had unused tax losses of approximately RMB53,097,000 and RMB71,718,000, respectively for offset against future profits. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
2027	1	1
2028	770	770
2029	639	639
2030	948	948
2031	18,416	18,416
2032	14,911	14,911
2033	17,412	17,412
2034	—	18,621
	53,097	71,718

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32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to equity holders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the new ordinary share, as well as the issue of new debts and repayments of existing debts.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At 31 December	
	2023	2024
	RMB’000	RMB’000
Financial assets		
Amortised cost	152,687	111,502
At FVTPL	20,025	62,911
	<u>172,712</u>	<u>174,413</u>
Financial liabilities		
Amortised cost	80,285	68,084

The Company

	At 31 December	
	2023	2024
	RMB’000	RMB’000
Financial assets		
Amortised cost	34,815	69,520
At FVTPL	18,024	62,910
	<u>52,839</u>	<u>132,430</u>
Financial liabilities		
Amortised cost	20,507	131,543

Financial risk management objectives and policies

The Group’s and the Company’s major financial instruments include trade and other receivables, term deposits, cash and cash equivalents, financial assets at FVTPL, amounts due from (to) subsidiaries, amount due from related parties, trade and other payables, bank borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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The Group’s and the Company’s activities expose it primarily to interest rate risk, credit risk and liquidity risk. There has been no change in the Group’s and the Company’s exposure to these risks or the manner in which it manages and measures the risks.

Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to lease liabilities, and fixed-rate bank borrowings and term deposits. The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The cash flow interest rate is mainly concentrated on the fluctuation of interest rates on bank balances and the PRC Loan Prime Rate arising from the bank borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group’s post-tax profit for the year ended 31 December 2023 and 2024 would decrease/increase by approximately RMB112,000 and RMB217,000 respectively while the Company’s post-tax profit for the year ended 31 December 2023 and 2024 would decrease/increase by RMB38,000 and RMB150,000 respectively.

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 bank balances, time deposits with original maturity over three months, trade and other receivables, amount due from subsidiaries. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group and the Company performed impairment assessment for financial assets under ECL model. Information about the Group’s and the Company’s credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

Other receivables and deposits, amount due from related parties/subsidiaries, and term deposits and cash and cash equivalents

The Group and the Company perform impairment assessment under ECL model on other receivables and deposit, time deposits with original maturity over three months and bank balances based on 12m ECL as no significant increase in credit risk since initial recognition.

The credit risk on other receivables and deposits is limited because the counterparties have no historical default record and the directors of the Company expect that the general economic conditions will not significantly changed for the twelve months after the reporting date.

The credit risk on amount due from related parties and subsidiaries is limited because the counterparties have no historical default record and the directors of the Company expect that the general economic conditions will not significantly changed for the twelve months after the reporting date.

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The credit risk on term deposits and cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Based on the Group and the Company’s internal credit rating, no material impairment loss allowance is recognised for other receivables and deposits. No material impairment loss allowance is recognised for term deposits and cash and cash equivalents based on external credit rating.

The Group and the Company is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

Trade receivables

The Group has concentration of credit risk as 37% and 28% of the Group’s largest customer as at 31 December 2023 and 2024 of the total trade receivables and 45% and 43% of the five largest customers respectively as at 31 December 2023 and 2024.

The Group’s concentration of credit risk by geographical location is mainly in the PRC, which account for 100% and 100% of the total trade receivables as at 31 December 2023 and 2024. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Trade receivables that with significant balances or credit-impaired are assessed for ECL individually. The management of the Group estimates the amount of lifetime ECL of the remaining trade receivables using a provision matrix grouped by aging of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. Details of the quantitative disclosures are set out below in this note.

The tables below detail the credit risk exposures of the Group’s financial assets which are subject to ECL assessment:

The Group

			Internal management assessment	12m or lifetime ECL	Gross carrying amount	
					2023	2024
	<i>Notes</i>				<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	20	(Note (a))		Lifetime ECL (not credit-impaired) (individual assessment)	50,433	12,910
		(Note (b))		Lifetime ECL (not credit-impaired) (provision matrix)	24,064	13,580
Other receivables and deposits	20	Low risk		12m ECL	25,710	24,042
Cash and cash equivalents	21A	Low risk		12m ECL	50,221	15,859
Term deposits	21A	Low risk		12m ECL	—	40,000
Amounts due from related parties	26	Low risk		12m ECL	6,042	6,538
					<u>156,470</u>	<u>112,929</u>

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The Company

		Internal management assessment	12m or lifetime ECL	Gross carrying amount	
	Notes			2023 RMB'000	2024 RMB'000
Other receivables and deposits	20	Low risk	12m ECL	302	1,344
Cash and cash equivalents	21A	Low risk	12m ECL	13,533	14,621
Term deposits	21A	Low risk	12m ECL	—	40,000
Amounts due from subsidiaries	26	Low risk	12m ECL	20,980	13,555
				<u>34,815</u>	<u>69,520</u>

- (a) Trade receivables with significant outstanding balances with gross carrying amounts of RMB50,433,000 and RMB12,910,000 as at 31 December 2023 and 2024 were assessed individually. As all these debtors with significant balances are companies with good financial position. Loss rate ranging from 5.60% to 5.95% is applied.
- (b) The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2023 and 2024 within lifetime ECL.

The Group

Gross carrying amount of trade receivables assessed collectively:

	2023			2024		
	Average loss rate (Note)	Gross trade receivables HK\$'000	ECL HK\$'000	Average loss rate (Note)	Gross trade receivables HK\$'000	ECL HK\$'000
0–90 days	1.59%	7,303	116	1.11%	4,783	53
91–180 days	3.09%	8,281	257	2.14%	2,755	59
181–270 days	5.43%	6,519	355	4.10%	1,389	57
271–360 days	10.31%	872	90	10.30%	4,382	453
More than 365 days	12.90%	<u>1,089</u>	<u>141</u>	13.00%	<u>271</u>	<u>36</u>
		<u>24,064</u>	<u>959</u>		<u>13,580</u>	<u>658</u>

Note: The average loss rate is calculated as average loss rate of corresponding ageing of trade receivables, based on invoice date.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the trade receivables and are adjusted for forward-looking information that is available without undue cost or effort. The Group determines the average loss rate by considering the aging and repayment history of respective trade receivables. The grouping is regularly reviewed by management to ensure relevant information about specific trade receivable is updated.

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The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000
As at 1 January 2023	2,021
— Impairment losses recognised	<u>1,762</u>
As at 31 December 2023	3,783
— Impairment losses reversed	<u>(2,356)</u>
As at 31 December 2024	<u><u>1,427</u></u>

Liquidity risk

In management of the liquidity risk, the Group and the Company monitor and maintain levels of cash and cash equivalents deemed adequate by the management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows. The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Trade and other payables	—	13,088	—	—	13,088	13,088
Bank borrowings	3.65	55,242	9,225	5,183	69,650	67,197
Lease liabilities	4.20	<u>1,417</u>	<u>1,648</u>	<u>—</u>	<u>3,065</u>	<u>2,900</u>
		<u><u>69,747</u></u>	<u><u>10,873</u></u>	<u><u>5,183</u></u>	<u><u>85,803</u></u>	<u><u>83,185</u></u>
At 31 December 2024						
Trade and other payables	—	16,335	—	—	16,335	16,335
Bank borrowings	3.25	24,624	8,157	20,650	53,431	51,749
Lease liabilities	4.20	<u>2,048</u>	<u>1,456</u>	<u>—</u>	<u>3,504</u>	<u>3,278</u>
		<u><u>43,007</u></u>	<u><u>9,613</u></u>	<u><u>20,650</u></u>	<u><u>73,270</u></u>	<u><u>71,362</u></u>

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The Company

	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Trade and other payables	—	454	—	—	454	454
Amounts due to subsidiaries	—	63	—	—	63	63
Bank borrowings	3.54	15,521	—	5,177	20,698	19,990
Lease liabilities	4.20	281	421	—	702	669
		<u>16,319</u>	<u>421</u>	<u>5,177</u>	<u>21,917</u>	<u>21,176</u>
At 31 December 2024						
Trade and other payables	—	6,404	—	—	6,404	6,404
Amounts due to subsidiaries	—	85,639	—	—	85,639	85,639
Bank borrowings	3.33	20,149	—	20,666	40,815	39,500
Lease liabilities	4.20	1,002	801	—	1,803	1,734
		<u>113,194</u>	<u>801</u>	<u>20,666</u>	<u>134,661</u>	<u>133,277</u>

Fair value measurements of financial instruments

This note provides information about how the Group and the Company determine fair values of various financial assets and financial liabilities.

Fair value of the Group’s and the Company’s financial assets that are measured at fair value on a recurring basis

Some of the Group’s and the Company’s financial assets are measured at fair value at each of the year end. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

The Group

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	2023 RMB'000	2024 RMB'000		
Financial assets at fair value through profit or loss	20,025	62,911	Level 2	Quoted value from banks and financial institutions

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ACCOUNTANTS’ REPORT

The Company

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	2023	2024		
	RMB'000	RMB'000		
Financial assets at fair value through profit or loss	18,024	62,910	Level 2	Quoted value from banks and financial institutions

There were no transfers between Level 1 and Level 2 at the end of the reporting period.

Fair value of the Group's and the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

34. 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.

	Bank borrowings RMB'000	Lease liabilities RMB'000	Interest payables (Note) RMB'000	Total RMB'000
At 1 January 2023	37,000	1,662	41	38,703
Financing cash flows	30,197	(2,285)	(1,325)	26,587
New lease entered/modified	—	3,489	—	3,489
Interest expenses	—	34	1,394	1,428
At 31 December 2023	67,197	2,900	110	70,207
Financing cash flows	(15,448)	(1,867)	(2,073)	(19,388)
New lease entered/modified	—	2,083	—	2,083
Interest expenses	—	162	2,199	2,361
At 31 December 2024	51,749	3,278	236	55,263

Note: Included in trade and other payables

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ACCOUNTANTS’ REPORT

35. RELATED PARTY DISCLOSURE

(a) Related party balances and transactions

Apart from details of the balances with related parties disclosed in Note 26, no transaction has been entered with these related parties.

(b) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 December 2023 and 2024 as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Salaries and other allowances	1,960	2,664
Performance and discretionary bonus (<i>note</i>)	49	55
Retirement benefits schemes contributions	265	139
	<u>2,274</u>	<u>2,858</u>

Note: Performance and discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

36. INVESTMENTS IN SUBSIDIARIES

	At 31 December	
	2023	2024
	RMB'000	RMB'000
Cost of investments in subsidiaries	<u>12,502</u>	<u>12,602</u>

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As at 31 December 2023 and 2024 and as at the date of this report, particulars of the Company’s subsidiaries are as follow:

Name of subsidiaries	Place/country and date of establishment incorporation	Paid-in capital/ registered capital	Effective equity interest attributable to the Company						Principal activities
			As at 31 December 2023		As at 31 December 2024		As at the date of this report		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	
Kaifeng Knature Pharmaceutical Co., Ltd. 開封康諾藥業有限公司* (Note (i))	The PRC 26 September 2003	RMB8,990,000	100	—	100	—	100	—	Research, development, production, and sales pharmaceutical products
Hefei Knature Pharmaceutical Co., Ltd. 合肥康諾醫藥有限公司* (Note (i))	The PRC 21 July 2016	RMB10,800,000	—	100	—	100	—	100	Sales of pharmaceutical products
Hefei NMN Health Science Co., Ltd. 合肥儂美儂健康科學有限公司* (Note (i) & (ii))	The PRC 20 March 2020	RMB3,512,000	100	—	100	—	N/A	N/A	Inactive
Knature Mitochondrial Medicine Research (Hefei) Co., Ltd. 康諾線粒體醫學研究(合肥)有限公司* (Note (i) and (ii))	The PRC 1 November 2024	Registered capital: RMB10,000,000 (Paid-in capital: RMBnil)	N/A	N/A	100	—	N/A	N/A	Inactive
Hefei Qianrongmei Biotechnology Co., Ltd. 合肥千容美科學技術有限公司* (Note (i))	The PRC 3 December 2024	Registered capital: RMB5,000,000 (Paid-in capital: RMB100,000)	N/A	N/A	100	—	100	—	Research, development, production, and sales of medical device products
Shanghai Qianrongmei Biotechnology Co., Ltd. 上海千容美生物技術有限公司* (Note (i))	The PRC 5 February 2025	RMB10,000,000	N/A	N/A	N/A	N/A	100	—	Production and sales of medical device products

Notes:

- No audited statutory financial statements were prepared for the entity for the year ended 31 December 2023 and 2024 as there are no statutory audit requirements.
- Hefei NMN Health Science Co., Ltd and Knature Mitochondrial Medicine Research (Hefei) Co., Ltd. have been deregistered on 18 November 2025.

None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the Track Record Period.

* The English name is for identification purpose only

APPENDIX I

ACCOUNTANTS’ REPORT

37. CAPITAL COMMITMENT

	At 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided in the consolidated financial statements in respect of the acquisition of leasehold land for construction and property, plant and equipment	<u>3,539</u>	<u>5,791</u>

38. SUBSEQUENT EVENTS

[•]

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2024 and up to the date of this report.

APPENDIX IA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is the text of a report set out on pages IA-1 to IA-[2], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF KNATURE BIOPHARMACEUTICAL CO., LTD.

(incorporated in the People’s Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Knature Biopharmaceutical Co., Ltd.* (康諾生物製藥股份有限公司) (the “Company”) and its subsidiaries set out on pages IA-[3] to IA-[18], which comprise the condensed consolidated statement of financial position as of 30 September 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended, and notes to the condensed consolidated financial statements. The condensed consolidated financial statements have been prepared by the directors of the Company solely for the purpose of application of [REDACTED] of the shares of the Company on The Stock Exchange of Hong Kong Limited. As a result, the condensed consolidated financial statements may not be suitable for another purpose. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

* English name for identification purpose only

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APPENDIX IA**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

		Nine months ended	
		30 September	
		2025	2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	238,084	178,754
Cost of sales		<u>(29,963)</u>	<u>(28,770)</u>
Gross profit		208,121	149,984
Other income	4	9,635	4,414
Other gains and losses	5	969	558
Impairment losses (recognised) reversed under expected credit loss model, net		(982)	1,393
Selling and distribution expenses		(93,426)	(84,927)
Administrative expenses		(26,301)	(18,962)
Research and development expenses		(20,981)	(14,116)
[REDACTED]		(3,862)	—
Finance costs	6	<u>(958)</u>	<u>(1,683)</u>
Profit before tax		72,215	36,661
Income tax expense	7	<u>(18,804)</u>	<u>(8,916)</u>
Profit and total comprehensive income	8	<u>53,411</u>	<u>27,745</u>
Earnings per share	10		
— Basic (RMB)		<u>0.89</u>	<u>0.46</u>

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APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 SEPTEMBER 2025

	<i>NOTES</i>	30.9.2025 <i>RMB'000</i> (unaudited)	31.12.2024 <i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	110,997	100,832
Intangible assets		2,393	3,119
Right-of-use assets	11	23,285	18,865
Other receivables and deposits	13	8,223	14,317
Term deposits	14A	30,000	40,000
Deferred tax assets		<u>3,955</u>	<u>4,537</u>
		<u>178,853</u>	<u>181,670</u>
CURRENT ASSETS			
Inventories	12	26,185	32,616
Trade and other receivables	13	62,363	51,340
Amounts due from related parties	15	—	6,538
Financial assets at fair value through profit or loss (“FVTPL”)	14B	42,827	62,911
Term deposits	14A	20,000	—
Cash and cash equivalents	14A	<u>29,646</u>	<u>15,859</u>
		<u>181,021</u>	<u>169,264</u>
CURRENT LIABILITIES			
Trade and other payables	16	42,221	46,339
Contract liabilities		2,446	3,985
Bank borrowings	17	9,990	23,849
Lease liabilities		1,996	1,966
Deferred income		—	1,531
Tax payables		<u>10,840</u>	<u>5,389</u>
		<u>67,493</u>	<u>83,059</u>
NET CURRENT ASSETS		<u>113,528</u>	<u>86,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>292,381</u>	<u>267,875</u>

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX IA **CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

	<i>NOTES</i>	30.9.2025 <i>RMB'000</i> (unaudited)	31.12.2024 <i>RMB'000</i> (audited)
NON-CURRENT LIABILITIES			
Bank borrowings	17	—	27,900
Lease liabilities		<u>307</u>	<u>1,312</u>
		<u>307</u>	<u>29,212</u>
NET ASSETS		<u>292,074</u>	<u>238,663</u>
CAPITAL AND RESERVES			
Share capital	18	60,000	60,000
Reserves		<u>232,074</u>	<u>178,663</u>
TOTAL EQUITY		<u>292,074</u>	<u>238,663</u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

	Share capital RMB'000	Capital reserve RMB'000 (Note)	Retained profits RMB'000	Total RMB'000
At 1 January 2025 (Audited)	60,000	25,939	152,724	238,663
Profit and total comprehensive income for the period	—	—	53,411	53,411
At 30 September 2025 (unaudited)	<u>60,000</u>	<u>25,939</u>	<u>206,135</u>	<u>292,074</u>
At 1 January 2024 (Audited)	60,000	25,939	118,819	204,758
Profit and total comprehensive income for the period	—	—	27,745	27,745
At 30 September 2024 (unaudited)	<u>60,000</u>	<u>25,939</u>	<u>146,564</u>	<u>232,503</u>

Note: The capital reserve mainly represents the net effect of the following:

- (i) the difference between the then paid-in capital of RMB999,000, the consideration received from issuance of shares with preferred right of RMB100,000,000 in 2021 and derecognition of interests accrued of RMB12,889,000 upon the termination of preferred rights in 2022;
- (ii) capital contribution of RMB271,000 from shareholders which he has agreed to contribute to the Company without any obligation for repayment; and
- (iii) effect of the Company's conversion into a joint stock company on 21 March 2023.

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

	Nine months ended	
	30 September	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Profit before tax	72,215	36,661
(Increase) decrease in trade and other receivables	(6,888)	38,693
Decrease in inventories	6,658	3,109
Decrease in trade and other payables	(1,406)	(4,059)
Decrease in amounts due from related parties	1,498	—
Other operating activities	<u>(4,403)</u>	<u>(10,114)</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>67,674</u>	<u>64,290</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and placement of deposits for purchase of property, plant and equipment	(19,626)	(20,927)
Upfront payments for leasehold lands	(1,529)	—
Purchases of intangible assets	(29)	—
Proceeds on disposal of property, plant and equipment	661	—
Placement of financial assets at FVTPL	(338,649)	(172,800)
Redemption of financial assets at FVTPL	360,339	138,610
Placement of term deposits	(10,000)	(40,000)
Interest received	54	138
Advances to related parties	(296)	(372)
Settlement from related parties	<u>1,153</u>	<u>—</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(7,922)</u>	<u>(95,351)</u>
FINANCING ACTIVITIES		
New bank borrowings raised	9,990	35,985
Repayment of bank borrowings	(51,749)	(31,830)
Interest paid	(969)	(1,839)
Repayments of lease liabilities	(2,309)	(1,326)
Issue cost paid	<u>(928)</u>	<u>—</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(45,965)</u>	<u>990</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,787	(30,071)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>15,859</u>	<u>50,221</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>29,646</u></u>	<u><u>20,150</u></u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2025

1. GENERAL AND BASIS OF PREPARATION

Knature Biopharmaceutical Co., Ltd.* (康諾生物製藥股份有限公司) (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 16 August 2017 as a limited liability company. The condensed consolidated financial statement is presented in RMB, which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated financial statements have been prepared by the directors of the Company solely for the purpose of the listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited. As a result, the unaudited condensed consolidated financial statements may not be suitable for another purpose.

* *English name for identification purpose only*

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies and method of computation used in the condensed consolidated financial statements for the nine months ended 30 September 2025 are the same as those followed in the preparation of the Group’s historical financial information for the two years ended 31 December 2024 included in the accountants’ report as set out in Appendix I.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue by products		
Mitochondrial drugs	155,304	71,789
Other commercialised drugs (<i>Note</i>)	54,810	55,720
Other drugs	27,970	51,245
	<u>238,084</u>	<u>178,754</u>

Note: Other commercialised drugs representing Hyaluronidase for Injection, Pancreatic Kininogenase for Injection and Sodium Nitroprusside for Injection.

All revenue is recognised at a point in time.

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(ii) Segment information

The chief executive officer of the Company, being the chief operating decision maker (“CODM”), regularly reviews revenue analysis by types of products, when making decisions about allocating resources and assessing performance of the Group. No other discrete financial information is provided other than the Group’s results and financial position as a whole.

4. OTHER INCOME

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grant (<i>Note</i>)	8,283	3,341
Bank interest income	935	986
Interest income from related parties	80	80
Others	337	7
	<u>9,635</u>	<u>4,414</u>

Note: The amounts represent government grants received from various PRC government authorities in connection with the fiscal subsidy and various tax incentives, which the Group had no unfulfilled conditions to receive the grants.

5. OTHER GAINS AND LOSSES

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fair value change on financial assets at FVTPL	1,606	562
Loss on disposal of property, plant and equipment	(637)	(4)
	<u>969</u>	<u>558</u>

6. FINANCE COSTS

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank borrowings	886	1,951
Interest on lease liabilities	132	124
	<u>1,018</u>	<u>2,075</u>
Less: amounts capitalised in the cost of qualifying assets (<i>Note</i>)	(60)	(392)
	<u>958</u>	<u>1,683</u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note: Borrowing costs capitalised during the nine months ended 30 September 2025 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.88% (2024: 4.88%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax:		
— The PRC Enterprise Income Tax (“EIT”)	18,222	4,986
Deferred tax:		
Charge for the period	<u>582</u>	<u>3,930</u>
	<u>18,804</u>	<u>8,916</u>

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law, the basic tax rate of the Company’s PRC subsidiaries is 25%, except for a subsidiary that is qualified as High and New Technology Enterprise, the applicable EIT tax rate is 15%.

8. PROFIT FOR THE PERIOD

	Nine months ended 30 September	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after (crediting) charging:		
(Reversal) write-down of inventories	(227)	1,559
Depreciation of plant, property and equipment	8,787	5,844
Depreciation of right-of-use assets	<u>2,167</u>	<u>1,594</u>
	<u>10,954</u>	<u>7,438</u>
Analyzed as:		
— charged in administrative expenses	7,315	4,081
— charged in research and development expenses	1,373	931
— charged in selling and distribution expenses	18	7
— charged in cost of sales	<u>2,248</u>	<u>2,419</u>
	<u>10,954</u>	<u>7,438</u>
Amortisation of intangible assets	<u>755</u>	<u>738</u>

9. DIVIDEND

No dividend was declared or paid by the Company during the nine months ended 30 September 2025 and 2024.

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Nine months ended 30 September	
	2025	2024
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company (RMB'000)	<u>53,411</u>	<u>27,745</u>
Number of shares ('000)		
Weighted average number of ordinary shares	<u>60,000</u>	<u>60,000</u>

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the nine months ended 30 September 2025 and 2024.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the nine months ended 30 September 2025, the Group acquired property, plant and equipment of RMB20,250,000 which are mainly related to plant machinery and equipment (the nine months ended 30 September 2024: RMB18,765,000, which are mainly related to construction in progress). During the nine months ended 30 September 2025, the Group also disposed property, plant and equipment of RMB1,298,000 which are mainly related to plant machinery and equipment (the nine months ended 30 September 2024: RMB17,000).

During the nine months ended 30 September 2025, the Group entered into new lease agreement for the use of lease properties for two years. On the lease commencement, the Group recognised RMB2,265,000 of right-of-use-assets and lease liabilities (the nine months ended 30 September 2024: RMB2,083,000).

The Group has also made upfront payment for leasehold lands of RMB1,529,000 during the nine months ended 30 September 2025 (2024: nil).

12. INVENTORIES

	30.9.2025	31.12.2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Raw materials	4,703	5,756
Work in progress	1,546	1,180
Finished goods	<u>19,936</u>	<u>25,680</u>
	<u>26,185</u>	<u>32,616</u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	30.9.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Trade receivables — contracts with customers	41,273	26,490
Less: Allowance of credit losses	(2,173)	(1,427)
	39,100	25,063
Bills receivables	14,716	16,269
Prepayments	4,768	3,684
Other receivables (<i>Note (a)</i>)	3,415	6,103
Value-added tax (“VAT”) receivables	671	6,101
Property rental deposits	763	824
Deposit paid for purchase of property, plant and equipment	2,897	6,544
Interest receivables	1,813	846
Deferred issue cost	1,789	—
Others	654	223
	<u>70,586</u>	<u>65,657</u>
Analysis as:		
Non-current assets (<i>Note (b)</i>)	8,223	14,317
Current assets	<u>62,363</u>	<u>51,340</u>
	<u>70,586</u>	<u>65,657</u>

Notes:

- a) Other receivables represent payment made by the Group on behalf of a third party in connection with land relocation expenses. The amount is unsecured, interest free and repayable on demand.
- b) The amounts included property rental deposits, deposits paid for purchase of property, plant and equipment, interest receivables and other receivables that the Group does not expect to receive within twelve months after each of the reporting period end.

The following is an analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date, which approximates the respective revenue recognition dates.

	30.9.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
0 — 90 days	28,296	8,966
91 — 180 days	9,437	6,886
181 — 270 days	1,140	4,085
271 — 360 days	19	4,206
Over 360 days	<u>208</u>	<u>920</u>
	<u>39,100</u>	<u>25,063</u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14A. CASH AND CASH EQUIVALENTS/TERM DEPOSITS

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group’s short term cash commitments.

Term deposits

As at 30 September 2025 and 31 December 2024, the amount carried interest at prevailing interest rates ranging from 2.15% to 2.75%.

14B. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 September 2025 and 31 December 2024, the amounts represent wealth management products issued by banks which were RMB-denominated and of short-term maturities. The return of the principal amount is not guaranteed.

15. AMOUNTS DUE FROM RELATED PARTIES

	30.9.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Amounts due from related parties		
Trade nature (Note i)		
— NMN (Hong Kong) Health Science Limited (農美儂(香港)健康科學有限公司)	—	1,498
	—	1,498
Non-trade nature		
— Kaifeng Knature Medical Devices Co., Ltd.* (開封康諾醫療器械有限公司) (“Knature Medical Devices”) (Note ii)	—	3,887
— Suzhou NMN Health Science Co, Ltd.* (蘇州農美儂健康科技有限公司) (“Suzhou NMN”) (Note iii)	—	1,153
	—	5,040
	—	6,538

Notes:

- (i) The Group normally grants a credit period of 30 days to related party and no loss allowance was recognised of the amount due from related party as the credit risk of the related parties is low, in the opinion of the directors of the Company. The amount was fully settled during the nine months ended 30 September 2025. The following is an ageing analysis of trade nature amounts due from related parties, presented based on the revenue recognition date at the end of each reporting period.

	30.9.2025 RMB'000 (unaudited)	31.12.2024 RMB'000 (audited)
Over 360 days	—	1,498

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (ii) As at 31 December 2024, the non-trade nature amounts due from Knature Medical Devices, an entity controlled by Mr. Wang Zhongwei, an executive director of the Company, is unsecured, unguaranteed, carrying interest at interest rates at PRC loan prime rate per annum. During the nine months 30 September 2025, the amounts due from related parties with a carrying amount of RMB4,263,000 was settled by way of transferring property plant and equipment with a carrying amount of RMB539,000 and land use rights with a carrying amount of RMB3,724,000 to the Group which will be used for the Group’s manufacturing facility.
- (iii) As at 31 December 2024, the non-trade nature amounts due from Suzhou NMN is unsecured, unguaranteed, interest-free and repayable on demand. The amount has been settled during the nine months ended 30 September 2025.

16. TRADE AND OTHER PAYABLES

	30.9.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade payables	2,625	2,903
Accrued staff costs	5,047	9,390
Refundable guarantee deposits	6,620	6,534
Accruals and other payables	14,874	17,066
Payable for purchase of property, plant and equipment	3,040	6,662
VAT & other tax payables	6,276	2,616
Interest payable	49	236
Accruals for [REDACTED] and issue costs	2,500	—
Others	1,190	932
	<u>42,221</u>	<u>46,339</u>

Credit period on purchases of goods is granted from 0–120 days but the Group will normally settle within 60 days. The following is an aged analysis of trade payables presented based on invoice date at the end of each reporting period:

	30.9.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0–90 days	1,848	1,688
91–180 days	442	1,036
181–270 days	70	79
271–360 days	83	—
Over 360 days	182	100
	<u>2,625</u>	<u>2,903</u>

17. BANK BORROWINGS

During the nine months ended 30 September 2025, the Group obtained two new bank borrowing of RMB9,990,000 and repaid bank borrowings amounting to RMB51,749,000. The loans carry interest at fixed rate ranges 2.7% to 2.8% per annum and are repayable within 1 year.

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2024, banking borrowings of RMB24,500,000 were secured by certain Group’s property, plant and equipment and intangible assets and guaranteed by Mr. Wang, the controlling shareholder of the Company respectively. As at 30 September 2025, the outstanding borrowings were unsecured and unguaranteed.

18. SHARE CAPITAL

	Number of shares	Share capital RMB'000
Ordinary shares of RMB1 each		
Issued and fully paid:		
At 1 January 2024 (audited), 30 September 2020 (unaudited),		
1 January 2025 (audited) and 30 September 2025 (unaudited)	60,000,000	60,000

19. EMPLOYEE INCENTIVE PLAN

In recognition of the contributions of the Company’s employees and to incentivize them to further promote the development, five employee incentive platforms (the “Employee Incentive Platforms”), including Hefei Kang Min* (合肥康民商務諮詢服務合夥企業(有限合夥)), Hefei Kang Hong* 合肥康虹商務諮詢服務合夥企業(有限合夥), Hefei Kang Bei* 合肥康貝商務諮詢服務合夥企業(有限合夥), Hefei Kang Zhong* 合肥康眾商務諮詢服務合夥企業(有限合夥) and Hefei Kang Xing* 合肥康行商務諮詢合夥企業(有限合夥) and were established in the PRC as our Employee Incentive Platforms.

Pursuant to an equity transfer agreement dated 24 December 2020, Hefei Feng Chao transferred 10% equity interests in the Company to the above Employee Incentive Platforms.

On 15 August 2025, Hefei Kang Cheng* 合肥康成商務諮詢服務合夥企業(有限合夥), a new employee incentive platform were established in the PRC and Mr. Ying Honggang (“Mr. Ying”), the general manager of the Company is the general partner (“GP”) of Hefei Kang Cheng.

On 20 August 2025, Hefei Kang Cheng, entered into a share transfer agreement with each of Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei and Hefei Kang Zhong (collectively, the “Existing Employee Incentive Platforms”), pursuant to which, the Existing Employee Incentive Platforms transferred a total of 638,400 Shares to Hefei Kang Cheng.

The general partner of the respective Employee Incentive Platforms is as follow:

Employee Incentive Platform	General Partner
Hefei Kang Min	Mr. Wang
Hefei Kang Hong	Mr. Bai Jiarun (“Mr. Bai”), supervisor of the Company appointed on August 2025
Hefei Kang Bei	Mr. Wang
Hefei Kang Zhong	Mr. Lin Zirong
Hefei Kang Xing	Mr. Lin Zirong
Hefei Kang Cheng	Mr. Ying

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Effective on 10 October 2020, the Group adopted the employee incentive plan (“2020 Share Incentive Plan”) and RMB1,399,100 the then paid-in capital of the Company were issued to 184 employees at a subscription consideration of RMB28.59 per then paid-in capital. The subscription consideration has been transferred to the respective GP. Each share granted under this batch can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme. If the grantees terminate the labour relationship with the Company on or before the lock-up period, representing 12 months from the successful listing at a stock exchange, the respective GP or anyone designated by the respective GP has the right to buy back the granted awards from the grantees at original consideration. The residual interest platform remains under the ownership of the respective GP.

Effective on 1 April 2023, the Group adopted the employee incentive plan (“2023 Share Incentive Plan”) and 649,900 shares were issued to 16 employees at a subscription consideration of RMB7.14 per share. The subscription consideration has been transferred to the respective GP. Each share granted under this batch can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme. If the grantees terminate the labour relationship with the Company on or before the lock-up period, representing 12 months from the successful listing at a stock exchange, the respective GP or anyone designated by the respective GP has the right to buy back the granted awards from the grantees at original consideration. The residual interest platform remains under the ownership of the respective GP.

Effective on 8 August 2025, the Group adopted the employee incentive plan (“2025 Share Incentive Plan”) and 638,400 shares were issued to 26 employees at a subscription consideration of RMB10.71 per share. The subscription consideration has been transferred to the respective GP. Each share granted under this batch can only be vested if the grantees satisfied the performance conditions as well as the service conditions as stipulated in the scheme. 50% of the granted awards has a lock-up period of 12 months after the company’s successful listing at a stock exchange, and the remaining 50% has a lock-up period of 24 months after the company’s successful listing at a stock exchange. If the grantees terminate the labour relationship with the Company on or before the lock-up period, the respective GP or anyone designated by the respective GP has the right to buy back the granted awards from the grantees at original consideration. The residual interest platform remains under the ownership of the respective GP.

Details of the employee incentive plan are set out below:

	2020 Share Incentive Plan <i>(Paid in capital — RMB)</i>	2023 Share Incentive Plan <i>(No. of shares)</i>	2025 Share Incentive Plan <i>(No. of shares)</i>
Outstanding at 1.1.2023	1,313,265	N/A	N/A
Granted during the year	—	649,900	N/A
Forfeited during the year	(19,168)	—	—
Outstanding at 31.12.2023	1,294,097	649,900	N/A
Forfeited during the year	(6,996)	(302,500)	N/A
Outstanding at 31.12.2024	1,287,101	347,400	N/A
Granted during the period	—	—	638,400
Forfeited during the period	(11,682)	—	—
Outstanding at 30.09.2025	<u>1,275,419</u>	<u>347,400</u>	<u>638,400</u>

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Group used the discounted cash flow model to determine the fair value of the underlying shares of RMB35.66 per share granted in 8 August 2025. Best estimates of key assumptions, such as discount rate, terminal growth rate, and discount for lack of marketability (“DLOM”), are required to be determined by management. Key assumptions used in determining the fair value of shares under the share-based payment arrangements are as follows:

	At 8 August 2025
Discount rate	13.0%
Terminal growth rate	2.0%
DLOM	12.0%

The Group did not recognized any expense for the nine months ended 30 September 2024 and 2025 as the directors of the Company is of the view that the probability of fulfillment of the vesting conditions has not yet become probable.

20. FAIR VALUE MEASUREMENTS OF FINANCIAL STATEMENTS

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	30.09.2025 RMB’000 (unaudited)	31.12.2024 RMB’000 (audited)		
Financial assets at FVTPL	42,827	62,911	Level 2	Quoted value from banks and financial institutions

There were no transfers between Level 1 and Level 2 at the end of the reporting period.

Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

21. RELATED PARTY DISCLOSURES

(a) Related party balances and transactions

Other than the transaction and balances disclosed elsewhere in the condensed consolidated financial statements, the Group does not have any transactions with these related parties.

APPENDIX IA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(b) Compensation of key management personnel

During the current interim period, the Group’s remuneration paid to the directors and supervisors who represent the key management personnel of the Group was as follows:

	Nine months ended	
	30 September	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Salaries and other allowances	2,678	2,186
Performance and discretionary bonus (<i>note</i>)	11	107
Retirement benefits schemes contributions	<u>61</u>	<u>49</u>
	<u>2,750</u>	<u>2,342</u>

Note: Performance and discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

22. CAPITAL COMMITMENT

	30.9.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Contracted but not provided in the condensed consolidated financial statements in respect of the acquisition of leasehold land and property, plant and equipment	<u>1,699</u>	<u>5,791</u>

23. SUBSEQUENT EVENT

[•]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

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[REDACTED]

The [REDACTED] will include selective marketing of [REDACTED] to QIBs in the United States. The [REDACTED] will include selective marketing of the [REDACTED] to institutional and professional [REDACTED] and other [REDACTED] anticipated to have a sizeable demand for such [REDACTED] in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The [REDACTED] is subject to the [REDACTED] being unconditional. Professional [REDACTED] generally include [REDACTED], dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly [REDACTED] in shares and other securities. [REDACTED] of [REDACTED] pursuant to the [REDACTED] will be effected in accordance with the “book-building” process described in “— [REDACTED] of the [REDACTED]” in this document and based on a number of factors, including the level and timing of demand, the total size of the relevant [REDACTED] assets or equity assets in the relevant sector and whether or not it is expected that the relevant [REDACTED] is likely to buy further [REDACTED], and/or hold or sell its [REDACTED], after the [REDACTED]. Such [REDACTED] is intended to result in a distribution of the [REDACTED] on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The [REDACTED] (for itself and on behalf of the [REDACTED]) may require any [REDACTED] who has been [REDACTED] [REDACTED] under the [REDACTED] and who has made an application under the [REDACTED] to provide sufficient information to the [REDACTED] so as to allow them to identify the relevant applications under the [REDACTED] and to ensure that they are excluded from any [REDACTED] of [REDACTED] under the [REDACTED].

[REDACTED]

The total number of [REDACTED] to be issued pursuant to the [REDACTED] may change as a result of the clawback arrangement described in “— The [REDACTED] — [REDACTED] ” in this document, the exercise of the [REDACTED] in whole or in part and/or any [REDACTED] of unsubscribed [REDACTED] originally included in the [REDACTED] to the [REDACTED].

[REDACTED]

In connection with the [REDACTED], we are expected to grant the [REDACTED] to the [REDACTED], exercisable by the [REDACTED] on behalf of the [REDACTED].

Pursuant to the [REDACTED], the [REDACTED] will have the right, exercisable by the [REDACTED] at any time from the date of the [REDACTED] until 30 day period from the last day for [REDACTED] under the [REDACTED], to require our Company to issue up to an aggregate of [•] additional [REDACTED], representing not more than [REDACTED]% of the total number of [REDACTED] initially available under the

APPENDIX III

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[REDACTED], at the [REDACTED] under the [REDACTED] to, amongst others, cover [REDACTED] in the [REDACTED] , if any. If the [REDACTED] is exercised, an announcement will be made.

If the [REDACTED] is exercised in full, the additional [REDACTED] to be issued pursuant thereto will represent approximately [•]% of the issued share capital of the Company immediately after the completion of the [REDACTED] .

[REDACTED]

[REDACTED] is a practice used by [REDACTED] in some markets to facilitate the distribution of securities. To stabilise, the [REDACTED] may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public [REDACTED] of the securities below the [REDACTED] . Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the [REDACTED] .

In connection with the [REDACTED] , the [REDACTED] , its affiliates or any person acting for it, on behalf of the [REDACTED], may, to the extent permitted by applicable laws of Hong Kong or elsewhere, [REDACTED] or effect transactions with a view to stabilising or supporting the [REDACTED] of the H Shares at a level higher than that which might otherwise prevail for a limited period after the [REDACTED]. However, there is no obligation on the [REDACTED] or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the [REDACTED] or any person acting for it and in what the [REDACTED] reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for [REDACTED] under the [REDACTED]. The number of H Shares that may be [REDACTED] will not exceed the number of H Shares that may be issued and/or sold under the [REDACTED], namely [•] H Shares, which is approximately [REDACTED]% of the [REDACTED] initially available under the [REDACTED].

TAXATION OF SECURITY HOLDERS *[AllBright to review]*

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H shares, nor does it take into account the specific circumstances of any particular [REDACTED], some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [REDACTED] in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

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This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax (VAT), stamp duty and estate duty. [REDACTED] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in Chinese Mainland

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (“**IIT Law**”), amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for more than one year, the income from dividends and bonuses shall be temporarily exempt from individual income tax. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market and holds the stocks for not more than one month, the income from dividends and bonuses shall be included in the taxable income in full amount; or if the individual holds the stocks for more than one month but not more than one year, the income from dividends and bonuses shall be temporarily included in the taxable income at the reduced rate of 50%. Individual income tax on the aforesaid income shall be calculated and collected at the uniform rate of 20%.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (“**Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**”), executed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於〈內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排〉第五議定書》) (the “**Fifth Protocol**”), issued by The State Administration of

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Taxation and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**EIT Law**”), amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) (“**Implementation Regulations of the EIT Law**”), amended by the State Council on 6 December 2024 and implemented from 20 January 2025, where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay 10% enterprise income tax on the portion of its income sourced from inside China, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong.

The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, Where a Chinese resident enterprise pays dividends for the year of 2008 or any year thereafter to its H-share holders which are overseas non-resident enterprises, it shall withhold the enterprise income tax thereon at the uniform rate of 10%. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the State Administration of Taxation and effective 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and

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meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ verification.

Tax related to equity transfer income

Individual Investors

Under the IIT Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realised on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and The State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. Although the IIT Law and its implementation rules have not stated whether it will continue exempting individual income tax on income of individuals from transfer of listed shares, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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》) (“**Notice**”) promulgated jointly by the MOF, the SAT and the CSRC on 31 December 2009 and implemented on the same day, the Notice of State Taxation Administration of the PRC on Issues Relating to Levying and Payment of Individual Income Tax on Income from Transfer of Moratorium Shares (《國家稅務總局關於限售股轉讓所得個人所得稅徵繳有關問題的通知》) promulgated by the State Taxation Administration of the PRC on 18 January 2010 and effective from 18 January 2010 and the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from 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補充通知》) promulgated by the Ministry of Finance, the State Taxation Administration of the PRC and China Securities Regulatory Commission on 10 November 2010 and effective from 10 November 2010, states that individuals’ income from transfer of listed shares on certain domestic stock exchanges (including Shenzhen Stock Exchange and Shanghai Shenzhen Stock) shall continue being exempting from individual income tax, except for the shares subject to sales restriction. As of the date of this document, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock

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exchanges. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of the PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

Under the EIT Law and its implementation rules, where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay 10% enterprise income tax on the portion of its income sourced from inside China, including gains derived from the disposal of shares in a PRC resident enterprise. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Stamp Duty

According to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) (“**Stamp Tax Law**”), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-Chinese Mainland investors outside of the Chinese Mainland is not subject to the requirements of the Stamp Tax Law.

Estate duty

According to PRC law, no estate duty is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, within the PRC, enterprises, and other organisations which derive income (hereinafter referred to collectively as “**enterprises**”), shall be taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with provisions of this Law. The rate of enterprise income tax shall be 25%.

Enterprises are categorised into resident enterprises and non-resident enterprises. Where a non-resident enterprise has no establishment or place in China, or it has an establishment or a place in China, but the income derived is not effectively connected with the aforesaid establishment or place, it shall pay enterprise income tax on the portion of its income sourced from inside China. The aforesaid tax payable on the income derived by a non-resident enterprise, shall be withheld at source, with the payer of the income serving as the withholding agent. When making such payment or when such payment is due, the withholding agent shall withhold the income tax from such payment. Meanwhile, any gains realised on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

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Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) amended by the State Council and became effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) amended by the MOF on 28 October 2011 and effective on 1 November 2011, entities and individuals engaging, within the territory of the PRC, in the sale of goods, supply of labour services in processing, repairing and maintenance (hereinafter referred to as “labour services”), sale of services, intangible assets and immovable properties, and importation of goods are taxpayers of value-added tax (VAT) and shall be subject to VAT. VAT rate is set at 17 percent for the sale of goods, supply of labour services, leasing services of tangible movable property and importation of goods, unless otherwise specified in the aforesaid regulations.

According to Circular on Adjustment of VAT Rate (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No.32), promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and became effective as of 1 May 2018, in the case of VAT taxable sales or goods import by taxpayer, the original tax rates of 17% and 11% shall be adjusted to 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (2019 No.39 of MOF, State Administration of Taxation and General Administration of Customs), promulgated by the MOF, the State Administration of Taxation and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the tax rate of 16% applicable to the VAT taxable sale or import of goods by a general VAT taxpayer shall be adjusted to 13%; and the tax rate of 10% applicable thereto shall be adjusted to 9%.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorised by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People’s Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. The foreign exchange income under the current items may be reserved or sold to financial institutions operating the foreign exchange sale or settlement business. Before reserving the foreign exchange income under the capital items or selling it to any financial institution operating the foreign exchange sale or settlement business, the approval of the competent foreign exchange administrative organ shall be obtained, unless it is otherwise provided by the state.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of

APPENDIX III

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foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Cancelling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been cancelled.

According to the Notice of the SAFE 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》) promulgated by the SAFE and became effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as “**domestic companies**”) listed overseas are as follows:

- (i) The SAFE, its branch offices, and foreign exchange administration departments (hereinafter referred to as “**foreign exchange authorities**”) shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conducts involved in overseas listing.
- (ii) A domestic company shall, within 15 working days from the date of end of its overseas listing, handle registration formalities for overseas listing at the foreign exchange authority at its place of registration (hereinafter referred to as “**local foreign exchange authority**”) upon the strength of the relevant materials.
- (iii) After a domestic company gets listed overseas, if any of its domestic shareholders intend to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority upon the strength of the relevant materials within twenty working days prior to the intended share increase or decrease.
- (iv) A domestic company (excluding banking financial institutions) shall, upon the strength of its overseas listing registration certificate, open a “special foreign exchange account of a domestic company exclusively for overseas listing” at a

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local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and came into effect on 1 June 2015, the SAFE has cancelled the confirmation of foreign exchange registration under domestic direct investment and confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment (hereinafter collectively referred to as “foreign exchange registration of direct investment”) pursuant to this Notice and Operating Guidelines for Foreign Exchange Business in Direct Investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionise and Regulate 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》) issued and implemented by the SAFE on 9 June 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement may be handled at banks based on the domestic institutions’ actual requirements for business operation. The proportion of discretionary settlement of domestic institutions’ foreign exchange receipts under the capital account is temporarily determined as 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains the principal provisions of the issuer’s Articles of Association and is intended to provide [REDACTED] with a summary of the issuer’s Articles of Association. It may not contain all information that is important to [REDACTED].

SHARES

Issuance of Shares

The shares of the Company shall take the form of share certificates.

The shares of the Company shall be issued in a transparent, fair and equitable manner, and each Shares of the same class shall carry equal rights.

Shares issued at the same time and of the same class shall be issued on the same conditions and at the same price. The same price per Share shall be paid by any Share subscriber.

The nominal value of shares issued by the Company is denominated in RMB, with a par value of RMB1 each.

Increase, Reduction and Repurchase of Shares

The Company may, upon resolution by the shareholders’ general meeting, adopt the following methods to increase its capital in accordance with its business and development needs and pursuant to the provisions of laws and regulations:

- (I) issuance of shares to non-specific persons;
- (II) issuance of shares to specific persons;
- (III) distribution of bonus Shares to existing shareholders;
- (IV) conversion of the common reserve fund to additional share capital;
- (V) other means as prescribed by laws, administrative regulations, CSRC and the HKEX.

The Company may reduce its registered capital. Any reduction in the Company’s registered capital shall be made in accordance with the procedures stipulated in the Company Law, the HKEX Listing Rules, the regulatory rules of other securities where the Company’s shares are [REDACTED], and other relevant provisions and other related regulations and the Articles of Association.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The Company may not repurchase its own shares except in any of the following circumstances:

- (I) reducing the Company’s registered capital;
- (II) merging with other companies holding shares of the Company;
- (III) issuing shares under employee stock ownership scheme or share incentive scheme;
- (IV) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders’ general meeting upon their request;
- (V) use of shares for converting the convertible bonds issued by the Company into shares;
- (VI) where it is necessary for the Company to maintain its value and protect the interests of the shareholders.
- (VII) other means stipulated by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company’s shares are [REDACTED].

The Company’s acquisition of its own Shares can be carried out through public and centralised [REDACTED], or other methods recognised by laws, administrative regulations, CSRC, HKEX [REDACTED] Rules and other securities regulatory rules of the place where the Company’s shares are [REDACTED].

Where the Company acquires its own shares due to the circumstances specified in items (III), (V) or (VI) above, it shall carry out through public and centralised [REDACTED].

The Company’s acquisition of its own shares for reasons specified in items (I) to (II) above shall be subject to a resolution of a shareholders’ general meeting. The Company’s acquisition of its own shares due to the circumstances specified in items (III), (V) or (VI) above shall be subject to a resolution of a board meeting at which more than two-thirds of directors of the Company are present.

Following the acquisition of the Company’s Shares in accordance with the aforementioned provisions, where the circumstances fall under item (I), such shares shall be cancelled within 10 days of the acquisition date; where the circumstances fall under items (II) or (IV), such shares shall be transferred or cancelled within 6 months; where the circumstances fall under items (III), (V) or (VI), the aggregate number of shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and such Shares shall be transferred or cancelled within 3 years.

Where there are other provisions in laws, administrative regulations, normative documents, and relevant regulatory rules of the place where the Company’s shares are [REDACTED] on matters related to share repurchases, such provisions shall prevail.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Transfer of Shares

The Company’s shares shall be transferred in accordance with the law.

All transfers of the H shares shall be executed by a written instrument of transfer in a general or common form or in any other form acceptable to the Board of Directors, including the standard transfer format or form of transfer as prescribed by the HKEX from time to time. Such transfer document may only be signed by hand or (where the transferor or transferee is a corporation) stamped with the Company’s valid seal. If the transferor or transferee of the shares of the Company is a recognised clearing house or its nominee as defined by the relevant regulations in force under the laws of Hong Kong from time to time, the written transfer may be signed by hand or by machine printing. All instruments of transfer must be placed at the legal address of the Company or such other place as the Board of Directors may from time to time specify.

The Company shall not accept its own shares as the subject of pledge.

Shares issued by the Company prior to the [REDACTED] shall not be transferred within one year from the date on which the shares of the Company are [REDACTED] and [REDACTED] on the stock exchanges.

The directors, supervisors and senior management of the Company shall report their shareholdings and the changes thereof to the Company. During their terms of office, as determined upon assuming office, they may not transfer more than 25% of the total number of shares of the same class of the Company held by them in any given year; the shares of the Company held by them shall not be transferred within one year from the date on which the shares of the Company are [REDACTED] and [REDACTED]. The aforementioned individuals shall not transfer the shares of the Company held by them within six months from the date of their resignations.

Any gains from sale of Company’s shares or other securities with an equity nature by the directors, supervisors and senior management members or shareholders holding more than 5% of the Company’s shares within 6 months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within 6 months after sale of the same shall be owned by the Company, and the Board of Directors shall be responsible for recovering such gains from the abovementioned parties. However, securities companies holding 5% or more of the shares after purchasing the remaining shares upon [REDACTED] due to [REDACTED], and other circumstances stipulated by the CSRC and the securities regulatory authority where the Company’s shares are [REDACTED] are exempt from such requirement.

The shares or other securities with an equity nature held by directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents and children and held under accounts of any other persons.

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SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETING

General Provisions for Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration authority and the register of shareholders is sufficient evidence to prove that the shareholders hold the shares of the Company. The Company shall keep a complete register of shareholders.

The original copy of the register of holders of H Shares [REDACTED] in Hong Kong is kept in Hong Kong and is available for inspection by shareholders.

Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

When the Company convenes a shareholders’ general meeting, distributes dividends, undergoes liquidation or engages in other activities that require the verification of shareholders’ identities, the Board of Directors or the convener of the shareholders’ general meeting shall determine the shareholding registration date. Shareholders whose names appear on the register of shareholders on the shareholding registration closing date shall be the shareholders enjoying the relevant rights.

Shareholders of the Company enjoy the following rights:

- (I) to receive dividends and other forms of interest distributions in proportion to their shareholdings;
- (II) to request, convene, hold and attend or appoint proxies to attend shareholders’ general meetings and exercise their corresponding voting rights according to laws;
- (III) to supervise, provide recommendations on or make inquiries about the operations of the Company;
- (IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- (V) to review and copy the Articles of Association, the register of shareholders, minutes of shareholders’ general meetings, resolutions of board meetings, resolutions of supervisory board meetings, and financial accounting reports; shareholders meeting the prescribed requirements may also inspect the Company’s accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

(VII) to request the Company to acquire their shares for the shareholders who voted against any resolution adopted at the shareholders’ general meeting concerning the merger or division of the Company;

(VIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Articles of Association or securities regulatory rules of the place where the Company’s shares are [REDACTED].

The shareholder who requests to inspect and copy relevant materials of the Company shall abide by the Company Law, the Securities Law, other laws and administrative regulations, the HKEX Listing Rules, and other securities regulatory rules of the where the Company’s shares are [REDACTED], and submit to the Company written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after authenticating his or her identity.

If a resolution of a shareholders’ general meeting or a meeting of the Board is in violation of any law, administrative regulation, the shareholders are entitled to request the People’s Court to invalidate it.

If the procedures for calling a shareholders’ general meeting, or a board meeting, or the way of voting, is in violation of any law, administrative regulation or the Articles of Association, or if a resolution is in violation of the Articles of Association, the shareholders may, within 60 days from the day when the resolution is made, request the People’s Court to revoke it. However, this does not apply if the procedures for convening the shareholders’ general meeting or the board meeting, or the voting methods, only have minor defects that do not substantially affect the resolution.

If the Board of Directors, shareholders, or other relevant parties dispute the validity of a resolution of the shareholders’ general meeting, they shall file a lawsuit with the People’s Court in a timely manner. Before the People’s Court makes a judgement or ruling to revoke the resolution, the relevant parties shall implement the resolution of the shareholders’ general meeting. The Company, its Directors, and senior management shall perform their duties effectively to ensure the normal operation of the Company.

Under any of the following circumstances, a resolution passed by a shareholders’ general meeting or a board meeting of the Company is not valid:

- (I) the resolution is passed without holding a shareholders’ general meeting or board meeting;
- (II) the resolution is not voted on at a shareholders’ general meeting or board meeting;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

(III) the number of persons present at the meeting or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held;

(IV) the number of persons who consent to the resolution or the number of votes held does not attain the number stipulated in the Company Law or the Articles of Association, or the number of votes held.

Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by directors and senior management members in the course of performing their duties, shareholders individually or jointly holding more than 1% of shares of the Company for over 180 consecutive days shall have the right to request the Board of Supervisors in writing to initiate legal proceedings in the People’s Court; where a supervisor falls under the aforementioned provisions, the aforementioned shareholder may submit a written request to the Board of Directors to initiate legal proceedings before the People’s Court.

In the event that the Board of Supervisors or the Board of Directors refuses to initiate legal proceedings upon receipt of the aforesaid shareholders’ written request, or fails to initiate legal proceedings within 30 days upon receipt thereof, or in case of emergency or in the event that the failure to immediately initiate legal proceedings will incur irrecoverable damage to the interests of the Company, the shareholders mentioned in the preceding paragraph shall have rights to, in their own names, directly initiate legal proceedings in the People’s Court for the interests of the Company.

In the event that any other person infringes upon the legitimate rights and interests of the Company and causes losses thereto, the shareholders mentioned in the first paragraph of this Article may initiate legal proceedings in the People’s Court according to the provisions of the preceding two paragraphs.

If a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates laws, administrative regulations or the provisions of the Articles of Association during the performance of his/her duties and causes losses to the Company, or if any other person infringes upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and causes losses to the Company, the shareholders who have held more than one percent of the shares of the Company, either individually or in aggregate, for a period of more than 180 consecutive days, may request in writing the supervisory committee or the Board of Directors of such wholly-owned subsidiary to file a lawsuit with the People’s Court or directly file a lawsuit in their own names with the people’s court in accordance with the provisions of the preceding three paragraphs of Article 189 of the Company Law.

In the event of a director or a senior management member violates the laws, administrative regulations or the Articles of Association, which causes damage to the interests of shareholders, the shareholders may initiate legal proceedings in the People’s Court.

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Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution according to the number of shares subscribed for and the method of subscription;
- (III) not to withdraw the shares unless required by the laws and administrative regulations;
- (IV) not to abuse their shareholders’ rights to jeopardise the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardise the interests of any creditors of the Company;
- (V) other obligations imposed by the laws, administrative regulations, the Articles of Association and the securities regulatory rules of the place where the Company’s shares are [REDACTED].

Where any shareholder of the Company abuses the shareholders’ rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company’s status as an independent legal entity and the limited liability of shareholders for the purposes of evading 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.

Controlling Shareholder and Actual Controller

The controlling shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with applicable laws, administrative regulations, the regulations of the CSRC and stock exchanges, and shall safeguard the interests of the Company.

The controlling shareholder and actual controller of the Company shall comply with the following provisions:

- (I) to exercise shareholder rights in accordance with the law, and not to abuse control or use related (connected) relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (II) to strictly fulfil all public statements and commitments made, and not to alter or waive them without proper authorisation;

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- (III) to fulfil information disclosure obligations in strict compliance with relevant regulations, actively cooperate with the Company in discharging its disclosure responsibilities, and promptly notify the Company of any major events that have occurred or are expected to occur;
- (IV) not to misappropriate the Company’s funds in any manner;
- (V) not to compel, instruct, or request the Company or relevant personnel to provide guarantees in violation of laws or regulations;
- (VI) not to seek personal gain by using undisclosed material information of the Company, not to disclose such information in any manner, or not to engage in insider trading, short-swing trading, market manipulation, or other illegal or non-compliant activities;
- (VII) not to harm the legitimate rights and interests of the Company or other shareholders through unfair related (connected) transactions, profit distribution, asset restructuring, external investments, or by any other means;
- (VIII) to ensure the Company’s independence with respect to its assets, personnel, finance, institutions, operations, and business, and not to affect such independence in any way;
- (IX) to comply with other provisions under laws, administrative regulations, the rules of the CSRC, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

If the controlling shareholder or actual controller of the Company does not serve as the Director of the Company but effectively manages the Company’s affairs, the provisions of the Articles of Association concerning the fiduciary duties and duties of diligence of Directors shall apply.

Where the controlling shareholder or actual controller instructs a Director or senior management to engage in acts that harm the interests of the Company or its shareholders, such controlling shareholder or actual controller shall bear joint and several liability together with the relevant Director or senior management.

Where the controlling shareholder or actual controller pledges Shares of the Company that they hold or effectively control, they shall maintain the stability of the Company’s control and business operations.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

General Provisions of the Shareholders’ General Meeting

The Company’s shareholders’ general meeting shall consist of all shareholders. It is the Company’s governing body and shall exercise the following powers in accordance with the law:

- (I) to elect and replace directors and supervisors, and to decide on matters concerning the remuneration of directors and supervisors;
- (II) to review and approve the report of the Board of Directors;
- (III) to review and approve the report of the Board of Supervisors;
- (IV) to review and approve the Company’s profit distribution plans and plans for loss compensation;
- (V) to resolve on the increase or decrease of the Company’s registered capital;
- (VI) to resolve on the issuance of corporate bonds, issuance of shares, equity certificates and other similar securities of any kind;
- (VII) to resolve on matters such as mergers, divisions, dissolution, liquidation, or changes of corporate form;
- (VIII) to amend the Articles of Association;
- (IX) to resolve on the engagement or dismissal of accounting firms responsible for the Company’s audit services;
- (X) to consider and approve the guarantee matters stipulated in Article 47 of the Articles of Association;
- (XI) to consider the Company’s purchase or disposal of material assets within one year which reach over 30% of the latest audited total assets of the Company;
- (XII) to consider and approve matters relating to changes in the [REDACTED] raised;
- (XIII) to consider equity incentive plan and employee stock ownership plans;
- (XIV) to consider the proposal raised by shareholders who, individually or in the aggregate, hold 1% or more of the total number of the voting shares of the Company;

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(XV) to resolve the repurchase of the shares of the Company;

(XVI) to consider other matters required by laws, administrative regulations, departmental regulations or the provisions of the Articles of Association to be decided by the shareholders’ general meeting.

The shareholders’ general meeting may authorise the Board of Directors to make resolutions on the issuance of corporate bonds. The issuance of corporate bonds resolved by the general meeting or authorised by the general meeting to be resolved by the Board of Directors shall be carried out in compliance with the laws, administrative regulations, and the requirements of the CSRC, the HKEX and other securities regulatory rules in the place where the Company’s shares are listed.

The shareholders’ general meeting includes annual and extraordinary meetings. The annual shareholders’ general meeting shall be held once each year, within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall convene an extraordinary shareholders’ general meeting within two months from the date of the event:

- (I) When the number of directors is less than two-thirds of the number prescribed in the Articles of Association;;
- (II) When the Company’s uncovered losses reach one-third of its total share capital;
- (III) When requested by one or more shareholders holding at least 10% of the Company’s Shares;
- (IV) When the Board of Directors deems it necessary;
- (V) When proposed by the Board of Supervisors;
- (VI) Other circumstances as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company’s shares are listed, or the Articles of Association.

Convening of Shareholders’ General Meetings

The Board of Directors shall convene the shareholders’ general meeting on time within the prescribed time limit.

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With the consent of a majority of all independent non-executive directors, independent non-executive directors are entitled to propose to the Board of Directors to convene an extraordinary shareholders’ general meeting. Where independent non-executive directors require to convene an extraordinary shareholders’ general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association, issue a written reply on whether or not it agree to convene the extraordinary shareholders’ general meeting within 10 days upon the receipt of the proposal. If the Board of Directors agrees to convene an extraordinary shareholders’ general meeting, a notice to convene such meeting shall be issued within 5 days after such resolution of the Board of Directors. If the Board of Directors disagrees to convene an extraordinary shareholders’ general meeting, it shall state the reasons in an announcement.

The Board of Supervisors is entitled to propose to the Board of Directors to convene an extraordinary shareholders’ general meeting, and such proposals shall be made in writing to the Board of Directors. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations, and the Articles of Association, issue a written reply on whether or not it agrees to convene the extraordinary shareholders’ general meeting within 10 days upon the receipt of the proposal.

If the Board of Directors agrees to convene an extraordinary shareholders’ general meeting, a notice to convene such meeting shall be issued within 5 days after such resolution of the Board of Directors. Any changes to the original proposal in the notice require the consent of the Board of Supervisors.

If the Board of Directors disagrees to convene an extraordinary shareholders’ general meeting or fails to give a response within 10 days after receipt of such proposal, it shall be deemed that the Board of Directors is unable or fails to fulfil the obligation to convene the shareholders’ general meeting, and the Board of Supervisors may convene and preside over the meeting on its own initiative.

Shareholder(s) severally or jointly holding more than 10% of the Shares of the Company is/are entitled to request the Board of Directors to convene an extraordinary shareholders’ general meeting, and such request shall be made in writing to the Board of Directors. The Board of Directors shall, pursuant to the provisions of laws, administrative regulations, and the Articles of Association, issue a written reply on whether or not it agrees to convene the extraordinary shareholders’ general meeting within 10 days upon the receipt of the request.

If the Board of Directors agrees to convene an extraordinary shareholders’ general meeting, a notice to convene such meeting shall be issued within 5 days after such resolution of the Board of Directors. Any changes to the original request in the notice require the consent of relevant shareholder(s).

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If the Board of Directors disagrees to convene an extraordinary shareholders’ general meeting or fails to give a response within 10 days after receipt of such request, shareholder(s) severally or jointly holding more than 10% of the Shares of the Company shall be entitled to propose to the Board of Supervisors to convene an extraordinary shareholders’ general meeting, and such request shall be made in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary shareholders’ general meeting, a notice to convene such meeting shall be issued within 5 days upon receipt of such request. Any changes to the original request in the notice require the consent of relevant shareholder(s).

Where the Board of Supervisors fails to issue a notice of the shareholders’ general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors fails to convene and preside over the shareholders’ general meeting, and the shareholder(s) severally or jointly holding more than 10% of the shares of the Company for 90 consecutive days or more may convene and preside over the meeting on their own initiative.

Proposals and Notices of Shareholders’ General Meetings

The contents of the proposals shall fall within the terms of reference of the shareholders’ general meeting, have clear subjects and specific matters to be resolved, and comply with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and the Articles of Association.

When the Company convenes a shareholders’ general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or collectively hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit a provisional proposal in writing to the convener 10 days prior to the convening of the shareholders’ general meeting. The convener shall issue a supplemental notice of the shareholders’ general meeting within 2 days after receiving the proposal and announce the contents of the provisional proposal, and submit the interim proposals to the shareholders’ general meeting for discussion; except for a proposal that violates the provisions of any laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or fall outside the scope of powers of the shareholders’ general meeting. Where the shareholders’ general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company’s shares are listed due to the issuance of a supplemental notice of the shareholders’ general meeting, the convening of the shareholders’ general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed.

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Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders’ general meeting or add new proposals after issuing the notice of the shareholders’ general meeting.

Proposals not set out in the notice of the shareholders’ general meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the shareholders’ general meeting.

The convener of an annual general meeting shall notify shareholders of the meeting in writing (including announcements) 21 days before the meeting is held; the convener of an extraordinary general meeting shall notify shareholders of the meeting in writing (including announcements) 15 days before the meeting is held. Such period does not include the date on which the meeting is held but shall include the date on which the notice of meeting is sent.

The notice of the shareholders’ general meeting shall be made in writing (including announcements) and include the following:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals presented to the meeting for consideration;
- (III) a prominent statement stating that all shareholders are entitled to attend the shareholders’ general meeting and appoint a proxy by written to attend and vote on his/her behalf, and such proxy need not be a shareholder of the Company;
- (IV) the [REDACTED] of shareholders entitled to attend the shareholders’ general meeting;
- (V) the name and phone number of the contact person in connection with the meeting;
- (VI) voting time of and procedures (if any) via online or other methods; and
- (VII) other requirements required by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other securities regulatory rules in the place where the Company’s shares are [REDACTED], and the Articles of Association.

The notice and supplemental notice of the shareholders’ general meeting shall fully and completely disclose all the specific contents of all proposals. If the matters to be discussed require the opinions of the independent non-executive directors, the opinions of the independent non-executive directors and the reasons therefor shall be disclosed at the same time when the notice of shareholders’ general meeting or its supplementary notice is issued.

The interval between the [REDACTED] and the date of the meeting shall not be more than 7 business days. Once the [REDACTED] is confirmed, no change may be made thereto.

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Conducting the Shareholders’ General Meetings

All shareholders in the register of shareholders as at the shareholding registration date or their proxies are entitled to attend the shareholders’ general meeting, and exercise voting rights in accordance with the relevant laws, regulations and the Articles of Association.

Shareholders who are entitled to attend the shareholders’ general meeting, and exercise voting rights may attend a shareholders’ general meeting in person, or may appoint one or more persons (who may not be shareholders) as his/her proxies to attend and vote on his/her behalf.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or stock account cards. Proxies attending the meeting shall present their valid personal identity cards and the proxy forms from the shareholders.

Where a shareholder is a corporate shareholder or other institution shareholders, its legal representative (principal)/executive partner or proxies authorised by the legal representative (principal)/executive partner shall attend the meeting. Legal representatives (principal)/executive partner attending the meeting shall present their personal identity cards and valid documents or shareholding voucher that can prove their identities as legal representatives. Proxies attending the meeting shall present their personal identity cards and the proxy forms in writing provided by the legal representative (principal)/executive partner of the corporate shareholder or other institution shareholders in accordance with the law and the principal’s shareholding voucher.

If the shareholder is a recognised clearing house (or its proxy) as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed, the shareholder may authorise one or more persons it deems fit to act as its proxy or representative at any shareholders’ general meeting; however, if more than one person is so authorised, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised may attend the meeting to act on behalf of the recognised clearing house (or its nominees) (no shareholding voucher, notarised authorisation and/or further evidence to the duly authorisation is required) as if such person is an individual shareholder of the Company.

The proxy form provided by a shareholder to appoint another person to attend a shareholders’ general meeting shall contain the following particulars:

- (I) name of the principal, the class and number of shares held in the Company;
- (II) name of the proxy;
- (III) specific instructions from the shareholder, including instruction of voting for, against or abstain for each resolution proposed at any shareholders’ general meeting;

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(IV) date of signing the proxy form and the effective period for such appointment;

(V) signature (or seal) of the appointing shareholder. If the appointing shareholder is a legal entity, the seal of the legal entity shall be affixed.

The proxy form shall state whether the proxy may vote has he/she thinks fit in the absence of instructions from the shareholder.

A shareholders’ general meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable to or fails to perform his/her duties, the deputy chairman shall chair the meetings (if the Company has two or more deputy chairmen, the deputy chairman jointly elected by more than half of the directors shall preside over the meeting); where the deputy chairman is unable to or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The chairman of the Board of Supervisors shall preside over the shareholders’ general meeting that is convened by the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting.

A shareholders’ general meeting convened by the shareholders shall be presided over by the conveners or their nominated representative.

Where the chairman of the shareholders’ general meeting violates the rules of procedure when holding the meeting and as a result, the shareholders’ general meeting is unable to continue, subject to the consent of the shareholders with more than half of voting rights of all the shareholders attending the shareholders’ general meeting, a person may be nominated in the shareholders’ general meeting to act as the chairman of the meeting and such meeting may continue.

Voting at and Resolutions of Shareholders’ General Meetings

Resolutions at the shareholders’ general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution put forward at a shareholders’ general meeting shall be passed by votes representing more than half of the voting rights held by the shareholders (including their proxies) attending the shareholders’ general meeting.

Special resolutions put forward at a shareholders’ general meeting shall be passed by votes representing more than two-thirds of voting rights held by the shareholders (including those who appoint proxies to attend the shareholders’ general meeting) attending the meeting.

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The following matters shall be approved by ordinary resolutions at a shareholders’ general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board of Directors and the Board of Supervisors, their remunerations and the method of payment thereof;
- (IV) annual report of the Company;
- (V) the engagement, remuneration, or method of determining remuneration of an accounting firm;
- (VI) matters other than those prescribed by laws, administrative regulations, the HKEX Listing Rules and the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association that shall be approved by special resolutions.

The following matters shall be approved by special resolutions at the shareholders’ general meeting:

- (I) increase or reduction of the registered capital of the Company;
- (II) issuance of bonds, shares of any class, warrants, and other similar securities by the Company;
- (III) division, spin-off, merger, dissolution and liquidation of the Company;
- (IV) amendments to the Articles of Association;
- (V) purchase or sale of material assets or guarantees by the Company in excess of 30% of the Company’s latest audited total assets within a period of 1 year;
- (VI) share incentive schemes;
- (VII) other matters prescribed by the laws, administrative regulations, the HKEX Listing Rules and securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, and those matters determined by ordinary resolutions at a shareholders’ general meeting to have a material impact on the Company and required to be approved by special resolutions.

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Board of Directors

General Provisions for Directors

A director of the Company who is a natural person may not act as a director of the Company under any of the following circumstances:

- (I) having no capacity for civil conducts or limited capacity for civil conducts;
- (II) having been sentenced to imprisonment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economy, or who have been deprived of political rights as a result of any criminal offences, where less than 5 years have lapsed since the expiration of the execution period, or where probation has been granted, less than 2 years have lapsed since the expiration of the probationary period;
- (III) where he/she is a director, factory manager, or manager of a company or enterprise that were declared insolvent and liquidated and was personally liable for the insolvency of the company or enterprise, and less than 3 years have lapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (IV) where he/she is the legal representative of a company or enterprise whose business licence was revoked or which was ordered to close down due to violation of the law and was personally liable for the company or enterprise, less than 3 years have lapsed since the date when the company or enterprise’s business licence was revoked or it was ordered to close down;
- (V) having been listed as a dishonest judgement defaulter by the People’s Court for not being able to settle a large amount of debt due;
- (VI) having been subject to a securities market ban imposed by the CSRC with the term yet to be expired;
- (VII) having been publicly determined by the stock exchange as unfit to serve as, among others, a director or senior management member of listed companies, with the term yet to be expired;
- (VIII) other circumstances stipulated by laws, administrative regulations, departmental rules, the HKEX Listing Rules, and the securities regulatory rules of the place where the Company’s shares are listed.

Any election, appointment or engagement of directors in contravention of this provision shall be null and void. Should a director become subject to the circumstances described herein during their tenure, the Company shall terminate their appointment and cease their duties.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Directors shall be elected or replaced at the shareholders’ general meeting and may be removed from office by the shareholders’ general meeting before the expiration of their terms of office. The term of office of a director is 3 years. Upon expiry of the term of office he or she may be re-elected and re-appointed in accordance with the provisions of the securities regulatory rules of the place where the Company’s shares are listed.

The term of office of a director commenced from the date of taking office, until the current term of office of the Board of Directors ends. If a director is not re-elected in a timely manner upon the expiration of the term of office, the original director shall continue to perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the re-elected director takes office.

A director may be concurrently held by the general manager or other senior management member, but the number of directors concurrently serving as general manager or other senior management member and directors appointed from among employee representatives (if any) shall not exceed 1/2 of the total number of directors of the Company.

Directors shall comply with the provisions of laws, administrative regulations and these Articles of Association, owe fiduciary obligations to the Company, shall take measures to avoid conflicts between their own interests and those of the Company, and shall not use their authority to seek improper benefits.

Directors and shall owe the following fiduciary obligations to the Company:

- (I) shall not embezzle the assets or misappropriate the funds of the Company;
- (II) shall not be deposit the Company’s funds into any account opened in his/her own or any other person’s name;
- (III) shall not use his/her position to solicit bribes or accept other unlawful income;
- (IV) shall not directly or indirectly enter into contracts or conduct transactions with the Company without reporting to the Board of Directors or the shareholders’ general meeting and obtaining approval through resolutions passed by the Board of Directors or the shareholders’ general meeting in accordance with the provisions of these Articles of Association;
- (V) shall not use his/her position to seek commercial opportunities belonging to the Company for himself/herself or others, except where such opportunities are reported to the Board of Directors or the shareholders’ general meeting and approved by a resolution of the shareholders’ general meeting, or where the Company is unable to utilise such commercial opportunities pursuant to the provisions of laws, administrative regulations, or these Articles of Association.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

- (VI) shall not engage in business operations of a similar nature to those of the Company, either on one’s own behalf or on behalf of others, without reporting to the Board of Directors or the shareholders’ general meeting and obtaining approval through a resolution passed by the shareholders’ general meeting.
- (VII) shall not accept the commissions arising from transactions between others and the Company for his/her own account;
- (VIII) shall not disclose the Company’s secrets without authorisation;
- (IX) shall not take advantage of his/her related (connected) relationship to compromise the interests of the Company;
- (X) shall fulfil other fiduciary obligations as required by laws, administrative regulations, departmental rules, the HKEX Listing Rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Any income derived by a director in violation of the abovementioned provisions shall belong to the Company; and if any loss is caused to the Company, he/she shall be liable for compensation.

Directors shall comply with the provisions of laws, administrative regulations and these Articles of Association, owe duty of diligence to the Company, and, in performing their duties, exercise the reasonable care ordinarily expected of a prudent manager in the best interests of the Company.

Directors shall owe the following duty of diligence to the Company:

- (I) shall exercise the rights conferred by the Company in a prudent, conscientious and diligent manner, so as to ensure that the business activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that the commercial activities do not go beyond the scope stipulated in the business licence;
- (II) shall treat all shareholders fairly;
- (III) shall maintain a timely awareness of the operation and management of the Company;
- (IV) shall sign written confirmations on the regular reports of the Company and ensure the information disclosed by the Company is true, accurate and complete;
- (V) shall truthfully provide relevant information and materials to the Board of Supervisors, and shall not obstruct the Board of Supervisors or the supervisors from performing their functions and powers;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

(VI) shall discharge other duty of diligence as required by laws, administrative regulations, rules of departments, the HKEX Listing Rules, securities regulatory rules of the place where the Company’s shares are listed and the Articles of Association.

Board of Directors

The Company shall establish a Board of Directors, which shall comprise 8 directors (including 3 independent non-executive directors), with one chairman and several deputy chairmen. The chairman and deputy chairmen shall be elected by the Board of Directors by a majority vote of all directors.

The Board of Directors shall exercise the following powers:

- (I) to convene the general meeting and report its work to the shareholders’ general meeting;
- (II) to implement the resolutions of the shareholders’ general meeting;
- (III) to make decisions on the business plans and investment proposals of the Company;
- (IV) to formulate the profit distribution plan and loss compensation plan of the Company;
- (V) to formulate plans for the increase or reduction of registered capital, issuance of bonds or other securities and listing of the Company;
- (VI) to formulate plans for the Company’s material acquisition, share buybacks, mergers, demergers, dissolution, and changes to the Company’s legal status;
- (VII) to make decisions, within the scope of authorisation granted by the shareholders’ general meeting, on matters relating to external investments, acquisitions and disposals of assets, asset pledges, external guarantees, entrusted asset management, related (connected) transactions, external donations, and other matters requiring a board resolution under the HKEX Listing Rules and securities regulatory rules of the place where the Company’s shares are listed;
- (VIII) to make decisions on the establishment of internal management structures within the Company;
- (IX) to appoint or dismiss of the Company’s general manager, the secretary to the Board of Directors and other senior management member, and to decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company’s senior management members such as the vice general manager and the chief financial officer based on the nomination of the general manager, and to decide on their remuneration, rewards and punishments;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

- (X) to formulate the basic management system of the Company;
- (XI) to formulate the amendment proposal to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to propose to the shareholders’ general meeting the appointment or replacement of the accounting firm to conduct the Company’s audit;
- (XIV) to hear the work report of the general manager of the Company and review the work of the general manager;
- (XV) other functions and powers conferred by laws, administrative regulations, departmental rules, the HKEX Listing Rules, other securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association or the shareholders’ general meeting.

Matters beyond the scope of authorisation granted by the shareholders’ general meeting shall be submitted to the shareholders’ general meeting for consideration.

The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) to preside over shareholders’ general meeting and to convene and preside over board meetings;
- (II) to supervise and examine the implementation of the resolutions of the Board;
- (III) other functions and powers prescribed by laws, regulations or the Articles of Association, or conferred by the Board of Directors

The Board of Directors shall convene at least two regular meetings annually, convened by the chairman of the Board of Directors, with written notice given to all directors and supervisors at least ten days prior to the meeting.

Shareholders representing more than one-tenth of voting rights of the Company, more than one-third of all directors or the Board of Supervisors may propose to convene an extraordinary meeting of the Board. The chairman shall convene and preside over a board meeting within 10 days from the receipt of such proposal.

The meeting of the Board of Directors may be held when more than half of all directors attend the meeting. Resolutions made by the Board of Directors shall be passed by votes of more than half of all directors.

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Resolutions of the Board of Directors are voted by way of poll with each director having one vote.

The Board of Directors may hold meetings and adopt resolutions by a show of hands or by a poll.

Subject to ensuring that all directors have the opportunity to express their views, voting and resolutions may also be made by telephone, video conference, facsimile, or other electronic communication, with the resolutions being signed by the directors in attendance. Board meetings may also be held concurrently in person and by other means of communication.

Independent Non-executive Directors

The Company has independent non-executive directors. Independent non-executive directors shall diligently perform their duties in accordance with the requirements of laws, administrative regulations, the CSRC, the HKEX, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association. They shall fulfil their roles in decision-making participation, oversight, and professional advisory functions within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority Shareholders.

Independent non-executive directors shall exercise the following special powers:

- (I) independently engaging intermediaries to carry out audit, advisory or verification of the Company’s specific matters;
- (II) proposing to the Board of Directors on convening of an extraordinary shareholders’ general meeting;
- (III) proposing to convene a board meeting;
- (IV) publicly soliciting shareholder’s rights from shareholders pursuant to the law;
- (V) issuing independent opinions on matters which may harm the rights and interests of the Company or minority Shareholders;
- (VI) Other functions and powers stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

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Special Committees of the Board of Directors

The Board of Directors shall establish special committees such as the audit committee, the nomination committee and the remuneration and evaluation committee according to the relevant resolutions of the shareholders’ general meeting. Special committees shall be accountable to the Board of Directors and perform their duties prescribed by the Articles of Association and the Board of Directors. Any proposals shall be submitted to the Board of Directors for consideration and approval. All member of the special committees shall be directors, among which, the majority of the members of the audit committee, the nomination committee and the remuneration and evaluation committee shall be independent non-executive directors who also convene the meeting of such committees. All members of the audit committee shall be non-executive directors, of which at least one member shall be an independent non-executive director who possesses the appropriate professional qualifications required by the HKEX Listing Rules, or has appropriate accounting or related expertise in financial management, and such independent non-executive director shall serve as the chairman of the committee. The chairman of each special committee shall be appointed and removed by the Board of Directors.

Senior Management

The Company shall have one general manager, who shall be appointed or removed by the decision of the Board.

The Company may have deputy general managers, who shall be appointed or removed by the decision of the Board.

The Company shall have senior management roles such as secretary to the Board and chief financial officer, who shall be appointed or removed by the decision of the Board.

The general manager shall report to the Board of Directors, and shall exercise the following functions and powers:

- (I) to manage the business operation and management of the Company, to organise and implement the resolutions of the Board of Directors and to report his/her work to the Board of Directors;
- (II) to organise and implement of the annual operation plans and investment proposals of the Company;
- (III) to prepare the plan for establishing the internal management body of the Company;
- (IV) to prepare the basic management system of the Company;
- (V) to develop the specific rules of the Company;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

(VI) to recommend the Board of Directors on the appointment or removal of any deputy general manager and the chief financial officer;

(VII) to appoint or remove management personnel other than those appointed or removed by the Board of Directors;

(VIII) to exercise other functions and powers authorised by the Articles of Association or the Board of Directors.

The general manager shall attend the Board meetings. A general manager who is not a director of the Company shall not have the right to vote at the Board meetings.

The Company shall have secretary to the Board of Directors, who are responsible for matters such as preparing shareholders’ general meetings and board meetings of the Company, keeping of documents and managing shareholders’ information of the Company and handling information disclosure.

Board of Supervisors

Supervisors

The circumstances regarding the disqualification for the position of the director specified in the Articles of Association shall also apply to Supervisors.

No director, general manager and other senior management member shall serve as a supervisor.

Supervisors shall comply with laws, administrative regulations and the Articles of Association and assume the fiduciary obligation and duty of diligence to the Company. Supervisors shall not take advantage of their powers to receive any bribes or other illegal income and shall not embezzle any assets of the Company.

Board of Supervisors

The Company shall establish a Board of Supervisors. The Board of Supervisors shall consist of 3 supervisors, including shareholder representatives and an appropriate proportion of employee representatives from the Company, with the ratio of employee representatives not less than one-third. The employee representatives of the Board of Supervisors shall be elected by employees of the Company according to law in the employee meeting or employee representative meeting.

The Board of Supervisors shall have one chairman, who shall be elected by more than half of all supervisors of the Company.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The Board of Supervisors shall exercise the following functions and powers:

- (I) to review the regular report of the Company prepared by the Board of Directors and to provide review comments in writing;
- (II) to inspect the financial position of the Company;
- (III) to supervise the performance of the directors and senior management members and to advise on the removal of any directors and senior management members who violate the laws, administrative regulations, the Articles of Association or resolutions of the shareholders’ general meetings;
- (IV) to demand rectifications to be made by directors and senior management where their acts impair the interest of the Company;
- (V) to propose to convene an extraordinary shareholders’ general meeting and to convene and preside over the shareholders’ general meetings if the Board fails to do so as required by the Company Law;
- (VI) to submit proposals at a shareholders’ general meeting;
- (VII) to institute proceedings against directors and senior management members according to the Company Law;
- (VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company.

The Board of Supervisors shall convene a meeting at least once every 6 months and all supervisors shall be notified ten days prior to the meeting date. Supervisors may propose to convene extraordinary meetings of the Board of Supervisors and notice of the extraordinary meeting shall be issued three days prior to the meeting date.

The resolutions of the Board of Supervisors shall be passed by more than half of the supervisors. The voting on the resolutions of the Board of Supervisors shall be based on one person, one vote.

Financial and Accounting System, Profit Distribution and Audit

Financial and Accounting System

The Company shall establish its financial and accounting system according to the laws, administrative regulations, the HKEX Listing Rules, the listing rules of the stock exchange where the Company’s shares are listed and the requirements of the relevant governmental authorities.

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Within four months from the ending date of an accounting year, the Company shall prepare its annual financial and accounting report, and within two months from the ending date of the first half of an accounting year prepare the interim financial and accounting report.

The aforesaid regular reports shall be prepared and disclosed in accordance with the relevant laws, administrative regulations, departmental rules, the HKEX Listing Rules and the other listing rules of the stock exchange where the Company’s shares are listed.

The Company shall not establish accounts books other than the statutory account books. The capital of the Company shall not be deposited in any personal account.

The Company shall allocate 10% of the annual after-tax profits as the statutory reserve fund of the Company. When the accumulated amount of the statutory reserve fund of the Company has reached more than 50% of the registered capital of the Company, no further allocations is required.

If the statutory reserve fund of the Company is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up the said losses before any statutory reserve fund is withdrawn according to the provision of the preceding paragraph.

After withdrawing the statutory reserve fund out of its after-tax profits, the Company may also allocate some of its after-tax profits into its discretionary reserve if so resolved by the shareholders’ general meeting.

After making up the losses and making contributions to the common reserve fund, any remaining profits after tax shall be distributed to the shareholders in proportion to their respective shareholdings, except it is stipulated in the Articles of Association of the Company that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders’ general meeting distributed profits to shareholders in violation of the Company Law, the shareholders shall return to the Company the profit distributed in violation of the provision. If the Company incurs losses due to such distribution, the shareholders and the directors, supervisors, and senior management officers who are held accountable shall be liable for compensation.

No profits shall be distributed in respect of the shares held by the Company.

Reserves of the Company are used for offsetting losses of the Company, expanding the Company’s production and operation or converting into and increasing the capital of the Company.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

When the reserves of the Company are used to cover its losses, the discretionary reserve fund and the statutory reserve fund shall be utilised first; if the losses still cannot be covered, the capital reserve fund may be utilised in accordance with relevant regulations.

Upon conversion of the statutory reserve fund into registered capital increase, the balance of such reserve fund shall not fall below 25% of the registered capital of the Company before the conversion.

Internal Audit

The Company shall implement an internal audit system, and specify the leadership structure, authority and responsibilities, personnel allocation, financial support, application of audit results, and accountability for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and publicly disclosed.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the requirements of the Securities Law, the HKEX Listing Rules, and other securities regulations of the stock listing jurisdiction to perform audits of financial statements, verify net assets, and other related consulting services for a term of 1 year, which is renewable.

The appointment or dismissal of an accounting firm by the Company shall be determined by the shareholders’ general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made by the shareholders’ general meeting.

Notices and Announcements

Notices

Notices of the Company shall be made by one of the following means:

- (I) by hand;
- (II) by mail;
- (III) by facsimile or email;
- (IV) by way of announcements;
- (V) by the websites designated by the HKEX, under the premise of complying with the law, administrative regulations and the HKEX Listing Rules;
- (VI) other means approved by laws, administrative regulations, rules, the HKEX Listing Rules, the relevant regulatory authorities in the place where the Company’s shares are listed or as provided in the Articles of Association.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Announcements

The media designated by the Company for the publication of announcements and other information required to be disclosed are HKEXnews (www.hkexnews.hk) and the Company’s website. The Board shall have the authority to decide changes to the designated media for the Company’s information disclosure.

Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation

Merger, Division, Capital Increase and Reduction

A merger may take the form of merger by absorption or by establishment of a new company.

In the event of any merger, the Company shall enter into a merger agreement with other parties involved and prepare a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to repay its debt or provide a corresponding guarantee within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

Upon merger, the surviving company or the newly established company shall assume all creditor’s rights and debts of the merger parties.

In the event of division, its assets shall be divided accordingly.

In the event of division, the Company shall prepare a balance sheet and a an inventory list for its assets, and notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days.

Unless otherwise agreed by the Company and its creditors in writing prior to the division with respect to the repayment of debts, the succeeding company after the division shall jointly assume the debts of the company which has incurred before such division.

The Company shall prepare a balance sheet and an inventory list for its assets in the event it is required to reduce its registered capital.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The Company shall notify its creditors within 10 days after the adoption of the relevant resolution on the reduction of the registered capital by the shareholders’ general meeting and publish announcements in the newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may require the Company to repay its debt or provide corresponding guarantees within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by laws or the Articles of Association.

When the Company issues new shares for the purpose of increasing its registered capital, the shareholders shall not be entitled to pre-emptive rights, unless otherwise provided by the Articles of Association or resolved by a resolution of the shareholders’ general meeting that the shareholders shall be entitled to pre-emptive rights.

Dissolution and Liquidation

The Company shall be dissolved in any of the following circumstances:

- (I) the term of business of the Company stipulated in the Articles of Association has expired or any other causes for dissolution stipulated in the Articles of Association has occurred;
- (II) the shareholders’ general meeting has resolved to dissolve the Company;
- (III) the merger or division of the Company requires a dissolution;
- (IV) the business licence is revoked in accordance with laws, or the Company is ordered to be closed or is cancelled;
- (V) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding more than 10% of all shareholders’ voting rights may petition to a people’s court to dissolve the Company.

In the event that the Company is dissolved under preceding dissolution reasons, it shall make public the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

Where the Company is in the situation described in items (I) and (II) above, and has not yet distributed property to shareholders, the Company may continue to exist by amending the Articles of Association or through resolutions in the shareholders’ meeting.

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

The amendments to the Articles of Association pursuant to the preceding paragraph or by resolutions in the shareholders’ meeting are subject to the approval by shareholders holding more than two-thirds of the voting rights of the shareholders presented at the shareholders’ meeting.

Where the Company is dissolved under items (I), (II), (IV) and (V) above, it shall be liquidated. The directors are the obligors for the liquidation of the Company and a liquidation committee shall be formed within 15 days of the date of dissolution to carry out the liquidation.

The liquidation committee shall comprise the directors, unless the Articles of Association provide otherwise or it is resolved at a shareholders’ meeting to elect another person(s).

If the liquidation obligors fail to fulfil their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

The liquidation team shall perform the following powers and duties during the period of liquidation:

- (I) to examine the assets of the Company and prepare the balance sheet and inventory sheet;
- (II) to inform creditors by notice or announcement;
- (III) to deal with outstanding businesses of the Company relating to liquidation;
- (IV) to settle the taxes in arrears and taxes incurred in the course of liquidation;
- (V) to liquidate creditor’s rights and debts;
- (VI) to allocate the remaining assets of the Company after repayment of debts;
- (VII) to represent the Company in civil proceedings.

Amendments to the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

- (I) following the amendment in the Company Law or the relevant laws, administrative regulations, the HKEX Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed, the matters stipulated in the Articles of Association contradict provisions of the amended laws, administrative regulations, the HKEX Listing Rules and other securities regulatory rules of the place where the Company’s shares are listed;

APPENDIX IV SUMMARY OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

(II) change in the condition of the Company which makes it inconsistent with the content sets out in the Articles of Association;

(III) the shareholders’ general meeting decides to amend the Articles of Association.

Where approval from the competent authority is required for the amendments to the Articles of Association resolved by the shareholders’ general meeting, such amendments shall be submitted to the competent authority for approval. If amendments to the Articles of Association involves particulars of the Company’s registration, changes shall be made to the registration in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the shareholders’ general meeting and the opinion of the relevant competent authorities on any amendment hereto.

APPENDIX V SUMMARY OF THE PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People’s Republic of China (《中華人民共和國憲法》)(“**Constitution**”), amended and came effect on 11 March 2018 and is made up of laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgements do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People’s Republic of China (《中華人民共和國立法法》) which was last revised on 13 March 2023, and took effect on 15 March 2023 (“**Legislation Law**”), the NPC and its Standing Committee are empowered to exercise the legislative power of the State as stipulated by the Constitution. The NPC formulates and amend basic laws governing criminal, civil, State organs and other matters. The Standing Committee of the NPC formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The NPC may authorise its Standing Committee to formulate relevant laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilisation construction, historical and cultural protection, primary-level governance, and other relevant aspects based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. 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. The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People’s congresses of national autonomous

APPENDIX V SUMMARY OF THE PRINCIPAL LEGAL AND REGULATORY PROVISIONS

areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules and regulations within the permissions of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people’s governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People’s Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People’s Procuratorate, and issues related to laws other than the above mentioned should be interpreted by the State Council and the competent authorities.

THE PRC JUDICIAL SYSTEM

Under the Constitution, the Law of Organisation of the People’s Court of the People’s Republic of China (《中華人民共和國人民法院組織法》) and the Law of Organisation of the People’s Procuratorate of the People’s Republic of China (《中華人民共和國人民檢察院組織法》), that last amended on 26 October 2018, and came effect on 1 January 2019, the people’s courts of the PRC are divided into the Supreme People’s Court, the local people’s courts at all levels and special people’s courts. The local people’s courts at all levels are divided into three levels, namely, the basic people’s courts, the intermediate people’s courts and the higher people’s courts. The basic people’s courts may set up certain people’s tribunals based on the status of the region, population and cases. The Supreme People’s Court shall be the highest judicial organ of the state. The Supreme People’s Court shall supervise the administration of justice by the local people’s courts at all levels and by the special people’s courts. The people’s courts at a higher level shall supervise the judicial work of the people’s courts at lower levels. The people’s procuratorates of the PRC are divided into the Supreme People’s Procuratorate, the local people’s procuratorates at all levels, Military Procuratorates and other special people’s procuratorates. The Supreme People’s Procuratorate shall be the highest procuratorial organ. The Supreme People’s Procuratorate shall direct the work of the local people’s procuratorates at all levels and of the special people’s procuratorates; the people’s procuratorates at higher levels shall direct the work of those at lower levels.

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The Civil Procedure Law of the People’s Republic of China (《中華人民共和國民事訴訟法》) (hereinafter referred to as the “**PRC Civil Procedure Law**”) passed on 9 April 1991 and last amended on 1 September 2023, prescribes the conditions for instituting a civil action, the jurisdiction of the people’s court, the procedures 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. A civil case is generally heard by the court located in the defendant’s place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people’s court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such choice shall not in any circumstances contravene the regulations of differential jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation is given the same litigation rights and obligations as a citizen, a legal person or other organisations of the PRC when initiating actions or defending against litigations at a people’s court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people’s court. In accordance with the international treaties to which the PRC is a signatory or 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 and collect evidence and conduct other actions on its behalf. A people’s 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 the 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 enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement against such party.

Where a party requests for enforcement of an effective judgement or ruling made by a people’s court, but the opposite party or his property is not within the territory of the People’s Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people’s court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgement or ruling made by a foreign court that requires recognition and enforcement by a people’s court of the PRC, a party may directly apply to an intermediate people’s court of the PRC with jurisdiction for recognition and enforcement of the judgement or ruling, or

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the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people’s 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 social and public interest.

The Company Law of the People’s Republic of China, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for Articles of Association of Listed Companies

The Company Law of the People’s Republic of China (hereinafter referred to as the “**PRC Company Law**”) was passed by the Standing Committee of the Eighth NPC at its Fifth Session on 29 December 1993 and came into effect on 1 July 1994. It was successively revised or amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The newly revised PRC Company Law has been implemented since 1 July 2024.

On 17 February 2023, with the approval of the State Council, the CSRC promulgated the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises” (“**Overseas Listing Trial Measures**”) and five related supporting guidelines, which came in effect on 31 March 2023. The Trial Administrative Measures are designated in accordance with the Securities Law and other laws and are applicable to domestic companies that offer or list their securities for trading overseas. On 17 February 2023, the CSRC promulgated the Guidelines for Application of Regulatory Rules — Overseas Issuance and Listing Category No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), which stipulate that direct overseas offering and listing of securities by domestic companies shall abide by relevant provisions of the Overseas Listing Trial Measures and refer to the Guidelines for the Articles of Association of Listed Companies and other relevant provisions of the CSRC on corporate governance to formulate its articles of association and standardise corporate governance.

Set out below is a summary of the major provisions of the PRC Company Law, Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies.

General Provisions

“joint stock limited company” refers to a corporate legal person incorporated in China under the PRC Company Law with independent legal person properties and entitlements to such legal person properties. The liability of the Company for its own debts is limited to the total amount of all assets it owns and the liability of its shareholders for the Company is limited to the extent of the shares they subscribe for.

The Company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. The Company may invest in other limited liability companies and joint stock limited companies. The liabilities of the Company to such

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invested enterprises are limited to the amount invested. Unless otherwise provided by laws, the Company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment of the share capital has been made, hold an establishment meeting of the Company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the Company or the agreement of the promoters. The powers exercised by the establishment meeting include, but are not limited to, the approval of the Articles of Association and the election of the Company’s directors and supervisors. The above matters must be approved by more than half of the voting rights held by the subscribers present at the meeting.

Within 30 days after the conclusion of the establishment meeting, the Board shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business licence has been issued by the relevant registration authority.

Registered Shares

Under the PRC Company Law, shareholders may make capital contributions in the form of money or appraised non-monetary assets including real objects, intellectual property, land use rights, equity rights or creditor’s rights which can be appraised in money and transferred according to laws.

Overseas Listing Trial Measures provide that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or RMB.

Under the PRC Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (1) the name and domicile of each shareholder; (2) the class and number of shares subscribed for by each shareholder; (3) the serial number of shares if issued in paper form; and (4) the date on which each shareholder acquired the shares.

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Allotment and Issue of Shares

All issues of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issuing and listing overseas shall file with the CSRC in accordance with the Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Under the PRC Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders’ meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. In case of issuing shares with no par value, more than half of the proceeds from the issuance of shares shall be credited to the registered capital. Additionally, if the Company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

The Company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- (1) to prepare a balance sheet and a property list;
- (2) the Company makes a resolution at the shareholders’ meeting to reduce its registered capital;
- (3) the Company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the resolution of reducing registered capital is approved by the shareholders’ meeting;
- (4) the creditors shall have the right to require the Company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

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- (5) when the Company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When the Company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of Shares

Pursuant to the PRC Company Law, the Company may not repurchase its own shares other than for one of the following purposes:

- (1) reducing the Company’s registered capital;
- (2) merging with another company holding Shares in the Company;
- (3) using shares for employee stock ownership plan or equity incentives;
- (4) a shareholder shall have the right to request the Company to purchase the shares held by him/her since he/she objects to a resolution of the shareholders’ meeting on the combination or division of the Company;
- (5) utilising the shares for conversion of convertible corporate bonds issued by a listed company;
- (6) where it is necessary for a listed company to maintain its corporate value and shareholders’ equity.

A resolution of a shareholders’ meeting is required for the repurchase of the Company’s shares by a company under either of the circumstances stipulated in item (1) or item (2) above; for a company’s repurchase of the Company’s shares under any of the circumstances stipulated in item (3), item (5) or item (6) above, a resolution of a meeting of the Board shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Articles of Association or as authorised by the shareholders’ meeting.

The Company’s shares acquired under the circumstance stipulated in item (1) hereof shall be deregistered within ten days from the date of acquisition; the shares shall be assigned or deregistered within six months if the repurchase is made under the circumstances stipulated in either item (2) or item (4); and the shares of the Company held in total by the Company after the repurchase of shares under any of the circumstances stipulated in item (3), item (5) or item (6) shall not exceed 10% of the Company’s total issued shares, and shall be assigned or deregistered within three years.

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Transfer of Shares

Shares held by shareholders may be transferred in accordance with law. Under the PRC Company Law, a shareholder of a joint stock limited company should transfer his/her shares on a stock exchange established in accordance with laws or by any 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 the laws or administrative regulations. After the transfer, the transferee’s name and address shall be registered in the share register by the Company. Change of the share register described in the preceding paragraph shall not be registered within 20 days before convening of a shareholders’ meeting or five days prior to the base date on which the Company decides to distribute dividends. However, where the laws, administrative regulations or State Council Securities Regulatory Authority have other provisions on change of the share register of listed companies, such provisions shall prevail.

Under the PRC Company Law, shares of the Company issued prior to the public issuance of shares may not be transferred within one year of the date of the shares of the Company are listed and traded on a stock exchange. The directors, supervisors and senior management of the Company shall report to the Company their shareholdings and changes thereof, and shall not transfer more than 25% of the total shares held by them in the Company per annum during their terms of office as determined when they assume the posts; the shares they hold in the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange. The shares they hold in the Company cannot be transferred within half a year after such persons have left office.

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

Under the PRC Company Law and Guidelines for Articles of Association the rights of a shareholder of the Company include:

- (1) to receive dividends and other forms of interest distribution according to the number of shares held;
- (2) to legally require, convene, preside over, participate in or authorise proxies of shareholders to attend the shareholders’ meeting and exercise corresponding voting rights;
- (3) to supervise operations of the Company, provide suggestions or submit queries;
- (4) to transfer, grant or pledge the Company’s shares held according to the provisions of the laws, administrative regulations and the Articles of Association;

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- (5) to read and copy the Articles of Association, the register of shareholders, counterfoils of corporate bonds, shareholders’ meeting minutes, resolutions of meetings of the Board, resolutions of meetings of the supervisory committee and financial and accounting reports;
- (6) shareholders who hold more than 3% of the Company’s shares individually or collectively for more than 180 consecutive days may inspect the Company’s accounting books and accounting vouchers as required by laws;
- (7) to participate in the distribution of the remaining assets of the Company based on the number of shares held in the event of the Company’s dissolution or liquidation;
- (8) to require the Company to acquire the shares from shareholders voting against any resolutions adopted at the shareholders’ meeting concerning the merger and division of the Company;
- (9) other rights provided for in laws, administrative regulations, other regulatory documents or the Articles of Association.

The obligations of a shareholder of the Company include:

- (1) to abide by laws, administrative regulations and the Articles of Association;
- (2) to pay the share price according to the shares subscribed for and share participation methods;
- (3) not to withdraw shares unless prescribed otherwise in laws and administrative regulations;
- (4) not to abuse shareholders’ rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company’s status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company’s creditors;
- (5) to perform other duties prescribed in laws, administrative regulations and the Articles of Association.

Shareholders’ Meeting

The shareholders’ meeting is the organ of authority of the Company, which exercises its rights in accordance with the PRC Company Law. The shareholders’ meeting may exercise the following rights:

- (1) to elect and replace directors and supervisors and to decide on the remuneration of the relevant directors and supervisors;
- (2) to review and approve reports made by the Board;

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- (3) to review and approve the reports of the supervisory committee;
- (4) to review and approve the Company’s profit distribution proposals and loss recovery proposals;
- (5) to decide on any increase or reduction of the Company’s registered capital;
- (6) to decide on the issue of corporate bonds;
- (7) to decide on merger, division, dissolution and liquidation of the Company or change of its corporate form;
- (8) to amend the Articles of Association of the Company; and
- (9) other functions and powers the Article of Association.

The shareholders’ meeting may authorise the Board to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association of Listed Companies, the shareholders’ meeting is convened once a year and held within six months after the end of the previous accounting year. The Company shall convene an extraordinary shareholders’ meeting within two months of the occurrence of any one of the following events: (1) when the number of directors is less than the number prescribed by laws or less than two-third of the number required by the Articles of Association; (2) when the amount of the losses that the Company has left unrecouped reaches one-third of the total share capital; (3) when a shareholder individually holding, or the shareholders together holding, more than 10% of the Company’s shares request(s) to convene such a meeting; (4) when the Board deems it necessary; (5) when the supervisory committee proposes to convene such a meeting; or (6) when other situations stipulated by the Articles of Association occur.

The shareholders’ meeting shall be convened by the Board and presided over by the chairman. According to the PRC Company Law, when convening a shareholders’ meeting, each shareholder shall be notified of the time, place and matters to be considered 20 days before the meeting. The convening of extraordinary shareholders’ meeting shall be notified to all shareholders 15 days before the meeting.

Pursuant to the PRC Company Law, shareholders have one voting right for each share they hold when they attend the shareholders’ meeting. However, the shares of the Company held by the Company do not have voting power.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders’ meeting pursuant to the provisions of the articles of association or a resolution of the shareholders’ 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 shareholders’ meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

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Pursuant to the PRC Company Law, resolutions of the shareholders’ 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, in each case of which must be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Pursuant to the Guidelines for the Articles of Association of Listed Companies, matters such as the purchase or sale of material assets or guarantees in excess of thirty percent of a company’s latest audited total assets within one year and share incentive schemes shall be approved by special resolutions of shareholders in shareholders’ meetings. 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 and such other matters must be approved by way of resolution of the shareholders’ meeting, the board of directors shall summon a shareholders’ meeting on his/her behalf. The proxy shall present the shareholders’ power of attorney to the company and exercise voting rights within the scope of authorisation. Minutes shall be prepared in respect of matters considered at the shareholders’ meeting and the chair person and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders’ attendance register and the proxy forms.

Board of Directors

company shall have a board of directors, which shall consist at least 3 members. Members of the board of directors may include staff representatives, who shall be democratically elected by the company’s staff at a staff representative assembly, general staff meeting or otherwise. The board of directors of a company which has 300 or more employees shall include representatives of the employees of the company, unless a board of supervisors has been established in accordance with the law and has representatives of the employees of the company. 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 director results in the number of directors being less than the quorum.

According to the provisions of the PRC Company Law, the board of directors may exercise the following powers:

- (1) convene shareholders’ meetings and report on its work to the shareholders’ meetings;
- (2) to implement the resolutions passed by the shareholders at the shareholders’ meetings;
- (3) to decide on the company’s operational plans and investment proposals;

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- (4) to formulate the company’s profit distribution proposals and loss recovery proposals;
- (5) to formulate proposals for the increase or reduction of the company’s registered capital and the issue of corporate bonds;
- (6) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;
- (7) to decide on the setup of the company’s internal management organs;
- (8) 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;
- (9) to formulate the company’s basic management system; and
- (10) to exercise any other authority as is stipulated in the articles of association or as authorised by the shareholders’ meeting.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the 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 convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. 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 authorisation. Meanwhile, the board of directors shall keep minutes of resolutions passed at board meetings. The minutes 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.

Pursuant to the PRC Company Law, the following person may not serve as a director in a company: (1) a person who is unable or has limited ability to undertake any civil liabilities; (2) a person who has been convicted of an offence of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist economic order,

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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 or two years have not elapsed since the expiration of the probation period for suspended sentence; (3) 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; (4) a person who has been a legal representative of a company or an enterprise that has had its business licence 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 closure; and (5) a person who is listed as a dishonest party subject to the liability for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

In addition, pursuant to the Guidelines for the Articles of Association of Listed Companies, where a director of a company is a natural person who has been subject to a securities market entry prohibition measure imposed by the CSRC, he/she shall not be able to act as a company director until the period of such measure has expired.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing, or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing, or is not performing his/her duties, a director jointly elected by more than half of the directors shall perform his/her duties.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company’s staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the supervisory committee shall be democratically elected by the company’s employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The Supervisory Committee exercises the following powers:

- (1) to examine the company’s financial affairs;

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- (2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of shareholders’ meetings;
- (3) to demand rectification by a director or senior management when the acts of such persons are harmful to the company’s interest;
- (4) to propose the convening of extraordinary shareholders’ meetings, and to convene and preside over shareholders’ meetings when the Board fails to perform the duty of convening and presiding over shareholders’ meetings under the Company Law;
- (5) to submit proposals to the shareholders’ meeting;
- (6) to initiate legal proceedings against directors and senior management in accordance with the Company Law;
- (7) other functions and powers specified in the articles of association.

Manager and Senior Management

Under the relevant requirements of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. Meanwhile, under the relevant requirements of the Guidelines for the Articles of Association of Listed Companies, the manager, who reports to the board of directors, may exercise his/her powers:

- (1) to be in charge of the production, operation and management of the company, to organise the implementation of the resolutions of the board of directors, and to report his/her works to the board of directors;
- (2) to organise the implementation of the company’s annual business plans and investment plans;
- (3) to formulate proposals for the establishment of the company’s internal management organs;
- (4) to formulate the fundamental management system of the company;
- (5) to formulate the company’s specific rules and regulations;
- (6) to propose to the board of directors the appointment or dismissal of any deputy manager and any financial officer of the company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors; and
- (8) other functions and powers conferred by the articles of association or the board of directors.

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Other provisions in the articles of association on the manager’s powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

Under the relevant requirements of the PRC Company Law, senior management refers to manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company’s properties.

Directors, supervisors and senior management are prohibited from:

- (1) embezzling the company’s property or misappropriating of the company’s capital;
- (2) depositing the company’s capital into accounts under his own name or the name of other individuals;
- (3) giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- (4) accept and possess commissions paid by a third party for transactions conducted with the company;
- (5) unauthorised divulgence of confidential information of the company; or
- (6) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders’ meeting, subject to the approval of the board of directors or shareholders according to the articles of association.

The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

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Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (1) where he/she has reported to the board of directors or the shareholders’ meeting and has been approved by a resolution of the board of directors or the shareholders’ meeting according to the Articles of Association; or
- (2) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the Articles of Association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders’ meeting and obtain an approval by resolution of the board of directors or the shareholders’ meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company’s articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting Affairs

Pursuant to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments under the State Council. At the end of each accounting 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 and accounting 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 and accounting reports.

When distributing each year’s profits after taxation, the company shall set aside 10% of its profits after taxation for the company’s statutory common reserve fund until the fund has reached more than 50% of the PRC company’s registered capital. When the company’s statutory common reserve fund is not sufficient to make up for the company’s losses for the previous years, the current year’s profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders’ meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

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The premium over the nominal value of the shares of a company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. When the company's losses are covered with common reserve fund, the discretionary common reserve fund and the statutory common reserve fund shall be used firstly, if they are insufficient, the capital common reserve fund may be used according to the applicable laws. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Pursuant to the Guidelines for the Articles of Association of Listed Companies, the company engages an accounting firm that complies with the provisions of the Securities Law to carry out audit of accounting statements, verification of net assets and other related advisory services for a period of one year, which is renewable.

Profit Distribution

Pursuant to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

Dissolution and Liquidation

According to the PRC Company Law, a company may dissolve as a result of the following reasons:

- (1) the expiry of term of its operations set out in the articles of association, or the occurrence of other events of dissolution specified in the articles of association;

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- (2) it is resolved in a shareholders’ meeting that the company shall resolve;
- (3) the company is dissolved by reason of a merger or division;
- (4) the business licence is suspended or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (5) the company is dissolved by a people’s court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all of the company’s shareholders, on the grounds that the company suffers from significant hardship in its operation and the management that cannot be resolved through other means, and the ongoing existence of the company will bring significant losses to the shareholders.

Where the company is dissolved in accordance with sub-paragraph (1) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders’ meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders’ meeting. Where the company is dissolved pursuant to sub-paragraphs (1), (2), (4) or (5) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company’s Articles of Association or it is otherwise elected by the shareholders’ meeting. The liquidation obligors shall be liable for compensation if they fail to fulfil their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people’s court to designate relevant persons to form a liquidation group. The people’s court shall accept such request and organise a liquidation group to carry out the liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

- (1) to sort out the company’s assets and to prepare a balance sheet and an inventory of assets;
- (2) to notify the company’s creditors or publish announcements;
- (3) to deal with any outstanding business related to the liquidation;
- (4) to pay any overdue tax together with any tax arising during the liquidation process;
- (5) to settle the company’s claims and liabilities;
- (6) to distribute the company’s remaining assets after its debts have been paid off; and

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(7) to represent the company in any civil procedures.

The liquidation committee shall notify the company’s creditors within 10 days of its establishment, and publish an announcement in newspapers the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of the notification or within 45 days of the date of the announcement if he has not received any notification.

A creditor shall report all matters relevant to his claimed creditor’s rights and furnish relevant evidence. The liquidation committee shall register such creditor’s rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon liquidation of the company’s assets and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan to be submitted to the shareholders’ meeting or the people’s court for verification. The company’s remaining assets, after payment of liquidation expenses, employees’ wages, social insurance expenses and statutory compensation, outstanding taxes and the company’s debts, shall be distributed to shareholders according to the proportion of their shareholding. The company shall continue to exist during the liquidation period, it however cannot commence any operating activities that are not related to the liquidation. The company’s assets shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company’s assets and preparation of the required balance sheet and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people’s court for a declaration of bankruptcy and liquidation in accordance with the laws. Following such declaration by the people’s court, the liquidation committee shall hand over the administration of the liquidation to the bankruptcy administrator designated by the people’s court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders’ meeting or the people’s court for verification, and to the company registration authority for the cancellation of company. Members of liquidation committee shall perform the duty of liquidation and fulfil the obligations of fidelity and diligence. Members of the liquidation committee shall be liable for compensation for losses caused to the company by his slackness in performing the duty of liquidation, or to creditors with intent or by gross negligence.

Overseas Listing

According to the Overseas Listing Trial Measures, overseas listing of a company shall be filed with CSRC. Where an issuer conducts an overseas initial public offering or listing, it shall file with CSRC within 3 working days after submitting the issuance and listing

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application documents overseas. The remittance and cross-border flow of funds related to overseas issuance and listing of domestic enterprises shall comply with national regulations on cross-border.

The Securities Laws of the People’s Republic of China, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and 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 CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the Securities Committee and CSRC and reformed CSRC.

On 22 April 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) govern the application and approval procedures for public offerings of shares, issuing of and trading of shares, the acquisition of listed companies, deposit, clearing and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On 25 December 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 issue, 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 People’s Republic of China (《中華人民共和國證券法》) (hereinafter referred to as the “**Securities Law**”) took effect on 1 July 1999 and was revised as of 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. The latest Securities Law was implemented on 1 March 2020. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles comprehensively regulating activities in the PRC securities market, including the issue and trading of securities, takeovers by listed companies and the duties and responsibilities of the securities exchanges, securities companies, securities clearing institutions and securities regulatory authorities.

Article 224 of the Securities Law of the People’s Republic of China provides that domestic enterprises shall satisfy the relevant requirements of the State Council when it issues shares or lists shares outside the PRC directly or indirectly. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

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Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the People’s Republic of China (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (hereinafter referred to as the “**PRC Arbitration Law**”) was enacted by the Standing Committee of the NPC on 31 August 1994, which became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the involved 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 PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If one party fails to comply with the arbitral award, the other party to the award may apply to a people’s court for its enforcement. However, the people’s court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement or outside the jurisdiction of the arbitration commission).

Any party seeking to enforce an 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 relevant matters for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognised and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (hereinafter referred to as the “**New York Convention**”) passed on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC’s accession to the Convention, the Standing Committee of the NPC declared that (1) the PRC will only apply the New York Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (2) the New York Convention will only apply to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

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According to the Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People’s Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People’s Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院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》) promulgated by the Supreme People’s Court on 26 November 2020 and effective on 27 November 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

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A. FURTHER INFORMATION ABOUT OUR GROUP

We are a biopharmaceutical company specialising in R&D, drug production, and commercialisation of mitochondrial medicine and healthcare products. We focus on the diseases attributable to mitochondrial dysfunction and we are committed to the scientific application of NAD⁺ in addressing cardiovascular and neurodegenerative conditions, reproductive health, and ageing.

1. Incorporation of our Company

Our Company was established in the PRC on 16 August 2017 as a limited liability company under the name of Hefei Knature Pharmaceutical Development Limited Liability Company (合肥康諾藥物開發有限公司) which was changed to Hefei Biopharmaceutical Limited Liability Company (合肥康諾生物製藥有限公司) on 16 June 2020, with an initial registered capital of RMB5 million. Upon establishment, our Company was wholly owned by Kaifeng Knature.

On 21 March 2023, our Company was converted into a joint stock company with limited liability under the name of Hefei Biopharmaceutical Co. Ltd. (合肥康諾生物製藥股份有限公司). On 15 August 2023, our Company further changed its name to Knature Biopharmaceutical Co., Ltd. (康諾生物製藥股份有限公司). As of the Latest Practicable Date, the registered capital of the Company was RMB60,000,000. Our registered address is located at Southeast corner of the intersection of Huainan North Road and Huaihai Avenue, Shuangfeng Economic Development Zone, Changfeng County, Hefei City, Anhui Province, the PRC.

Our principal place of business in Hong Kong is located at 46/F Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on 10 November 2025. Mr. Ng Tung Ching Raphael (吳東澄), one of our joint company secretaries, has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong whose correspondence address is the same as our principal place of business in Hong Kong.

As our Company was established in the PRC, our operation, corporate structure and Articles of Association are subject to the relevant laws and regulations in the PRC. See “Summary of Articles of Association of our Company” in Appendix IV to this document for the summary of the relevant provisions of our Articles of Association. See “Summary of The Principal Legal and Regulatory Provisions” in Appendix V to this document for the summary of certain relevant aspects of the laws and regulations of the PRC.

2. Changes in Share Capital of our Company

As of the date of establishment, our Company had an initial registered capital of RMB5.0 million.

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Save as disclosed in “History, Development and Corporate Structure”, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Resolutions of our Shareholders in relation to the [REDACTED]

At the general meeting of the Shareholders held on 21 December 2025, the following resolutions, among other things, were duly passed:

- (a) the issue by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares to be issued shall be no more than 25% of the total issued share capital of our Company as enlarged by the [REDACTED] before the exercise of the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (c) subject to the CSRC’s approval, upon completion of the [REDACTED], [REDACTED] Domestic Shares will be converted into H Shares on a one-for-one basis;
- (d) authorisation of the Board or its authorised individual to handle all matters relating to, among other things, the [REDACTED], the issue and the [REDACTED] of H Shares on the Stock Exchange; and
- (e) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

4. Changes in the Registered Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in “History, Development and Corporate Structure — Our Major Subsidiaries” and Note 1 to the Accountant’s Report as set out in Appendix I to this document.

There has been no alteration in the registered capital of our subsidiaries within the two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

- (a) [•]; and
- (b) [REDACTED].

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2. Our Material Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of registration	Registered owner	Category	Registration number	Validity Period
1.	Knature	PRC	Our Company	5	52661395	From 21 August 2021 to 2 August 2031
2.	产彤	PRC	Our Company	5	61152297	From 7 June 2022 to 6 June 2032
3.	千容美	PRC	Our Company	5	62114717	From 21 July 2022 to 20 July 2032
4.	恩艾地	PRC	Kaifeng Knature	5	37956556	From 28 January 2020 to 27 January 2030
5.	添舒	PRC	Kaifeng Knature	5	3852474	From 21 April 2006 to 20 April 2026
6.		PRC	Kaifeng Knature	5	956672	From 7 March 2017 to 6 March 2027
7.		Hong Kong	Our Company	5, 35, 42, 44	306939389	From 23 June 2025 to 22 June 2035
8.	千容美	Hong Kong	Our Company	5	306939398	From 23 June 2025 to 22 June 2035
9.	产彤	Hong Kong	Our Company	5	306939406	From 23 June 2025 to 22 June 2035
10.	Knature	Hong Kong	Our Company	5, 35, 42, 44	306939415	From 23 June 2025 to 22 June 2035
11.	恩艾地	Hong Kong	Our Company	5, 35, 42, 44	306949351	From 2 July 2025 to 1 July 2035

As of the Latest Practical Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Name of Applicant	Category	Application number	Application Date
12.	康诺生物	Hong Kong	Our Company	35, 42, 44	306949333	2 July 2025
13.	康诺	Hong Kong	Our Company	35, 42, 44	306949342	2 July 2025

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(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent Description	Patent Type	Patent Owner	Place of registration	Patent number	Application date
1.	A Genetically Engineered Bacterium and Its Application for Producing Prostaglandin E ₂ (一種基因工程菌及其應用，生產前列腺素E ₂ 的方法)	Invention	Our Company and Kaifeng Knature	PRC	2019113261017	20 December 2019
2.	A genetically engineered bacterium, its construction method, applications, and method for producing NAD ⁺ (一種基因工程菌及其構建方法、應用，生產NAD ⁺ 的方法)	Invention	Our Company and Kaifeng Knature	PRC	2019113260870	20 December 2019
3.	A Combination Drug for Treating Heart Failure and Its Application (一種抗心力衰竭的聯用組合藥物及其應用)	Invention	Our Company and Kaifeng Knature	PRC	2019113622509	26 December 2019
4.	A Method for Purifying Dinoprost (一種純化地諾前列酮的方法)	Invention	Our Company and Kaifeng Knature	PRC	2020108699221	26 August 2020
5.	A Method for Concentrating Dinoprost (一種地諾前列酮的濃縮方法)	Invention	Our Company and Kaifeng Knature	PRC	2020109882900	18 September 2020
6.	Pharmaceutical composition containing NAD ⁺ and cholinesterase inhibitor and its uses (含NAD ⁺ 和膽鹼酯酶抑制劑的藥物組合物及其用途)	Invention	Our Company and Kaifeng Knature	PRC	2020111257382	20 October 2020
7.	NAD ⁺ -Containing Oral Disintegrating Tablets, Preparation Method, and Their Applications (含NAD ⁺ 口腔崩解片、製備方法及其應用)	Invention	Our Company and Kaifeng Knature	PRC	2020111345472	21 October 2020
8.	A Method for Detecting Enzyme Activity in Aerobic Enzyme-Catalysed Reactions and Determining the Endpoint of Recombinant E. coli Fermentation (一種需氧型酶促反應中酶活性的檢測方法、判斷重組大腸桿菌發酵終點的方法)	Invention	Our Company and Kaifeng Knature	PRC	2021102747866	15 March 2021
9.	Pharmaceutical composition containing NAD ⁺ and amlodipine and its uses (含NAD ⁺ 與氨氯地平之藥物組合物及其用途)	Invention	Our Company and Kaifeng Knature	PRC	2021107516919	2 July 2021
10.	Pharmaceutical composition containing NAD ⁺ and CD38 inhibitor and its uses (含NAD ⁺ 和CD38抑制劑的藥物組合物及其用途)	Invention	Our Company	PRC	2021114483002	30 November 2021
11.	Application of a Thermosensitive Hydrogel for Encapsulating Mitochondria (一種溫敏水凝膠封裝線粒體的應用)	Invention	Our Company	PRC	202210040400X	14 January 2020
12.	An ALDH2-Activated Mitochondrial System for Treating Myocardial Ischemia-Reperfusion Injury (一種治療心肌缺血再灌注損傷的ALDH2活化線粒體製劑及其製備方法和應用)	Invention	Our Company	PRC	2020102183799	25 March 2020
13.	A Coenzyme I Nanodispersion and Its Preparation Method (一種輔酶I納米分散體及其製備方法)	Invention	Kaifeng Knature	PRC	2014106102066	31 October 2014
14.	Method for Preparing Nicotinamide Adenine Dinucleotide (一中煙醯胺腺嘌呤二核苷酸的製備方法)	Invention	Kaifeng Knature	PRC	2015110224643	30 December 2015

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No.	Patent Description	Patent Type	Patent Owner	Place of registration	Patent number	Application date
15.	A Resin Packing Separation Method for Coenzyme I (一種輔酶I的樹脂填料分離方法)	Invention	Kaifeng Knature	PRC	2017107098199	18 August 2017
16.	A Fermentation Method for Enhancing Coenzyme I Production (一種提高輔酶I產量的發酵方法)	Invention	Kaifeng Knature	PRC	202010723233X	24 July 2020
17	A genetically engineered bacteria, its construction method and its application in producing NAD ⁺ method (一種基因工程菌及其構建方法、應用、生產NAD ⁺ 的方法)	Invention	Our Company	United States	US 12,173,338 B2	2 December 2021

(c) Domain name

As of the Latest Practicable Date, we owned the following domain name which we consider to be or material to our business:

Domain name	Registered owner	Registration date	Expiry date
knb-pharma.com	Our Company	23 April 2021	23 April 2026

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Particulars of the Service Contracts

Each of our Directors and Supervisors [entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (i) the terms of the service; and (ii) termination provisions in accordance with their respective terms. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors or Supervisors has entered into any service contracts as a director or a supervisor with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

2. Remuneration of Directors and Supervisors

Our Directors, Supervisors and senior management members receive remuneration in the forms of salaries, allowances, contribution to pension schemes and discretionary bonuses.

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For details of the remuneration of our Directors and Supervisors, see “Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management” and Note 13 to “Appendix I — Accountant’s Report”. Save as disclosed therein, none of our Directors or Supervisors received other remunerations or benefits in kind from us.

During the Track Record Period, no fees were paid by our Group to any of our Directors, Supervisors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

Under the current arrangements, it is expected that our Directors and Supervisors will be entitled to receive an aggregate remuneration of approximately RMB3.5 million for the year ending 31 December 2026 from our Company.

D. EMPLOYEE INCENTIVE PLATFORMS

As of the Latest Practicable Date, the Company had established six Employee Incentive Platforms, namely Hefei Kang Min, Hefei Kang Hong, Hefei Kang Xing, Hefei Kang Bei, Hefei Kang Zhong and Hefei Kang Cheng, which held 3,207,536 Shares, 855,398 Shares, 545,720 Shares, 292,600 Shares, 60,344 Shares and 638,400 Shares representing approximately 4.0%, 1.1%, 0.7%, 0.4%, 0.1% and 0.1% of our total issued Shares upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), respectively. For details of the above Employee Incentive Platforms, see “History, Development and Corporate Structure — Employee Incentive Platforms” in this document.

2025 Share Incentive Plan

The following is a summary of the principal terms of the 2025 Share Incentive Plan (“**2025 Plan**”), the latest share incentive plan approved and adopted by our Company on 8 August 2025 for the purpose of attracting and retaining talents for our Group. The terms of the 2025 Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the 2025 Plan does not involve the grant of options by our Company after the [REDACTED]. Given that the underlying Shares under the 2025 Plan had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the Shares under the 2025 Plan. No further award under the 2025 Plan will be granted after the [REDACTED].

Purpose

The purposes of the 2025 Plan include, among other things, establishing and enhancing the Company’s long-term incentive mechanism, improving overall operational quality and efficiency, attracting and retaining talented individuals, and fully motivating core management, key R&D personnel and other key employees. The 2025 Plan also aims to effectively align the interests of the Shareholders, the Company and its employees, and thereby fostering a shared commitment to the Company’s long-term development.

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Grant of awards

The 2025 Plan entitles Eligible Participants (as defined below) to be granted incentive awards (“**Incentive Awards**”) in the form of economic interests in the corresponding number of underlying Shares held by Hefei Kang Cheng.

Eligible Participants

Eligible incentive participants (“**Eligible Participants**”) shall meet one of the criteria including such persons who are: (i) core management members, (ii) key R&D personnel, and (iii) other eligible participants that as determined necessary and appropriate by the Board for the purpose of the 2025 Plan.

Administration

The Board shall serve as the administrator of the 2025 Plan and shall be responsible for, among others, its formulation, implementation, amendment and termination.

Transfer and Disposal Restrictions

The Incentive Awards under the 2025 Plan are subject to a lock-up period of 12 months following the [REDACTED]. During this period, the Eligible Participants are prohibited from transferring, disposing of, or creating any encumbrance over their interests, including by way of transfer, pledge or other means, and may not request a repurchase of such interests or apply them towards the satisfaction of any debt, unless with the prior approval of Mr. Yin Honggang (“**Mr. Yin**”), the general partner of the Hefei Kang Cheng.

Upon expiry of the lock-up period, the Eligible Participants may dispose of the underlying Shares of their Incentive Awards, subject to the review and approval of Mr. Yin and in compliance with the procedures prescribed under their respective partnership agreements. Mr. Yin, being the general partner of Hefei Kang Cheng Partnership shall have sole discretion to assess such disposal requests in line with the interests of the Company and Hefei Kang Cheng as a whole.

Incentive Award Granted

An aggregate of 638,400 underlying Shares of the Incentive Awards have been granted to eligible participants under the 2025 Plan including one senior management member, and 25 other employees of our Group amounted to 75,630 and 562,770 Shares, respectively.

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Save as disclosed above, no Incentive Awards under the 2025 Plan have been granted to other connected persons of our Group and there is no outstanding number of Shares underlying the unvested Incentive Awards granted under the 2025 Plan. As of the Latest Practicable Date, all the Incentive Awards have been vested and all the Eligible Participants holding vested Incentive Awards, have become general and limited partners of Hefei Kang Cheng and hold partnership interests in Hefei Kang Cheng.

The table below sets out the list of Directors and senior management members of our Group who are grantees of the Incentive Awards under the 2025 Plan, and the number of the underlying Shares of their respective Incentive Awards:

Name	Position	Date of Grant	As of the Latest Practicable Date and immediately prior to the [REDACTED]	As an approximate percentage of our total Shares upon completion of the [REDACTED] (assuming the [REDACTED] are not exercised) (%)
			Approximate Number of Shares underlying the Incentive Awards granted	
Mr. Qin Kaiyuan	Chief Financial Officer	August 2025	75,630	0.1

E. DISCLOSURE OF INTERESTS

1. Interests of our Directors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised) and the conversion of the Domestic Shares into H Shares, so far as our Directors are aware, none of our Directors or chief executive will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once the H Shares are [REDACTED] on the Stock Exchange.

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Name of Shareholder	Nature of Interest	Number and Class of Shares ^(Note 1)	Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) ^(Note 2)	
			Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Wang Wei	Interest in a controlled corporation ^(Note 3, 5, 6)	[REDACTED] Domestic Shares	[REDACTED]%	[REDACTED]%
		[REDACTED] H Shares	[REDACTED]%	[REDACTED]%
Mr. Wang Zhongwei	Interest in a controlled corporation ^(Note 4)	[REDACTED] Domestic Shares	[REDACTED]%	[REDACTED]%
		[REDACTED] H Shares	[REDACTED]%	[REDACTED]%
Mr. Lin Zi Rong	Interest in a controlled corporation ^(Note 7, 8)	[REDACTED] Domestic Shares	[REDACTED]%	[REDACTED]%
		[REDACTED] H Shares	[REDACTED]%	[REDACTED]%

Notes:

- (1) All interests are long positions.
- (2) The calculation is based on the total number of [REDACTED] Shares including [REDACTED] Domestic Shares and 56,000,000 H Shares) in issue after the [REDACTED] (assuming the [REDACTED] is not exercised).
- (3) As of the Latest Practicable Date, Hefei Feng Chao, one of our Controlling Shareholders holding 44,800,002 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date was owned 75% by Mr. Wang Wei, 12.5% by Mr. Lin Zirong and 12.5% by Ms. Huang Jinyi, an Independent Third Party, respectively. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Feng Chao.
- (4) Hefei Weizheng, a limited partnership established in the PRC on 16 August 2017 holding 5,599,998 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date. Mr. Wang Zhongwei was the general partner of Hefei Weizheng. By virtue of the SFO, Mr. Wang Zhongwei was deemed to be interested in all of the Shares held by Hefei Weizheng.
- (5) Hefei Kang Min, one of our six Employee Incentive Platforms holding 3,207,536 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date. Mr. Wang Wei was the general partner of Hefei Kang Min. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Kang Min.
- (6) Hefei Kang Bei, one of our six Employee Incentive Platforms holding 292,600 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date. Mr. Wang Wei was the general partner of Hefei Kang Bei. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Kang Bei.

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- (7) Hefei Kang Xing, one of our six Employee Incentive Platforms holding 545,720 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date. Mr. Lin Zirong was the general partner of Hefei Kang Xing. By virtue of the SFO, Mr. Lin Zirong was deemed to be interested in all of the Shares held by Hefei Kang Xing.
- (8) Hefei Kang Zhong, one of our six Employee Incentive Platforms holding 60,344 Shares, representing approximately [REDACTED]% of our total Shares as of the Latest Practicable Date. Mr. Wang Wei was the general partner of Hefei Kang Min. By virtue of the SFO, Mr. Wang Wei was deemed to be interested in all of the Shares held by Hefei Kang Min.

2. Interests of substantial Shareholders

Save as disclosed in “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 the completion of the [REDACTED] (assuming no exercise of the [REDACTED]) and the conversion of the Domestic Shares into H Shares, have an interest and/or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, 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 or any other member of our Group.

Disclaimers

Save as disclosed in “History, Development and Corporate Structure”, none of our Directors or the chief executive nor any of the experts referred to in “— Other Information — Qualifications and Consents of Experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group nor will any Director apply for [REDACTED] either in his/her own name or in the name of a nominee; or materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

Save in connection with the [REDACTED], none of our Directors nor any of the experts referred to in “— Other Information — Qualifications and Consents of Experts” below, is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group.

No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash securities or benefit intended to be paid, allotted or given on the basis of the [REDACTED] or related transactions as mentioned.

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STATUTORY AND GENERAL INFORMATION

None of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Save as disclosed in “Business”, none of our Directors or their respective close associates (as defined under the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital of our Company) has any interests in any of the five largest customers or the five largest suppliers of our Group.

F. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

As of the Latest Practicable Date, save as disclosed in this document, so far as our Directors are aware, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the [REDACTED] Committee for the [REDACTED], and permission to deal in, our H Shares in issue, our Shares to be issued pursuant to the [REDACTED] (including any H Shares which may fall to be issued pursuant to the exercise of the [REDACTED]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of HK\$[REDACTED] for acting as a sponsor for the [REDACTED].

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4. Qualifications and Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
SDIC Securities Corporate Finance (Hong Kong) Limited	Licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditor
AllBright Law Offices	Legal advisers to the Company as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [REDACTED] or to nominate persons to [REDACTED] securities in any member of our Group.

5. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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7. Promoters

The promoters as of the time of our Company’s conversion into a joint stock company were:

No. Name

1. Hefei Feng Chao
2. Hefei Wei Zhang
3. Changfeng Industrial Investment
4. Hefei Kang Min
5. Hefei Kang Hong
6. Hefei Kang Xing
7. Hefei Kang Bei
8. Hefei Kang Zhong

For details of the promoters of our Company, please see “History, Development and Corporate Structure” of this document.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

8. Compliance Adviser

Our Company has appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

9. Preliminary Expenses

As of the Latest Practicable Date, the Company had not incurred material preliminary expenses.

10. Taxation of holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transaction is affected on the Stock Exchange. The current rate charged on each of the purchaser and seller is 0.10% of the consideration or, if higher, the fair value of our H Shares being sold or transferred.

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11. No Material Adverse Change

Our Directors confirm that there has been no material change in our financial or [REDACTED] position since 30 September 2025 (being the date of the latest audited consolidated statements of financial position of our Group as set out in the Accountants’ Report in Appendix I to this document) and up to the date of this document.

12. Miscellaneous

- (a) Save as disclosed in “Changes in Share Capital” above, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commissions, discounts, [REDACTED] or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (d) no commissions, discounts, [REDACTED] or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries;
- (e) save as disclosed in the paragraph headed “Further Information about our Business — Summary of Material Contracts”, none of our Directors or proposed Directors or experts (as named in this document), have any interest, direct or indirect, in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group. Save as disclosed in this document, no equity or debt securities of any company within our Group

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is presently [REDACTED] on any stock exchange or [REDACTED] on any [REDACTED] system nor is any [REDACTED] or permission to deal being or proposed to be sought;

- (f) our Company has no outstanding convertible debt securities or debentures;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived;
- (h) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights; and
- (h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE FOR DISPLAY**

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts” to this document; and
- (b) copies of the material contracts referred to in “Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts” to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available on display on the website of the Stock Exchange at and the www.hkexnews.hk website of the Company at www.knb-pharma.com up to and including the date which is 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Reports and [REDACTED] financial information of our Group prepared by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the text of which is set out in Appendix I and Appendix II, respectively, to this document;
- (c) the audited consolidated financial statement of the Group for the years ended 31 December 2023 and 2024 and unaudited consolidated financial statements of the Company for the nine months ended 30 September 2025;
- (d) the PRC Companies Law with unofficial English translation thereof;
- (e) the PRC legal opinions issued by AllBright Law Offices, our legal adviser on PRC law, in respect of certain general corporate matters and property interests of our Group;
- (f) the industry report prepared by Frost & Sullivan referred to in “Industry Overview”;
- (g) the service contracts and letters of appointment referred to in “Appendix VI — Statutory and General Information — C. Further Information About our Directors and Senior Management — 1. Particulars of the Service Contracts”;

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE FOR DISPLAY**

- (h) the material contracts referred to in “Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts”;
- (i) the written consents referred to in “Appendix VI — Statutory and General Information — Other Information — Qualifications and Consents of Experts”.