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SIRIO PHARMA CO., LTD.

仙樂健康科技股份有限公司

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

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SIRIO
SIRIO PHARMA CO., LTD.
仙樂健康科技股份有限公司

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[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation)
Number of [REDACTED] : [REDACTED] H Shares (subject to reallocation
and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage
of 1.0%, SFC transaction levy of 0.0027%,
Hong Kong 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 : RMB1.00 per H Share
[REDACTED] : [REDACTED]

**Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]**



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The [REDACTED], on behalf of the [REDACTED], may, where considered appropriate and with the consent of our Company, reduce the number of [REDACTED] and/or the indicative [REDACTED] range below that is stated in this document (being HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED]) at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] will be published on the website of our Company at www.siriopharma.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For further details, see “Structure of the [REDACTED]” and “How to Apply for [REDACTED]” in this document.

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[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

EXPECTED TIMETABLE⁽¹⁾

[REDACTED]

CONTENTS

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	Page
Expected Timetable	i
Contents	v
Summary	1
Definitions	24
Glossary of Technical Terms	36
Forward-Looking Statements	40
Risk Factors	41

CONTENTS

	Page
Waivers and Exemptions	75
Information about this Document and the [REDACTED]	85
Directors and Parties Involved in the [REDACTED]	89
Corporate Information	92
Industry Overview	94
Regulatory Overview	114
History, Development and Corporate Structure	145
Business	157
Connected Transactions	244
Directors and Senior Management	250
Relationship with our Controlling Shareholders Group	265
Substantial Shareholders	271
Share Capital	273
Financial Information	277
Future Plans and Use of [REDACTED]	337
[REDACTED]	341
Structure of the [REDACTED]	353
How to Apply for [REDACTED]	364
Appendix I — Accountants’ Report	I-1
Appendix IA — Report on Review of Condensed Consolidated Financial Statements ..	IA-1
Appendix II — Unaudited [REDACTED] Financial Information	II-1
Appendix III — Summary of the Articles of Association	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display	V-1

SUMMARY

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

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

OVERVIEW

Who We Are

We are a leading nutrition product solution provider, and our market share in terms of revenue ranked third in the global nutrition product solution market in 2024, and first in the China’s nutrition product solution market. In addition, in 2024, we were the second-largest gummy-based and softgel-based nutrition product solution provider in terms of revenue globally, according to CIC. Operating in the nutrition product solution market, which presents great potential, our business performance has achieved steady growth and maintained sustainable development.

No.1⁽¹⁾ China’s largest nutrition product solution provider	Top 3⁽¹⁾ The world’s third largest nutrition product solution provider	400+ Over 400 product approvals, occupying a leading position in the industry⁽²⁾
Softgels Second in the World⁽¹⁾ Ranked second in the world in terms of revenue One of the earliest market participants to establish a presence in the softgel-based nutrition product market, commencing in 1999		Gummies Second in the World⁽¹⁾ Ranked second in the world in terms of revenue One of the earliest market participants to establish a presence in the gummy-based nutrition product market, commencing in 2007
41% The revenue CAGR of our softgels from 2022 to 2024	Top-Tier Customers Covering numerous well-known brand owners and retailers, increasingly becoming the first choice for customers	30% The revenue CAGR of our gummies from 2022 to 2024

SUMMARY

Notes:

- (1) Our rankings in terms of revenue in 2024 in the global and China’s nutrition products solution markets, as well as in the global softgel-based and gummy-based nutrition product markets, are sourced from CIC.
- (2) Product approvals refer to the “Blue Hat” Registration Certificates and Filing Certificates for health foods, we have obtained as of September 30, 2025.

Founded in 1993, our business focus evolved to nutrition product solutions from pharmaceuticals as our understanding of wellness needs deepened. Through 33 years of robust growth, we have built a comprehensive solution portfolio encompassing all life stages with a full range of wellness categories and multi-dosage forms, supported by a diverse customer base across multiple business models.

We are a first mover in the nutrition product solution market, establishing global business layout, possessing a globally integrated and locally responsive network of production bases, R&D centers and supply chain system. Our formidable R&D and production capabilities, coupled with superior operating efficiency supported by global resources, enable us to consistently deliver end-to-end solutions for customers globally, encompassing market insights, customized solutions, differentiated R&D, global production capabilities, industry-wide collaboration and marketing empowerment.

Our Journey

Pharmaceutical-Industry DNA



Innovation Development



Full Dosage Form Coverage



Global Supply Chain



SUMMARY

Our Offerings

Leveraging our market insights, we have established a comprehensive, three-dimensional solution portfolio, enabling us to provide one-stop solutions, precisely tailored to diverse types of customers across various sectors.

- All life stages.** Our offerings are tailored to address the wellness needs covering all life stages, addressing specific needs of pregnant and lactating women, infants and children to adolescents, adults and seniors, middle-aged and elderly, as well as other specialized demographic segments.
- Full wellness categories.** Centered on the pivotal wellness demand of the market, our offerings span key wellness categories, including vitamins and minerals, healthy aging, gut health and cardiovascular and metabolic wellness, mobility and sport nutrition, women’s beauty & wellness and immune support, enabling precise alignment with the wellness objectives arising from diverse consumer scenarios. In parallel, we have established presence in the pet nutrition sector.
- Multi-dosage forms.** We have achieved full in-house production capabilities across six classic dosage forms, including softgels, gummies, liquids, tablets, powders and capsules. Concurrently, we are pioneering the development of novel and innovative dosage forms to better align with the market’s diverse preferences.

All life stages	Typical Products			
Children	 ChuWei® DHA Complementary Food Nutrient Sprinkles	 NuPalete® Children's Nutritional Pack Gummies	 Jianxin® Calcium Magnesium Vitamin D Vitamin K Oral Solution	
Adolescents	 DHA Algal Oil Latent Ester LifeChew® Gelatin Soft Tablets	 Shengming Yijia® Probiotics Powders	 Hawthorn and Chicken Gizzard Membrane	
Adults	 Tiancun® Silymarin Astragalus Salvia Capsules	 ParaColla® Collagen Biotin Gummies	 Tiancun® American Ginseng Epimedium Taurine Capsules	 Slimbourn® AKK One Plus Capsules
Middle-aged and elderly	 Puremega® Fish Oil Softgels	 Yspan® PQQ Sodium Salt Curcuma Berries Solid Beverages	 Waioli® Coenzyme Q10 Softgels	 Nataful® N-Acetyl Glucosamine Calcium Drinks
Pregnant and lactating women	 ChuWei® Calcium Iron Vitamin D Oral Solution	 Dual-Source Iron Peptide Drinks	 InnoFolate Plantegrity® Softgels	

Our Customer Base

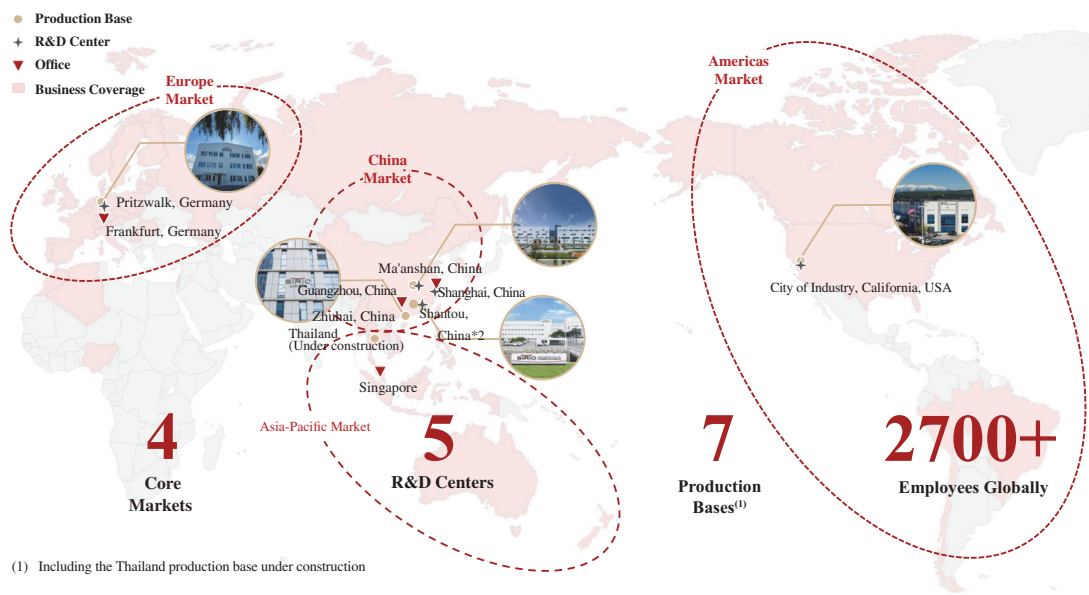
Aiming to become the preferred partner in providing comprehensive nutrition product solutions, we serve a wide spectrum of customers, including brand owners and retailers. Our customer base further extends to multinational and regional pharmaceutical and healthcare enterprises, modern trade channels, including large retail chains and membership-based warehouse clubs, as well as e-commerce platforms and companies from the food and cosmetics sectors

SUMMARY

expanding into wellness sectors. Our diverse customer base with various business models is able to reach consumers across all channels, online and offline. This positions us to effectively serve both established markets and emerging markets of the nutrition product industry.

Our Global Business Layout

Driven by our “In Global, For Local” operation philosophy, we have established a worldwide business layout spanning the China market, the Americas market, the European market and the Asia-Pacific market, supported by six production bases, with an additional base under construction, and five R&D centers globally. Our offerings have reached customers in more than 50 countries and regions. Notably, for the nine months ended September 30, 2025, revenue contributed by overseas markets amounted 61.2% of our total revenue in the same period, underscoring our international traction. Our headquarters coordinate global insights and optimize resource allocation, while maintaining localized operations across R&D, manufacturing, marketing and supply chain configuration to swiftly respond to market-specific requirements. This globally integrated, locally responsive operating model supports our vertically integrated competitive advantage across regions.



Our Opportunities

Building on our established global footprint, we are strategically positioned to capture significant opportunities in the expanding nutrition product industry. According to CIC, the global GMV of nutrition products reached approximately US\$190.0 billion in 2024 and is projected to reach US\$249.0 billion by 2029, representing a CAGR of approximately 5.6%. In particular, the market size of global nutrition products solution market in terms of revenue reached US\$29.4 billion in 2024 and is projected to reach US\$42.4 billion by 2029, representing a CAGR of approximately 7.6%. Notably, the dosage forms where we hold established expertise, namely gummy-based and softgel-based nutrition products solution, are projected to grow faster, with CAGRs of 10.3% and 8.5%, respectively, from 2024 to 2029, outpacing the overall market. This robust growth is fueled by such dosage forms’ advantages of compelling consumer-friendly

SUMMARY

attributes such as appealing taste, flavor variety, convenience and high absorption efficiency, areas where our strengths are most pronounced. The projected growth of our industry, particularly within our core operating sectors, provides a structural tailwind for our sustained growth.

Our market share ranked third globally in the global nutrition product solutions market by revenue in 2024. The global market remains regionally fragmented, with significant room for consolidation, as the top five players thereof collectively held only 10.5% of the market in the same year. Domestically, our market share in terms of revenue ranked first in China’s nutrition product solution market, yet the top five players thereof accounted for only 15.3% of the market, underscoring substantial potential for market penetration. The global nutrition product solution market is expected to enter a phase of accelerated integration, propelled by technological advancement, growing demand for comprehensive solutions, and increasingly stringent quality and regulatory standards. This consolidation trend favors global leading players, like us, with advanced R&D capabilities, stable and integrated supply chains and global operation layouts. We are strategically positioned to fully capitalize on the development opportunities presented by industry consolidation and global market expansion. By leveraging our global footprint and operational expertise, we are poised to capture elevated growth as the market evolves from fragmentation towards greater concentration.

OUR BUSINESS MODEL

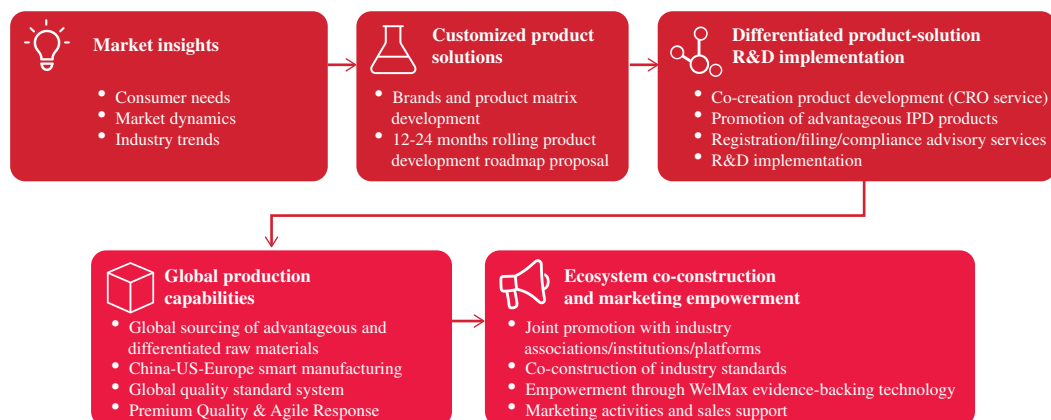
We are a global leader in providing advanced solutions for nutrition products, primarily serving brand owners and retailers in the nutrition product sector. At the heart of our business model is an integrated approach that combines our competitive products and differentiated services to precisely address the diverse and evolving needs of our customers and consumers worldwide.

Our diverse solution portfolio encompasses a comprehensive range of dosage forms and supports multiple aspects of health, developed to promote wellness throughout every stage of life, covering the needs of pregnant and lactating women, infants and children, adolescents, adults, middle-aged and the elderly. We offer a wide array of classic dosage forms, such as softgels, gummies, liquids, tablets, powders and capsules, and we continue to develop innovative forms to address emerging consumer specifications. Beyond products, our turnkey services guide our partners from early-stage market insights and product solution R&D through global intelligent manufacturing and marketing empowerment, ensuring that every stage from concept to launch is grounded in scientific rigor, operational excellence and market relevance.

We rely on our R&D centers across the China market, the Americas market, the Europe market and the Asia-Pacific market to bring together leading global talent and strategic partners, as well as ecosystem resources from research institutions, in order to build an industry-leading nutrition platform ecosystem and a structured collaboration framework. As a result, our services extend across the entire industry value chain, beginning with global market insights and continuing through the development of in-depth customized solutions for our customers. We further engage with our partners, and provide turnkey, agile and flexible manufacturing services together with

SUMMARY

comprehensive marketing support. These capabilities enable our customers to develop advanced and differentiated products that align with their brand positioning and channel dynamics. The following diagram illustrates the key steps involving our solutions provided to our customers:



We maintain long-standing partnerships with leading brand owners and retailers through an integrated business collaboration model. In addition to sales to brand owners and retailers, we generated, to a limited extent, revenue from the sale of our branded products during the Track Record Period. While our customers can flexibly choose from our suite of solutions, our revenue during the Track Record Period was derived principally from the sale of our products.

The following table sets forth a breakdown of our total revenue primarily by product types and service for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Sales of goods								
Softgels	1,526,864	42.6	1,983,614	47.1	1,385,529	45.4	1,581,231	48.0
Gummies	739,627	20.6	995,112	23.6	760,133	24.9	828,570	25.1
Liquids	421,873	11.8	247,972	5.9	197,319	6.5	176,518	5.4
Tablets	361,916	10.1	325,553	7.7	212,075	7.0	274,996	8.4
Powders	292,745	8.2	231,574	5.5	185,561	6.1	147,676	4.5
Capsules	151,691	4.2	222,727	5.3	159,848	5.2	164,817	5.0
Others ⁽¹⁾	73,235	2.1	179,890	4.3	133,615	4.4	94,338	2.9
Subtotal	3,567,951	99.6	4,186,442	99.4	3,034,080	99.5	3,268,146	99.3
Other services⁽²⁾	14,071	0.4	24,622	0.6	14,376	0.5	23,028	0.7
Total	3,582,022	100.0	4,211,064	100.0	3,048,456	100.0	3,291,174	100.0

Notes:

(1) Others primarily include sale of personal care products.

(2) Other services primarily include the services provided by our Group to certain customers which relate to (i) lab-scale and pilot-scale experiments, and (ii) health food registration certificate applications.

SUMMARY

The following table sets forth the sales metrics of our major dosage forms over the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Sales Volume ⁽¹⁾	Average Selling Price (RMB per thousand units or tons)	Sales Volume ⁽¹⁾	Average Selling Price (RMB per thousand units or tons)	Sales Volume ⁽¹⁾	Average Selling Price (RMB per thousand units or tons)	Sales Volume ⁽¹⁾	Average Selling Price (RMB per thousand units or tons)
Softgels	6,743.6	226.4	7,912.9	250.7	5,600.9	247.4	6,576.9	240.4
Gummies	3,486.1	212.2	4,642.1	214.4	3,552.9	213.9	3,801.5	218.0
Liquids	197.8	2,133.3	148.2	1,672.9	109.2	1,807.0	174.6	1,010.8
Tablets	1,864.2	194.1	1,768.6	184.1	1,139.3	186.2	1,445.9	190.2
Powders	2,053.1	142.6	1,271.5	182.1	998.6	185.9	894.2	165.2
Capsules	408.5	371.3	524.7	424.4	382.1	418.2	402.7	409.2

Note:

- (1) Sales volume for softgels, gummies, liquids, tablets and capsules is presented in millions of units, whereas sales volume for powders is presented in tons.

OUR PRODUCTS

Based on our insights across the industry value chain, we leverage our R&D capabilities to build an integrated product matrix that spans product categories and sales channels serving for all life stages of consumers. This systematic approach enables us to develop targeted and innovative solutions that precisely meet evolving market demands and drive growth across multiple fronts.

In terms of targeted life stages of consumer, we have refined our product planning to address the differentiated needs of key demographic groups. We develop healthy aging products that integrate scientific foresight with strong commercial potential. Beyond these areas, we continue to strengthen our presence in core wellness categories, such as cardiovascular and metabolic health, mobility and sport nutrition, vitamins and minerals, gut health, women’s beauty & wellness, and healthy aging, through the ongoing launch of new products with more precisely targeted wellness categories.

To address consumers’ evolving expectations for diverse product formats, we have pursued comprehensive product planning. We leverage our strong dosage-form R&D capabilities to develop dosage forms that are more convenient, portable and aligned with everyday habits, thereby enhancing the enjoyment, palatability and emotional satisfaction of daily supplementation.

SUMMARY

We offer a comprehensive portfolio of nutrition products across major dosage forms, including softgels, gummies, tablets, powders, capsules and liquids. The following chart sets forth our key classic dosage forms as of September 30, 2025:



In addition, we have developed and commercialized multiple novel and advanced delivery formats, such as plant-based softgels, popping droplets, casing gummies and gel strips, which cater to evolving consumer preferences for convenience, taste and efficacy.

See “Business — Our Products”

OUR STRENGTHS

We believe the following strengths have been fundamental to our success to date and will remain critical to achieving our sustaining long-term growth:

- Our leading industry position, ranking first in China and third globally, places us at the forefront of a vast and promising market;
- We are a first-mover in global expansion, with fully integrated worldwide R&D, manufacturing and sales capabilities;
- Through long-term collaboration with high-profile industry customers, we jointly lead industry advancement;
- We pursue excellence through efficient resource allocation, aiming to be an industry benchmark for “Premium Quality & Agile Response;”
- Our AI-powered digital enhances efficiency and agility across the value chain, empowering our partners; and
- Our experienced and stable management, and diverse, inclusive organizational culture support sustained growth.

See “Business — Our Strengths.”

SUMMARY

OUR STRATEGIES

To achieve our long-term strategic objectives and reinforce our position as a global industry leader, we will implement an integrated development strategy across four key strategic dimensions: global expansion, innovation-driven and efficiency enhancement, value-enhancing services and digital transformation. Specifically:

- Advancing from China’s benchmark to global eminence;
- Capturing new consumer trends to lead industry upgrading;
- Enhancing service capabilities with a focus on product lifecycle management; and
- Optimizing digital-intelligent infrastructure for strategic value leap.

See “Business — Our Strategies.”

RESEARCH AND DEVELOPMENT

Our R&D infrastructure is anchored by our global R&D teams, forming an integrated and highly coordinated network. Working closely with our marketing and R&D teams in China market, our overseas teams in the Americas market, the European market and the Asia-Pacific market continuously monitor frontier developments in ingredients and technologies, providing timely insights to our headquarters. Our headquarters in turn orchestrate and direct the allocation of our global R&D resources, transforming these opportunities into robust product concepts, technology improvements and scale-up plans that empower markets worldwide. Our R&D teams in Germany and the U.S. play a pivotal role in identifying emerging consumer preferences and market trends, capturing real-time intelligence on regional health needs and ingredient optimizations. These insights are systematically consolidated by our headquarters-led R&D hubs in China, where extensive technical expertise and manufacturing capabilities are leveraged to translate market intelligence into commercially viable product solutions for the global market. This “In Global, For Local” coordinative model ensures that our solutions are globally informed yet locally dedicated, supports efficient development cycles and enables us to deliver consistent quality standards across all markets we serve.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB110.5 million, RMB125.9 million, RMB98.6 million and RMB100.5 million, respectively, representing 3.1%, 3.0%, 3.2% and 3.1% of our total revenue during the same periods, respectively.

Our R&D is structured around a proprietary “3D” framework, encompassing dimensions of “Deployment, Development and Discovery.” This framework enables us to systematically translate scientific insight and market intelligence into commercially viable nutrition product solutions. This integrated approach enables us to advance efficiently from initial concept to commercial scale-up, typically within one to four months, while upholding rigorous scientific and quality standards.

See “Business — Research and Development.”

SUMMARY

PRODUCTION

Our production process is built on a streamlined and standardized approach that ensures quality and consistency across all major products. By applying comprehensive quality control measures tailored to the requirements of each product, we consistently meet stringent regulatory and internal standards, delivering high-quality solutions to our customers and end consumers. All of our finished products are subject to visual inspection and foreign-matter detection before being packaged in appropriate containers for storage and distribution. Each stage of production is conducted in accordance with GMP requirements, and is supported by advanced technologies and large-scale modern manufacturing facilities.

As of the Latest Practicable Date, we operated six key production bases with an additional site under construction across the world, each strategically located to support our global market and ensure consistent quality standards. Our production bases include two bases in Shantou, Guangdong Province, one in Ma’anshan, Anhui Province, one in Zhuhai, Guangdong Province, one in Germany and one in the U.S. As of the Latest Practicable Date, we were in the process of establishing our new production base in Thailand.

The table below sets forth the details of our production capacity by product category for the periods indicated.

	Year ended December 31,						Nine months ended September 30,		
	2023			2024			2025		
	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾
	(unit in million or tons)	(unit in million or tons)	(%)	(unit in million or tons)	(unit in million or tons)	(%)	(unit in million or tons)	(unit in million or tons)	(%)
Product categories									
Softgels	14,510	6,800	46.9	14,510	7,990	55.1	10,883	6,570	60.4
Gummies	5,860	3,690	63.0	6,360	4,770	75.0	4,770	3,800	79.7
Liquids	373	185	49.6	373	156	41.9	334	175	52.3
Tablets	4,820	1,860	38.6	4,820	1,820	37.8	3,615	1,450	40.1
Powders	6,986	1,903	27.2	6,986	1,423	20.4	5,239	951	18.2
Capsules	2,704	450	16.6	2,704	720	26.6	2,028	500	24.7

Notes:

- (1) Designed production capacity is calculated based on the designed production capacity in each period of our production lines. In our calculations, we assumed that our production lines operate 320 days per year or 240 days per nine months on the basis of 24 hours per day. We also took into account the production line changeover time, as we need to switch production lines when manufacturing different products.
- (2) The utilization rate is calculated by dividing our actual production volume for the year by the designed production capacity of the same period. According to CIC, our utilization rates for tablets, powders and capsules are broadly in line with industry norms.
- (3) Sales volume for softgels, gummies, liquids, tablets and capsules is presented in millions of units, whereas sales volume for powders is presented in tons.

See “Business — Production.”

SUMMARY

SALES AND MARKETING

Our sales network spans major markets in the China market, the Americas market, the European market and the Asia-Pacific market, operating under a unified headquarters-managed model. The headquarters centrally orchestrates “in global for local” flows, aggregating global market intelligence, customer insights and consumer preferences. This enables optimal allocation of resources, harmonized account strategies and regionally tailored pricing, ensuring consistent standards, regulatory compliance and effective “global-for-local” delivery. Regional teams adapt headquarters playbooks into actionable local plans, execute accounts locally and feed market signals back to headquarters for continuous re-balancing across regions.

The following table sets forth a breakdown of our total revenue by regions for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentage)								
					(Unaudited)		(Unaudited)	
Mainland China and								
Hong Kong, SAR	1,850,950	51.7	1,660,656	39.4	1,219,929	40.0	1,277,861	38.8
Americas	1,044,136	29.1	1,665,975	39.6	1,189,980	39.0	1,288,168	39.2
Europe	529,109	14.8	604,481	14.4	437,782	14.4	561,095	17.0
Others ⁽¹⁾	157,827	4.4	279,952	6.6	200,765	6.6	164,050	5.0
Total	3,582,022	100.0	4,211,064	100.0	3,048,456	100.0	3,291,174	100.0

Note:

(1) Others include Australia, Southeast Asia and other countries and regions.

Our Sales Channel

We primarily sell our products directly to brand owners and retailers. To access fragmented retail and online outlets where direct coverage is not cost-effective, we used to rely on certain selected distributors to sell our branded products. The table below sets forth the breakdown of revenue and percentage by total revenue by sales channels for the periods indicated:

	Year ended December 31,				Nine months ended September 30,	
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
(RMB in thousands except for percentage)						
(Unaudited)						
Direct sales	3,562,316	99.4	4,190,831	99.5	3,290,890	100.0
Distributorship	19,706	0.6	20,233	0.5	284	0.0
Total	3,582,022	100.0	4,211,064	100.0	3,291,174	100.0

SUMMARY

Major Customers

During the Track Record Period, the aggregate revenue generated from our top five customers in each year/period amounted to RMB815.5 million, RMB1,159.8 million and RMB804.1 million, respectively, representing approximately 22.8%, 27.6% and 24.4% of our total revenue in the respective year/period. During the Track Record Period, the revenue generated from our largest customer in each year/period amounted to RMB233.5 million, RMB328.7 million and RMB294.3 million, respectively, representing approximately 6.5%, 7.8% and 8.9% of our total revenue in the respective year/period.

See “Business — Sales and Marketing.”

OUR SUPPLY CHAIN

Our supply chain operates under a headquarters-led, regionally executed and centrally consolidated model. Our headquarters drive centralized procurement and global sourcing to achieve economies of scale and secure competitive pricing, enforce unified quality standards through cross-region supplier qualification and ongoing audits and expands category coverage through multi-region sourcing and a broadened supplier base. Regional teams, embedded within our overseas production, R&D and management operations, manage direct local sourcing and respond swiftly to regional demand and supply conditions. Furthermore, our headquarters continuously consolidate market insights and sourcing outcomes globally to optimize supply allocation, mitigate cross-border risks, and reinforce agility and resilience. This “Global” operating approach integrates global scale with local expertise, strengthening access to strategic materials and supporting compliant and consistent delivery.

During the Track Record Period, and up to the Latest Practicable Date, we had not experienced any material quality problems with the raw materials from our suppliers leading to any material adverse effect on our business performance or financial conditions, or any shortage of raw materials.

See “Business — Our Supply Chain.”

Major Suppliers

Our major suppliers are suppliers of raw materials and packaging materials, as well as logistics service providers. We carefully select our suppliers to secure principal raw materials used in our production process and require compliance with global standards and region-specific customer requirements. Before we engage a new supplier, our procurement team evaluates various aspects of the supplier, including their background, reputation, industry experience and, in particular, its regulatory compliance, quality, delivery and price performance. We maintain a list of high-quality suppliers from whom we prefer to purchase raw materials more frequently and in larger amounts where commercially appropriate, to support consistent quality and supply reliability.

During the Track Record Period, purchases from our top five suppliers in each year/period amounted to RMB253.2 million, RMB328.2 million and RMB206.4 million, respectively, representing approximately 13.4%, 13.7% and 13.5% of our total purchases in the respective year/

SUMMARY

period. During the Track Record Period, purchases from our largest supplier in each year/period amounted to RMB74.2 million, RMB112.4 million and RMB75.3 million, respectively, representing approximately 3.9%, 4.9% and 4.9% of our total purchases in the respective year/period.

Overlapping Customers and Suppliers

During the Track Record Period, certain of our five largest customers was also our suppliers and certain of our five largest suppliers were also our customers. For further details, see “Business — Our Supply Chain — Overlapping of Customers and Suppliers”.

PRICING

For our pricing strategies toward customers, we take into account a variety of factors, including dosage forms or functions, formulation, specifications, order quantities, packaging standards, raw material costs and logistics costs. We determine the product price range by combining the aforementioned factors, our product’s competitiveness in the relevant sectors and prevailing market prices. Where cost or market-condition fluctuations exceed an agreed percentage threshold, we are able to negotiate with customers and adjust pricing under the relevant contractual mechanisms to reflect such changes.

See “Business — Sales and Marketing — Pricing Policy.”

For pricing management with our suppliers, we have implemented comprehensive measures to mitigate raw-material price fluctuations and secure competitive procurement terms. These measures primarily include (i) adopting a bidding and negotiation mechanism under which our global suppliers compete for our orders and we select suppliers based on their bid prices, negotiated terms and other relevant factors, and (ii) engaging suppliers early and aligning pricing with them to establish and adjust costs in line with market movements.

See “Business — Our Supply Chain — Pricing Management.”

COMPETITION

We compete with nutrition products developers and manufacturers, as well as nutrition product solution providers and new entrants, including both PRC domestic and international brands. Key competitive barriers in the global nutrition products solution market primarily include robust regulatory requirements, global operating networks, R&D and manufacturing capabilities, digitalized and intelligent supply chains, trend insight and consumer understanding and comprehensive coverage across dosage forms, channels and categories.

While more consolidated than the general nutrition product market, the nutrition products solution market remains regionally fragmented, with leading players primarily holding dominant positions within their respective local markets. This fragmentation creates significant opportunities for leading players with scale, technological strength and international execution capabilities to emerge as global leaders. We believe that our comprehensive solution portfolio and extensive sales network enable us to meet diverse needs of a broad customer base, while our efficient integrated management system and advanced technology infrastructure support sustainable growth. We are

SUMMARY

committed to strengthening customer trust through long-term efforts and to becoming the preferred partner of choice. Our reputation differentiates us from our competitors and provides enduring competitive advantages.

See “Business — Competition” and “Industry Overview.”

QUALITY CONTROL

Our core competitiveness originates from our pharmaceutical-grade quality standards. With our roots in the pharmaceutical industry, we have established a quality control and research system that is designed to meet stringent requirements far beyond conventional food-grade standards, which enables us to serve top-tier international customers. Specifically, we have obtained food production licenses covering various categories and have also received multiple authoritative certifications worldwide.

See “Business — Quality Control.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountants’ Report in Appendix I and Report on Review of Condensed Consolidated Financial Statements in Appendix IA to this document. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants’ Report in Appendix I and Report on Review of Condensed Consolidated Financial Statements in Appendix IA to this document, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRS.

SUMMARY

Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)		(Unaudited)	(Unaudited)
Revenue	3,582,022	4,211,064	3,048,456	3,291,174
Cost of sales	(2,519,921)	(2,922,209)	(2,121,480)	(2,255,294)
Gross profit	1,062,101	1,288,855	926,976	1,035,880
Other income	28,020	27,957	21,371	36,765
Other gains and losses	14,709	1,149	488	4,479
Selling expenses	(277,608)	(353,204)	(232,824)	(273,179)
Administrative expenses	(351,992)	(419,938)	(298,529)	(355,565)
Research and development expenses	(110,495)	(125,937)	(98,627)	(100,482)
Share of results of an associate	—	—	—	(5,027)
Impairment loss recognized in respect of assets classified as held for sale	—	—	—	(210,194)
Impairment losses (including reversals of impairment losses) on financial assets . . .	(5,177)	(914)	146	(3,225)
Other expenses	(7,822)	(6,283)	(3,659)	(5,561)
Finance costs	(78,479)	(95,031)	(73,391)	(75,662)
Profit before tax	273,257	316,654	241,951	48,229
Income tax credit (expense)	(32,969)	(34,636)	(29,225)	7,306
Profit for the year/period	240,288	282,018	212,726	55,535
Profit for the period attributable to:				
Owners of the Company	281,039	325,062	239,802	153,385
Non-controlling interests	(40,751)	(43,044)	(27,076)	(97,850)
	240,288	282,018	212,726	55,535

SUMMARY

Key Items of Consolidated Statements of Financial Position

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated, which has been extracted from our audited and reviewed consolidated financial statements included in Appendix I and Appendix IA respectively to this document.

	As of December 31,		As of
	2023	2024	September 30,
	(RMB in thousands)		2025
			(Unaudited)
Total current assets	1,932,928	2,022,938	2,156,451
Total non-current assets	<u>3,262,799</u>	<u>3,463,084</u>	<u>3,525,715</u>
Total assets	<u>5,195,727</u>	<u>5,486,022</u>	<u>5,682,166</u>
Total current liabilities	751,129	824,537	1,639,225
Total non-current liabilities	<u>1,878,430</u>	<u>2,020,287</u>	<u>1,490,146</u>
Total liabilities	<u>2,629,559</u>	<u>2,844,824</u>	<u>3,129,371</u>
Net current assets	1,181,799	1,198,401	517,226
Net assets	<u>2,566,168</u>	<u>2,641,198</u>	<u>2,552,795</u>
Capital and Reserves			
Share capital	181,562	235,873	307,319
Treasury shares	(44,533)	(54,312)	(66,156)
Reserves	<u>2,253,003</u>	<u>2,324,273</u>	<u>2,275,424</u>
Equity attributable to owners of the Company	2,390,032	2,505,834	2,516,587
Non-controlling interests	<u>176,136</u>	<u>135,364</u>	<u>36,208</u>
Total Equity	<u>2,566,168</u>	<u>2,641,198</u>	<u>2,552,795</u>

Our net current assets remained relatively stable at RMB1,181.8 million and RMB1,198.4 million as of December 31, 2023 and 2024, respectively.

SUMMARY

Our net current assets decreased by 56.8% from RMB1,198.4 million as of December 31, 2024 to RMB517.2 million as of September 30, 2025, primarily due to (i) an increase in other financial liabilities of RMB456.1 million, (ii) an increase in trade, bills and other payables of RMB158.4 million, (iii) an increase in liabilities directly associated with assets classified as held for sale of RMB113.0 million, (iv) an increase in borrowings of RMB94.7 million, (v) a decrease in cash and cash equivalents of RMB96.9 million and (vi) a decrease in financial assets at FVTPL of RMB63.1 million, partially offset by (i) an increase in trade, bills and other receivables of RMB133.4 million, (ii) an increase in assets classified as held for sale of RMB113.0 million, (iii) increases in term deposits of RMB29.4 million, and (iv) an increase in inventories of RMB24.1 million.

Cash Flow

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

	Year ended December 31,		Nine Months ended September 30,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash generated from operating activities	396,313	565,512	271,684	322,092
Net cash used in investing activities	(1,160,155)	(317,076)	(113,530)	(293,332)
Net cash used in financing activities	(99,088)	(140,292)	(125,820)	(126,037)
Cash and cash equivalents at beginning of year/period	1,389,456	521,936	521,936	632,578
Effect of foreign exchange differences	(4,590)	2,498	(125)	3,798
Cash and cash equivalents at end of year/period	521,936	632,578	554,145	539,099

SUMMARY

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		As of/For the nine months ended September 30,
	2023	2024	2025
			(unaudited)
Gross profit margin (%) ⁽¹⁾	29.7	30.6	31.5
Debt to asset ratio ⁽²⁾	50.6%	51.9%	55.1%
Adjusted net profit margin (non-IFRS measure) ⁽³⁾	6.8	6.8	6.5

Notes:

- (1) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.
- (2) Debt to asset ratio is calculated using total liabilities divided by total assets as of the end of the year and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) equals adjusted profit for the year/period (as a non-IFRS measure) divided by revenue and multiplied by 100%.

See “Financial Information — Key Financial Ratios.”

[REDACTED]

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED], [REDACTED] and other estimated [REDACTED] in connection with the [REDACTED], and assuming the [REDACTED] are not exercised. In line with our strategies, we intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for global expansion through establishment of production bases, fixed asset investment, expansion of our customer base and enhancement of our market insight capability.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for enhancing our new quality productivity through a comprehensive global digitalization plan, including precision nutrition initiatives, smart factory upgrades, the digitalization of operations and the exploration and application of AI technologies.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for further enhancing our core competitiveness by strengthening product R&D, advancing technology breakthroughs and improving supply chain efficiency.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for working capital and general corporate purposes.

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

SUMMARY

DIVIDENDS AND DIVIDEND POLICY

As of December 31, 2023, 2024 and September 30, 2025, we paid cash dividends of RMB63.2 million, RMB197.1 million and RMB151.4 million, respectively. During the Track Record Period, we also declared a capitalization issue of three additional shares for every 10 shares held from share premium in relation to the year ended December 31, 2024, which was completed in May 2025. No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after (i) all our historically accumulated losses have been made up for and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors.” You should carefully read that section in its entirety before you decide to [REDACTED] in our [REDACTED]. Some of the major risks we face include: (i) any failure in our product quality or food safety management processes could materially and adversely affect our reputation, business operations and sales; (ii) if we are unable to timely adapt to or comply with constantly changing and evolving industry policies and regulatory requirements, our business and results of operations could be adversely affected; (iii) intensifying market competition and the emergence of new products and new business models and participants could erode our competitive advantages and negatively impact our financial performance; (iv) we may not successfully develop, enhance, acquire or adapt to new technologies or effectively introduce and market new products and services, which could adversely affect our growth opportunities and future prospects; (v) if our products and services fail to meet our existing customers’ evolving requirements, or if we fail to meet our existing customers’ audits and inspections, our existing customers may not continue to purchase our products and services; (vi) overseas operations may subject us to a number of economic, political, regulatory, operational and management risks. Our cross-border acquisitions may expose us to integration risks relating to governance, regulatory compliance, financial management, business practices and corporate culture, and the ultimate success of such integration remains uncertain; (vii) any failure to comply with PRC regulations regarding the mandatory social insurance and housing provident fund may subject us to fines and other legal or administrative sanctions; (viii) our success depends on our reputation, market recognition of our brand and the overall reputation of the nutrition industry. Any negative publicity concerning our brand, reputation, or the industry as a whole, regardless of whether it is without merit or immaterial, could adversely affect our business and financial performance; (ix) we rely on a stable and sufficient supply of quality raw materials from our suppliers, and any significant price increases or supply disruptions in raw materials could adversely affect our profit margins, production schedules and overall business performance; and (x)

SUMMARY

we face operational, capacity and safety risks related to our production facilities, and any disruption of our production facilities could restrict our ordinary business operations and may materially and adversely affect our results of operations and financial condition.

See “Risk Factors.”

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We expect to incur [REDACTED] of approximately RMB[REDACTED] million, of which approximately RMB[REDACTED] million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[REDACTED] million is expected to be recognized as a deduction in equity directly upon [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately RMB[REDACTED] million, and (ii) [REDACTED] related expenses of approximately RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[REDACTED] million and other fees and expenses of approximately RMB[REDACTED] million.

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, our Controlling Shareholders Group, including Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No. 96, collectively held approximately 59.24% of our total share capital.

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), the Controlling Shareholders Group will continue to hold in aggregate over 30% of our total share capital. Therefore, they will remain as our Controlling Shareholders Group immediately after [REDACTED].

For further details about our Controlling Shareholders Group, please see the section headed “Relationship with our Controlling Shareholders Group”.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since 2019, our Company has been listed on the Shenzhen Stock Exchange under stock code 300791. As of the Latest Practicable Date, our Directors confirmed that, and our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought

SUMMARY

to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor’s view, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in all material respects.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Preliminary Unaudited and Unreviewed Results of 2025

According to the announcement concerning the preliminary financial information for the year ended December 31, 2025 we published on January 29, 2026 pursuant to the ChiNext Market Stock Listing Rules of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》), there were substantial decreases in our net profit attributable to owners of the Company and in our net profit attributable to owners of the Company excluding non-recurring gains and losses in 2025 as compared to 2024, primarily due to (i) provision of asset impairment losses for inventories, long-term prepaid expenses, fixed assets, right-of-use assets, and intangible assets related to the personal care business line as of December 31, 2025, giving consideration to the increased losses of this business line; (ii) one-off consulting fees related to a strategy consulting project; and (iii) upfront investment costs incurred by new business lines.

Such preliminary financial information has not been audited or reviewed by our Reporting Accountant and should not be unduly relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Accordingly, such preliminary financial information should not be taken as an indication of our actual financial condition, result of operations and results for the year ended December 31, 2025. Potential investors are advised to refer to the final version of this Document and exercise caution when using such data to evaluate our financial condition and results of operations, and should not place undue reliance upon such data.

Impairment Losses in Respect of the Assets of our Subsidiary and the Investment in An Associate

According to the announcement concerning the provisions for impairment losses for the year ended December 31, 2025 we published on January 29, 2026 pursuant to “Accounting Standards for Business Enterprises” (《企業會計準則》) and the “SZSE Self-Regulatory Guidance for Listed Companies No. 2 — Standardized Operation of ChiNext Listed Companies” (《深圳證券交易所上市公司自律監管指引第2號—創業板上市公司規範運作》), we conducted impairment tests on the assets of a subsidiary of us in the U.S. as of December 31, 2025, and on the long-term equity investment in an associate of us. Based on the results of the impairment tests, it has been determined that impairment losses will be recognized in our Company’s consolidated financial statements for the year ended December 31, 2025, which are to be published on the Shenzhen Stock Exchange.

SUMMARY

Such financial information in relation to the impending provision for impairment in the announcement has not been audited or reviewed by our Reporting Accountant and should not be unduly relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. The corresponding impairment losses have been considered and recognized in the historical financial information in conformity with the IFRS Accounting Standards as discussed in “Financial Information” and Notes 5, 12 and 14 to the Report on Review of Condensed Consolidated Financial Statements included in Appendix IA to this document.

Board Resolution on Adoption of Share Incentive Scheme 2026 and Employee Stock Ownership Plan 2026

On January 28, 2026, the Board of Directors of the Company approved a resolution in relation to the adoption of Share Incentive Scheme 2026 and Employee Stock Ownership Plan 2026 to promote our long-term, sustainable, and healthy development and improve our corporate structure. Announcements concerning the resolution and the details of the Share Incentive Scheme 2026 and Employee Stock Ownership were published by the Company on January 29, 2026.

No Material Adverse Change

Our Directors confirm that, up to the date of this Document, save as disclosed above, there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of the periods reported on in the Accountants’ Report in Appendix I and Report on Review of Condensed Consolidated Financial Statements in Appendix IA to this document, and there has been no event since September 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I and Report on Review of Condensed Consolidated Financial Statements in Appendix IA to this Document.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this document.

“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and are traded in Renminbi
“Abama Yuexiang Hongli No. 96”	Zhuhai Abama Private Fund Investment Management Co., Ltd. — Abama Yuexiang Hongli No. 96 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司 — 阿巴馬悅享紅利96號私募證券投資基金), one of our Controlling Shareholders and a private fund established in the PRC on December 14, 2021 and managed by Zhuhai Abama Private Fund Investment Management Co., Ltd. (珠海阿巴馬私募基金投資管理有限公司)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
“affiliate”	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
“Anhui Sirio”	Sirio Healthcare (Anhui) Co., Ltd. (仙樂健康科技(安徽)有限公司), formerly known as Sirio Life Technology (Anhui) Co., Ltd. (安徽仙樂生命科技有限公司), a limited liability company established in the PRC on November 14, 2013, our wholly owned subsidiary
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall be come effective on the [REDACTED], a summary of which is set out in Appendix III to this document
“Audit Committee”	the audit committee of the Board
“Best Formulations”	Best Formulations LLC, formerly known as Best Formulations Inc., a limited liability company established in the US on September 23, 1986, a subsidiary 71.41% ultimately controlled by the Company as of the Latest Practicable Date

DEFINITIONS

“BF PC” Best Formulations PC LLC, a limited liability company established in the US on March 20, 2024, a subsidiary 71.41% ultimately controlled by the Company as of the Latest Practicable Date

“Board” or “Board of Directors” the Board of directors of our Company

[REDACTED]

“business day” a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

“China”, “Mainland China” or the “PRC” the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administration and Taiwan region, except where the content or context requires otherwise

“Companies Ordinance” the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Companies (Winding up and Miscellaneous Provisions) Ordinance” the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

“Company”, “our Company” or “the Company” Sirio Pharma Co., Ltd. (仙樂健康科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on August 16, 1993, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code 300791.SZ)

“Company Law” or “PRC Company Law” Company Law of the People’s Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Controlling Shareholder(s)” or “Controlling Shareholders Group”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Lin Peiqing (林培青先生), Ms. Chen Qiong (陳瓊女士), Glory Investment Co., Ltd. (廣東光輝投資有限公司) and Zhuhai Abama Private Fund Investment Management Co., Ltd. — Abama Yuexiang Hongli No. 96 Private Securities Investment Fund (珠海阿巴馬私募基金投資管理有限公司—阿巴馬悅享紅利96號私募證券投資基金), as further detailed in the section headed “Relationship with Our Controlling Shareholders Group” in this document
“Convertible Bonds”	the convertible bonds issued by our Company and listed on the Shenzhen Stock Exchange on May 14, 2021 under the code “123113”
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSDC (Hong Kong)”	China Securities Depository and Clearing (Hong Kong) Company Limited
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of our Company
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
“Employee Stock Ownership Plan 2026”	the employee stock ownership plan of our Company approved by the Board in January 29, 2026, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Employee Stock Ownership Plan” in Appendix IV
“EU”	the European Union
“EURO” or “EUR”	Euro, the lawful currency of the EU

DEFINITIONS

[REDACTED]

“Extreme Conditions”

the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

[REDACTED]

“GDP”

gross domestic product

“General Rules of HKSCC”

the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[REDACTED]

“Glory Investment”

Glory Investment Co., Ltd. (廣東光輝投資有限公司), a limited liability company established in the PRC on January 29, 2010, one of our Controlling Shareholders

“Group”, “our Group”,
“we” or “us”

our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such present subsidiaries and the businesses carried on by such present subsidiaries as if they were subsidiaries of our Company at the relevant time

“Guangdong Sirio”

Sirio Health Technology (Guangdong) Co., Ltd. (仙樂健康科技(廣東)有限公司), a limited liability company established in the PRC on June 29, 2023, our wholly owned subsidiary

DEFINITIONS

“Guangdong Jamet”	Jamet (Guangdong) Management Co., Ltd. (嘉美(廣東)管理有限公司), a limited liability company established in the PRC on June 6, 2022, our wholly owned subsidiary
“Guide for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

“Hong Kong”, “HK” or “Hong Kong, SAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

[REDACTED]

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

DEFINITIONS

[REDACTED]

“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

DEFINITIONS

“Latest Practicable Date” January 21, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Committee” the Listing Committee of the Hong Kong Stock Exchange

[REDACTED]

“Macau” the Macau Special Administrative Region of the PRC

“Main Board” the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

“Ministry of Finance” or “MOF” the Ministry of Finance of the PRC (中華人民共和國財政部)

“MOFCOM” the Ministry of Commerce of the PRC (中華人民共和國商務部)

“Mr. Lin” Mr. Lin Peiqing (林培青), our executive Director, chairperson of the Board and one of our Controlling Shareholders

“Ms. Chen” Ms. Chen Qiong (陳瓊), our executive Director and one of our Controlling Shareholders

“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)

“Nomination Committee” the nomination committee of the Board

“NPC” the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

DEFINITIONS

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC GAAP”	generally accepted accounting principles of PRC
“PRC Legal Advisor”	King & Wood Mallesons, the PRC legal advisors of our Company

[REDACTED]

DEFINITIONS

[REDACTED]

“document” or “Document”	this document being issued in connection with the [REDACTED]
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“QIBs” or “Qualified Institutional Buyers”	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Securities Law”	the Securities Law of the People’s Republic of China (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 Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)

DEFINITIONS

“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Share Incentive Scheme 2023”	the employee incentive plan of our Company approved and adopted on November 2, 2023, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Share Incentive Schemes” in Appendix IV
“Share Incentive Scheme 2025”	the employee incentive plan of our Company approved and adopted on February 7, 2025, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Share Incentive Schemes” in Appendix IV
“Share Incentive Scheme 2026”	the employee incentive plan of our Company approved and adopted in January 2026, a summary of the principal terms of which is set forth in the section headed “Statutory and General Information — Share Incentive Schemes” in Appendix IV
“Shareholders(s)”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Sole Sponsor”	the sole sponsor named in the section headed “Directors and Parties Involved in the [REDACTED]” of this document
[REDACTED]	
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“the Americas”	North America and South America; for the purpose of this Document, mainly include the United States
“Track Record Period”	the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025

DEFINITIONS

“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“U.S.”, “US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

[REDACTED]

“US\$” or “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“Yibenhui”	Hubei Yibenhui Brand Management Co., Ltd. (湖北怡本薈品牌管理有限公司), a limited liability company established in the PRC on July 23, 2024, a subsidiary 25.00% ultimately owned by the Company as of the Latest Practicable Date
“%”	per cent

In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations 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

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“AI”	artificial intelligence
“Asia-Pacific market”	our sales market, consisting of countries and regions in the Asia-Pacific region while excluding China and Hong Kong, SAR for the purpose of this Document
“Americas market”	our sales market, consisting of countries and regions in North America and South America for the propose of this Document
“BRCGS”	a globally recognised, GFSI-benchmarked food-safety and quality standard that verifies a manufacturer’s compliance with rigorous requirements for product safety, integrity, legality and quality across food manufacturing, packaging, storage and distribution operations
“CAGR”	compounded annual growth rate, which is calculated by dividing the amount at the end of the period by the amount of the beginning of that period, raising the result to an exponent of one divided by the number of years in the period, and subtracting one from the subsequent result
“CFU”	colony forming unit, a measure of the number of living microorganisms that can grow and form colonies
“China market”	our sales market, including China and Hong Kong Special Administrative Region for the purpose of this Document
“cGMP”	current good manufacturing practice, quality assurance guideline enforced by the Food and Drug Administration that ensure pharmaceuticals, medical devices, and food are consistently produced, controlled, and safe for consumption. The “current” denotes that manufacturers must use up-to-date technologies and systems, rather than outdated methods
“CIF”	cost, insurance and freight, which represents the charges paid by a seller to cover the costs, insurance, and freight of a buyer’s order while the cargo is in transit; cost, insurance, and freight only applies to goods transported via a waterway, sea, or ocean

GLOSSARY OF TECHNICAL TERMS

“DHA”	docosahexaenoic acid, an omega-3 fatty acid
“EFSA”	European Food Safety Authority
“ERP system”	enterprise resource planning system
“ESG”	environmental, social and corporate governance
“European market”	our sales market, consisting of countries and regions within EU and the United Kingdom of Great Britain and Northern Ireland for the purpose of this Document
“FOB”	free on board, which means that title and risk pass to the buyer including payment of all transportation and insurance cost once delivered on board the ship by the seller; an international commerce term used for sea or inland waterway transportation
“GFA”	gross floor area
“GMP”	good manufacturing practices, quality assurance guideline that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
“GMV”	gross merchandise volume
“GRMA”	a harmonized third-party GMP certification program developed by the Global Retailer and Manufacturer Alliance to unify and elevate quality and safety standards for dietary supplements, cosmetics and OTC drug products
“gummy” or “gummies”	refers to nutritional gummy or gummies for the purpose of this Document
“HACCP”	a systematic, internationally recognized food-safety management framework that identifies, evaluates and controls hazards across the entire production process to ensure the safety and integrity of food and nutrition products
“HCAI”	Halal Certification Authority International, an internationally recognized halal certification body that audits and certifies products and manufacturing facilities to confirm compliance with halal principles and applicable Islamic dietary requirements

GLOSSARY OF TECHNICAL TERMS

“HVAC”	heating, ventilation, and air conditioning, referring to systems that regulate indoor temperature, airflow, and air quality
“IFOS”	International Fish Oil Standards
“IPD”	integrated product development
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organization for Standardization, a non-government organization based in Geneva, Switzerland, for assessing the quality systems of business organizations
“ISO9001”	ISO9001 is an internationally recognized standard for a quality management system. It aims at the effectiveness of the quality management system in meeting customer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing
“US NPA-GMP Certification”	a stringent third-party Good Manufacturing Practice standard issued by the U.S. Natural Products Association, verifying that a manufacturer’s dietary supplement production systems comply with 21 CFR Part 111 and exceed industry best-practice requirements
“NPA/UL”	a dietary supplement Good Manufacturing Practices certification programme originally developed by the Natural Products Association and administered by UL Verification Services Inc., under which manufacturing facilities are independently audited for compliance with quality, safety and regulatory requirements applicable to dietary supplements
“NSF/ANSI 455-2-2024”	a GMP standard for dietary supplements developed by the National Sanitation Foundation and accredited by the American National Standards Institute, which sets out comprehensive requirements for quality management systems, manufacturing processes and regulatory compliance in line with United States food and supplement regulations
“NSF GMP”	a GMP certification administered by the National Sanitation Foundation, under which manufacturing facilities are independently audited for compliance with stringent quality, safety and process-control requirements aligned with applicable United States regulatory standards

GLOSSARY OF TECHNICAL TERMS

“OTC”	over-the-counter
“R&D”	research and development
“RSV”	retail sales value, refers to the total value of products sold to end consumers at retail price
“SKU”	stock keeping unit
“sq.m.”	square meters
“TGA-GMP”	a pharmaceutical-grade Good Manufacturing Practice standard administered by Australia’s Therapeutic Goods Administration, confirming that a manufacturer’s facilities, processes and quality systems meet stringent, internationally recognised requirements applicable to therapeutic-grade products
“US UL GMP”	an independent Good Manufacturing Practice audit and registration administered by UL Verification Services Inc., verifying that a manufacturer’s quality systems, process controls and documentation comply with FDA 21 CFR Part 111 and ensuring consistent, traceable and compliant production of dietary supplements
“WelMax”	WelMax is an integrated R&D framework that delivers scientific validation for product efficacy and supports brand differentiation

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers’ demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, know-how, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate; and
- developments in technology and our ability to successfully keep up with technological advancement.

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

Any failure in our product quality or food safety management processes could materially and adversely affect our reputation, business operations and sales.

We offer a comprehensive portfolio of nutrition products, including softgels, gummies, liquids, tablets, powders and capsules, and a range of innovative dosage forms and serving a diverse customer base across global markets. The nutrition industry is characterized by a wide variety of product categories, rapid product iteration and the use of numerous raw materials, all of which place stringent demands on end-to-end quality and food safety management. Any lapse in quality management at any stage of our operations, including raw material procurement, production, packaging, labelling, storage or transportation could result in food safety risks, which may in turn adversely impact our reputation, business operations and product sales.

Although we have implemented comprehensive quality controls, it is not possible to eliminate all risks entirely. Given the large scale of our operations, the broad range of our solution portfolio and the diverse arrangement of our supply chain, unexpected quality or food safety issues may still arise. If such issues occur, whether due to supplier non-compliance, production errors, labelling, storage or logistics problems, or other causes, they could lead to product recalls, regulatory investigations, legal actions, loss of customer trust and significant harm to our brand and financial results. As a result, our business, operating results and future prospects could be materially and adversely affected.

If we are unable to timely adapt to or comply with constantly changing and evolving industry policies and regulatory requirements, our business and results of operations could be adversely affected.

The nutrition industry is highly regulated. Regulatory authorities around the world have been increasingly focused on food safety, with new laws, regulations and standards being introduced from time to time and regulatory enforcement becoming more stringent. We may not be aware in a timely manner that we have violated certain policies and rules. There can be no assurance that we can adapt to the evolving regulatory environment swiftly enough or in a cost-efficient manner and

RISK FACTORS

failure to do so may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services to comply with the latest laws and regulations, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations. If we fail to promptly adapt to or comply with these changing and evolving policies and regulations, we may face operational risks, including potential fines, penalties, product recalls, suspension or revocation of licenses, increased compliance costs, or other enforcement actions, any of which could materially and adversely affect our business, financial condition and results of operations. In particular, we are subject to various compliance requirements in relation to our business operations, such as the need to update certain license information following changes in entrusted production arrangements, to complete lease registration filings for certain leased properties and to manage risks associated with the use of leased properties that may be subject to third-party rights or judicial proceedings. Failure to comply with such requirements in a timely manner may expose us to regulatory inquiries, administrative penalties or operational disruptions.

Despite our established compliance framework and risk management measures, given the complexity and scale of our operations, the diversity of our solution portfolio and the dynamic regulatory landscape, it is not possible to eliminate all non-compliance risks. As such, our business, financial condition and results of operations could be materially and adversely affected if we are unable to adapt to or comply with evolving industry policies and regulatory requirements.

Intensifying market competition and the emergence of new products and new business models and participants could erode our competitive advantages and negatively impact our financial performance.

In recent years, the competitive landscape of the nutrition product solution industry has become increasingly fierce and complex. The entry of new market participants, the emergence of innovative business models and the evolving demands for new product types have all contributed to heightened competition across the industry. If we are unable to seize the opportunities presented by these changes, or fail to make timely and effective adjustments in business development, supply chain management, product and technology research and development, our existing competitive advantages may be diminished, which could in turn adversely affect our business performance. Our industry is characterized by rapid product innovation and the constant introduction of new business models. Competitors, including both established players with significant resources and new entrants with advanced R&D capabilities, may be able to respond more quickly to market trends, launch superior or more cost-effective products, or adopt disruptive business models.

It is also possible that there will be significant consolidation in our industry, which may enable our competitors to rapidly acquire significant market share. Furthermore, competition may cause competitors to substantially increase their advertising expenses and marketing activities or to engage in unreasonable or predatory pricing behavior, or may even result in activities, whether legal or illegal, designed to undermine our brand and reputation or to influence consumers’ confidence in our products. Any failure to respond to such competition effectively may materially and adversely affect our brand, reputation, results of operations, financial condition and business

RISK FACTORS

prospects. To address these challenges, we have established a mechanism to monitor the market. However, there can be no assurance that these measures will be sufficient to maintain or enhance our competitive advantages in the face of intensifying market competition.

We may not successfully develop, enhance, acquire or adapt to new technologies or effectively introduce and market new products and services, which could adversely affect our growth opportunities and future prospects.

The global nutrition product solution industry is constantly evolving and we must keep pace with new technologies and methodologies to maintain our competitive position. It is critical for us to continue investing significant amounts of human and capital resources to develop or acquire new technologies in order to enhance the scope and quality of our products and services. We may also decide to continue expanding our business by entering into new sectors and new geographic areas, and therefore may need to develop or adapt to new technologies and methodologies. We cannot assure you that we will be able to develop, enhance or adapt to new technologies and methodologies in a timely manner or at all. Any failure to do so could stagnate or even significantly reduce demand for our products and services and harm our business’s growth opportunities and future prospects. Even if we are able to successfully develop new technologies and methodologies or optimize existing technologies after we spend significant time on, and put efforts into, research and development, we cannot guarantee you that we will definitely be able to generate sufficient return on our investment. For the years ended December 31, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses were RMB110.5 million, RMB125.9 million, RMB98.6 million and RMB100.5 million, respectively, representing 3.1%, 3.0%, 3.2% and 3.1% of our revenue for the same periods.

Furthermore, to develop our new technologies and methodologies successfully, we are required to make significant capital expenditures, optimize our product development and manufacturing process to predict and control costs, hire, train and retain qualified personnel, obtain required regulatory clearances or approvals, increase customer awareness and acceptance of our services, provide quality services in a timely manner, price our services competitively, integrate innovations into our existing system and effectively incorporate customer feedback into our business planning. Failure to achieve these developments in a timely or effective manner may, in turn, undermine the market appeal of our products. If the demand for our products with new technologies decreases, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, technology innovations could provide alternatives to our current and potential customers, which could reduce or even eliminate the demand for our services at all. Our failure to develop, introduce or enhance our services’ ability to compete with new technologies in a cost-effective and timely manner could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

If our products and services fail to meet our existing customers’ evolving requirements, or if we fail to meet our existing customers’ audits and inspections, our existing customers may not continue to purchase our products and services.

We believe customer satisfaction is among the most important factors for our business growth, failure to which may impair our reputation and result in decline in customer demand for our products and services. It is critical to understand and take actions to fulfil our existing customers’ expectations and adapt to their evolving requirements. We believe our high-quality products and services are widely recognized by our customers. However, we cannot assure you that we will always be able to deliver products and services that meet our existing customers’ evolving requirements. A failure of our quality control systems in our existing and future operations and facilities could result in problems with facility operations or preparation or provision of products or services. In each case, such problems could arise from a variety of factors, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials or manufacturing operations, operator error and failure to comply with regulations enforced by relevant government. Such problems could affect our development and production process, and may result in project suspension, destruction of products or a halt of facility production altogether.

Furthermore, our existing customers regularly inspect our production facilities, manufacturing processes and practices to ensure that our products and services meet their standards. We endeavour to upgrade and improve our production facilities from time to time. However, we cannot assure you that we will be able to pass all the customer audits and inspections at all times. Failure to pass any of these audits or inspections to our customers’ satisfaction could significantly harm our reputation and result in the termination of ongoing projects by our customers, which could materially and adversely affect our business.

If our existing customers determine that their expenditures on our products and services do not generate expected results, they may allocate a portion or all of their budgets to our competitors and reduce or terminate their business with us. Therefore, we cannot assure you that existing customers that have utilized our services and purchased our products in the past will continue to spend at similar levels, or that they will continue to use our services and purchase our products at all in the future. We may not be able to replace customers which decrease or cease their purchase of our products and services with new customers that spend at similar levels or more on our services. As a result, we may suffer from a loss of customers and our ability to maintain and/or grow our revenues will be materially and adversely affected.

RISK FACTORS

Overseas operations may subject us to a number of economic, political, regulatory, operational and management risks. Our cross-border acquisitions may expose us to integration risks relating to governance, regulatory compliance, financial management, business practices and corporate culture, and the ultimate success of such integration remains uncertain.

We have established a global operational footprint, with production bases and marketing centers in America and Europe, in addition to our facilities in Asia. As of the Latest Practicable Date, we operated production bases in China, Germany and the United States. Our overseas revenue accounted for 48.3%, 60.6%, 60.0% and 61.2% of total revenue in 2023, 2024 and for the nine months ended September 30, 2024 and 2025. These overseas operations encompass production, sales, marketing and product management, enabling us to serve a diverse range of customers globally. Operating in multiple jurisdictions exposes us to a wide range of economic, political, regulatory, operational and management risks inherent in cross-border business activities.

We face risks and challenges in serving overseas customers, future overseas operations and competing in international markets, including, but not limited to:

- our ability to effectively manage our employees in different business environments;
- our ability to develop and maintain relationships with customers, suppliers and other local business;
- compliance with product safety requirements and standards that are different among the jurisdictions where we operate;
- variations and changes in laws applicable to our operations in different jurisdictions, including enforceability of intellectual property and contract rights;
- a rising trade protectionism, a decline in world trade or a downturn in the global economy;
- customs regulations and the import and export of goods and raw materials;
- the ability to provide sufficient levels of technical support in different locations;
- our ability to effectively communicate internally and with our customers across different cultures;
- our ability to obtain and renew licenses that may be needed in various jurisdictions to support operations;
- fluctuations in currency exchange rates;
- changes in local tax laws, tax rates in certain countries that may exceed those of the PRC and lower earnings due to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;
- seasonal reductions in business activity;

RISK FACTORS

- local laws related to, and relationships with, local labor unions and works councils;
- general economic and political conditions;
- our ability to successfully expand into new geographic markets or attract and grow our customer base, and to manage the associated regulatory, operational and cost challenges in new jurisdictions; and
- our ability to obtain and maintain the necessary government approvals for outbound investment as required under applicable PRC laws, and such compliance in the past or future may be subject to investigation by PRC authorities;

If any of these risks later materializes and we have failed to anticipate and effectively manage them, we may suffer a material adverse effect on our business and results of operations.

In addition, we have pursued and may continue to pursue cross-border acquisitions as part of our growth strategy. For example, due to differences in governance structures, regulatory compliance requirements, financial management systems, business practices and corporate culture, successful integration of Best Formulations into our management system would likely require significant management attention and resources. We face integration risks, potential uncertainties or even conflicts when aligning operational processes, harmonizing internal controls and retaining key personnel. We cannot assure you that all integration efforts will be successful or completed within the expected timeframe. Failure to effectively integrate Best Formulations or other businesses we may acquire in the future could result in operational inefficiencies, increased costs, reputational risks or failure to realize anticipated synergies. Any such outcome could materially and adversely affect our business, financial condition and results of operations.

Any failure to comply with PRC regulations regarding the mandatory social insurance and housing provident fund may subject us to fines and other legal or administrative sanctions.

Pursuant to the relevant PRC laws and regulations, employers in the PRC are required to make social insurance contributions and housing provident fund contributions for their employees, and entities failing to make contributions may be ordered to settle the outstanding contributions within a prescribed time limit and subject to penalties or fines.

As of the Latest Practicable Date, we have made social insurance and housing provident fund contributions for our employees in accordance with their actual wages. During the Track Record Period and up to the Latest Practicable Date, we were not in strict compliance with the full contribution requirements in relation to some of our PRC employees. During the Track Record Period and up to the Latest Practicable Date: (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we were not subject to any administrative penalties with respect to the payment of social insurance and housing provident funds, and we have obtained certain confirmation issued by the relevant authorities confirming that no administrative penalty was imposed on us in this regard; and (iii) we maintained close communication with

RISK FACTORS

relevant authorities on a regular basis so as to understand their requirements and the interpretation of relevant rules and regulations in relation to social insurance and housing provident funds, and would make contributions with respect to the abovementioned matters in accordance with their specific guidance in a timely manner. Based on the compliance certificates issued by relevant authorities, our PRC legal advisor is of the view that the risk we would be required to pay all the historical shortfalls, and be subject to material administrative penalties by the competent authorities regarding our contribution to the social insurance and housing provident funds during the Track Record Period is remote, provided that there are no material changes in the current regulatory policies as well as the implementation and supervision requirements of local governments and no employee complaints, litigations or arbitrations occur.

However, we cannot assure you that we will not be subject to penalties or fines imposed by the relevant PRC governmental authorities as a result of such non-compliance incidents or be ordered to rectify such non-compliance incidents. Any such penalties, fines, orders or complaints may harm our corporate image and may have an adverse effect on our financial condition and results of operations. If the relevant regulatory authorities order us to pay the shortfall of social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or make such rectification measures promptly as soon as practicable.

In addition to our direct employees, we also engage labor outsourcing service providers for certain operational roles. If outsourced personnel are deemed by the competent authorities to have formed a de facto employment relationship with us, we may be required to enter into labor contracts with such personnel and undertake employer obligations, including paying wages and making social insurance and housing provident fund contributions. While we seek contractual assurances from our outsourcing service providers regarding compliance with applicable requirements, we cannot assure you that all such obligations will be fulfilled at all times, or that we will not be required by the authorities to bear additional responsibilities or liabilities.

Our success depends on our reputation, market recognition of our brand and the overall reputation of the nutrition industry. Any negative publicity concerning our brand, reputation, or the industry as a whole, regardless of whether it is without merit or immaterial, could adversely affect our business and financial performance.

Our business performance depends on the awareness, recognition, popularity and reputation of our brand. We have successfully built our brand, which we believe is critical to our continued success and growth. To sustain and expand our customer base, it is crucial to maintain and enhance the awareness, recognition and reputation of our brand. This will incentivize ongoing customer purchases and, in turn, will facilitate our business growth and consolidate our market position.

However, our brand could be harmed by ineffective customer service, customer complaints and product liability. Negative publicity or media reports, including defamation, regardless of their merit or significance, could materially and adversely affect customers’ recognition of, and trust in our products and services. Claims regarding product, environmental impact and the sustainability of our operations, even if false or unfounded, could tarnish our brand image and might cause

RISK FACTORS

customers to choose alternative products or services. Furthermore, our brand image or customers’ perceptions of product quality and food safety could be adversely affected by litigation, unfavorable reports by third parties (such as customer organizations) in the media, studies in general and regulatory or other governmental inquiries, and proposed or new legislation on related products. Negative postings or comments on social media or networking websites about our Company or our brand, even if inaccurate or malicious, could generate negative publicity that might damage our reputation.

In addition, as a participant in the nutrition industry, our reputation and business may also be affected by adverse events or negative publicity involving other companies in the same industry, even if such events are unrelated to us. For example, incidents involving product safety, regulatory violations or unethical practices by other nutrition product companies may lead to increased public scrutiny, loss of consumer confidence or stricter regulatory oversight for the entire industry, including our Company. As a result, we may experience a decline in customer trust or demand, regardless of our own compliance and product quality.

We rely on a stable and sufficient supply of quality raw materials from our suppliers, and any significant price increases or supply disruptions in raw materials could adversely affect our profit margins, production schedules and overall business performance

We have established a highly differentiated global supply chain network, leveraging both centralized procurement and deep local integration among jurisdictions where we operate. Our ability to source a broad range of quality raw materials from a robust network of qualified suppliers worldwide is fundamental to our operations and underpins our capacity to meet diverse customer and production needs. In 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, the cost of raw materials amounted to RMB1,750.1 million, RMB1,976.9 million, RMB1,440.1 million and RMB1,515.1 million, respectively, representing 69.5%, 67.7%, 67.9% and 67.2% of our total cost of sales in the same periods, respectively. The cost of raw materials represents a significant portion of our total cost of sales. As such, any substantial increase in raw material prices or instability in supply could have a direct and material impact on our profit margins, production schedules and ability to fulfill customer orders.

The prices and availability of key raw materials are subject to fluctuations and disruptions caused by factors beyond our control, such as changes in market supply and demand, weather and climate conditions, regulatory changes and geopolitical events. If the market price of certain raw materials rises sharply or if we experience supply shortages, we may experience increased production costs, delays in fulfilling customer orders, or even interruptions in our manufacturing operations. Such events could materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

We face operational, capacity and safety risks related to our production facilities, and any disruption of our production facilities could restrict our ordinary business operations and may materially and adversely affect our results of operations and financial condition.

As of the Latest Practicable Date, we operate a number of production bases in China, the United States and Germany, and another production base under construction in Thailand. We rely on advanced machinery, equipment and automated systems for the manufacturing of our products. Any mechanical failures or breakdowns could disrupt our production and cause us to incur additional costs to repair or replace the affected systems. There can be no assurance that we will not experience problems with our machinery and equipment or that we will be able to address such problems or obtain replacements in a timely manner. Problems with key machinery and equipment in one or more of our production facilities may affect our ability to produce our products or cause us to incur significant expenses to repair or replace the affected machines or equipment. Any of these factors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, our production and operations depend on a continuous and sufficient supply of utilities, such as electricity, water and gas. If there are any shortages of electricity, water, gas or other utilities in regions where our production facilities are located, the local government may require our production facilities to be shut down. Any disruption in the supply of electricity, water or gas at our production facilities would affect our production and could cause deterioration or loss of our products. This could adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business and operations. In addition, explosions, fires, earthquakes, natural disasters or extreme weather including droughts, floods, excessive cold or heat, typhoons or other storms could cause power outages, gas or water shortages, damage our production and processing facilities and warehouses, or damage our transportation channels, any of which could significantly affect our operations. Our facilities are also exposed to risks from regulatory changes, loss of licenses, certifications and permits, and changes in governmental planning for the land underlying the facilities, many of which are beyond our control.

Any substantial interruption in the development and manufacturing operations at our production facilities whether due to mechanical failure, utility shortages, natural disasters, regulatory actions or safety incidents could result in our inability to satisfy customer demands or fulfill contractual obligations, which could materially and adversely affect our business, results of operations and financial condition.

The continuing and collaborative efforts of our senior management and key employees are crucial to our success, and our business could be severely disrupted if we lose their services.

The continued service and active engagement of our senior management and key employees are critical to the execution of our business strategies and the achievement of our long-term objectives. In particular, we rely heavily on the leadership, vision and industry expertise of our senior management team, including our executive directors, general manager, deputy general

RISK FACTORS

managers and other key personnel, for the management, supervision and strategic planning of our operations. The collective experience and technical know-how of our senior management have been instrumental in building our institutional knowledge base and driving our growth.

The loss of any member of our senior management or other key employees, whether due to resignation, retirement, illness or other reasons, could have a material adverse effect on our business, financial condition and results of operations. The departure of such individuals may result in the loss of critical business relationships, technical expertise and institutional memory, and could disrupt our ongoing projects and strategic initiatives. Furthermore, competition for experienced management and technical talent in our industry is intense, and we may not be able to identify or attract suitable replacements in a timely manner, or at all. Even if we are able to recruit new personnel, we may incur significant costs and require substantial time to recruit, onboard and train such individuals to reach the level of proficiency and familiarity with our business required to perform effectively.

Any failure to retain or replace our senior management or key employees could result in a loss of business opportunities, delays in the execution of our business plans and a decline in employee morale, all of which could severely disrupt our business operations and adversely affect our prospects.

Our business success and future growth heavily rely on the expertise and continuity of our core research and technical personnel. Any inability to attract, retain or motivate key talent could significantly disrupt our product development efforts and negatively impact our long-term prospects.

Our business success and future growth heavily rely on the expertise, innovation and continuity of our core research and technical personnel. The knowledge, experience and dedication of these individuals are critical to our ability to deliver high-quality, timely services to our customers, drive product innovation and keep pace with rapidly evolving technologies and industry standards. The loss of any key research or technical personnel, or any inability to attract, retain or motivate such talent, could significantly disrupt our product development pipeline, delay the launch of new products and impair our ability to respond to market trends and customer needs. Competition for highly qualified research and technical professionals is intense, particularly among pharmaceutical and nutriology companies, nutrition product providers and research and academic institutions. Our competitors may offer more attractive compensation packages, career advancement opportunities or research environments, making it challenging for us to recruit and retain the talent necessary to sustain our growth and maintain our competitive edge. In order to attract and retain such personnel, we may be required to offer higher compensation, enhanced benefits or other incentives, which could increase our operating costs and adversely affect our financial condition and results of operations.

Furthermore, the departure of key research or technical personnel could result in the loss of valuable intellectual property, proprietary know-how and established customer relationships, as well as a decline in team morale and productivity. Any significant turnover or shortage of skilled personnel could disrupt ongoing projects, hinder our ability to meet customer commitments and

RISK FACTORS

negatively impact our reputation in the industry. If we are unable to attract, motivate or retain qualified research and technical personnel, our ability to innovate, execute our business strategies and achieve our long-term growth objectives could be materially and adversely affected.

We are subject to risks relating to Third-Party Payment Arrangements.

During the Track Record Period, certain customers (individually or collectively, the “Relevant Customers”) payments to us through accounts held by parties other than the contractual counterparties under the corresponding sales and purchase agreements (the “**Third-Party Payments Arrangements**”). To the best of our knowledge, the designated third-party payors primarily consisted of affiliated entities of the Relevant Customers. In 2023, 2024 and the nine months ended September 30, 2025, the number of the Relevant Customers was two, three and three, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB3.1 million, RMB2.7 million and RMB2.0 million, respectively, which accounted for 0.09%, 0.06% and 0.06% of our total revenue, respectively, in the same years/periods. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period. As of the Latest Practicable Date, we have discontinued all Third-Party Payment Arrangements and had ceased to accept payments from third-party payors. We have not experienced, to the best of our knowledge, any material disputes, refund requests, regulatory investigations, penalties or claims in connection with Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. All such arrangements were initiated by the Relevant Customers for their own convenience, and we did not provide any discount, commission, rebate or other benefit to facilitate or incentivize such arrangements. As of the Latest Practicable Date, we have fully terminated all Third-Party Payment Arrangements and implemented enhanced internal control measures to prevent recurrence.

Notwithstanding the foregoing, we are subject to certain risks relating to Third-Party Payment Arrangements, including, among others:

- potential claims from third-party payors or their liquidators for the return of funds;
- potential money laundering risks, as our knowledge regarding the source and purpose of funds from third-party payors is limited; and
- exposure to civil or criminal claims or regulatory actions in the event of any alleged non-compliance with applicable laws and regulations relating to such arrangements, which could require us to allocate significant financial and managerial resources to defend ourselves and, in certain circumstances, return payments received for products sold.

Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

We may not be successful in protecting the intellectual property owned by us or our customers or prevent third-party infringements.

Our success depends on the protection of intellectual property owned by us or our customers or licensed from third parties. We primarily rely on our own know-how, trade secrets, patents and other intellectual property for our nutrition products and services. In addition, due to the nature of our services, we typically have access to a significant amount of know-how, intellectual property and even trade secrets owned by our customers. Ownership of intellectual property developed or conceived during the performance of projects between us and our customers may be retained by either party, depending on the specific contractual arrangements. In some cases, we may own all intellectual property rights relating to any process, analytical method development-related technical inventions, trade secrets, patents or improvements and in other cases, such rights may be retained by our customers. We take significant efforts to protect our customers’ proprietary and confidential information, including requiring our employees and relevant other third parties to enter into confidentiality agreements prohibiting them from disclosing our customers’ proprietary information or technology. However, these agreements may not provide meaningful protection for our customers’ trade secrets and proprietary know-how as relevant parties may breach these agreements, which is out of our control. Any failure to protect the intellectual property owned by our customers or licensed from third parties may subject us to liability for breach of contract, as well as significantly damage our reputation, which is fundamental to our business.

Furthermore, unauthorized third parties may obtain access to our trade secrets, patents or know-how and others may independently develop similar or equivalent trade secrets, patents or know-how. Although we strive to diligently protect our intellectual property rights, we cannot assure you that all of our efforts to protect and defend our intellectual property will be successful, and we may encounter challenges in securing and enforcing our intellectual property rights. If our proprietary information is divulged to third parties, including our competitors, or our intellectual property rights are otherwise misappropriated or infringed, our competitive position could be harmed. Any failure to protect our own intellectual property may severely disrupt our business operations and reduce or eliminate any competitive advantage we have developed. Failure to protect the intellectual property owned by us or our customers or licensed from third parties could materially harm our business, financial condition, results of operations and prospects, and any remediation may significantly divert management’s attention and resources from other activities.

Our products and services and our customers’ products may infringe on or misappropriate the intellectual property rights of third parties.

Any claims that our products infringe third parties’ rights, including claims arising from our contracts with our customers, regardless of their merit or resolution, could be costly and may divert the efforts and attention of our management and technical personnel. We may not prevail in such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If such proceedings result in an adverse outcome, we could be required, among other things, to pay substantial damages, discontinue the use of the infringing technology, expend significant resources to develop non-infringing technology, license such technology from the third

RISK FACTORS

party claiming infringement (which license may not be available on commercially reasonable terms or at all) and/or cease the infringing processes or offerings, any of which could have a material adverse effect on our business.

In addition, our customers’ products may be subject to intellectual property infringement claims and such claims could materially affect our business if their products cease to be manufactured and they have to discontinue the use of the infringing technology which we may provide. Any of the foregoing could affect our ability to compete or could have a material adverse impact on our reputation, business, financial condition and results of operations.

We are subject to product liabilities that could have a material adverse effect on our results of operations and financial condition.

We are a leading nutrition product solution provider, primarily serving renowned brand owners and retailers in the nutrition product solution sector. At the heart of our business model is an integrated approach that combines products and services to precisely address the diverse and evolving needs of our customers and consumers worldwide. In providing our services, we face a range of product liabilities. We typically undertake to defend, indemnify and hold our customers harmless from and against any liabilities and damages (including reasonable attorneys’ fees) resulting from any third-party claims, demands, suits or proceedings to the extent arising out of or relating to our negligence, willful misconduct, unlawful activities or material breach of agreement. Although we mostly do not commercially market or sell our products to end users, if any of our nutrition products harm people due to our negligence, willful misconduct, unlawful activities or material breach, we may be subject to litigation and may be required to pay damages. Damages awarded in such a liability action could be substantial and could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may require significant resources and the time and attention of our management. Although we currently maintain product liability insurance, our insurance coverage may be inadequate or may become unavailable on terms acceptable to us.

We devote considerable resources to research and development activities. However, there is no guarantee that these investments will yield successful outcomes or generate the anticipated returns, which could adversely affect our business performance and growth potential.

Our future success, in part, depends on our ability to continue to upgrade our existing products and to develop and launch new products, which requires significant human and capital resources. Our research and development efforts involve significant time and financial investment and are inherently uncertain. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB110.5 million, RMB125.9 million, RMB98.6 million and RMB100.5 million, respectively. We intend to continue to strengthen our research and development capabilities, which can be capital intensive and time-consuming. If we are unable to develop, manufacture and market new products successfully in a timely manner, our business and results of operations may be adversely affected. While we may expect to collaborate with third parties such as reputable research or education institutions, we cannot assure you that

RISK FACTORS

such efforts will be successful or that the new products we introduce will achieve widespread market acceptance. If we fail to generate ideal results from our research and development, there may be a waste of capital and human resources, which may adversely affect our business, results of operations and financial condition.

Increased labor costs and deterioration of labor relations could slow our growth and affect our profitability.

Our continued growth and profitability depend significantly on our ability to attract, train, retain and motivate a sufficient number of qualified employees. In recent years, the average labor cost in our industry has risen steadily, driven by heightened competition for skilled personnel and general wage inflation. We cannot assure you that labor costs will not continue to rise in the future. Any significant increase in labor costs could adversely affect our operating margins and overall financial performance.

In addition, harmonious labor relations are critical to the stability of our operations. Any deterioration in labor relations, including disputes or disagreements with employees, could result in work stoppages, strikes or other disruptions to our production and business activities. Such events may lead to decreased productivity, increased operational costs and reputational damage, all of which could materially and adversely affect our business, results of operations and prospects.

Furthermore, as we expand our operations, we may face challenges in recruiting and retaining sufficient qualified employees, particularly in regions with tight labor markets or rising wage expectations. Failure to maintain stable labor relations or to effectively manage increases in labor costs could hinder our ability to achieve our strategic objectives and may have a material adverse effect on our growth and profitability.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

We may need additional capital in order to expand our capacity, develop new products and services, construct new production facilities and remain competitive. As of December 31, 2023, 2024 and September 30, 2025, our total borrowings amounted to RMB104.1 million, RMB227.0 million and RMB300.0 million, respectively. We expect to meet our capital commitments by cash generated from our business operations and the net [REDACTED] from the [REDACTED]. However, financing may be limited in amounts or on terms acceptable to us. Our ability to obtain additional capital is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities within the industry, global political conditions, economic and other conditions globally. The sale of additional equity or equity-linked securities could lead to dilution of the shares held by our shareholders.

RISK FACTORS

Our business operation relies on independent third party service providers.

Our business operations rely on independent third party service providers for logistics, warehousing, transportation and other essential services. These service providers play a crucial role in ensuring timely delivery of products, maintaining product quality during transit and storage, and supporting our ability to meet customer demands and uphold our reputation. If any of our service providers fail to perform their obligations in accordance with agreed arrangements, or do not meet our required standards for quality and timeliness, this could result in customer dissatisfaction, delayed or cancelled orders, or damage to our products. In such cases, we may be held liable for losses suffered by customers, including costs associated with delays, damaged goods or missed business opportunities. These liabilities could have a significant financial impact, affecting our profitability and overall financial performance.

Identifying and establishing relationships with new service providers that meet our standards may take time and resources, potentially causing operational disruptions and negatively impacting our business. Furthermore, as we expand our operations and enter new markets, our reliance on third party service providers may increase, exposing us to additional risks related to service quality, regulatory compliance and supply chain management. Any failure by our independent third party service providers to fulfill their obligations could materially and adversely affect our business, financial condition, results of operations and prospects.

We have limited insurance coverage and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain a range of insurance policies, including overseas investment insurance, export credit insurance, domestic credit insurance, directors’ and officers’ liability insurance, property insurance, public liability insurance, product liability insurance, cargo transportation insurance, vehicle liability insurance, overseas travel insurance for employees and group accident insurance for employees. However, our insurance coverage may be insufficient to cover all claims or losses that may arise in connection with our business operations. In particular, we may face risks relating to property damage, product liability, employee injuries or third party claims that exceed the limits of our insurance policies or are not covered by our insurance. For example, we may be exposed to product liability risks if the products we develop or manufacture are subject to product liability claims. Our liability under service agreements is not always capped, and in certain cases, product liability caps may not apply to claims relating to personal injuries or death.

We do not maintain key-man life insurance for any members of our senior management or other key personnel, nor do we maintain business disruption insurance. Any liability or damage to, or caused by, our facilities, products or personnel beyond our insurance coverage may result in us incurring substantial costs and a diversion of management resources, which could materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

We sold nutrition products to distributors, over whom we had limited control.

During the Track Record Period, a small portion of our revenue was derived from sales of nutrition products to distributors, who subsequently resold our products to downstream customers. Sales to distributors represented an immaterial portion of our total revenue, approximately 0.6% and 0.5% in 2023 and 2024, and less than 0.1% in the nine months ended September 30, 2025, respectively. As of September 30, 2025, we maintained business relationship with one distributor for product sales.

Our historical relationships with distributors were characterized as ordinary seller and buyer relationships, and did not grant us control over their operations, inventories or downstream sales. As a result, we were exposed to certain risks, including, among others:

- reductions, delays or cancellations of orders from one or more distributors;
- breaches of agreements or non-compliance by distributors, which could negatively affect our reputation or relationships with other customers; and
- inability to detect or prevent improper sales practices, channel stuffing or other non-compliant conduct by distributors or wholesalers.

Although sales to distributors were immaterial to our overall revenue and have been declining, there can be no assurance that, if we maintain or expand such arrangements in the future, we will not be subject to similar risks.

Any failure of our information systems, such as from data corruption, cyber-based attacks or network security breaches, could have a material adverse effect on our business and results of operations.

We rely on a variety of information technology and automated operating systems to manage or support our operations, including protecting our customers’ intellectual property. The proper functioning of these systems is critical to the efficient operation and management of our business. In addition, these systems may require modifications or upgrades as a result of technological changes or growth in our business. These changes may be costly and disruptive to our operations and could impose substantial demands on management time. Our systems and those of third-party providers may be vulnerable to damage or disruption caused by circumstances beyond our control, such as catastrophic events, power outages, natural disasters, computer system or network failures, viruses or malware, physical or electronic break-ins, unauthorized access, cyber-attacks and thefts. We cannot assure you that the measures and steps we take to secure our systems and electronic information are adequate. Any significant disruption to our systems could result in unauthorized disclosure of confidential information and adversely affect our business and operating results.

RISK FACTORS

Our rights to use some of our properties could be challenged by property owners or other third parties due to usage defects, which may adversely affect our business operations and financial condition.

Our rights to use some of our properties could be challenged by property owners or other third parties due to usage defects, which may adversely affect our business operations and financial condition. As of the Latest Practicable Date, one of our leased properties with an aggregate gross floor area of approximately 3,655.77 sq.m., which was primarily used as warehouse, logistics facilities and packaging facilities, had been mortgaged as collateral for the landlord’s debts before we entered into the lease agreement, thereby resulting in a defect in our leasehold rights. As advised by our PRC Legal Advisor, the mortgage of the said lease properties in advance of our lease will not render the lease agreements invalid, but we are subject to the risk of being unable to continue leasing such property if the new landlord objects to our tenancy. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to this defective leased property had never been challenged by any third parties.

As of the Latest Practicable Date, the lease agreement with respect to five leased property was not registered with the appropriate government authorities in the PRC. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements may lead to a fine ranging from RMB1,000 to RMB10,000 imposed by the relevant PRC authorities for each of these lease agreements if we fail to complete the registration of lease agreements within the stipulated period.

We may not effectively execute our growth strategies or expansion plans which could materially and adversely affect our business and future prospects.

We are a leading nutrition product solution provider, primarily serving renowned brand owners and major omnichannel retailers in the nutrition product solution sector. We plan to continually and actively seek strategic opportunities for acquisitions of or investments in businesses, products, technologies or production capacity that we believe would benefit our product development, R&D capabilities, technologies and distribution network. Our ability to grow through acquisitions and investments depends upon our ability to identify and integrate suitable targets and to obtain necessary financing on reasonable terms. In particular, acquisitions may involve significant risks and uncertainties, including but not limited to: (i) difficulties in integrating acquired companies, personnel, equipment, facilities or products, as applicable, into our business to realize the benefits and synergies of acquisitions and investments; (ii) diversion of our management’s time and attention from other business concerns; (iii) higher costs of integration than anticipated; and/or (iv) difficulties in retaining key employees of acquired businesses. We may not be able to successfully execute our expansion and acquisition plans and complete the relevant transactions as expected. Any failure or delay in implementing any part of our expansion plan may result in a lack of production capacity to support our growth, market expansion and the commercialization of our customers’ products, which in turn could adversely affect our business, results of operations and financial condition. Moreover, our plans to increase our production capacity require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the realization of expected return on our expenditures. Furthermore, during the Track Record Period, we have entered

RISK FACTORS

into financing arrangements under which certain equipment has been pledged as collateral to lenders, and any enforcement of such security interests or restrictions associated with these arrangements may adversely affect our ability to manage or expand our production capacity.

Our brands and products may be subject to counterfeiting, imitation and/or infringement by third parties, and we may not be able to prevent the existence of counterfeit products on the market.

We rely on intellectual property laws in the jurisdictions where we operate to protect our brands and trademarks. During the Track Record Period, there were instances where external parties marketed products that falsely identified us as the manufacturer, even though we were not actually involved in the manufacturing of those products. Such misrepresentation may mislead consumers and create confusion regarding the origin and quality of the products. We have taken measures to prevent such instances, counterfeit products and infringement of our intellectual property rights. However, we cannot assure you that such counterfeiting, forgery or imitation of our products, trademarks or brands in the market will not occur in the future or, if it does occur, that we will be able to detect or address the problem effectively. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. Any occurrence of counterfeiting or imitation of our products or other breaches of our intellectual property rights could adversely affect our reputation and brand name and lead to the loss of consumers’ confidence in our brand.

We strive to combat counterfeit goods by monitoring the market and reporting to the relevant regulatory authorities once we detect any infringements or misappropriations regarding our products. However, these efforts may not fully protect our brand or intellectual property, which could harm our reputation and consumer confidence. Litigation to enforce our rights can be costly and divert management resources. Moreover, if consumers cannot distinguish counterfeit products from ours, concerns over quality may impair our brand value, adversely affecting our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective.

We have established risk management and internal control systems consisting of organizational frameworks, policies, procedures and risk management methods that we believe are appropriate for our business operations. These systems are designed to identify, evaluate and mitigate risks across our global operations, and we are committed to continuously improving and strengthening them in response to evolving business needs and regulatory requirements. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including the identification and evaluation of risks, the effectiveness of internal control variables and the communication of information, there can be no assurance that such systems will be able to identify, mitigate and manage all risks to which we are exposed. Unforeseen risks or deficiencies in our systems may arise, particularly as our business expands in scale and complexity, or as regulatory environments change.

Our risk management and internal controls also depend on the proficiency, integrity and diligence of our employees in implementing these systems. Human error, oversight or intentional misconduct may occur, and such incidents may not be detected or prevented in a timely manner.

RISK FACTORS

Any failure or inadequacy in the implementation of our risk management and internal control systems could result in operational disruptions, financial losses, regulatory non-compliance or reputational damage, any of which could materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters, wars or outbreaks of contagious disease may materially and adversely affect our business, financial condition and operating results.

Our business operations for nutrition products are subject to risks arising from natural and man-made disasters, force majeure events, wars and outbreaks of contagious diseases, all of which are beyond our control. The occurrence or recurrence of any such event could disrupt the economy, infrastructure and daily life in affected areas, and may result in significant interruptions to our production, supply chain and distribution activities. Such disruptions could adversely affect our business, financial condition, operating results and prospects. If any of our employees are suspected of contracting a contagious disease, we may be required to temporarily close our offices or production facilities for disinfection or other remedial measures. This could delay or disrupt our production schedule and result in shortages or price surges of raw materials, especially if our suppliers’ operations are also affected by such outbreaks.

Moreover, natural disasters, including earthquakes, floods, landslides and droughts could cause significant economic losses, damage to our production facilities, warehouses and transportation infrastructure, as well as blackouts and communication disruptions. Such events may not only directly impact our ability to manufacture and deliver nutrition products, but may also reduce demand in affected regions and restrict overall economic activity. Any future natural disasters, public health emergencies or security hazards could therefore materially and adversely affect or disrupt our operations, financial performance and growth prospects.

To address any ESG requirements, we may incur additional costs, which may materially and adversely affect our financial performance.

With the increasing focus on ESG matters, we may incur additional costs in meeting ESG targets, supplier selection and management. Increasing management resources and administrative expenses may be involved in setting up and meeting our ESG targets as well as monitoring and complying with the relevant laws and regulations. ESG-related laws and regulatory requirements typically encompass environmental protection, employee health and safety, labor rights and other areas. If we fail to comply with health and safety laws and regulations, or fail to properly manage health and safety risks in our production and operations, we may be subject to significant fines, economic compensation, reputational damage and other penalties, any of which could materially and adversely affect our business, financial condition and results of operations.

Furthermore, failure to comply with the laws and regulations on ESG matters, and failure to achieve or adapt to certain or all ESG targets and/or plans, may subject us to penalties and/or adversely affect our business, financial condition and results of operations. Investor advocacy groups, certain institutional investors, investment funds and other influential investors have also been increasingly focused on ESG practices and in recent years have placed increasing importance

RISK FACTORS

on the implications and social cost of their investments. Increased focus from investors and relevant regulatory authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of the ESG practices of the target companies. Any ESG concern or issue could also increase our regulatory compliance costs.

If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and relevant regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG-related issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition and the price of our Shares could be materially and adversely affected. Failure to achieve or potential modification or discontinuation of certain or all such ESG targets and/or plans may also adversely affect our corporate image, which could in turn result in adverse impacts on our business, financial condition and results of operations.

Fluctuations in foreign exchange rates may adversely impact our operating profits, and our hedging strategies may not fully mitigate such risks.

A significant portion of our export business is settled in foreign currencies. As a result, fluctuations in foreign exchange rates may materially impact our operating profits. Adverse movements in exchange rates could increase our costs, reduce our margins and negatively affect the profitability of our core business. We have adopted various measures to manage foreign exchange risk, including entering into agreements to lock in exchange rates, adjusting our foreign exchange exposure, and implementing flexible pricing mechanisms. However, there can be no assurance that these hedging strategies will be sufficient to fully mitigate the impact of unfavourable exchange rate fluctuations. Any significant volatility in foreign exchange rates could result in substantial financial losses and materially and adversely affect our business, financial condition and results of operations.

Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

We have experienced growth in revenue during the Track Record Period. Nevertheless, our historical results may not be indicative of our future performance, as our revenue, expenses and operating results may vary from year to year in response to a variety of factors beyond our control, such as general economic and social conditions, intensified market competition, changing consumer preferences and demands and our expansion costs, as well as our ability to control our costs and our ability to enhance operational efficiency. Investors should not rely on our historical results to predict the future performance of our Group and our Shares.

We may not be able to effectively manage our inventory levels.

Our inventories include raw materials and consumables, work-in-process and finished goods. We manage inventory levels by monitoring the status of ongoing projects and incoming new projects, placing orders with suppliers when inventory is expected to decline below targeted levels and procuring raw materials and equipment in accordance with our business expansion plans or to

RISK FACTORS

replace obsolete equipment as needed. We also utilize digital warehouse management systems to improve inventory management. Despite these measures, maintaining adequate inventory levels is subject to numerous uncertainties, including project progress, our success in securing new projects and other factors beyond our control. As of December 31, 2023, December 31, 2024 and September 30, 2025, we recorded inventories of RMB481.1 million, RMB481.7 million, and RMB505.8 million, respectively.

If we fail to manage our inventory levels effectively, we may be exposed to heightened risks of inventory obsolescence, a decline in the value of inventories and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, limiting our ability to deploy such capital for other purposes. Any of the foregoing could materially and adversely affect our results of operations and financial condition.

We are subject to risks associated with fair value changes in financial assets measured at fair value through profit or loss.

We invest in financial assets measured at fair value through profit or loss (“FVTPL”), including structured deposits and derivative financial instruments. As of December 31, 2023, December 31, 2024 and September 30, 2025, the carrying amounts of these assets were RMB200.7 million, RMB115.6 million and RMB52.5 million, respectively. Changes in the fair value of these assets are recognized directly in our profit or loss, which may cause volatility in our reported earnings. Factors beyond our control, such as changes in market interest rates, economic conditions and capital market stability, may adversely affect the fair value of these assets. Any significant decrease in the fair value of our financial assets at FVTPL could materially and adversely affect our results of operations and financial condition.

We may be exposed to credit risks related to our trade and other receivables.

We extend credit to customers in the ordinary course of business, resulting in trade and other receivables. As of December 31, 2023, December 31, 2024 and September 30, 2025, our current trade, bills and other receivables amounted to RMB654.6 million, RMB748.6 million and RMB882.0 million, respectively. While we conduct credit assessments and regularly review the recoverability of overdue balances, we cannot guarantee that all customers will make timely payments. Delays or defaults in payment may negatively impact our liquidity, working capital and financial performance. If a significant portion of our receivables becomes uncollectible, we may be required to make provisions for impairment, which could adversely affect our results of operations and financial condition.

The discontinuation of any government grants or preferential tax treatment currently available to us could adversely affect our financial position, results of operations, cash flows and prospects.

During the Track Record Period, we have benefited from government grants. Our eligibility to receive these financial incentives requires that we continue to meet the specified qualifications. Subject to applicable PRC laws and regulations, tax incentive schemes of the PRC are determined at the discretion of the central government or relevant local government authorities, which could

RISK FACTORS

determine to eliminate or reduce the financial incentives, generally with prospective effect. There can be no assurance that we will be able to obtain similar financial incentives on a recurring basis, or at all, in the future. Since our receipt of the financial incentives may be subject to periodic time lags and varied practices across different governmental departments, as long as we continue to receive these financial incentives, our net income in a particular period may be higher or lower relative to other periods depending on the potential changes in these financial incentives in addition to any business or operational factors that we may otherwise experience. The discontinuation of financial incentives currently available to us could have a material adverse effect on our financial condition, results of operations, cash flows and prospects.

We have granted, and may continue to grant, restricted share units or other types of awards under our share incentive plans, which may result in increased share-based payment compensation. Those share-based awards may also adversely impact our results of operations and be dilutive to your shareholding.

We have granted and may continue granting restricted shares under our share incentive plans to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in our growth and performance. We incurred share-based payment compensation expenses of RMB1.7 million, RMB5.3 million, RMB9.2 million and RMB9.8 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share-based payment compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition and dilute your shareholding.

We may be adversely affected by impairment of goodwill arising from our acquisitions, if the future performance of these businesses does not meet expectations, which could materially and adversely impact our operating results.

We have recognized goodwill and other intangible assets in connection with past acquisitions and investments. As of December 31, 2023, 2024 and September 30, 2025, our goodwill amounted to RMB420.7 million, RMB417.1 million and RMB432.0 million, respectively. Goodwill and intangible assets are subject to annual impairment testing or more frequent review if there are indications of impairment. The assessment of recoverable amounts involves significant management judgment and assumptions regarding future cash flows, growth rates and discount rates. If actual performance falls short of expectations or if adverse market conditions arise, we may be required to recognize impairment losses, which could materially and adversely affect our results of operations and financial condition.

Our acquisitions of Sirio Germany in December 2016 and Best Formulations in the United States in January 2023 were both business combinations under different control. In accordance with the IFRS, any excess of the purchase cost over the fair value of the identifiable net assets acquired is recognized as goodwill. This goodwill is not amortized but is subject to annual impairment

RISK FACTORS

testing at the end of each financial year, or more frequently if there are indications of impairment. As at December 31, 2024, the carrying amount of goodwill on our balance sheet was RMB417.1 million, accounting for 16.6% of the equity attributable to owners of the parent company. If the future performance of Sirio Germany and Best Formulations do not meet expectations, there is a risk of goodwill impairment arising from these acquisitions, which could adversely affect our operating results. In particular, the integration of Best Formulations involves aligning corporate governance, compliance and regulatory practices, financial and tax management, management approaches, business philosophy and corporate culture with those of our group. The ultimate effectiveness of this integration is subject to uncertainties, and any challenges or delays in achieving effective integration could increase the risk of underperformance and, consequently, the risk of goodwill impairment. While we have accumulated experience in overseas integration and management, especially in the US and Germany, there is no assurance that these efforts will fully mitigate the risk. Any significant impairment of goodwill would result in a non-cash charge that could materially and adversely impact our financial results and position.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Adverse changes in global economic, political or social conditions, including trade protectionism, geopolitics, tariff policies and economic sanctions, could materially affect our export business, profitability and competitiveness.

Our business operations and financial performance are significantly influenced by international trade policies, geopolitical developments, trade protection measures, export controls and economic or trade sanctions. These factors are subject to frequent changes and uncertainties, often driven by political, economic and social dynamics beyond our control. Adverse changes in global economic, political or social conditions including intensifying trade frictions, tariff protectionism and a pronounced trend toward deglobalization have become increasingly severe in recent years and may materially affect our export business, profitability and competitiveness.

Major economies such as the United States and the European Union have implemented or proposed substantial tariff increases and other trade barriers targeting products manufactured in China and other jurisdictions. For example, in early 2025, the U.S. government imposed additional tariffs on imports from various jurisdictions, including new measures affecting goods from China and later broad-based tariffs on imports from a wide range of U.S. trading partners. These actions were followed by further escalations in reciprocal tariffs between the U.S. and China. Later in 2025, the U.S. government introduced a series of partial adjustments, rollbacks and targeted exemptions to these measures as part of ongoing tariff negotiations and policy refinements. These developments reflect an evolving and unpredictable U.S. trade policy environment, with periodic escalations as well as selective relief measures that may continue to affect global trade flows and supply-chain stability. These developments reflect an evolving and unpredictable U.S. trade policy environment, with periodic escalations as well as selective relief measures that may continue to affect global trade flows and supply-chain stability. Similarly, the European Union has increased tariffs on certain Chinese products, and is considering further measures to protect its domestic industries. The timing, scope and severity of future tariff changes remain highly unpredictable and subject to rapid escalation with little or no advance notice. Such changes can impact trade

RISK FACTORS

agreements, tariffs, customs duties and other aspects of international trade, potentially resulting in increased operational costs including the costs for raw materials sourced from countries and regions outside our home market and affecting our market access. Alterations in trade protection measures, such as the imposition of anti-dumping duties, countervailing duties or safeguard measures, may lead to higher costs or restrictions on our exports. Export controls and economic sanctions can impose limitations on our ability to export products or conduct business in specific markets. Non-compliance with these controls and sanctions can result in legal penalties, reputational harm and the loss of export privileges.

To address these challenges, we have proactively established local production bases in multiple regions and are further expanding into new markets. By enhancing our local supply capabilities and gradually transitioning from cross-border exports to a “local production for local demand” model, we aim to reduce the adverse impact of tariff protection policies on our business. While these initiatives are designed to enhance our resilience, there is no guarantee that they will be fully successful or sufficient to offset the negative effects of escalating trade protectionism, geopolitical tensions or other unfavorable changes in the global environment. Any significant deterioration in global trade conditions, including further escalation of protectionist policies or geopolitical conflicts, could materially and adversely affect our export business, financial performance and competitive position. Investors should recognize that our business, operating results and prospects remain subject to risks arising from factors beyond our control, and future adverse developments in the global environment may have a material impact on our company.

The economic, social and other general conditions in jurisdictions where we operate could affect our business, results of operations, financial condition and prospects.

Global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system impose new challenges and uncertainties on the global economy. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

We may need to devote additional efforts and resources to ensure our compliance with relevant laws or regulations, including current or new laws and governmental regulations relating to our industry, and to obtain or maintain required government permits, licenses and approvals for our business or renewals thereof in a timely manner.

Our business is subject to various compliance and operational requirements under applicable laws and regulations. Complying with laws, rules and regulations may require investments of various related resources, and any material non-compliance may expose us to liability or penalty. In case of any material non-compliance, we may have to incur significant expenses and divert substantial management time to rectifying such non-compliance incidents. We may also experience adverse publicity arising from such non-compliance with government regulations that could

RISK FACTORS

negatively impact our brand. While we strive to ensure compliance with applicable laws and regulations, we cannot assure you that all procedural requirements will always be completed on a timely basis, or that additional compliance measures will not be required by the relevant authorities.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by the relevant authorities, and the standards of such renewal and reassessment may change in the future. While we undertake to apply for the renewal and reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot guarantee that we will be able to successfully maintain or renew existing permits, licenses or any other regulatory approvals or obtain permits, licenses or other approvals needed for the operation of our business in the future on a timely basis. If we fail to obtain the necessary renewals or otherwise fail to maintain all approvals, licenses, permits and certificates required to carry out our business at any time, our business could be severely disrupted, which could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or significantly alter our licenses, permits or approvals or that our licenses, permits or approvals will not be challenged or impugned in the future.

We are subject to stringent privacy laws and information security policies related to data privacy and security, and we may be exposed to risks relating to personal or other sensitive information.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Regulatory authorities in virtually every major target market in which we operate or intend to operate have implemented and are considering a number of legislative and regulatory proposals concerning personal data protection. While we have adopted security policies and measures to protect the data and personal information we process, misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of personal data might not be avoided due to human error, employee misconduct or system breakdown. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of information security that results in the unauthorized release or transfer of personally identifiable information, could cause our customers to lose trust in us and could expose us to legal claims. Although we have made efforts to ensure our compliance with the applicable privacy regulations in the relevant jurisdictions, we may not be capable of adjusting our internal policies in a timely manner and any failure to comply with applicable regulations could also result in regulatory enforcement actions against us.

Complying with all applicable laws, regulations, standards and obligations relating to privacy and data security may cause us to incur substantial operational costs or require us to modify our data processing practices and processes. Non-compliance could result in proceedings against us by data protection authorities, governmental entities or others, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, penalties, judgments and negative publicity. In addition, if our practices are not consistent or viewed as not consistent with legal and regulatory requirements, including changes in laws, regulations and standards or new

RISK FACTORS

interpretations or applications of existing laws, regulations and standards, we may become subject to audits, inquiries, whistleblower complaints, adverse media coverage, investigations, severe criminal or civil sanctions and reputational damage. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and prospects. On December 28, 2021, the Cyberspace Administration of China (“CAC”) and other regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. The Cybersecurity Review Measures stipulate that (i) critical information infrastructure operators (“CIIOs”) purchasing network products and services which affect or may affect national security must file for the cybersecurity review; (ii) Internet platform operators holding the personal information of more than one million users seeking a listing in a foreign country (“Foreign Listing”) must file for the cybersecurity review; and (iii) where members of the cybersecurity review working mechanism believe that network products and services and data-processing activities affect or are likely to affect national security, the Cybersecurity Review Office shall report to the Central Cyberspace Affairs Commission for approval as per procedure and then conduct a review in accordance with the Cybersecurity Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a CIIO or being involved in any investigations of cybersecurity review by cybersecurity authorities. Based on our consultations with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心), which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotlines, a listing in Hong Kong does not fall within the definition of “Foreign Listing,” and therefore the obligation to proactively apply for a cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the [REDACTED].

We may become subject to legal or administrative proceedings and claims during the ordinary course of our business.

We may become, from time to time, subject to legal or administrative proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. Actions brought against us, such as labor dispute or construction dispute, with or without merit, may result in administrative measures, settlements, injunctions, fines, penalties, liabilities, negative publicity or other results that could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Even if we are successful in defending ourselves against these actions, we may incur significant costs and divert management’s attention and resources in such defense. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future. Furthermore, any litigations, legal disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved.

RISK FACTORS

Our insurance might not cover claims brought against us, or might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with our customers, our customers do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations or reputation.

We may be directly or indirectly subject to anti-corruption and anti-bribery laws and regulations in the jurisdictions where we operate. Any failure to comply with such laws, regulations or rules could subject us and/or our employees to investigations, administrative or criminal penalties and other adverse consequences, which may harm our reputation and materially and adversely affect our business, financial condition or results of operations.

As a global leading solution provider of nutrition products, we operate in multiple jurisdictions, including the China market, the Americas market, the Europe market and the Asia-Pacific market. In the course of our business, we engage with a wide range of stakeholders, including customers, suppliers, logistics partners and other third parties. As a result, we are subject to anti-corruption and anti-bribery laws and regulations in each jurisdiction where we conduct business, such as the PRC Criminal Law, the PRC Anti-Unfair Competition Law, the U.S. Foreign Corrupt Practices Act, Germany’s Act on Corporate Due Diligence Obligations in Supply Chains as well as relevant provisions of the German Criminal Code regarding bribery and corruption, among others. These laws generally prohibit improper payments or benefits to government officials or private parties for the purpose of obtaining or retaining business or other advantages, and impose strict compliance and reporting obligations on companies and their employees.

Given the scale and complexity of our operations, we may be exposed to risks of fraud, bribery, collusion or other misconduct by our employees, customers, suppliers or third parties. Such activities may include, but are not limited to, improper payments, kickbacks, facilitation payments or other forms of illegal or unethical conduct. Although we have implemented internal control procedures and compliance programs designed to monitor our operations and promote adherence to applicable laws and regulations, these measures may not be sufficient to detect or prevent all instances of non-compliance, suspicious transactions or misconduct in a timely manner. Any actual or alleged violation of anti-corruption or anti-bribery laws by our employees or associated third parties could subject us to investigations, administrative or criminal penalties, fines and other sanctions imposed by relevant governmental authorities. In addition, such incidents could result in significant financial losses, litigation and negative publicity, severely damaging our brand and reputation. Furthermore, our business partners and customers may terminate or suspend their relationships with us if we are perceived to have engaged in or tolerated corrupt practices.

Although we have procedures and controls to monitor anti-bribery compliance, we cannot guarantee that these measures can fully protect us from reckless or criminal acts committed by our employees or agents. Any failure to comply with such laws, regulations or rules could subject our employees to investigations, administrative or criminal penalties and other adverse consequences.

RISK FACTORS

At the same time, we could be held liable for actions taken by our employees or agents, which could expose us to risks of regulatory investigations and penalties. If we fail to comply with applicable anti-bribery laws due to our own deliberate or inadvertent acts or those of our employees, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and significant expenses, which could have a material adverse effect on our business, financial condition and results of operations.

Holders of H Shares may be subject to PRC income taxes.

Holders of H Shares that are non-PRC resident individuals or non-PRC resident enterprises, whose names appear on the register of members of H Shares of our Company, are subject to PRC income tax in accordance with the applicable tax laws and regulations, on dividends received from us and gains realized through the sale or transfer by other means of H shares by such shareholders. According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and the Implementation Regulations for 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》), which both came into effect on January 1, 2019, the tax applicable to non-PRC resident individuals is imposed at a rate of 20% for any dividends obtained from within China or gains on the transfer of shares and shall be withheld and paid by the withholding agent. For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC income tax at a rate of 10%. 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 or arrangement 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’ approval. Pursuant to the Arrangement between the 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 executed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by PRC companies to Hong Kong residents in accordance with the PRC laws, but the levied tax (in the case where the beneficial owners of the dividends are not companies directly holding at least 25% of the equity interest in the company paying the dividends) shall not exceed 10% of the total dividends. According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was newly revised and implemented on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC, which was newly revised and implemented on April 23, 2019, if a non-resident enterprise has no presence or establishment within China, or if it has established a presence or an establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within China at a reduced rate of 10%. Pursuant to the Arrangement between the 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, dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in

RISK FACTORS

Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; and (ii) otherwise, 10% of the total amount of dividends. Considering the above, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares.

Payment of dividends is subject to restrictions under the applicable PRC laws.

Under the applicable PRC laws and the constitutional documents of our Company, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As a result of these PRC laws and regulations, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends and we may not have sufficient or any distributable profit to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Limitations on the ability of our operating subsidiaries in China to pay dividends to us could materially and adversely limit our ability to distribute dividends.

There might be uncertainties in effecting service of legal process, enforcing foreign judgments against us or our Directors and senior management personnel in the PRC.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. Substantially all of our Directors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or other laws.

RISKS RELATING TO THE [REDACTED]

No public market currently exists for our H Shares, and an active trading market for our H Shares may not develop, especially taking into account that our existing shareholders may be subject to a lock-up period.

No public market currently exists for our H Shares. The initial [REDACTED] for our H Shares to the public will be the result of our negotiations with the [REDACTED] (for itself and on behalf of the [REDACTED]) and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED]. We have applied to the Stock Exchange for [REDACTED] of, and permission to [REDACTED], our [REDACTED]. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid

RISK FACTORS

[REDACTED] market for our 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].

The price and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the [REDACTED] of the shares of other companies engaging in similar business may affect the price and [REDACTED] of our H Shares. In addition to market and industry factors, the price and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, announcements of competitive developments or acquisitions in our industry, relationships with our suppliers, movements or activities of key personnel, general market conditions or other developments affecting us or our industry or actions taken by competitors.

The price of our H Shares when [REDACTED] begins could be lower than the [REDACTED].

The [REDACTED] of our Shares sold in the [REDACTED] is expected to be determined on the [REDACTED]. However, the H Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be a few business days after the [REDACTED]. As a result, investors may not be able to sell or otherwise [REDACTED] the H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of the H Shares when [REDACTED] begins could be lower than the [REDACTED] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [REDACTED] begins.

Future sales or perceived sales of our H Shares in the public market by major Shareholders following the [REDACTED] could materially and adversely affect the price of our H Shares.

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 market price of our H Shares. 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 market price of our H Shares and our ability to raise equity capital in the future.

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

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of our [REDACTED] in the [REDACTED] will experience a substantial immediate dilution. There can be no assurances that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to

RISK FACTORS

Shareholders after the creditors’ claims. To expand our business, we may consider [REDACTED] and issuing additional Shares in the future. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. Issuance of additional Shares, or the possibility of such issuance, may cause dilution to our shareholders if we issue additional Shares at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional Shares, and may cause the market price of our H Shares to decline.

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

Immediately upon the completion of the [REDACTED] (assuming the [REDACTED] is not exercised, all A Shares under the Share Incentive Scheme 2026 are issued and granted, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and no further changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]), our Controlling Shareholders Group will continue to control over 30% of the voting rights of our Company. Our Controlling Shareholders Group will, through their voting power at the Shareholders’ meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders Group may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders Group, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

During the Track Record Period, we declared and paid cash dividends to shareholders. However, our historical dividend payments should not be regarded as an indication of our future dividend policy or the amount, timing or frequency of any future dividends. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, who will consider a range of factors including, but not limited to, our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, strategic plans, business prospects and any applicable legal or regulatory restrictions, as well as the provisions of our constitutional documents and the laws and regulations of Mainland China.

Under the applicable laws and regulations of Mainland China, the payment of dividends is subject to certain limitations, including the requirement that dividends may only be paid out of distributable profits as determined under the Chinese Accounting Standards for Business Enterprises. The calculation of distributable profits under the China Accounting Standards for

RISK FACTORS

Business Enterprises may differ from that under IFRS, which may affect the amount available for distribution. In addition, the payment of dividends is subject to approval at the general meeting of shareholders.

Furthermore, under the existing foreign exchange regulations of Mainland China, payments of current account items, including profit distributions, can generally be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, provided certain procedural requirements are met. However, if Renminbi is to be converted into foreign currency and remitted out of Mainland China for capital account items, such as the repayment of foreign currency loans, approval from or registration with competent government authorities may be required. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

As a result, there can be no assurance that dividends of any amount will be declared or distributed by us in any given year in the future. Please refer to “Financial Information — Dividends and Dividend Policy” for further details.

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

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters.

The words “anticipate,” “believe,” “could,” “potential,” “continue,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

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

We have derived certain information and statistics in this Document, particularly the section headed “Industry Overview,” the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, information and statistics from official government sources have not been

RISK FACTORS

independently verified by us or any other parties involved in the [REDACTED] and no representation is given as to their accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

You should read the entire Document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

You are strongly advised to read the entire Document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this Document. Subsequent to the date of this Document but prior to the completion of the [REDACTED], there may be 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]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. 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. To the extent that such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their [REDACTED] decisions on the basis of the information contained in this Document only and should not rely on any other information.

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be listed on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current laws and regulations of Mainland China, without approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or settlement between the H Share and A Share markets. The H Share and A Share markets have different [REDACTED]

RISK FACTORS

characteristics with divergent [REDACTED] volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the [REDACTED] history of our A Shares when evaluating your [REDACTED] decision regarding our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the ChiNext Market of the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in Mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. 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 and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

WAIVERS AND EXEMPTIONS

In preparation of the [REDACTED], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules and exemptions from the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a 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 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Stock Exchange.

Given that (i) our headquarters are based in the PRC; (ii) the substantial portion of the business operations of our Group are managed and conducted outside Hong Kong; and (iii) our executive Directors and senior management principally reside in the PRC where our Group is headquartered, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the sole purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Therefore, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules subject to the following conditions:

- (a) we have appointed Mr. YAO Zhuangmin (姚壯民) and Mr. LIU Ruoyang (劉若陽) as our authorized representatives (the “**Authorized Representatives**”) pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone 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 matters within a reasonable period of time upon request of the Stock Exchange;
- (b) to facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number and email address (as applicable)). In the event that any of our Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the independent non-executive Directors) promptly at all times if and when the Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange; and

WAIVERS AND EXEMPTIONS

- (c) we have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”) in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately after the [REDACTED]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

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

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, Note 2 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the 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.

WAIVERS AND EXEMPTIONS

We have appointed Mr. LIU Ruoyang (劉若陽) (“**Mr. Liu**”) as one of our joint company secretaries. Mr. Liu is our deputy general manager and Board secretary. Mr. Liu is responsible for information disclosure, investor relation and other Board-related matters of our Company. We believe that it would be in the best interests of our Company and the corporate governance of our Group to have Mr. Liu, who is a member of the senior management of our Company and is familiar with our Group’s internal operation and management and has substantial experience in board and corporate management matters, to act as our joint company secretary. Mr. Liu 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 Ms. MAK Sin Ki (麥善琪) (“**Ms. Mak**”), a chartered secretary, chartered governance professional, and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rule 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries. Ms. Mak will assist Mr. Liu for an initial period of three years from the [REDACTED], enabling Mr. Liu to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See “Directors and Senior Management” in this document for further biographical details of Mr. Liu and Ms. Mak. The following arrangements have been, or will be, put in place to assist Mr. Liu in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

- (a) Mr. Liu will endeavor to attend relevant training courses that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange.
- (b) Both Mr. Liu and Ms. Mak have confirmed that each of them will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules.
- (c) Ms. Mak will assist Mr. Liu to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company.
- (d) Ms. Mak will communicate regularly with Mr. Liu on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Mak will work closely with Mr. Liu to jointly discharge the duties and responsibilities as a company secretary, including organizing our Company’s Board meetings and Shareholders’ meetings.
- (e) Prior to the expiry of Mr. Liu’s initial term of appointment as the company secretary of our Company, we will re-evaluate his experience to determine if he has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Liu’s appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS AND EXEMPTIONS

- (f) Our Company has appointed Somerley Capital Limited as its Compliance Advisor 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] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to our Company (including Mr. Liu) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us], 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. Liu is no longer 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. Before the end of the three-year period, we shall demonstrate to the Stock Exchange’s satisfaction and seek its confirmation that Mr. Liu, having had the benefit of Ms. Mak’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

WAIVER AND EXEMPTION IN RESPECT OF PARTICULARS OF INFORMATION OF OUR SUBSIDIARIES

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

Paragraph 29(1) of Appendix D1A to the Listing Rules and paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require this document to include, information in relation to the name, date and place of incorporation, the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company, whether public or private, (a) the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or (b) whose profits or assets make, or will make a material contribution to the figures in the Accountants’ Report or to our Company’s next financial statements.

As of the Latest Practicable Date, we have 31 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of our subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to [REDACTED]. The non-disclosure of such information will not prejudice the interests of our Shareholders or the [REDACTED] public.

We have identified six subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. See “History,

WAIVERS AND EXEMPTIONS

Development and Corporate Structure — Our Major Subsidiaries” Each of the other subsidiaries of our Company individually (on a consolidated basis) whose total assets, profits and revenue compared to that of our Group is less than (a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); or (b) 5% under the percentage ratios for the latest financial year. None of the other subsidiaries of the Company holds any material intellectual property rights, proprietary technologies, licences or permits of the Group, or has a significant impact on the Company’s business operations and future development strategies based on the Company’s comprehensive assessment of the Company’s business composition and principal business. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed within two years immediately preceding the date of this document the particulars of the changes in the share capital of our Company and the Major Subsidiaries in “Statutory and General Information — Further Information About Our Company and Our Subsidiaries — Changes in Share Capital of Our Company” and “Statutory and General Information — Further Information About Our Company and Our Subsidiaries — Changes in the Share Capital of Our Major Subsidiaries” in Appendix IV to this document.

We have applied for[, and the Stock Exchange has granted,] a waiver from strict compliance with the requirements under paragraphs 26 and 29(1) of Appendix D1A to the Listing Rules, in respect of disclosing (i) the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document and (ii) information in relation to the name, date and place of incorporation, public or private status, the general nature of business, the issued capital and the proportion thereof held or intended to be held of our subsidiaries which are not Major Subsidiaries.

We have applied for[, and the SFC has granted us,] a certificate of exemption from strict compliance with the requirements under paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of disclosing the information of our subsidiaries which are not Major Subsidiaries as required under paragraph 29 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The exemption is granted by the SFC on the conditions that: (i) the particulars of the exemption are disclosed in this document; and (ii) this document is issued on or before [REDACTED].

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into and are expected to continue with certain transactions after the [REDACTED] which will constitute partially-exempt continuing connected transaction under Chapter 14A of Listing Rules. We have applied for[, and the Stock Exchange has granted us,] waivers from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the section headed “Connected Transactions”.

WAIVERS AND EXEMPTIONS

WAIVER IN RELATION TO DISCLOSURE OF PARTICULARS OF CONVERTIBLE BONDHOLDERS

Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in the Document, among other things, details of the number, description and amount of any of its shares or debentures which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it or the right to it was given.

In April 2021, we issued the Convertible Bonds to a large number of public investors that we believe are mostly Independent Third Parties. The Convertible Bonds were listed on the Shenzhen Stock Exchange under the code of 123113. For details, see the section headed “History Development and Corporate Structure — Corporate Development — (3) Issuance of Convertible Bonds.”

To our knowledge, (a) financial institutions, including broker-dealers, may hold and trade the Convertible Bonds through participant accounts with clearing agencies; (b) ultimate bondholders that do not have these accounts typically hold and trade the Convertible Bonds in the names of their brokers through their brokers’ participant accounts with the clearing agencies; (c) the Convertible Bonds are frequently traded among investors and hence the identities of the ultimate bondholders may change constantly; and (d) the trustee does not have information on the identities of the ultimate bondholders and at most, would only be able to ascertain the identities of the participants/brokers through which the Convertible Bonds are traded.

We have applied for[, and the SFC has granted], a certificate of exemption from the requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the disclosure in this Document on the following basis:

- (a) since the identities of the ultimate bondholders are practically unavailable and given the expected frequent changes of the identities of the ultimate bondholders, it would be practically impossible for us to disclose the names and addresses of all such ultimate bondholders which are Independent Third Parties in this Document. This disclosure, even if it can be made, would also not provide meaningful information to the potential [REDACTED] of our Company;
- (b) strict compliance with the applicable disclosure requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance for each ultimate bondholder on an individual basis (including the disclosure of names and addresses of all bondholders) in this Document will be unduly burdensome on us in light of the practical impossibility in identifying the ultimate bondholders and the potentially significant increase in cost and time for information compilation, and Document preparation;

WAIVERS AND EXEMPTIONS

- (c) material information relating to the Convertible Bonds has been disclosed in the section headed “History Development and Corporate Structure — Corporate Development — (3) Issuance of Convertible Bonds.” to this Document, including but not limited to the aggregate principal amount, the maturity date, the annual coupon rate, the conversion mechanism including the conversion price and adjustment, the maximum number of A Shares which may be issued upon conversion of all the outstanding Convertible Bonds and the potential dilution effect upon full conversion of the Convertible Bonds, and our Company’s right to redeem the Convertible Bonds;
- (d) material information regarding the bondholders of the Convertible Bonds who are also our core connected persons has been disclosed in the section headed “History Development and Corporate Structure — Corporate Development — (3) Issuance of Convertible Bonds.” to this Document, including but not limited to the identities of the bondholders who are our core connected persons, the principal amount underlying the outstanding Convertible Bonds held by the core connected persons, the conversion price, and the maximum number of A Shares which may be issued upon conversion of the outstanding Convertible Bonds held by the core connected persons, and the potential dilution effect upon full conversion of the Convertible Bonds held by the core connected persons. Accordingly, along with the disclosures made in (c) above, information that should be reasonably necessary for potential [REDACTED] to make an informed assessment of our Company in their [REDACTED] decision process has been included in this Document; and
- (e) non-compliance with the abovementioned disclosure requirements under Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prevent us from providing its potential [REDACTED] with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company and would not prejudice the interests of the [REDACTED] public.

The SFC [has granted] an exemption referred to above on the following conditions:

- (a) with respect to the Convertible Bonds issued by our Company, the following details are fully disclosed in this Document:
 - the total principal amount of the Convertible Bonds;
 - the maximum number of A Shares to be converted from the Convertible Bonds;
 - the conversion rate of the Convertible Bonds;
 - the conversion period of the Convertible Bonds; and
 - the potential dilution effect upon full conversion of the Convertible Bonds issued is set out in this Document;

WAIVERS AND EXEMPTIONS

- (b) on an individual basis, full details of the outstanding Convertible Bonds issued to the core connected persons of our Company, are disclosed in this Document, including:
- the names of the bondholders who are the core connected persons of our Company;
 - the principal amount underlying the outstanding Convertible Bonds held by the core connected persons;
 - the conversion price;
 - the maximum number of A Shares which may be issued upon conversion of the outstanding Convertible Bonds held by the core connected persons; and
 - the percentage of our Company’s total issued share capital represented by such number of A Shares as of the Latest Practicable Date and upon [REDACTED];
- (c) the particulars of such exemption are set out in this Document; and
- (d) this Document will be issued on or before [REDACTED].

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

WAIVERS AND EXEMPTIONS

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

For further information on our Directors, see “Directors and Senior Management” of this document.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. LIN Peiqing (林培青)	Building 71, Jinbizhuang Villa Area, Zhuchi Street, Longhu District, Shantou, Guangdong, PRC	Chinese
Ms. CHEN Qiong (陳瓊)	Building 71, Jinbizhuang Villa Area, Zhuchi Street, Longhu District, Shantou, Guangdong, PRC	Chinese
Mr. YAO Zhuangmin (姚壯民)	Room 2902, No. 108, Huijing North Road, Tianhe District, Guangzhou, PRC	Chinese
Non-executive Directors		
Ms. YANG Rui (楊睿)	Room 703, Building 24, East District, Jinbizhuang, Zhuchi Street, Longhu District, Shantou, Guangdong, PRC	Chinese
Ms. ZHAO Youyou (趙酉酉)	1-2095. No. 19 Tai Yang Gong Nanjie, Chaoyang District, Beijing, PRC	Chinese
Independent non-executive Directors		
Mr. GAO Jian (高見)	Faculty Dormitory of Shantou University, No. 243, University Road, Tuojiang Street, Jinping District, Shantou, Guangdong, PRC	Chinese
Mr. ZHU Guilong (朱桂龍)	Room 702, Building 3, Zijingyuan, Nanxiu Village, Huagong, No. 381 Wushan Road, Tianhe District, Guangzhou, PRC	Chinese
Mr. HU Shiming (胡世明)	No. 502, Building 1, Courtyard 26, Xirongxian Hutong, Xicheng District, Beijing, PRC	Chinese
Ms. WANG Zheng (王錚)	Room 1007, 10/F, Hong Keung Court, 23 Heng Lam St., Lok Fu, Kowloon, Hong Kong	Chinese

For further details, see “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place

88 Queensway

Hong Kong

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and United States laws:

Clifford Chance

27/F, Jardine House

One Connaught Place

Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC law:

King & Wood Mallesons

17/F, One ICC, Shanghai ICC

999 Middle Huai Hai Road

Xuhui District

Shanghai

PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and United States laws:

Haiwen & Partners LLP

Suites 601–602 & 610–616

6/F, One International Finance Centre

1 Harbour View

Central

Hong Kong

As to PRC law:

Haiwen & Partners

20/F, Fortune Financial Center

5 Dong San Huan Central Road

Chaoyang District

Beijing

PRC

Auditor and Reporting Accountants

Deloitte Touche Tohmatsu

Certified Public Accountants

35th Floor, One Pacific Place

88 Queensway

Admiralty

Hong Kong

Industry Consultant

China Insights Industry Consultancy Limited

10/F, Block B

Jing'an International Center

88 Puji Road

Jing'an District

Shanghai

PRC

Compliance Advisor

Somerley Capital Limited

20th Floor, China Building

29 Queen's Road Central

Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 83 Taishan Road Shantou, Guangdong Province PRC
Headquarters and Principal Places of Business in the PRC	No. 83 Taishan Road Shantou, Guangdong Province PRC Room 3303, T1, Raffles City, No.1133, Changning Road Shanghai, PRC
Principal Place of Business in Hong Kong	Room 1915, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Company’s Website	<u>https://www.siriopharma.com</u> <i>(The information contained in this website does not form part of this document)</i>
Joint Company Secretaries	Mr. LIU Ruoyang (劉若陽) Room 3303, T1, Raffles City, No.1133, Changning Road Shanghai, PRC Ms. MAK Sin Ki (麥善琪) Room 1915, 19/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
Authorized Representatives	Mr. YAO Zhuangmin (姚壯民) Room 2902, No. 108, Huijing North Road Tianhe District, Guangzhou, Guangdong PRC Mr. LIU Ruoyang (劉若陽) Room 3303, T1, Raffles City, No.1133, Changning Road Shanghai, PRC
Audit Committee	Mr. HU Shiming (<i>Chairperson</i>) Ms. YANG Rui Mr. GAO Jian

CORPORATE INFORMATION

Nomination Committee

Mr. ZHU Guilong (*Chairperson*)
Ms. CHEN Qiong
Mr. GAO Jian

Remuneration and Appraisal Committee

Mr. GAO Jian (*Chairperson*)
Ms. CHEN Qiong
Mr. HU Shiming

Strategy Committee

Mr. LIN Peiqing (*Chairperson*)
Mr. YAO Zhuangmin
Mr. ZHU Guilong

[REDACTED]

Principal Bank

Bank of China, Shantou Branch
98 Jinsha Road
Shantou, Guangdong Province
PRC

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 other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy Limited (“CIC”). We engaged CIC to prepare an independent industry report in connection with the [REDACTED] (the “CIC Report”). The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Accordingly, the information from official government sources contained herein may not be accurate.

OVERVIEW OF THE GLOBAL NUTRITION PRODUCT INDUSTRY

Nutrition product refers to food products designed to improve or maintain human health by providing essential nutrients, functional benefits beyond basic dietary needs or other health-promoting components. Nutrition products can be categorized into three main types: VDS (vitamins and dietary supplements), sports nutrition and targeted wellness formula. Among these categories, VDS represent the largest and most established segment, supported by mature consumer awareness and well-developed retail channels. Meanwhile, sports nutrition and targeted wellness formula have been growing rapidly in recent years, driven by consumers’ increasing focus on preventive health, personalized nutrition and convenient daily consumption forms.

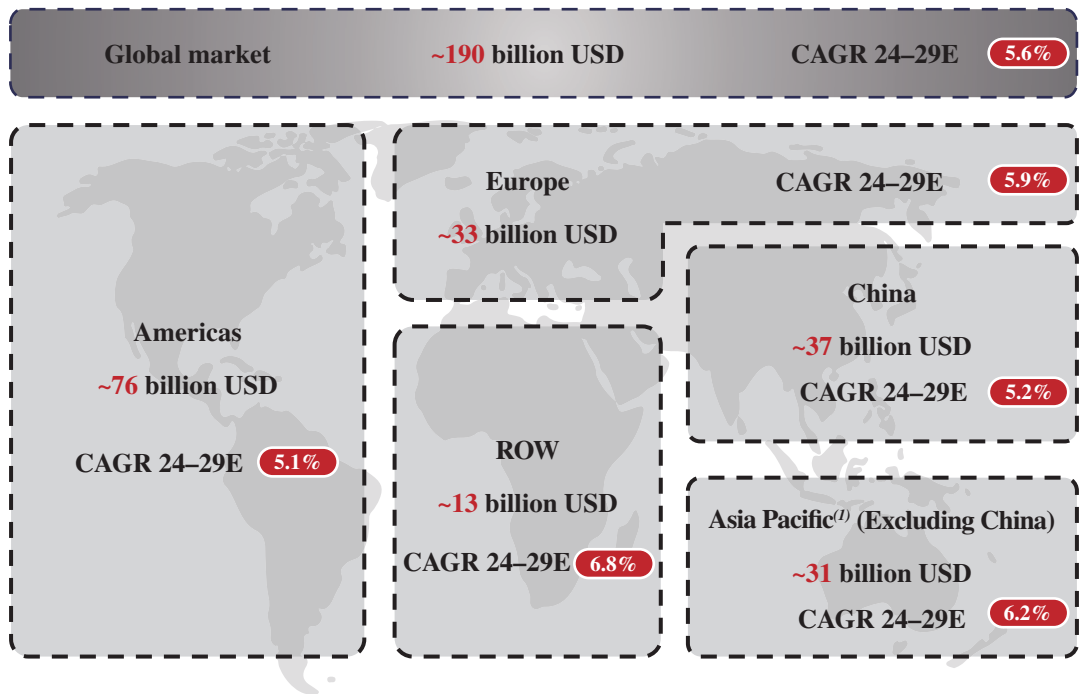
Sustained Long-Term Growth Potential

Growing awareness of long-term health management is reshaping consumer behavior, with health considerations increasingly shifting from treatment-oriented medical services toward prevention and daily wellness. These factors underpin the global nutrition product industry’s sustained long-term growth potential. According to CIC, the global GMV of nutrition products reached USD190 billion in 2024 and is projected to reach USD249 billion by 2029, representing a CAGR of approximately 5.6%. Looking further ahead, the market is expected to maintain a stable growth of approximately 3% to 5% over the next decade.

From a regional trade perspective, the U.S., Europe, Australia and New Zealand function as major exporting markets, supplying a broad range of branded products to global consumers. In contrast, China, Latin America and Southeast Asia serve as major importing markets, with strong demand for high-quality overseas products. Meanwhile, Japan and Korea markets remain relatively self-contained, with local consumption largely met by domestic brands.

INDUSTRY OVERVIEW

Market size of the global nutrition product industry in terms of GMV, by region, 2024



Source: Euromonitor, BCG, Interviews with industry experts, CIC

Note:

(1) Unless otherwise specified, Asia-Pacific in this section excludes China.

Drivers and Trends of the Global Nutrition Product Industry

Growing consumer base driven by demographic shifts. As demographic structures evolve and overall health awareness rises, the consumer base is expanding beyond the traditional demographic of the middle-aged, elderly and those with specific health needs, to a broader mass population. For example, in aging markets such as the U.S., Europe and China, the rising share of older consumers continues to drive demand for categories including bone and joint health, cardiovascular support, immunity and healthy aging. At the same time, the growing Gen Z population is contributing to more diversified, personalized and lifestyle-oriented product preferences. In contrast, Southeast Asia and South America have structurally younger populations, where increasing health awareness and strong engagement with digital platforms are supporting earlier adoption of nutrition products. These markets are experiencing particularly rapid growth in beauty and sports nutrition products.

Acceleration of customized nutrition. As consumer health awareness deepens, nutrition product consumption is increasingly shifting from generalized supplementation toward customized nutrition solutions that better reflect individual differences in physiology, lifestyle, and health objectives. This trend is supported by the growing availability of individual health metrics and longitudinal health data, which is reshaping expectations for more tailored and outcome-oriented nutrition products. At the same time, industry research indicates that traditional questionnaire-based

INDUSTRY OVERVIEW

customization approaches often face low user participation and conversion efficiency, highlighting structural limitations in scaling customized nutrition. Against this backdrop, the increasing adoption of AI-driven data integration and analytics is emerging as a key industry trend, improving efficiency and accelerating the broader adoption of customized nutrition solutions.

Growing importance of MT channels. Modern trade (MT) channels, including large retail chains and membership-based warehouse clubs such as Sam’s Club and Costco, are playing an increasingly important role in the global nutrition product industry. Consumer reliance on these channels is growing due to convenience and competitive pricing, while brands increasingly use MT as a key platform for new product launches and promotional activities. Meanwhile, MT channels themselves are increasingly launching private-label nutrition product.

Brand diversification. The diversification of distribution channels, including traditional retail, e-commerce platforms, and direct-to-consumer channels, has facilitated the entry and expansion of a broader range of brands each leveraging distinct channel strategies and positioning. As a result, the market has become increasingly fragmented, with competition intensifying across a wider spectrum of brands differentiated by product formats, functional claims, pricing strategies and target consumer groups.

Sustained importance of established brands. Established brands continue to play a critical role in the global nutrition product industry, driven by high entry barriers formed through long-standing consumer trust and well-developed multi-channel distribution networks. Such trust is reinforced by extensive scientific research, rigorous quality control and well-documented product efficacy, which together provide strong assurance on safety, consistency and tolerability. Meanwhile, broad distribution across retail, modern trade and online channels enables wide consumer reach and reinforces brand presence.

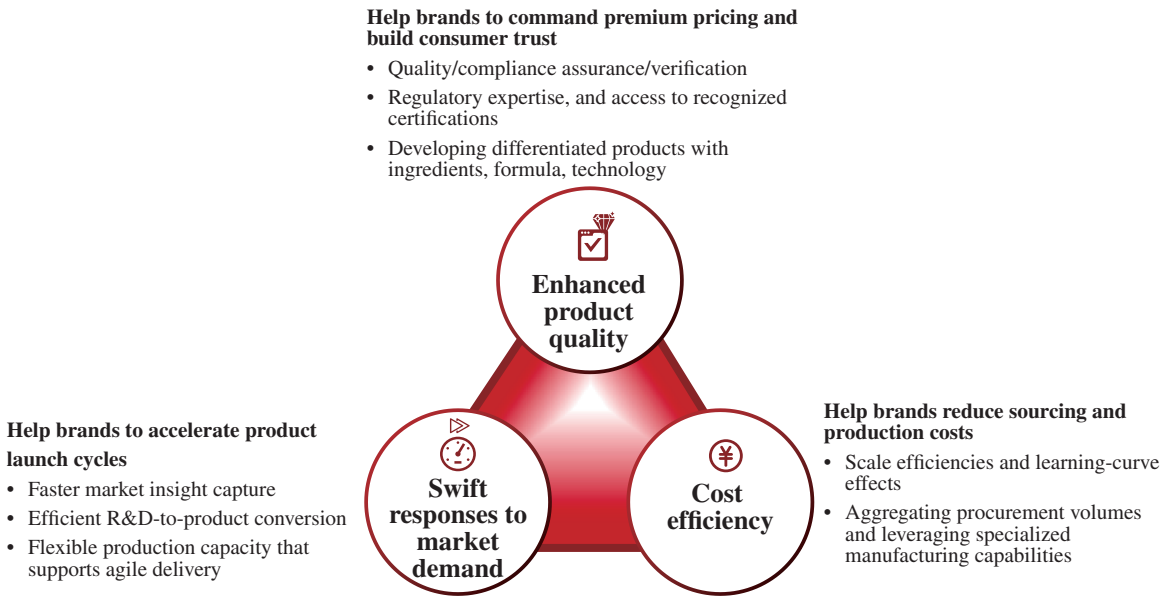
OVERVIEW OF THE GLOBAL NUTRITION PRODUCT SOLUTION INDUSTRY

In the nutrition product industry, brand operation models can generally be categorized into two types. Some brands adopt a fully in-house model, managing all stages from product development to manufacturing and marketing independently. Others choose to outsource part or all of these steps to specialized partners. Against this backdrop, nutrition product solution providers play a key role in the ecosystem, offering integrated solutions to these brands, encompassing product research and development, formulation and design, manufacturing and marketing support.

Building on this role, nutrition product solution providers generate value for brands in three primary ways. **(i) Enhanced product quality:** With advanced formulation capabilities, stringent quality management systems, regulatory expertise and access to recognized certifications, solution providers support brands in developing differentiated products with improved quality and stronger compliance assurance. **(ii) Swift responses to market demand:** They accelerate product launch cycles by enabling faster market insight capture, efficient R&D-to-product conversion and flexible production capacity that supports agile delivery. **(iii) Cost efficiency:** By aggregating procurement volumes and leveraging specialized manufacturing capabilities, they help brands reduce sourcing and production costs through scale efficiencies and learning-curve effects.

INDUSTRY OVERVIEW

However, these three dimensions of value creation often involve inherent trade-offs and are difficult to optimize simultaneously. As a result, solution providers typically position themselves along this “impossible triangle”, balancing the three to align with their strategic focus and the needs of their customers. The chart below illustrates the concept of the “impossible triangle”:



Source: CIC, BCG

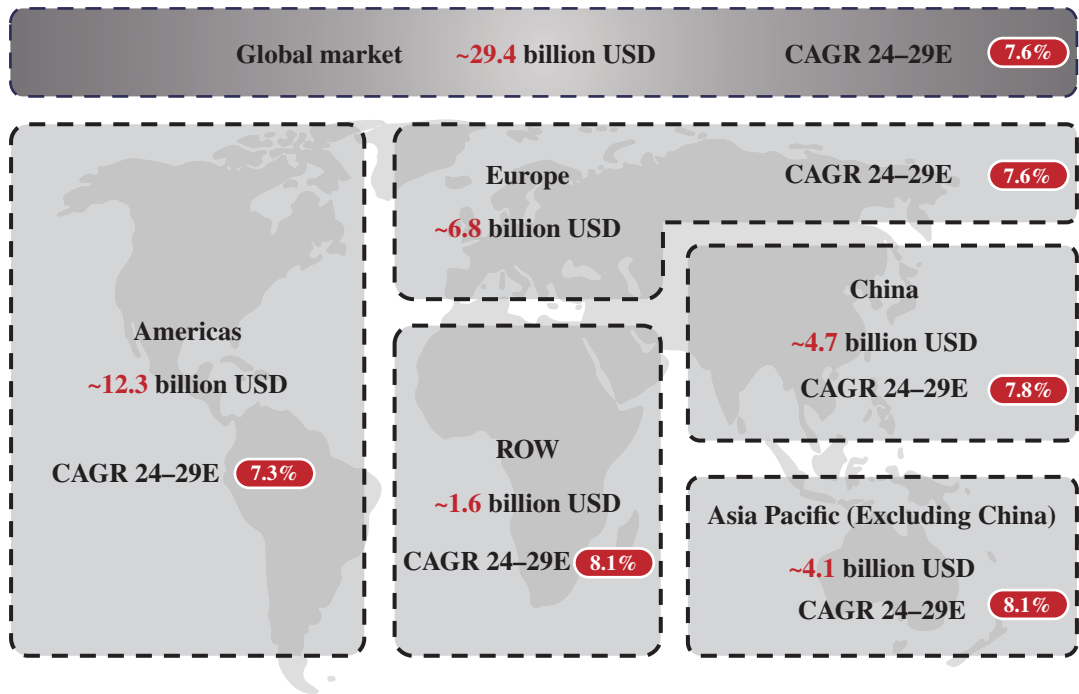
Higher Growth Potential than the Nutrition Product Industry

Under the new phase of consumption upgrades and increasing complexity in both product development and technology, the nutrition product industry is witnessing a shift where brands are facing increasingly sophisticated demands for research and manufacturing. As a result, brands are becoming more reliant on professional nutrition product solution providers. According to CIC, the global nutrition product solution market in terms of revenue grew from USD21.2 billion in 2020 to USD29.4 billion in 2024, representing a CAGR of 8.5%, and is projected to further expand to

INDUSTRY OVERVIEW

USD42.4 billion by 2029, with a CAGR of 7.6% from 2024 to 2029. The table below illustrates the regional distribution of the global nutrition product solution industry in 2024:

Market size of the global nutrition product solution industry in terms of revenue, by region, 2024

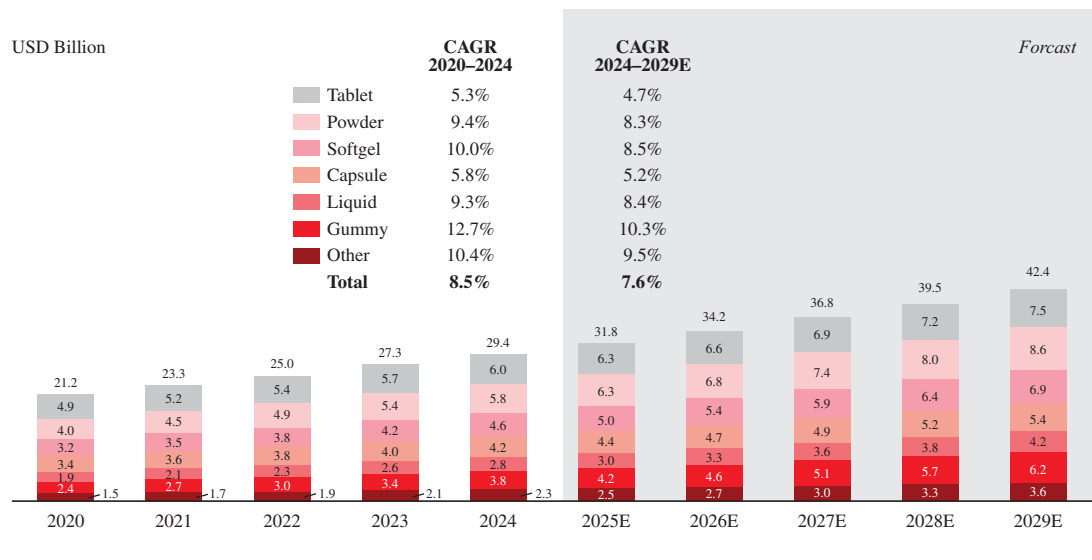


Source: Euromonitor, BCG, Interviews with industry experts, CIC

With changing consumer needs, nutrition products are now offered in a wider variety of dosage forms. From conventional tablet to gummy, powder and liquid, each dosage form addresses different preferences for convenience, taste and functionality, supporting a more personalized approach to everyday health management. Among these, gummies are increasingly favored by consumers due to their appealing taste and diversified flavors, while softgel is widely adopted across product categories due to their ease of use and relatively high absorption efficiency. According to CIC, the gummy-based nutrition product solution market grew from USD2.4 billion in 2020 to USD3.8 billion in 2024, driven by high consumer appeal and superior user experience, and is projected to reach USD6.2 billion by 2029 with a CAGR of 10.3%. Meanwhile, the softgel-based nutrition product solution market expanded from USD3.2 billion to USD4.6 billion, supported by its efficacy in delivering oil-based and sensitive active ingredients, such as fish oil, vitamin D3 and vitamin E, and is expected to grow to USD6.9 billion by 2029 with a CAGR of 8.5%.

INDUSTRY OVERVIEW

Market size of global nutrition product solution industry in terms of revenue, by dosage type, 2020–2029E



Source: Euromonitor, BCG, Interviews with industry experts, CIC

Drivers and Trends of the Global Nutrition Product Solution Industry

Increased demand for professional solution providers. Driven by consumption upgrade, rising health awareness and the expansion and diversification of distribution channels, the nutrition product industry has expanded rapidly, attracting a surge of challenger brands (emerging brands that compete with established brands) as well as cross-border and retail entrants such as Costco and Hema. As market competition intensifies, brands are under greater pressure to differentiate through product innovation. Moreover, increasingly differentiated consumer preferences further complicate the development of new ingredients and multiple dosage forms. Consequently, brands are relying more heavily on professional nutrition product solution providers for product manufacture and R&D support.

INDUSTRY OVERVIEW

Supportive policies. Many countries have positioned nutrition products as an essential component of their health and wellness strategies, encouraging innovation in preventive healthcare and functional products, and thereby supporting industry development. For example, in China, the “Healthy China 2030” blueprint highlights the improvement of nutrition product quality and safety standards as part of a broader health management framework. In the U.S., the regulatory regime for dietary supplements requires product information disclosure and ongoing supervision to enhance consumer protection. Collectively, these policies and regulatory initiatives create a favorable environment and solid foundation for the sustained growth of the nutrition product solution industry.

Technological developments. Technological innovation, particularly in automation and digitalization, is reshaping the nutrition product solution industry. Beyond traditional process automation, leading solution providers are increasingly building end-to-end digital systems that integrate R&D, manufacturing, quality management, and supply-chain operations. Such integrated digital infrastructure enables more efficient coordination across the entire product lifecycle, supporting improved operational efficiency, consistency, and responsiveness.

AI empowerment. Artificial intelligence is increasingly empowering the global nutrition product solution industry in three key areas. First, AI enhances intelligent manufacturing by optimizing production planning, quality control, and supply chain management, improving efficiency, consistency, and scalability. Second, AI accelerates research and development by improving ingredient screening, formulation design, and data-driven validation, shortening development cycles and increasing the success rate of new product innovation. Third, AI enables more personalized and precise nutrition choices by analyzing individual health data, lifestyle patterns, and consumption behavior, supporting tailored nutritional recommendations and digital health applications.

Chinese solution providers being well-positioned to emerge as global leaders. The current competitive landscape of the global nutrition product solution industry remains regionally fragmented, with leading players primarily holding dominant positions within their respective local markets. This structure creates significant opportunities for regional leading players with scale, technological capabilities and international execution capacity to evolve into global leaders. In this context, the ability to combine cost-efficient manufacturing, rapid R&D-to-production conversion, and large-scale supply chain execution becomes critical to global expansion. Building on this, Chinese solution providers are particularly well-positioned to capitalize on these opportunities, leveraging globally leading R&D capabilities and a robust supply chain to support large-scale international expansion.

INDUSTRY OVERVIEW

Competitive Landscape of the Global Nutrition Product Solution Industry

The combined market share of the top five players in the global nutrition product solution industry is approximately 10% in terms of revenue in 2024. The Company is the third largest nutrition product solution provider in the global nutrition product solution industry, with a market share of 2.0% in terms of revenue in 2024. The table below represents the rankings of players in the global nutrition product solution industry:

Competitive landscape of the global nutrition product solution industry in terms of revenue, 2024

<u>Rank</u>	<u>Company name</u>	<u>Country of Incorporation</u>	<u>Revenue, USD million</u>	<u>Market share, %</u>
1	Company A ⁽¹⁾	Mainland China	~1,000	3.4%
2	Company B ⁽²⁾	U.S.	~640	2.2%
3	The Company	Mainland China	580	2.0%
4	Company C ⁽³⁾	U.S.	~450	1.5%
5	Company D ⁽⁴⁾	U.S.	~420	1.4%

Source: Interviews with industry experts, CIC

Notes:

- (1) Company A is a nutrition product and OTC products developer and manufacturer founded in China in 1998. It mainly provides R&D and manufacturing services for global clients in the nutrition product sectors. It is an unlisted company.
- (2) Company B is a nutrition product and OTC drugs developer and manufacturer founded in the U.S. in 1968. It mainly provides R&D and manufacturing services for nutrition products and OTC drugs. It is an unlisted company.
- (3) Company C is a nutrition products developer and manufacturer founded in the U.S. in 1989. It mainly provides manufacturing services for the nutrition products in dosage forms such as softgels, tablets, and powder. It is an unlisted company.
- (4) Company D is a pharmaceuticals, biotech and nutrition product manufacturer and research developer founded in the U.S. in 2007. It mainly provides R&D and manufacturing services for drugs, protein-based biologics, cell and gene therapies, vaccines and nutrition products. It is an unlisted company.

INDUSTRY OVERVIEW

Meanwhile, the Company is the second largest solution provider in the global gummy-based nutrition product solution industry in terms of revenue in 2024, with a share of 3.6%. The table below represents the rankings of players in the global gummy-based nutrition product solution industry:

Competitive landscape of the gummy-based nutrition product solution industry in terms of revenue, 2024

<u>Rank</u>	<u>Company name</u>	<u>Country of Incorporation</u>	<u>Revenue, USD million</u>	<u>Market share, %</u>
1	Company B	U.S.	~460	12.1%
2	The Company	Mainland China	138	3.6%
3	Company E ⁽¹⁾	Germany	~125	3.4%
4	Company F ⁽²⁾	Mainland China	~100	2.7%
5	Company D	U.S.	~80	2.1%

Source: Interviews with industry experts, CIC

Notes:

- (1) Company E is a nutrition product developer and manufacturer founded in Germany in 1977. It mainly provides R&D and manufacturing services of nutrition products in dosage forms such as gummies and chewables. It is an unlisted company.
- (2) Company F is a nutrition product original design manufacturer founded in China in 2005. It mainly provides R&D and manufacturing services for nutrition products in dosage forms such as gummies, liquid drinks, and powder. It is an unlisted company.

The Company is also the second largest solution provider in the global softgel-based nutrition product solution industry in terms of revenue in 2024, with a share of 6.0%. The table below represents the rankings of players in the global softgel-based nutrition product solution industry:

Competitive landscape of the softgel-based nutrition product solution industry in terms of revenue, 2024

<u>Rank</u>	<u>Company name</u>	<u>Country of Incorporation</u>	<u>Revenue, USD million</u>	<u>Market share, %</u>
1	Company D	U.S.	~350	7.5%
2	The Company	Mainland China	276	6.0%
3	Company A	Mainland China	~210	4.6%
4	Company G ⁽¹⁾	U.S.	~190	4.1%
5	Company C	U.S.	~115	2.5%

Source: Interviews with industry experts, CIC

Note:

- (1) Company G is a nutrition product manufacturer founded in the U.S. in 1996. It mainly provides manufacturing services for nutrition products in forms of softgels, capsules, tablets and gummies. It is an unlisted company.

INDUSTRY OVERVIEW

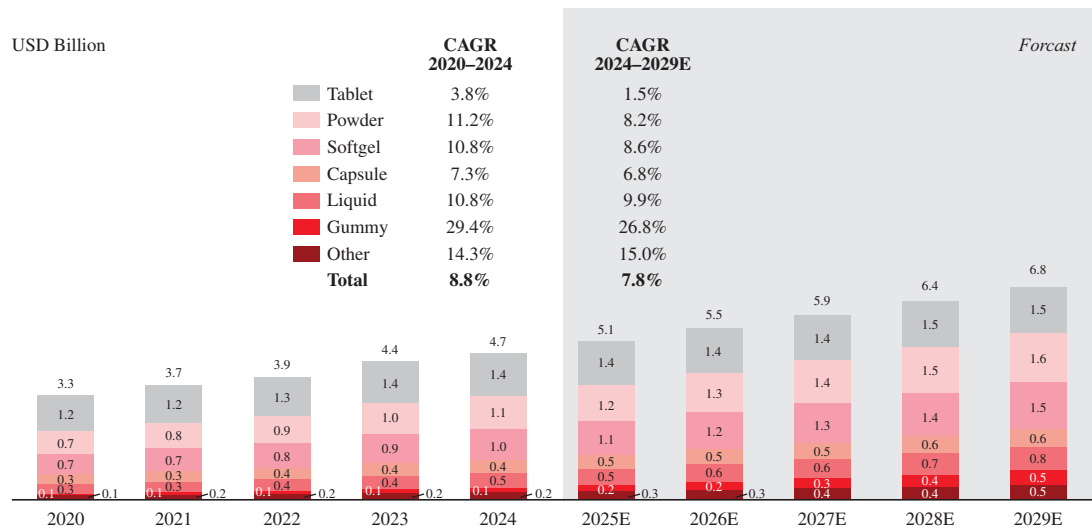
OVERVIEW OF CHINA’S NUTRITION PRODUCT SOLUTION INDUSTRY

China represents one of the largest and fastest-growing nutrition product markets in the world. With a vast population and rapidly increasing health awareness, the market remains underpenetrated, leaving considerable room for expansion. Rising consumer demand for health management, coupled with evolving consumption patterns, provides robust supporting of favorable conditions for growth for both nutrition product brands and solution providers.

From the perspective of clients, China’s nutrition product solution industry is evolving toward a dual-track structure shaped by both established nutrition product brands and a rapidly growing cohort of challenger brands. On one hand, multinational pharmaceutical companies, direct selling companies and traditional nutraceutical companies continue to drive stable demand, whose products are typically efficacy-driven with long lifecycles. On the other hand, challenger brands, cross-sector brands and e-commerce brands are experiencing rapid growth, characterized by rapid product update cycles and high innovation pace. The coexistence of these distinct client types, each with distinct customer profiles and expectations, places higher demands on solution providers’ capabilities to deliver comprehensive R&D, manufacturing and marketing support.

According to CIC, China’s nutrition product solution industry in terms of revenue reached USD4.7 billion in 2024, and is expected to reach USD6.8 billion by 2029, with a CAGR of 7.8% from 2024 to 2029.

Market size of China’s nutrition product solution industry, in terms of revenue, by dosage type, 2020–2029E



Source: Euromonitor, BCG, Interviews with industry experts, CIC

INDUSTRY OVERVIEW

Trends of China’s Nutrition Product Solution Industry

The popularization of health and wellness concepts. The growing popularization of health and wellness concepts is reshaping consumer demand in the nutrition product industry. On the one hand, consumers increasingly seek tangible, measurable benefits, driving the industry to invest more in research, formulation innovation and the development of functional ingredients. On the other hand, nutrition products are becoming more integrated into daily routines, with consumption shifting from condition-specific or short-term use toward more regular, lifestyle-oriented supplementation.

Broadening consumer coverage. The emerging nutrition product industry in China is experiencing rapid growth, driven by the expansion from a “silver economy” to a broader, all-age health consumption landscape. As consumer demand shifts from broad, generalized products to more targeted solutions, there is an increasing need for precise segmentation based on factors such as age, gender, lifestyle and family scenarios. Younger and female consumers, for example, are showing a stronger preference for personalized and emotionally resonant products, such as innovative dosage forms, differentiated flavors and more scenario-based functional designs. This evolution is spurring a diversification of product offerings, placing a greater emphasis on the ability of nutrition product solution providers to develop customized products, tailor formulations and manage multi-dosage manufacturing.

Broaden channels. The expansion of both offline and online distribution channels has lowered market entry barriers in the nutrition product industry. New retail formats and digital channels, such as e-commerce platforms, MCNs (multi-channel networks), and private-domain operators, have enabled the emergence of numerous fast-iterating challenger brands. These brands build direct connections with consumers through more streamlined channels, simultaneously enhancing brand awareness and driving sales conversions. Furthermore, as the usage scenarios for nutrition product products continue to expand, more cross-industry brands are entering the market. Driven by the need to enhance R&D efficiency and shorten time-to-market, challenger brands increasingly rely on external professional partners for product development and manufacturing. This trend supports the continued penetration of nutrition product solution providers with strong R&D capabilities and supply-chain advantages in the market.

Increasing market concentration. As product complexity rises and client expectations for integrated R&D, multi-form manufacturing and agile supply chain support continue to grow, the nutrition product solution industry in China is expected to undergo gradual consolidation. For example, established brands tend to prioritize stringent quality control, regulatory compliance and proven efficacy, while challenger brands place greater emphasis on rapid product iteration, differentiated dosage forms and flexible manufacturing support. Such diverse and increasingly sophisticated requirements further reinforce the advantages of comprehensive solution providers, accelerating the shift toward higher market concentration.

INDUSTRY OVERVIEW

Competitive Landscape of China’s Nutrition Product Solution Industry

China’s nutrition product solution industry is relatively long-tailed, with the top five players capturing a combined market share of approximately 15% in terms of revenue in 2024. The Company is the largest solution provider in China’s nutrition product solution industry in terms of revenue in 2024, with a share of 4.9%. The table below represents the rankings of players in China’s nutrition product solution industry:

Competitive landscape of China’s nutrition product solution industry
in terms of revenue, 2024

Rank	Company name	Revenue, USD million	Market share, %
1	The Company	231	4.9%
2	Company A	~200	4.3%
3	Company H	~145	3.1%
4	Company I	~85	1.8%
5	Company J	~60	1.2%

Source: Annual reports of listed companies, Interviews with industry experts, CIC

Notes:

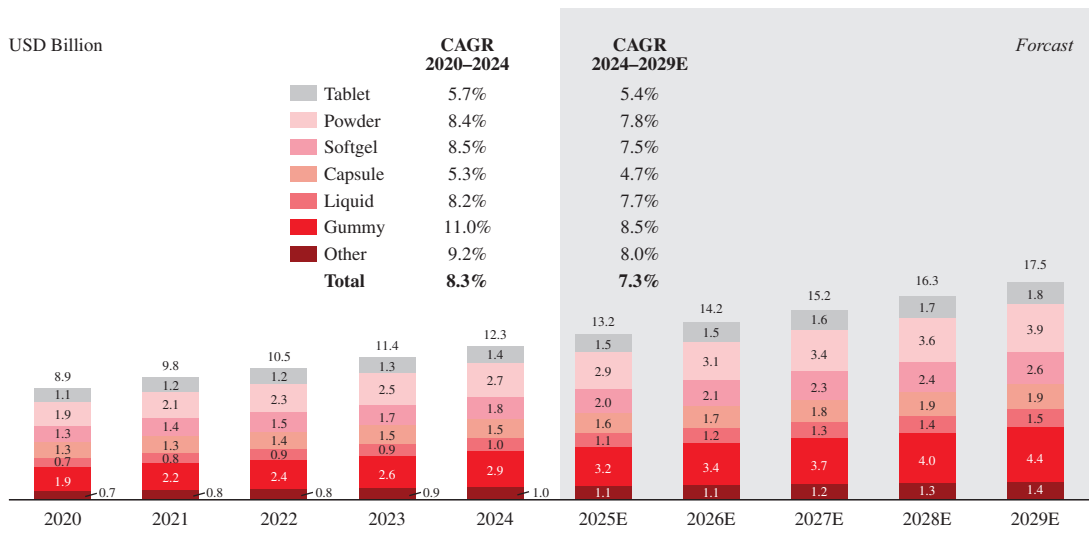
- (1) Company H is a nutrition product developer and manufacturer founded in China in 2012. It mainly provides R&D and manufacturing services for nutrition products in dosage forms such as powder, liquid drinks, chewables, and bakeries. It is an unlisted company.
- (2) Company I is a nutrition product developer and manufacturer founded in China in 2005. It mainly provides R&D and manufacturing services for nutrition products in dosage forms such as softgels, tablets, and capsules. It is a listed company on the Shanghai Stock Exchange.
- (3) Company J is a nutrition product and biotech developer and manufacturer founded in Taiwan in 1980. It mainly provides R&D and manufacturing services for nutrition products, cell and gene therapies, personal care products and self-branded products such as collagen drinks and sparkling water. It is a listed company on the Taipei Stock Exchange.

INDUSTRY OVERVIEW

OVERVIEW OF AMERICAS’ NUTRITION PRODUCT SOLUTION INDUSTRY

According to CIC, Americas’ nutrition product solution industry grew from USD8.9 billion in 2020 to USD12.3 billion in 2024, and is expected to grow to 17.5 billion in 2029, with a CAGR of 7.3%. Driven by strong consumer demand and the appeal of convenient and enjoyable dosage formats, the gummy-based nutrition product solution industry represents the fastest-growing segment in the region, and is expected to reach USD4.4 billion by 2029, with a CAGR of 8.5%. Meanwhile, the powder-based nutrition product solution industry expanded from USD1.9 billion to USD2.7 billion, fueled by the growing popularity of sports nutrition and the increasing demand for protein, amino acids and energy supplements, and is expected to reach USD3.9 billion by 2029 with a CAGR of 7.8%.

Market size of Americas’ nutrition product solution industry in terms of revenue, by dosage type, 2020–2029E



Source: Euromonitor, BCG, Interviews with industry experts, CIC

Geographically, the Americas’ nutrition product solution industry is primarily driven by the U.S. and Latin America market, which accounted for approximately 88% and 7% of the Americas’ market, respectively.

INDUSTRY OVERVIEW

Trends of Americas’ Nutrition Product Solution Market

The U.S. as the Largest and Most Mature Market. The United States is the largest and most mature market in the global nutrition product industry, accounting for over 30% of the global market in 2024. Supported by well-established health awareness and long-ingrained supplement consumption habits, U.S. consumers exhibit some of the highest per capita spending levels on nutrition products globally. This mature and high-value end-market provides a strong and stable demand foundation for the nutrition product solution industry.

The U.S. as a global innovation and trend incubator. As one of the earliest and most developed markets in the nutrition product industry, the United States serves as a key origin market for new product formats, functional ingredients and health concepts. Rapid innovation cycles and frequent product launches increase the complexity of formulation development, regulatory compliance and manufacturing execution. This dynamic environment drives strong demand for specialized nutrition product solution providers that can support fast R&D translation, flexible production and compliant commercialization.

The rise of challenger brands. E-commerce channels represented by Amazon and other major online platforms have become critical growth drivers, enabling challenger brands to effectively target younger and niche consumer segments while enabling faster product iteration. Given the higher technical thresholds, many of the asset-light players rely on external partners, fostering deeper penetration by technically strong nutrition product solution providers in the U.S. market.

Growing local production driven by tariff considerations. Recent trade policy adjustments in the U.S. have elevated sourcing and supply-chain costs for brands reliant on offshore manufacturing. As a result, there is growing incentive to shift production to U.S.-based facilities to avoid tariff-related risks and potential supply disruptions. This shift is elevating the strategic importance of solution providers with local manufacturing footprints, which are better positioned to support brands’ needs for tariff mitigation and supply-chain resilience.

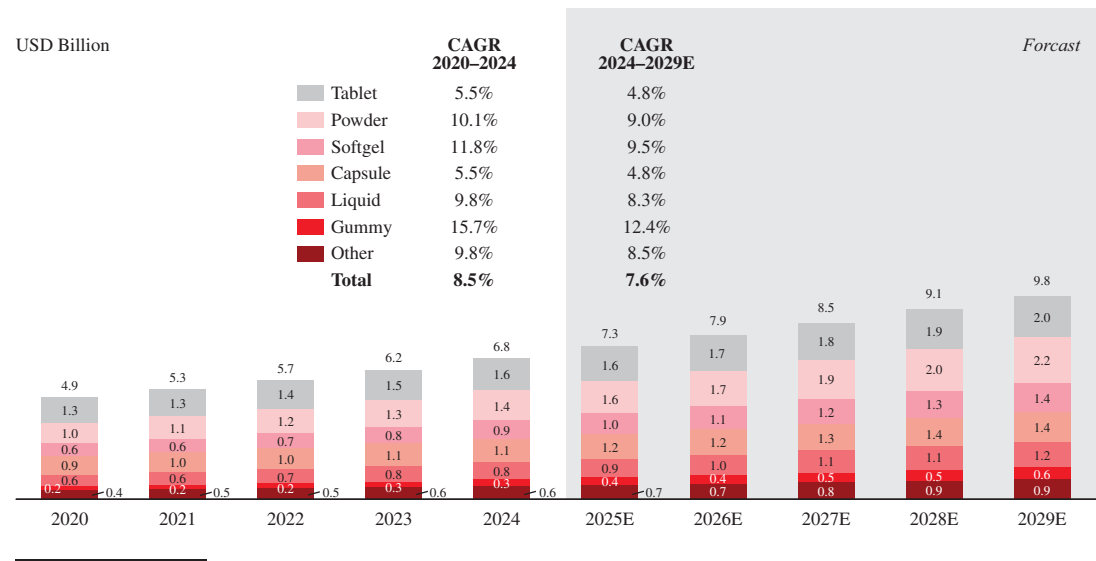
Strong growth potential in Latin America. Latin America represents a high-growth market for nutrition product solutions, supported by a structurally younger population and rising health awareness. As nutrition products gain broader acceptance among younger consumers, brands are accelerating category expansion and product launches. This dynamic is driving growing demand for solution providers that can deliver localized formulations and scalable manufacturing support.

INDUSTRY OVERVIEW

OVERVIEW OF EUROPEAN NUTRITION PRODUCT SOLUTION INDUSTRY

The European nutrition product solution industry has reached USD6.8 billion in 2024 and is projected to reach USD9.8 billion by 2029, with an overall CAGR of 8.5% from 2020 to 2024 and 7.6% from 2024 to 2029. Among the various dosage types, gummy-based nutrition product solutions are expected to reach USD0.3 billion in 2024 and are projected to grow to USD0.6 billion by 2029, driven by increasing consumer demand for convenient, flavorful and effective health products.

Market size of European nutrition product solution industry, in terms of revenue, by dosage type, 2020–2029E



Source: Euromonitor, BCG, Interviews with industry experts, CIC

Trends of the European Nutrition Product Solution Industry

Persistent geographical differences. The European nutrition product industry exhibits pronounced regional differences due to varying levels of market maturity and regulatory development. Western Europe, accounting for approximately 80% of the market in 2024, is relatively mature and places strong emphasis on product quality and regulatory compliance, sustaining stable demand for high quality products and solutions. In contrast, Eastern Europe remains in a growth phase, driven by rising income levels and the expansion of modern retail and e-commerce channels, and represents an important incremental market within Europe.

Increasing importance of multi-channel distribution. The European nutrition product industry is seeing a growing emphasis on multi-channel distribution. In Europe, nutrition products are generally distributed through offline channels, with pharmacies and stores remaining main choices of purchase due to strong consumer trust and established routines. However, in certain markets such as the United Kingdom, the Netherlands and Sweden, e-commerce penetration has been rising rapidly, driven by convenience, digital adoption and evolving consumer habits. As a result, solution providers are increasingly required to develop flexible, multi-channel strategies that support their clients’ presence across both traditional retail and online platforms.

INDUSTRY OVERVIEW

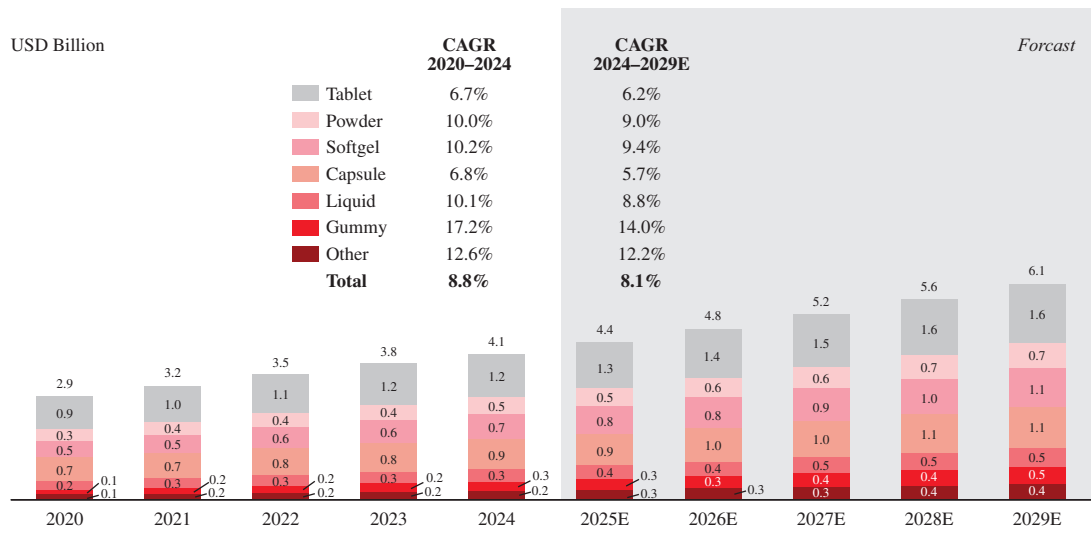
Strong presence of regional brands. The European nutrition product industry is characterized by a strong presence of domestic brands, as consumers in different countries tend to prefer well-established regional brands with high brand recognition and trust. These regional brands typically have a deep understanding of local regulations, consumer preferences and distribution channels, and therefore constitute an important customer base for nutrition product solution providers in Europe.

Traditional dosage forms remain dominant. Tablets and capsules remain the dominant dosage forms in Europe, reflecting consumers’ preference for traditional formats, and collectively accounted for approximately 40% of the European nutrition product solution industry in 2024. At the same time, consumer acceptance of more convenient and palatable formats, such as gummies and other innovative dosage forms, is gradually increasing, requiring solution providers to balance capabilities in conventional and innovative dosage forms.

OVERVIEW OF ASIA-PACIFIC’S (EXCLUDING CHINA) NUTRITION PRODUCT SOLUTION INDUSTRY

Asia-Pacific’s nutrition product solution industry represents a strategically important and dynamically evolving market, characterized by a compelling growth trajectory and distinct regional characteristics. According to CIC, the market size of Asia-Pacific’s nutrition product solution in terms of revenue reached approximately USD4.1 billion in 2024 and is projected to grow to USD6.1 billion in 2029, with a CAGR of 8.1% from 2024 to 2029.

Market size of Asia Pacific’s nutrition product solution industry, in terms of revenue, by dosage type, 2020–2029E



Source: Euromonitor, BCG, Interviews with industry experts, CIC

Trends of Asia-Pacific’s Nutrition Product Solution Industry

Mature and export-oriented markets in Australia and New Zealand. Australia and New Zealand represent mature nutrition product markets within the Asia-Pacific region, supported by high regulatory standards, strong brand credibility and well-established supply chains. Many

INDUSTRY OVERVIEW

leading brands in these markets are export-oriented and actively distribute products to overseas markets, driving sustained demand for compliant, scalable nutrition product solutions and positioning Australia and New Zealand as important brand-exporting markets in the region.

Strong growth potential in Southeast Asia. The Southeast Asian nutrition product market remains at a relatively early stage, with overall penetration still low and the market largely in an education phase. The recent rise of social media and e-commerce platforms has accelerated adoption among the younger, internet-native generation. In particular, beauty-focused supplements are seeing strong growth, driven by regional consumer preferences for the “white, slim, beautiful” ideal.

Local oriented market in Japan and Korea. Japan and South Korea’s nutrition product markets are dominated by domestic brands. Coupled with relatively mature consumer health awareness and stringent regulatory frameworks, this market structure has generated strong demand for locally based nutrition product solution providers with robust R&D capabilities and proven regulatory compliance expertise.

Cross-regional manufacturing and capacity synergies. The Asia-Pacific nutrition product solution market is increasingly benefiting from cross-regional manufacturing and capacity synergies. In particular, cooperation with experienced nutrition product solution providers in other regions, such as China, enables Asia-Pacific brands to access scalable manufacturing capacity, integrated supply chains, and advanced R&D capabilities, supporting efficient production and faster product commercialization.

COMPETITIVE BARRIERS OF THE GLOBAL NUTRITION PRODUCT SOLUTION INDUSTRY

Stringent compliance and regulatory requirements. The nutrition product industry is subject to stringent regulatory oversight, with significant variations in registration, filling, labelling and health claim requirements across different countries and regions. Market participants must adhere to various international quality and safety standards, including cGMP, FDA, EFSA, NSF and ISO certifications, among others. Solution providers with comprehensive compliance systems, cross-border regulatory expertise and globally recognized certifications are better positioned to offer efficient compliance support and product deployment services. This enables them to help brands navigate regulatory processes and expedite market entry, strengthening their competitive position globally.

Global local operating network. Building on a solid regulatory foundation, a globally integrated manufacturing and R&D network allows solution providers to achieve localized production, ensure regulatory compliance and shorten lead times, while reducing cross-border uncertainties and enhancing operational resilience. Additionally, centralized global procurement ensures stable raw material supply, mitigates price volatility and further improves cost efficiency and supply chain security.

INDUSTRY OVERVIEW

Trend insight and consumer understanding. Consumption trends in the nutrition product industry evolve rapidly, with functional needs, ingredient preferences and taste profiles differing significantly across regions. Solution providers with strong market insight and consumer research capabilities can leverage multi-market data and analytics to identify emerging demand patterns early, driving timely innovation in formulations and dosage forms. Armed with such insights and extensive brand operation experience, they can also offer value-added branding and marketing support, enhancing profitability and fostering long-term client loyalty.

AI application capability. As AI applications extend across intelligent production, research and development, and consumer-facing personalization, solution providers that can translate AI capabilities into scalable and practical use cases are better positioned to improve efficiency, accelerate innovation, and support next-generation product development. Over time, such AI application capabilities are expected to widen performance gaps among market participants, allowing early and effective adopters to gain a sustained advantage in the next phase of industry evolution.

Innovation driven capabilities. As continuous innovation in formulation and processing advances across areas such as ingredient compounding, bio-inspired efficacy enhancement, and botanical extraction, solution providers are able to translate technical innovation into differentiated formulations and more complex dosage forms. Together with ongoing micro-innovation in flavor, texture, and packaging, this innovation foundation supports rapid product iteration and stable scale-up. Over time, the depth and consistency of innovation execution become key sources of capability differentiation among solution providers.

Comprehensive coverage across dosage forms, channels and categories. By building a product portfolio that spans multiple dosage forms and functional areas, and integrating diverse sales channels such as online platforms and offline professional retail, solution providers establish a competitive barrier, addressing the varied needs of different consumer groups across multiple health scenarios. Focusing on functional nutrition, beauty and wellness, and daily health management sectors, this strategy creates a systematic competitive advantage through the integration of consumer groups, functions and dosage forms.

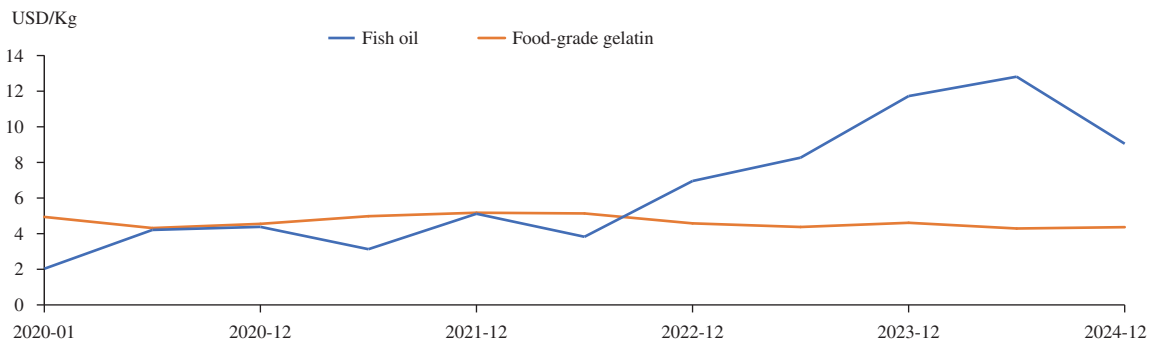
COST ANALYSIS OF THE GLOBAL NUTRITION PRODUCT SOLUTION INDUSTRY

The nutrition product solution industry covers a wide range of product categories and dosage forms, resulting in significant variations in cost structures across different products. Key raw materials typically include fish oil, food-grade gelatin (primarily used in gummies and softgel capsules), and vitamins.

INDUSTRY OVERVIEW

Fish oil prices experienced periodic volatility, peaking at over USD13/kg in the first half of 2024, and subsequently declining to approximately USD8/kg in late 2024. However, food-grade gelatin prices remained broadly stable over the same period, averaging around USD5/kg from 2020 to 2024. The chart below illustrates the price trend⁽¹⁾ of fish oil and food-grade gelatin:

China’s average price of fish oil and food-grade gelatin, 2020–2024



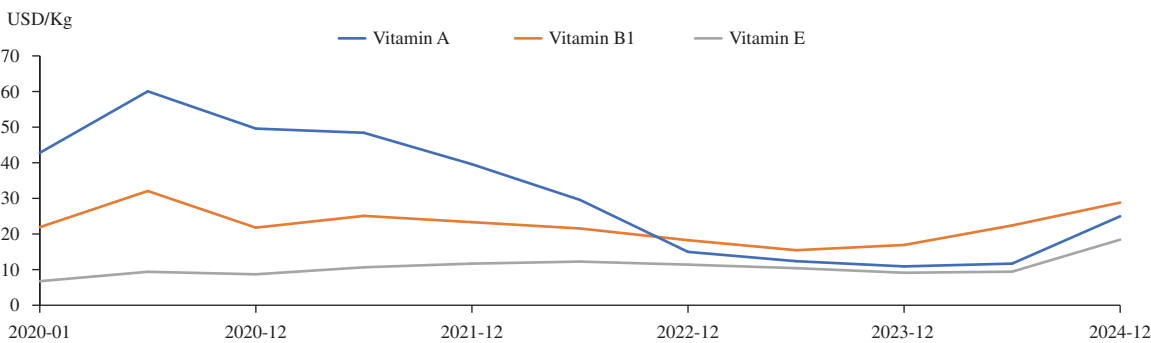
Source: Wind, CIC

Note:

(1) The prices of fish oil and food-grade gelatin shown in this section refer to the import prices in China.

The prices of vitamin A and vitamin B1 peaked in mid-2020 due to supply tightness and then declined gradually through 2024, reaching approximately USD60/kg and USD35/kg, respectively, in the first half of 2024, before recovering moderately in the second half of 2024 to approximately USD25/kg and USD30/kg by the end of 2024. In contrast, the price of vitamin E showed a relatively stable upward trend, rising steadily from approximately USD10/kg in early 2020 to around USD20/kg by early 2025. The chart below illustrates the price trend⁽¹⁾ of vitamins:

China’s average price of vitamins, 2020–2024



Source: Wind, CIC

Note:

(1) The prices of vitamins shown in this section refer to the domestic production prices in China.

INDUSTRY OVERVIEW

SOURCE OF THE INDUSTRY INFORMATION

CIC was commissioned to conduct research, provide an analysis of and produce a report on the global nutrition product solution industry, and other related economic data, at a fee of approximately RMB 0.5 million. The commissioned report has been prepared by CIC, independent of the influence of The Company and other interested parties.

CIC undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including the National Bureau of Statistics of China, Chinese Government releases, annual reports published by relevant industry participants, industry associations, CIC’s own internal database, etc.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers are likely to continue to drive market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

REGULATORY OVERVIEW

THE LAWS AND REGULATIONS IN THE PRC

Regulations Relating to Foreign Investment in the PRC

Regulations on Corporation

On 29 December 1993, the Standing Committee of the NPC (“**SCNPC**”) issued the Company Law of the People’s Republic of China (“**PRC Company Law**”), which was recently amended by the SCNPC on 29 December 2023, and came into force on 1 July 2024. All companies established in the PRC are subject to the PRC Company Law. The PRC Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. Such regulations also apply to foreign-invested enterprises established in the PRC.

Foreign Investment Regulation

In March 2019, the NPC (“**the National People’s Congress of the PRC**”) promulgated the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》), which came into effect on 1 January 2020. Pursuant to the Foreign Investment Law of the People’s Republic of China, “foreign investment” refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organizations of a foreign country within China, or foreign investors, and the investment activities include the following situations: (1) a foreign investor, individually or collectively with other investors, establishes the foreign-invested enterprise in China; (2) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (3) a foreign investor, individually or collectively with other investors, invests in a new project in China; and (4) investments in other means as provided by laws, administrative regulations, or the State Council.

In addition, the Foreign Investment Law of the People’s Republic of China also provides several protective rules and principles for foreign investors and their investments in China, including, among others, that local governments must abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; expropriation or requisition of the investment of foreign investors is prohibited except for special circumstances, in which case statutory procedures must be followed and fair and reasonable compensation must be made in a timely manner; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors in China may be freely remitted inward and outward in Renminbi or foreign currencies. Also, foreign investors or foreign-invested enterprises (FIEs) should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

Foreign Investment Access

According to the Foreign Investment Law of the People’s Republic of China, the State Council will publish or approve to publish a catalogue for special administrative measures, or the “negative list.” The Foreign Investment Law of the People’s Republic of China grants national treatment to

REGULATORY OVERVIEW

foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either “restricted” or “prohibited” in the “negative list.” The Foreign Investment Law of the People’s Republic of China provides that foreign invested enterprises operating in foreign restricted or prohibited industries will require market entry clearance and other approvals from relevant PRC governmental authorities. On 26 December 2019, the State Council has promulgated the Regulations on Implementing the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》), which came into effect on 1 January 2020, further stipulates that the State shall formulate the Catalogue of Encouraged Foreign Investment Industries in accordance with national economic and social development needs, setting out specific industries, fields and regions to encourage and guide investments by foreign investors.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Edition) (《外商投資准入特別管理措施》) (the “**Negative List**”). The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and it covers 11 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment for domestic and foreign investment.

Regulations on Manufacturing and Sales of Foods

Food Safety Law

Pursuant to the Food Safety Law of the People’s Republic of China (《中華人民共和國食品安全法》), the “**Food Safety Law**”) promulgated by the SCNPC on 28 February 2009, revised on 12 September 2025, and came into effect on 1 December 2025, as well as the Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) promulgated by the State Council on 20 July 2009 and amended respectively on 6 February 2016, 11 October 2019 and came into effect on 1 December 2019, the State adopts a licensing system for food production and trade, and an enterprise engaging in production, sale of food or catering services shall legally obtain the licence. However, for those who engage in the sales of edible agricultural products or only sell pre-packaged food products, obtaining a license is not required. Food operators that only sell pre-packaged food shall report to the food safety regulatory department of the local people’s government at or above the county level for the recordation. In accordance with the Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》), where any record-filing party fails to submit the record-filing information as required or fails to update the record-filing information in case of any change thereto, the local market regulatory authority at or above the county level shall order it to make corrections within a specified time limit; if it fails to do so, a fine of not less than RMB2,000 but not more than RMB10,000 shall be imposed thereon.

Under the food recall system established by the State pursuant to the Food Safety Law and its implementation rules, where a food producer or trader finds that the foods it has produced or sold does not comply with relevant food safety standards, or if there is any evidence proving that the foods produced or sold may harm human health, the food producer or trader shall immediately

REGULATORY OVERVIEW

cease the production or trading thereof, and notify the relevant producers, traders and consumers, and keep records of the recall and notification status. Food manufacturers and business operators who refuse to recall foodstuffs or cease operation after being ordered by the food safety supervision and administration department to do so, and when it does not constitute a crime, the authority shall confiscate the illegal income and foodstuffs from the illegal manufacturing or business activities, and may at the same time confiscate the tools, equipment, ingredients used in the illegal manufacturing or business activities; where the value of the foodstuffs from the illegal manufacturing or business activities is less than RMB10,000, a fine ranging from RMB50,000 to RMB100,000 shall be imposed at the same time; where the value of the foodstuffs is RMB10,000 or more, a fine ranging from ten to twenty times the value of the foodstuffs or food additives shall be imposed at the same time; in serious cases, the permit shall be revoked.

Licence and filing for food trading

Pursuant to the Administrative Measures for Food Production Licensing (《食品生產許可管理辦法》) which was promulgated on 2 January 2020 by the State Administration for Market Regulation of the PRC (“SAMR”) and came into force on 1 March 2020, a food production licence shall be obtained in accordance with the laws to engage in food production activities within the territory of the PRC. Food producers who have engaged in the food production activities without the food production licensing shall be punished by the local market regulatory authority at or above the county level according to the Article 122 of the Food Safety Law.

In accordance with the Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) which was promulgated by the SAMR on 15 June 2023 and came into force on 1 December 2023, a food operation licence shall be obtained to engage in food selling and dining services in the PRC. However, the license is not required for the sale of only packaged food is sold. In the event that only packaged food is sold, record-filing shall be completed at the food safety administrations of the people’s governments at the county level at the places where the food seller is located. A food operator which has obtained a food operation license is not required to file for additional business of selling prepackaged food separately. The Administrative Measures for Food Operation Licensing and Filing shall apply to the application, acceptance, review, and decision-making in regard to food operation licensing, the filing for selling only prepackaged food (including health supplement products, food for special medical purposes, infant formula milk powder and other infant formula food, as well as other special food), and the relevant supervision and inspection. Where any record-filing party fails to submit the record-filing information as required or fails to update the record-filing information in case of any change thereto, the local market regulatory authority at or above the county level shall order it to make corrections within a specified time limit; if it fails to do so, a fine of not less than RMB2,000 but not more than RMB10,000 shall be imposed thereon.

Food Labeling Management

According to the Food Safety Law, prepackaged food shall be labeled. The labels shall include the following items: (1) name, specification, net weight, and production date; (2) content or ingredient table; (3) name, address and contact information of the producer; (4) best before date; (5)

REGULATORY OVERVIEW

the standards code of the product; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) the production license number; (9) other items that are required by laws, regulations and food safety standards. Major nutrition facts and contents shall be specified on the labels of staple foods and supplementary foods exclusively for infants and other designated groups. Where national food safety standards have otherwise provisions on label matters, those provisions shall prevail. Food operators shall sell food in accordance with warning marks, warning specifications or cautions stated on labels thereof.

Regulations Relating to Health Food

Administrative Provisions for Health Food

Registration, Filing and Labeling Pursuant to the Food Safety Law, special foods, such as health food, formula food for special medical purpose and infant formula food, shall be under strict supervision of the State. The Administrative Measures for Health Food (《保健食品管理辦法》), which was promulgated by the original Ministry of Health of the PRC (the Ministry of Health has ceased operation since the establishment of the National Health and Family Planning Commission in March 2013) on March 15, 1996 and took effect on June 1, 1996, and the Administrative Measures for Health Food Registration and Filing (《保健食品註冊與備案管理辦法》), as last amended by SAMR on October 23, 2020, stipulate the definition of health food, the registration and filing of health food, and the supervision and management thereof in detail. According to the relevant provisions of the Administrative Measures for Health Food, health food refers to the food with specific health care functions, which is suitable for specific groups due to its body regulating functions and not for the purpose of disease treatment. In pursuance of the Administrative Measures for Health Food Registration and Filing, health food using raw materials beyond the raw materials catalogue for health food products and the firstly imported health food (excluding those which provide nutrients such as vitamins and minerals) shall be registered with the food safety supervision and management department under the State Council. The firstly imported health food which provide nutrients such as vitamin and minerals shall be reported to the food safety supervision and management department under the State Council for record. Other health food products shall be filed with the food safety supervision and management departments of the people’s government of the provinces, autonomous regions and municipalities directly under the Central Government. The labels and instructions samples in respect of products applying for health food registration and filing shall include the product name, raw material, condiments, effective ingredients or iconic ingredients and respective contents, suitable or unsuitable groups, healthcare functions, consumption amount and methods, specification, storage methods, best before date, cautions and others, as well as relevant formulation basis and explanation. The main contents of labels and instructions samples of health food shall not indicate any disease-prevention or healing function, and shall state that “This product is not a substitute for drugs.”

Advertisements for Health Supplement Products

According to Advertisement Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on 27 October 1994 and subsequently amended on 24 April 2015, 26 October 2018 and 29 April 2021, advertisements shall not contain fake or misleading content, nor should they deceive or

REGULATORY OVERVIEW

mislead consumers. Advertisers shall be liable for the authenticity of advertisement contents. Advertisers, advertising agents and advertisement publishers shall abide by laws and regulations and the principles of good faith and fair competition in carrying out advertising activities. With regard to any false advertisement published in violation of the provisions hereof, the administration for market regulation shall order the cessation of the publishing of the advertisement, order the advertiser to eliminate the effects within the corresponding scope, and impose a fine of not less than three times and not more than five times the advertising fees, and where the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB200,000 and not more than RMB1,000,000 shall be imposed; where the illegal activities have been committed more than three times within two years or there are other serious circumstances, a fine of not less than five times and not more than ten times the advertising fees shall be imposed, and where the advertising fees cannot be calculated or are significantly low, a fine of not less than RMB1,000,000 and not more than RMB2,000,000 shall be imposed; the business licenses may be revoked, and the advertisement review authorities shall revoke the approval documents for advertisement review and shall not accept the relevant party’s application for advertisement review for one year. If the advertiser’s aforementioned actions constitute a crime, criminal liability will be pursued in accordance with the law.

Where an advertisement makes indications regarding the properties, functions, places of origin, purposes, quality, ingredients, price, manufacturer, validity period or promises in respect of goods or the contents, providers, forms, quality, price or promises in respect of services offered, such indications shall be accurate and clear. Whereas a gift is attached to certain goods or services supplied, the advertisement concerned should clearly define the kind, specification, quantity, period and mode of the attached gift or service. Contents that shall be explicitly indicated in advertisements as stipulated in laws and administrative regulations shall be expressed in an obvious and clear manner. Otherwise, the market supervision and management department shall order the cessation of the advertisement’s dissemination and impose a fine of no more than RMB100,000 on the advertiser.

Advertisements for health supplement products shall be reviewed by the relevant authorities before publishing, and no such advertisement shall be published without being reviewed. For the publication of advertisements without prior review, the market supervision and management department shall order the cessation of the advertisement’s dissemination and instruct the advertiser to eliminate the impact within the corresponding scope. A fine between one and three times the cost of the advertisement will be imposed. If the advertising cost cannot be calculated or is significantly low, a fine between RMB100,000 and RMB200,000 will be imposed. In severe cases, a fine between three and five times the cost of the advertisement will be imposed, if the advertising cost cannot be calculated or is significantly low, a fine between RMB200,000 and RMB1,000,000 will be imposed. The business license may be revoked, and the advertising review authority may rescind the approval documents for the advertisement and may not accept any advertising review applications from the advertiser for a period of one year.

Advertisements for health supplement products shall be indicated with the words that “this product cannot substitute medicines” conspicuously.

REGULATORY OVERVIEW

Advertisements for health supplement products shall not contain any of the following items: (a) any assertion or guarantee for efficacy and safety; (b) any involvement of functions of disease prevention or treatment; (c) any claim or hint that the product advertised is necessary to safeguard health; (d) comparison with pharmaceuticals or other health supplement products; (e) use of the advertisement endorsers to make any endorsements; or (f) other items as prohibited by laws and regulations.

Pursuant to the Interim Administrative Measures for Censorship of Advertisements for Drugs, Medical Devices, Health Supplement Products and Formula Foods for Special Medical Purpose (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which was promulgated by the SAMR on 24 December 2019 and became effective on 1 March 2020, the SAMR is responsible for organising and guiding the censorship of advertisements for the health supplement products and no advertisements for the health supplement products may be published without censorship. If advertisements for health supplement product give publicity only to the product name, the contents thereof shall not be subject to censorship.

The contents of the health supplement product advertisements shall be subject to those of the registration certificate or record-filing certificate approved by, or the product instructions registered by or filed with the competent department for market regulation, and shall not involve disease prevention or treatment functions. If the health supplement product advertisements involve healthcare functions, functional or major ingredients and their contents, applicable groups of people, dosage, and other contents, it shall not go beyond the scope of the registration certificate or record-filing certificate, or the registered or filed product instructions.

Advertisements for health supplement product shall prominently indicate the words “HEALTH SUPPLEMENT PRODUCT IS NOT DRUG AND CANNOT TREAT DISEASE IN REPLACEMENT OF DRUG”, stating that the product cannot replace any drug, and shall prominently mark the logo of health supplement product, the applicable groups of people and inapplicable ones.

Health supplement product advertisements that violate Article 18 of Advertisement Law of the PRC, or do not prominently state that this product is not a substitute for medicine, will be penalized under the Advertisement Law. The administration for market regulation shall order the offender to cease the publication of the advertisement and to eliminate its impact within the corresponding scope. A fine will be imposed, ranging from one to three times the amount of the advertising fee. However, if it is impossible to compute the advertising fee or the fee is evidently low, a fine ranging from RMB100,000 to RMB200,000 shall be imposed. In serious cases, the fine may range from three to five times the advertising fee. If the advertising fee cannot be computed or is evidently low, the fine shall range from RMB200,000 to RMB1,000,000. Additionally, the business license may be revoked, and the advertisement review authorities may also rescind the approval document for the advertisement review and refuse to accept future applications for advertisement review from the offender for a period of one year.

REGULATORY OVERVIEW

Pursuant to The Administrative Measures on Credibility of Enterprises Publishing Advertisements of Pharmaceutical Products, Medical Apparatus and Health Supplement Products (《藥品、醫療器械、保健食品廣告發布企業信用管理辦法》) which was promulgated by the China Food and Drug Administration of the PRC (“CFDA”) on 16 October 2007 and became effective on 1 January 2008, an enterprise engaging in publishing advertisement of health supplement products will be rated as “trustworthy”, “untrustworthy” or “seriously untrustworthy” upon annual review by competent authority. An enterprise shall be rated as “trustworthy” if none of its advertisements in a given year has violated any relevant laws and regulations by the supervision of the CFDA. An enterprise shall be rated as “untrustworthy” if its advertisements in a given year have been in non-material violations of such laws and regulations. An enterprise shall be rated as “seriously untrustworthy” if its advertisements in a given year have been in material violations of such laws and regulations such as false statement of suitability, assertions or assurance of any health benefit. The enterprise rated as “untrustworthy” or “seriously untrustworthy” shall be ordered by the competent authority to effect rectification within a time limit and such violation shall be recorded into the credit files, and failing to make rectification within the specified time limit will subject the enterprise to publishing of its trustworthiness rating and focused inspection by the competent authority in the future.

Regulations Relating to Product Quality and Product Liability

Product Quality

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), where a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. Where a defect is caused by the manufacturer, the seller who has paid compensation has the right to indemnification against the manufacturer. Where a defect is caused by the fault of the seller, the manufacturer who has paid compensation has the right to indemnification against the seller. In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》), as last amended by the SCNPC on December 29, 2018, producers and sellers shall be liable for the quality of the products they produce or sell. Anyone who produces or sells products that fails to comply with the relevant national or industrial standards for the purpose of safeguarding the human health and protecting the personal and property safety, shall be ordered by the relevant authorities to stop production and/or sale of the products, and shall be subject to confiscation of illegally produced or sold products and a fine not less than the equivalent of, but not more than three times, the value of the products illegally produced or sold (including sold and unsold ones). Illegal gains, if any, shall be confiscated concurrently. In serious cases, the business license shall be revoked. Where a criminal offense is constituted, the offender will be pursued for criminal liabilities in accordance with the law.

Protection of Consumer Rights and Interests

Pursuant to the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the “**Consumer Rights and Interests Protection Law**”), as last amended by the SCNPC on October 25, 2013, operators must guarantee that the commodities they sell satisfy the requirements for personal or property safety, provide customers with authentic

REGULATORY OVERVIEW

information about the commodities, and guarantee the quality, function, usage and term of validity of the commodities. Failure to comply with the Consumer Rights and Interests Protection Law may subject business operators to civil liabilities such as refunding purchase prices, replacing or repairing the commodities, mitigating the damages, compensation, and restoring the reputation, and subject the business operators or the responsible individuals to criminal penalties if business operators commit crimes by infringing the legitimate rights and interests of consumers. The Regulation on the Implementation of the Consumer Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法實施條例》), which was promulgated by the State Council on March 15, 2024, further details and supplements the obligations of operators and improves the relevant regulations on online consumption, strengthens the obligations of operators in prepaid consumption and regulates the behaviour of consumer claims.

Regulations on Value-Added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) provides a regulatory framework for telecommunications service providers in the PRC. Pursuant to this regulation, telecommunications service is divided into basic telecommunications service and value-added telecommunications service, and telecommunications service providers need to obtain operating licenses before starting operations. According to the Classification Catalog of Telecommunications Business (2015 version) (《電信業務分類目錄(2015年版)》), which was amended on June 6, 2019, the internet information services we provide are classified as value-added telecommunications services.

The Administrative Measures on Internet Information Services (2024 Revision) (《互聯網信息服務管理辦法(2024修訂)》) classified internet information services into commercial internet information services and non-commercial internet information services, and a commercial internet information services provider must obtain a value-added telecommunications business operation license from the competent telecommunications authorities. According to this regulation, internet information service operators are obliged to monitor their websites. The PRC government may order the holders of the Value-added Telecommunications Business License (《增值電信業務經營許可證》) for internet information service that violates content restrictions to correct such violations and revoke their licenses.

On February 6, 2016, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定(2016修訂)》), which provided that value-added telecommunications enterprises in the PRC with foreign investment must establish Sino-foreign joint ventures and the equity interest acquired by the foreign investors shall not exceed 50% of the shares of the enterprise. On March 29, 2022, the State Council issued the Decision to Amend and Abolish Certain Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》), which amended the above regulation. Pursuant to the amended regulation which took effect on May 1, 2022, the qualification requirements for major foreign investors to possess prior experience in, and a proven track record of good performance of, operating value-added telecommunication business set out in the original regulation was removed.

REGULATORY OVERVIEW

Regulations on Internet Information Security and Privacy Protection

Network Security

Pursuant to the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》) (“**the Cyber Security Law**”) promulgated by the SCNPC in November 2016, revised on 28 October 2025, and came into effect on 1 January 2026, it is required that network operators, including network service providers, shall take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks. We are subject to such requirements as we are operating websites and mobile applications and providing certain internet services mainly through our mobile applications. The Cyber Security Law further requires network service providers to formulate contingency plans for network security incidents, report to the competent departments upon the occurrence of any incident endangering cyber security and take corresponding remedial measures according to requirements. Network operators are also required to maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and network operators being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the network services providers to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities.

Pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) jointly issued by authorities including the Cyberspace Administration of China (“**CAC**”) on 28 December 2021, which took effect from 15 February 2022, critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The measures further elaborate that conducting the cybersecurity review shall focus on the assessment of a number of national security risk factors of the relevant object or situation, including: the potential risks of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, illegally used or exported overseas; and the risks of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk.

Data Security

Pursuant to the provisions of the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), which was promulgated on 10 June 2021 and took effect on 1 September 2021, a data classification and layered protection system has been implemented based on the importance of data in the development of economy and society and the degree of impact on national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked or illegally acquired or used. The Data Security Law also

REGULATORY OVERVIEW

provides a national security review system for those data processing activities that affect or may affect national security. The Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (“**Network Data Regulations**”), which was promulgated on 24 September 2024 and took effect from 1 January 2025, mainly focus on personal information protection, ensuring the security of important data, establishing an efficient, convenient and secure cross-border data flow system, and regulating network platform service providers. Regarding personal information protection, the Network Data Regulations refine the provisions of the Personal Information Protection Law (《個人信息保護法》) on notification, consent, and individual exercise of rights. To ensure the security of important data, the Network Data Regulations clarify the requirements for the formulation of important data catalogues and the obligations of network data processors to identify and report important data, stipulate the obligations of network data security managers and management agencies, and provide for risk assessment scenarios and assessment contents of important data. Targeting to establish an efficient, convenient and safe cross-border data flow system, the Network Data Regulations further optimise the cross-border data flow system based on the experience of formulating and implementing departmental regulations including the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), and the Regulations on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》).

Regulations on Intellectual Properties

Trademark

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982 and revised on 22 February 1993, 27 October 2001, 30 August 2013, 23 April 2019 and with effect from 1 November 2019 and the Regulation on the Implementation of Trademark Law of the PRC (《中華人民共和國商標法實施條例》), which was promulgated on 3 August 2002 and amended on 29 April 2014 and became effective on 1 May 2014. Trademarks are registered with the Trademark Office of the National Intellectual Property Administration. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or pending in application for use in the same or similar category of commodities or services, the application for registration of such trademark may be rejected. Trademark registrations are effective for a renewable ten-year period, unless otherwise revoked.

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》), taking effect on 1 June 2021 and the Implementation Regulation for the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》), taking effect on 20 January 2024, the patent administrative department under the State Council is responsible for administering patents in the PRC, while the patent administration departments of the governments at the provincial level, autonomous regions and municipalities directly under the Central Government are responsible for the patent administration within their respective administrative regions. The PRC patent system

REGULATORY OVERVIEW

adopts a “first to file” principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who filed the application first. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models and fifteen years in the case of designs, starting from the application date. Following the grant of patent rights for an invention or a utility model, unless otherwise stipulated in the Patent Law, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, use, offer to sell, sell or import such patented products for manufacturing and business purposes, or use the patented method and use, offer to sell, sell or import products obtained directly according to the patented method. Following the grant of design patent rights, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, offer to sell, sell or import the design patented products for manufacturing and business purposes.

Copyright

Pursuant to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) (the “**Copyright Law**”) promulgated by the State Council on 7 September 1990 and amended in 2001, 2010 and 2020 and Regulations for Implementation of Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》) published on 30 May 1991 and amended in 2002, 2011 and 2013, Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works, which include works of literature, art, natural science, social science, engineering technology and computer software. The copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of reproduction and that of distribution. The scope of copyright protection was extended to internet activities, products disseminated over the internet and software products. Unless otherwise provided in the Copyright Law, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein shall constitute infringements of copyrights. The infringer shall undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities. In addition, pursuant to the provisions of the Copyright Law, authors and other copyright owners may complete the registration of their works with a registration agency recognised by the State copyright authority.

Domain Name

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and came into effect on 1 November 2017, the establishment of domain name root servers, domain name root servers operating institutions, domain name registration and management institutions and domain name registration service institutions within the PRC shall obtain permits from competent governmental authorities of telecommunications. In principle, the domain name registration services are subject to the rule of “first come, first served”, unless otherwise stipulated in corresponding detailed implementing rules for the domain name registration. Furthermore, the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服

REGULATORY OVERVIEW

務使用域名的通知》) which was promulgated on 27 November 2017 and came into effect on 1 January 2018 stipulates internet information service providers as its main target on the overall anti-terrorism and maintaining internet security.

Regulations on Land and Real Estate

Land Assignment

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the People’s Republic of China (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》), promulgated by the State Council on 19 May 1990 and amended on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise exploit the land for economic activities within the term of use. Under these Regulations and the Urban Real Estate Administration Law of the People’s Republic of China (《中華人民共和國城市房地產管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Leasing Properties

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee’s possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code of the People’s Republic of China, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) authorities of the People’s Government of the special municipality, municipality or county where the leased property is located. If a company fails to complete such procedures, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

REGULATORY OVERVIEW

Project Construction

According to the Construction Law of the PRC (《中華人民共和國建築法》), which was last amended by the SCNPC on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people’s government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

Regulations Relating to Employment, Social Insurance and Housing Provident Fund

General Labor Contract Rules

Enterprises or institutions shall conclude written labor contracts with employees under the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which was last amended by the SCNPC on December 28, 2012. Labor contracts must be concluded in writing if labor relationships are to be or have been established between employers and employees. Enterprises and institutions are forbidden to force employees to work overtime or to do so in a disguised manner, and if an employer arranges overtime work for employees, employers must pay employees overtime wages in accordance with national regulations. In addition, wages may not be lower than local standards on minimum wages and must be paid to the employees timely. According to the Labor Law of the PRC (《中華人民共和國勞動法》) as last amended by the SCNPC on December 29, 2018, the enterprises and institutions must establish and perfect a system of workplace safety and sanitation, strictly abide by national rules and standards on workplace safety and sanitation, and educate employees on workplace safety and sanitation. Workplace safety and sanitation facilities must comply with national standards. The enterprises and institutions must provide employees with a safe workplace and sanitation conditions that are in compliance with national standards and relevant labor protection regulations.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) as last amended by the SCNPC on December 29, 2018, each employer and individual in the PRC shall make social insurance contributions, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work injury insurance. Each employer shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employees. Employers who fail to make social insurance contributions in full and on time shall be ordered by the social insurance premium collection agency to pay or supplement within a prescribed period, and an overdue payment fine at the rate of 5 per 10,000 shall be levied from the due date of payment. When the payment is not made at the expiry of the prescribed period, a fine above the overdue amount but less than its triple shall be imposed by the relevant administrative department.

REGULATORY OVERVIEW

According to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), as last amended by the State Council on March 24, 2019, each employer and individual in the PRC shall make housing provident fund contributions in accordance with the law. The employer shall go through the housing provident fund contribution registration with the housing provident fund management center and apply for the establishment of housing provident fund account for employees. If the employer does not register the contribution of the housing provident fund or does not establish housing provident fund account for its employees, the housing provident fund management center shall order it to be handled within a prescribed period. The employer who fails to make up the procedures within the prescribed period shall be given a fine of RMB10,000 to RMB50,000. Where the employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed period; where the payment and deposit have not been made after the expiration of the prescribed period, an application may be made to a people’s court for compulsory enforcement.

Regulations on Foreign Exchange Supervision

Pursuant to the principal regulations governing foreign currency exchange in PRC are the Administrative Regulations for Foreign Exchange of the People’s Republic of China (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996 and last amended and became effective on 5 August 2008, the foreign exchange management matters in the PRC may be divided into current items (including trade-related receipts and payments, and interest and dividend payments) and capital items (including direct equity investment, loans and divestment). Current or capital account funds can only be remitted in or out through the relevant procedures of the foreign exchange (including settlement or purchase) after obtaining the necessary permissions and reasonable review.

On 11 May 2013, the State Administration of Foreign Exchange of the PRC promulgated the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) which came into effect on 13 May 2013, and was revised on 10 October 2018 and partially invalid on 30 December 2019. According to such provisions, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On 26 December 2014, the SAFE issued and implemented the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》). According to the Notice, a domestic company shall, within 15 business days from the date of completion of its overseas listing issuance, register the overseas listing with the foreign exchange control bureau located at its registered address; after a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority within twenty working days prior to the intended share increase or decrease.

REGULATORY OVERVIEW

The SAFE promulgated and implemented the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), which came into effect on 4 December 2023, but Paragraph 2 of Article 7 took effect on 3 June 2024. Pursuant to the Notice, foreign-invested enterprises engaged in non-investment business are permitted to use capital funds for domestic equity investment in accordance with the laws on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws; restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed; eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

On 10 April 2020, the SAFE issued and implemented the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理 支持涉外業務發展的通知》), which stipulates that eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts.

On 4 December 2023, the SAFE issued and implemented the Notice on Further Deepening Reforms to Promote the Facilitation of Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), which provides that the equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing, may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

On 3 April 2024, the SAFE promulgated the Capital Account Foreign Exchange Operational Guidelines (2024 version) (《資本項目外匯業務指引(2024年版)》), which came into effect on 6 May 2024, stipulates that the funds raised by the domestic companies through overseas listing shall be repatriated to the PRC in principle and may be in RMB or foreign currency.

Regulations on Overseas Direct Investment

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on 13 July 2009 and effective on 1 August 2009, domestic entities may apply for foreign exchange registration for foreign direct investment upon its approval. In addition, the SAFE issued and implemented the Notice on Further Simplify and Enhance Foreign Exchange Policy on Direct

REGULATORY OVERVIEW

Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) on 13 February 2015 and came into effect on 1 June 2015, to cancel the administrative approval for foreign exchange registration for foreign direct investment and grant banks the rights to directly review and handle foreign exchange registration for foreign direct investment.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on 6 September 2014 and came into effect on 6 October 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to verification and approval or filing management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to verification and approval management. Overseas investment under other circumstances shall be subject to filing management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and came into effect on 1 March 2018, the investing activities of enterprises in mainland China such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC, and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US\$300 million or above invested by local enterprise in mainland China or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in mainland China is less than US\$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

Regulations on Import and Export

According to the Foreign Trade Law of the People’s Republic of China (《中華人民共和國對外貿易法》) promulgated on 12 May 1994 and latest amended and effective on 30 December 2022 by the SCNPC, foreign trade operators engaged in the import and export of goods or technology do not need to register with the foreign trade authority under the State Council or its authorized agencies, which shall grant a license to the consignee or consignor who applies for automatic licensing prior to completing customs clearance formalities for imports and exports subject to automatic licensing; for technologies that are free for import and export, the contract must be registered with the foreign trade department of the State Council or its authorized agency.

According to the Customs Law of the People’s Republic of China (《中華人民共和國海關法》) promulgated on 22 January 1987 and last amended by the SCNPC and came into effect on 29 April 2021, the Customs of the People’s Republic of China is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who exercise its jurisdiction in all its aspects, including supervising the transportation vehicles, goods, luggage,

REGULATORY OVERVIEW

postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, preventing and combating smuggling, compiling customs statistics and handling other customs operations.

In addition, according to the Regulations of the People’s Republic of China Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on 19 November 2021 and effective from 1 January 2022, “customs declaration entities” refer to the consignees and consignors of import and export goods and customs declaration enterprises which make a filing with the customs. If the enterprises apply for filing, they shall obtain the qualification of market entities. The recordation of the customs declaration entities is valid for a long period of time. The filing of the customs declaration enterprise is valid for long term.

Regulations on Taxation

Enterprise Income Tax (“EIT”)

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the NPC on 16 March 2007 and last amended with effect from 29 December 2018 by SCNPC, and the Implementation Rules 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 enacted on 6 December 2007 by the State Council and became effective on 1 January 2008 and amended on 23 April 2019, and most recently amended on December 6, 2024 and came into force on January 20, 2025 (collectively, the “EIT Law”), enterprises as taxpayers are classified as either “resident enterprises” or “non-resident enterprises”. Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as “resident enterprises”. Enterprises established under the law of the foreign country (region) with “de facto management bodies” 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 inside the PRC, shall be considered as “non-resident enterprises”. A resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC fall into the category of resident enterprises, which shall pay EIT for the income originating from domestic and overseas sources at an EIT rate of 25%. A non-resident enterprise that has establishments or places of business in the PRC shall pay EIT on its income originating from the PRC obtained by such establishments or places of business, and on its income deriving outside PRC but has actual connection with such establishments or places of business, at the EIT rate of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at a reduced EIT rate of 10%. According to the EIT Law, dividends paid to foreign investors of foreign-invested companies are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC.

REGULATORY OVERVIEW

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong 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 “**Arrangement**”) on 21 August 2006 and implemented the Arrangement from 1 January 2007 in mainland China and from 1 April 2007 in Hong Kong. According to the Arrangement, the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident, provided that such Hong Kong tax resident directly holds at least 25% of the equity interests in the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident if such Hong Kong tax resident holds less than 25% of the equity interests in the PRC company.

Value-added tax

According to the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and latest amended on 19 November 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax of the People’s Republic of China (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance of the PRC (“**MOF**”) and the State Taxation Administration of the PRC (“**STA**”) on 25 December 1993 and came into effect on the same date, and was latest amended on 28 October 2011 and came into effect on 1 November 2011, entities and individuals selling goods or providing processing, repairing or replacement services, selling services, intangible assets and immovable assets and importing goods in the PRC are taxpayers of value-added tax (VAT) and shall pay a VAT.

The VAT rates in the PRC have undergone multiple reforms: (1) pursuant to the Provisional Regulations on Value-added Tax of the People’s Republic of China, unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labour services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets. After that, (2) according to the Notice on Adjusting Value-added Tax Rates (《關於調整增值稅稅率的通知》), which was promulgated by the MOF and the SAT on 4 April 2018, the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively, which became effective on 1 May 2018. Subsequently, (3) pursuant 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》) promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019, the value-added tax rates of 16% and 10% applicable to any taxpayer’s VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively, which became effective on 1 April 2019.

On 25 December 2024, the SCNPC promulgated the Value-Added Tax Law of the People’s Republic of China (《中華人民共和國增值稅法》), which came into effect on 1 January 2026 (the Provisional Regulations of the People’s Republic of China on Value-Added Tax were simultaneously repealed).

REGULATORY OVERVIEW

Dividend Tax

Pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated by the SAT and became effective on 20 February 2009, all of the following requirements shall be satisfied by the fiscal resident of the other party to the tax agreement directly owning a certain percentage or more (generally 25% or 10%) of the capital of a Chinese resident company which pays dividends to such a fiscal resident, in order to enjoy the preferential tax rates provided under the tax agreement: (i) the tax resident that receives dividends shall be a company as provided in the tax agreement; (ii) the equity interests and voting shares of the PRC resident company directly owned by the tax resident reach the percentages specified in the tax agreement; and (iii) the equity interests of the PRC resident company directly owned by such tax resident at any time during the continuous twelve months prior to receiving the dividends reach a percentage specified in the tax agreement.

According to the Announcement of the SAT on Promulgation of the Administrative Measures for Non-resident Enterprises to Enjoy Treatment under Tax Treaties (《國家稅務總局關於發布《非居民納稅人享受稅收協定待遇管理辦法》的公告》), which was promulgated by the SAT on 27 August 2015 with effect from 1 November 2015, if a non-resident enterprise that receives dividends from a PRC resident enterprise wishes to enjoy the preferential tax treatments under the tax agreements, it shall submit relevant report form and materials to the competent tax authority when making the first tax declaration in the relevant tax year or when the withholding agent makes the first withholding declaration in the relevant tax year. The rule was replaced by the Announcement of the SAT on Promulgation of the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (《國家稅務總局關於發布《非居民納稅人享受稅收協定待遇管理辦法》的公告》) which was promulgated by the SAT on 14 October 2019 and came into effect on 1 January 2020.

Dividends Distribution

The principal laws and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the PRC Company Law, as last amended by the SCNPC on December 29, 2023 and the Law of the PRC on Foreign Investment (《中華人民共和國外商投資法》) and its Implementing Regulations promulgated by the National People’s Congress on March 15, 2019. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When any after-tax profits for the current year are distributed, the Company shall allocate 10% of the profit as the statutory reserve fund of the Company. If aggregate amount of the statutory reserve funds exceeds 50% of the registered capital of the Company, no more allocation shall be required. If the statutory reserve fund is not sufficient to make up for the losses of the previous years, such losses shall be made up for with the profits for the current year before any statutory reserve fund shall be allocated in according with the preceding paragraph.

REGULATORY OVERVIEW

Pursuant to the Individual Income Tax Law of the PRC, as last amended on August 31, 2018, and the Regulations on the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), as last amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

Pursuant to the EIT Law and the Regulations on the Implementation of 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》), an enterprise income tax rate of 10% will normally be applicable to dividends declared to a non-resident enterprises which have not established agencies or offices in China, or which have established agencies or offices in China but whose income has no association with such agencies or offices unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaties.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a EIT refund in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Regulations Relating to Overseas Listing

According to the Securities Law of PRC (《中華人民共和國證券法》), which was last amended by the SCNPC on December 28, 2019, a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. For subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The China Securities Regulatory Commission (“CSRC”) is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner.

On February 17, 2023, the CSRC promulgated certain regulations relating to the filing and management of overseas issuance and listing by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines (collectively referred to as the “**Overseas Listing Regulations**”). Pursuant to the Overseas Listing Regulations, the PRC domestic companies that seek to offer and list securities in overseas markets, either directly or indirectly, must submit the required documents to the CSRC within three working days after submitting the application for overseas listing.

REGULATORY OVERVIEW

The Overseas Listing Regulations provides that an overseas offering and listing is prohibited, if any of the following applies: (i) the offering and listing of such securities are explicitly prohibited by laws, administrative regulations and relevant national regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with laws; (iii) the domestic company intending to be listed or offer securities, or its controlling shareholder(s) and actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of socialist market economy in the past three years; (iv) the domestic company intending to be listed or offer securities is currently under investigations for suspicion of criminal offenses 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 domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

In addition, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of the following circumstances upon offering securities and listing in overseas markets, pursuant to the Overseas Listing Regulations: (i) change in controlling rights; (ii) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities; (iii) change of listing status or listing segments; and (iv) voluntary or compulsory termination of listing. Domestic companies that seek to offer securities and list in overseas markets shall strictly comply with relevant laws, administrative regulations and national security regulations regarding foreign investment, cybersecurity, and data security, and earnestly fulfill their obligations to safeguard national security.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration jointly promulgated the Provisions on Strengthening Confidentiality and Archives Administration for Overseas Securities Offering 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》) (the “**Confidentiality Regulations**”). Pursuant to the Confidentiality Regulations, a domestic enterprise that provides or publicly discloses any documents and data relating to state secrets and work secrets of state authorities to relevant securities companies, securities service agencies and overseas regulators, and individuals shall first obtain approval from competent authorities in accordance with law, and file with the confidentiality administrative department at the same level. The working papers formed within the territory of the PRC by the securities companies and securities service agencies 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 procedures in accordance with relevant national regulations.

REGULATORY OVERVIEW

THE LAWS AND REGULATIONS IN THE UNITED STATES

Laws and Regulations Relating to Manufacturing and Sale of Dietary Supplements and Personal Care Products in the United States

The United States maintains a comprehensive regulatory framework governing the formulation, manufacturing, labeling, and distribution of dietary supplements and personal care products. These activities are primarily regulated by the Federal Food, Drug, and Cosmetic Act (“**FFDCA**”), as amended by the Dietary Supplement Health and Education Act of 1994 (“**DSHEA**”) and supplemented by the Dietary Supplement and Nonprescription Drug Consumer Protection Act of 2006 (“**DSNDCPA**”) for dietary supplements, and the Modernization of Cosmetics Regulation Act of 2022 (“**MoCRA**”) for cosmetics and personal care products. Under these federal laws and regulations, the U.S. Food and Drug Administration (“**FDA**”) possesses broad authorities to oversee product safety and ensure that dietary supplement and cosmetic products are neither adulterated nor misbranded before they reach the consumer. In addition, the Federal Trade Commission (“**FTC**”) requires that advertising claims be truthful, not misleading, and supported by competent and reliable scientific evidence.

DSHEA and related FDA regulations mandate manufacturers to comply with the Current Good Manufacturing Practice (“**cGMP**”) in production of dietary supplements. Facilities that manufacture, process, pack or hold dietary supplements must be registered with the FDA and renewed biennially. Consistent with such requirements under DSHEA, MoCRA also requires all cosmetic manufacturing facilities to be registered with the FDA, with biennial renewals and changes timely updated. Under these federal regulations, manufacturers of dietary supplements and cosmetics are obliged to maintain records that adequately substantiate the safety of production.

In addition to federal oversight, manufacturing operations located within California are subject to the California Health and Safety Code, which encompasses the Sherman Food, Drug, and Cosmetic Law (the “**Sherman Law**”). The Sherman Law grants the California Department of Public Health (“**CDPH**”) independent and concurrent enforcement authority alongside the federal FDA. Under the Sherman Law, facilities engaged in the manufacture, packing or holding of processed foods or dietary supplements must obtain and maintain a valid Processed Food Registration (“**PFR**”) issued by the CDPH. As a mandatory operational license, the PFR is issued upon the facility successfully passing onsite inspections that verify compliance with both state and federal cGMP and sanitation standards. Regarding production of cosmetics, Sherman Law also imposes similar registration requirements. The CDPH possesses the authority to suspend or revoke these registrations or impose administrative fines in the event of material non-compliance.

Laws and Regulations Relating to Corporations (Including Limited Liability Companies) in the United States

Corporate governance and entity maintenance in the United States are primarily governed by the laws of the state in which an entity is organized.

REGULATORY OVERVIEW

California Corporations Code

Corporations formed under California law are governed by the California Corporations Code, Cal. Corp (the “CCC”). The CCC establishes requirements for corporate formation, governance, and operations. The CCC creates corporations as separate legal entities distinct from their shareholders and mandates compliance with specified formalities for corporate formation and ongoing governance. California corporations are formed by filing articles of incorporation with the California Secretary of State and must adopt bylaws governing the corporation’s internal affairs. The CCC prescribes mandatory provisions for articles of incorporation and establishes default rules for corporate governance that apply unless modified within statutory limits. The corporation is managed by a board of directors elected by the shareholders, and the board possesses the authority to manage the business and affairs of the corporation, delegate powers to officers and committees, and adopt, amend, or repeal bylaws (unless this power is reserved to shareholders in the articles of incorporation). Directors owe fiduciary duties of care and loyalty to the corporation and its shareholders, which cannot be eliminated but may be limited through charter provisions authorized by the CCC. The CCC imposes specific restrictions on distributions to shareholders, prohibiting distributions that would render the corporation unable to meet its liabilities as they become due or that would result in assets being less than liabilities plus liquidation preferences, with certain exceptions for distributions from earned surplus. The CCC also establishes procedures for dissolution, which may occur voluntarily by shareholder vote or involuntarily through judicial decree. Upon dissolution, corporate assets must be distributed in the following priority: first to creditors in satisfaction of liabilities; second to shareholders holding shares with preferential liquidation rights to the extent of such preferences; and finally to common shareholders in proportion to their shareholdings, unless the articles of incorporation provide otherwise. California corporations must file biennial Statements of Information with the California Secretary of State.

California Revised Uniform Limited Liability Company Act

Limited liability companies formed under California law are governed by the California Revised Uniform Limited Liability Company Act (the “CA LLC Act”). Under the CA LLC Act, the operating agreement serves as the primary governing document. The CA LLC Act grants substantial flexibility to members to customize governance and operational terms through the operating agreement, subject to mandatory statutory provisions. Members and managers are protected from personal liability for LLC debts and obligations solely by reason of their status, subject to exceptions for wrongful acts and veil-piercing doctrines. The CA LLC Act establishes default management rules unless designated as manager-managed. The CA LLC Act imposes fiduciary duties of loyalty and care on managers and managing members, which may be modified by the operating agreement but cannot eliminate the duty of loyalty, unreasonably reduce the duty of care, or eliminate the obligation of good faith and fair dealing. The CA LLC Act establishes default rules for allocation of profits and losses pro rata based on contribution value, unless the operating agreement provides otherwise. Regarding dissolution, an LLC may be dissolved by events specified in the operating agreement, by consent of members holding a majority of interests in current profits, upon illegality, or by judicial decree. Following dissolution, assets are distributed in the following order of priority: first to creditors (including member-creditors), then to members for

REGULATORY OVERVIEW

unreturned contributions, and finally to members for their distribution interests, unless the operating agreement specifies otherwise. California LLCs must file biennial Statements of Information with the California Secretary of State.

Delaware Limited Liability Company Act

The Delaware Limited Liability Company Act (the “**DE LLC Act**”) provides the statutory framework for the formation and governance of Delaware limited liability companies, establishing them as separate legal entities distinct from their members. Under the DE LLC Act, the limited liability company agreement (often named as the “operating agreement”) serves as the primary governing document, and the DE LLC Act specifically mandates that maximum effect be given to the enforceability of such agreements. Under the DE LLC Act, members and managers of the LLC are protected from personal liability for the debts, obligations, or liabilities of the LLC solely by reason of being a member or manager. The DE LLC Act also permits the modification or elimination of fiduciary duties of members to the LLC, although the implied contractual covenant of good faith and fair dealing cannot be waived. Furthermore, the DE LLC Act establishes default rules for the allocation of profits and losses and the distribution of assets, which apply unless the operating agreement provides otherwise. Under the DE LLC Act, management of the entity is vested in its members unless the operating agreement provides for management by one or more managers. The DE LLC Act grants broad authority to define specific voting rights within the operating agreement, including the creation of classes or groups of members with disparate seniority or powers. In the absence of specific provisions in the operating agreement, the default rule is that management is exercised by members owning more than fifty percent of the then-current percentage or other interest in the profits of the LLC. Regarding dissolution, an LLC is dissolved and its affairs must be wound up upon the occurrence of events specified in the operating agreement, or upon the affirmative vote or written consent of members who own more than two-thirds of the current percentage or other interest in the profits. Following dissolution, the DE LLC Act mandates a specific priority for the distribution of assets: first to creditors (including members who are creditors) in satisfaction of liabilities, and then to members for the return of their contributions and in proportion to their share of distributions, unless otherwise modified by the agreement.

Foreign entities (corporations or limited liability companies formed under the laws of another state, such as Delaware) that conduct business in California must qualify to do business by registering with the California Secretary of State. An entity is generally considered to be “doing business” in California if it engages in repeated and successive transactions of its business in the state. Foreign LLCs must file a Statement and Designation by Foreign Limited Liability Company, designate a California agent for service of process, file biennial Statements of Information, and pay California franchise taxes.

Laws and Regulations Relating to Employment in the United States

Employment within the United States is regulated by both federal and state (including local) laws and regulations. Federal laws establish the foundational rights of employees and various standards, which in general prohibit discrimination, harassment, and retaliation based on protected

REGULATORY OVERVIEW

characteristics such as race, sex, age, and disability. State laws generally require employers to provide workers’ compensation insurance, and sometimes impose additional requirements such as minimum wage and unemployment taxes. Employees are classified as either “exempt” or “non-exempt” from overtime requirements based on job duties and salary thresholds. Unless otherwise specified in an agreement, employment in the United States is “at-will,” which means that either the employer or the employee may terminate the employment relationship at any time, with or without cause or advance notice. The “at-will” status may be modified by employment agreements, and no employee may be terminated for reasons that violate the law, including discrimination, harassment, or retaliation for engaging in protected activities.

Laws and Regulations Relating to Occupational Safety and Health Administration in the United States

Workplace safety and health in the United States are governed by the Occupational Safety and Health Act of 1970 (the “**OSH Act**”), as administered by the Occupational Safety and Health Administration (“**OSHA**”). The OSH Act requires employers to provide workplaces free from recognized hazards and to comply with specific safety and health standards covering areas such as hazard communication, machine guarding, electrical safety, fall protection, personal protective equipment, and hazardous energy control. Employers must maintain injury and illness records and report serious incidents to OSHA. OSHA conducts workplace inspections and may issue citations with civil penalties. Willful violations causing death may result in criminal penalties. The OSH Act prohibits employer retaliation against employees who report safety concerns. Additionally, 22 states operate OSHA-approved State Plans with standards at least as stringent as federal requirements. In California, workplace safety is governed by the California Occupational Safety and Health Act of 1973, administered by the Division of Occupational Safety and Health within the California Department of Industrial Relations (“**Cal/OSHA**”). Cal/OSHA enforces standards that are more protective than federal OSHA requirements in multiple areas, including requirements for injury and illness prevention programs, heat illness prevention, workplace violence prevention in healthcare settings, and aerosol transmissible diseases standards. Cal/OSHA also has independent citation and penalty authority that may exceed federal penalty levels.

Laws and Regulations Relating to Import in the United States

The entry of goods into the United States is primarily regulated by the Tariff Act of 1930 and the Customs Modernization Act of 1993, as administered by U.S. Customs and Border Protection (“**CBP**”). These frameworks establish an “informed compliance” model, under which the primary burden of legal responsibility rests on the importer. The importer is mandated to exercise “reasonable care” during the entry process. This duty requires the importer to properly classify merchandise under the Harmonized Tariff Schedule of the United States, establish the correct valuation of imported goods, and determine the applicable duty rates and country of origin. Furthermore, the importer must provide CBP with the necessary documentation to facilitate the assessment of duties, the collection of trade statistics, and the verification of compliance with all applicable federal laws. Failure to comply with these regulations can lead to civil monetary penalties. CBP evaluates the severity of violations based on three distinct tiers of culpability including negligence, gross negligence and fraud. Civil monetary penalties vary based on the degree

REGULATORY OVERVIEW

of culpability and can be substantial, potentially including the domestic value of the merchandise. In cases of fraud or certain willful violations, criminal penalties, including fines and imprisonment, may also apply. Additionally, CBP may seize and forfeit merchandise, suspend or revoke import privileges, or impose other administrative sanctions. CBP retains the authority to conduct post-entry audits and reviews of import transactions. Importers may be required to produce records and documentation to verify compliance, and CBP may issue requests for information or conduct focused assessments of an importer’s compliance programs.

Laws and Regulations Relating to Tariff in the United States

The importation of goods into the United States is subject to various duties and trade remedies administered by CBP, the U.S. International Trade Commission, and the Office of the U.S. Trade Representative (“USTR”). While the U.S. Constitution vests Congress with the authority to regulate international commerce, various statutes delegate power to the executive branch to adjust tariffs. Key authorities include: (i) Section 301 of the Trade Act of 1974, which authorizes the USTR to impose additional duties to address unfair trade practices; (ii) Section 232 of the Trade Expansion Act of 1962, which permits tariffs on national security grounds; (iii) Section 201 of the Trade Act of 1974, providing “global safeguard” measures; and (iv) Section 337 of the Tariff Act of 1930, which provides remedies for unfair trade practices involving intellectual property infringement. Additionally, Antidumping and Countervailing Duties imposed to offset sales at less than fair value and foreign government subsidies. These specialized duties are generally cumulative and assessed in addition to standard customs duties calculated under the Harmonized Tariff Schedule of the United States. The simultaneous application of multiple duty categories can impact import costs. Failure to properly account for and pay all applicable duties can result in penalties, seizure of merchandise, and other enforcement actions by CBP. In 2025, the President of United States exercised executive authority to impose additional tariffs, including a fentanyl tariff on Chinese goods and reciprocal tariffs on various countries. These tariffs have been subject to modifications, court challenges, and ongoing trade negotiations, and their final implementation and scope are subject to change.

THE LAWS AND REGULATIONS IN GERMANY

Regulatory and Legal Environment in Germany

Under German and European Union law, the manufacture of animal feed and foodstuffs and the manufacture of pharmaceuticals for human and animal consumption are subject to extensive regulatory requirements. Such laws and regulations govern, among other things, the manufacturing, testing, approval and labeling of pharmaceuticals, as well as other aspects of the regulatory framework applicable to pharmaceuticals and other healthcare and food products.

REGULATORY OVERVIEW

Regulations on Healthcare Products (For Human Consumption) in Germany

Under European Union and German law, healthcare products for human consumption, including foodstuffs and food supplements, are subject to a comprehensive regulatory framework distinct from that applicable to pharmaceuticals. Such products are primarily governed by food and cosmetics legislation at the European and national levels. Unlike pharmaceuticals, healthcare products for human consumption are generally not subject to statutory pricing restrictions.

Foodstuffs

On a national level, the German Code on Foodstuffs, Consumer Goods and Fodder (*Lebensmittel-, Bedarfsgegenstände und Futtermittelgesetzbuch* (“**LFGB**”)), which is complemented by various ordinances, establishes the regulatory framework for foodstuffs (*Lebensmittel*). However, such foodstuffs are also highly regulated at the European level. The European legislation places a strong focus on the safety of foodstuffs and consumer information as evidenced by various regulations that apply directly in all member states of the European Union.

Regulation EC 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food and Safety Authority and laying down procedures in matters of food safety (the “**Food Regulation**”) defines foodstuffs as any substance or products, whether processed, partially processed or unprocessed, intended or reasonably expected to be ingested by humans. The LFGB has adopted the same definition.

The marketing of foodstuffs in Germany does not require an authorization from, or a notification to, any governmental authority. However, Article 6 of Regulation (EC) No. 853/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs (the “**Hygiene Regulation**”), in conjunction with the German General Administrative Regulations on the Administrative Performance of Checks to Verify the Compliance with Hygiene Provisions and on the Procedure of Reviewing Guidelines on Good Practice (*Allgemeine Verwaltungsvorschrift über die Durchführung der amtlichen Überwachung der Einhaltung von Hygienevorschriften für Lebensmittel und zum Verfahren zur Prüfung von Leitlinien für eine gute Verfahrenspraxis*), require every operator for a food business within the scope of the Food Regulation (i.e., anyone that controls any activity related to any stage of production, processing and distribution of food) to maintain all of his establishments within the terms of the Hygiene Regulation (i.e., any unit of a food business) registered with and approved by the competent German authorities. The Food Regulation and the LFGB prohibit the production and marketing of unsafe foodstuffs (i.e., foodstuffs harmful to humans or unfit for human consumption). These general rules are complemented by multiple regulations on the European and German level, in particular with respect to authorized additives, hygiene, as well as contamination and exposure to radiation.

In addition to so-called vertical regulations (i.e., regulations which are applicable to foodstuffs in general), there are so-called horizontal regimes which are only applicable to certain groups of foodstuffs. Of particular relevance in this context are the regulations concerning food supplements and dietary products.

REGULATORY OVERVIEW

Authorized Food Additives

Regulation (EC) 1333/2008 and of the Council of 16 December 2008 as well as a number of related regulations set forth provisions on food additives, food colors, sweeteners or preservatives and their conditions of use, special labeling requirements with respect to foodstuffs containing certain food colors as well as rules regarding food enzymes and their conditions of use. The use of flavorings and substances permitted for such flavorings is governed by Regulation (EC) 1334/2008 of the European Parliament and of the Council of 16 December 2008 on flavorings and certain food ingredients with flavoring properties for use in and on foods. The European regulations are complemented by the German Additives Ordinance (*Zusatzstoffzulassungs-Verordnung*) and the German Flavoring Ordinance (*Aromenverordnung*).

Hygiene

Food business operators must comply with various provisions of the Hygiene Regulation, including requirements relating to the condition of premises, facilities, containers and equipment used at any stage of their food business. Pursuant to Article 5 of the Hygiene Regulation, food business operators are required to establish a permanent procedure based on HACCP standards. They must perform testing when validating or verifying the correct functioning of their procedures based on HACCP principles and the guidelines on good hygiene practice established in the respective member state of the European Union in accordance with the Hygiene Regulation. If such tests are unsatisfactory, the respective product or batch of foodstuffs must be recalled. In addition, Commission Regulation (EC) No. 2073/2005 of 15 November 2005 on microbiological criteria for foodstuffs requires food business operators to ensure that their foodstuffs comply with certain microbiological criteria. The German Food Hygiene Ordinance (*Lebensmittelhygiene-Verordnung* (“*LMHV*”)) sets forth hygiene requirements on the German level and establishes a general obligation for food business operators to produce, process and distribute foodstuffs in a way that prevents them from being exposed to any adverse effects. In addition, the LMHV provides for specific provisions with respect to traditional foodstuffs and perishable food.

Contamination and Radiation

The European and German legislators have enacted various rules and regulations with respect to the contamination and radiation of foodstuffs which, *inter alia*, provide for limits with respect to certain substances in foodstuffs, the treatment of certain foodstuffs with specific radiation, a ban on offering foodstuffs which do not comply with these provisions, special labeling requirements and criminal and administrative offenses (*Straftaten oder Ordnungswidrigkeiten*) in cases of non-compliance.

Monitoring and Supervision

The monitoring of foodstuffs and food businesses and the supervision of their compliance with European and national food safety laws is conducted by the competent governmental authorities. Pursuant to Regulation (EC) No 625/2017 of the European Parliament and of the Council of 15 March 2017 on official controls performed to ensure the verification of compliance with feed and

REGULATORY OVERVIEW

food law, animal health and animal welfare rules and the LFGB, the competent governmental authorities may conduct official controls of food businesses. In case of non-compliance or suspicion of non-compliance, the authorities may take appropriate measures (e.g., ordering recalls and informing the public of the respective product and the responsible food business operator).

Labeling and Packaging

Regulation (EU) 1169/2011 of the European Parliament and of the Council of 25 October 2011 on the provision of food information to consumers sets forth in detail the information to be displayed on the packaging of foodstuffs for consumers (e.g., the relevant foodstuff, the list of ingredients, the minimum durability and a nutrition declaration). This regulation is complemented by Regulation (EC) 1924/2006 of the European Parliament and of the Council of 20 December 2006 on nutrition health claims made on foods, which governs claims made on the labeling of foodstuffs with respect to certain beneficiary effects of such foodstuffs. On a national level, the German Lot Identification Ordinance (*Los-Kennzeichnungs-Verordnung*) generally requires food packages to be labeled with a certain combination of letters or numbers to enable identification of the relevant foodstuffs.

The European Packaging Directive 94/62/EC has regulated the placing on the market, return and recycling of packaging in the European Union for almost 30 years. In Germany, it is currently implemented by the Packaging Act (*VerpackG*). The European Packaging Directive will be replaced as of 12 August 2026 by the new Packaging and Packaging Waste regulation (PPWR). The new regulation imposed increases the requirements for recyclability of packaging and promotes reusable packaging. From 12 August 2026, food-contact packaging shall not be placed on the market if it contains per- and polyfluorinated alkyl substances (PFAS) above certain thresholds.

Food Supplements

Directive 2002/46/EC of the European Parliament and of the Council of 10 June 2002 on the approximation of the laws of the member states relating to food supplements (the “**Supplements Directive**”) and the German Ordinance on Food Supplements (*Verordnung über Nahrungsergänzungsmittel*), which is based on the LFGB and implements the Supplements Directive, provide the specific regulatory framework applicable to food supplements. These regulations define food supplements as concentrated foodstuffs with the specific purpose of supplementing the normal diet and are marketed in dose form or other similar forms. Only nutrients listed in Annex I of the Supplements Directive may be used for the production of food supplements. Food supplements may only be marketed as prepackaged products labeled as food supplements (*Nahrungsergänzungsmittel*). In addition, the regulatory framework on foodstuffs also applies to food supplements (see “Foodstuffs”).

Dietary Foodstuffs

Regulation (EU) No. 609/2013 of the European Parliament and of the Council of 12 June 2013 on food intended for infants and young children, food for special medical purposes and total diet replacement for weight control establishes a specific regulatory framework applicable to, *inter alia*, the total diet replacement for weight control (i.e., food especially formulated for use in energy

REGULATORY OVERVIEW

restricted diets for weight reduction which, when used as instructed by the food business operator, replaces the whole daily diet). In particular, such dietary foodstuffs must be appropriate for satisfying the nutritional requirements of, and suitable for, the persons for whom they are intended, in accordance with generally accepted scientific data, and may not contain any substance in such quantity as to endanger the health of these persons. In addition, the regulatory framework on foodstuffs also applies to dietary foodstuffs (see “Foodstuffs”).

Regulations on Pharmaceuticals in Germany

Definition of Pharmaceuticals

According to the harmonized European definition of pharmaceuticals set forth in Article 1 of the Medicinal Products Directive, which is also reflected in Section 2 para. 1 of the German Medical Products Act (*Arzneimittelgesetz* (“AMG”)), pharmaceuticals for human use are substances or preparations made from substances which (i) are intended for use on or in the human body, and as remedies with properties for curing, alleviating or preventing human diseases or disease symptoms, or (ii) can be used in or on the human body or can be administered to a human being either to restore, correct or influence the physiological functions through a pharmacological, immunological or metabolic effect, or to make a medical diagnosis. Products categorized as foodstuffs, food supplements or cosmetics are never pharmaceuticals and are subject to specific laws (see “Regulations on Healthcare Products (For Human Consumption) in Germany”).

Manufacturing

According to Section 13 AMG, commercial pharmaceutical manufacturers based in Germany generally require a manufacturing authorization granted by the competent governmental authority of the relevant federal state. The AMG defines manufacturing as producing, preparing, formulating, treating or processing, filling as well as decanting, packaging, labeling and releasing pharmaceuticals. To obtain the relevant authorization, a manufacturer must have at least one person that has expert knowledge and is able to ensure that each batch of a pharmaceutical is manufactured and tested in accordance with the applicable regulations. Such expert knowledge is proven either through a license to practice as a pharmacist or a diploma in pharmacy, chemistry, biology or human medicine attained upon completion of university studies. In addition, a period of at least two years of practical experience in the field of the qualitative and quantitative analysis and other quality testing of pharmaceuticals is required. Special knowledge is, *inter alia*, required for the manufacturing and testing of blood preparations, human plasma, allergens, test plasma and test antigens.

The Ordinance on the Application of Good Manufacturing Practice in the Manufacture of Pharmaceuticals and Active Pharmaceutical Ingredients and on the Good Professional Practice in the Manufacture of Products of Human Origin (*Verordnung über die Anwendung der guten Herstellungspraxis bei der Herstellung von Arzneimitteln und Wirkstoffen und über die Anwendung der guten fachlichen Praxis bei der Herstellung von Produkten menschlicher Herkunft*) provides specific requirements as to the overall quality management systems personnel, premises and facilities, hygiene, documentation, labeling and storage in relation to the manufacturing systems.

REGULATORY OVERVIEW

This ordinance largely reflects and refers to the requirement of GMP as set forth in the European Guidelines on Good Manufacturing Practice for Medicinal Products for Human and Veterinary Use, which are published pursuant to Article 47 para. 2 of the Medicinal Products Directive and specify GMP as prescribed by Commission Directive 2003/94/EC of 8 October 2003 laying down the principles and guidelines of good manufacturing practice in respect of medicinal products for human use and investigational medicinal products for human use.

Labeling

In Germany, the labeling of pharmaceuticals is governed by Sections 10 and 11 AMG, largely reflecting the requirements set forth in Title V of the Medicinal Products Directive. These provisions determine the information that has to be displayed on the container and, if used, on the outer packaging of pharmaceuticals as well as the information to be contained in the leaflet.

The information on the container and, if used, on the outer packaging of finished pharmaceuticals must be displayed in the German language and easily comprehensible and, *inter alia*, include the name and address of the pharmaceutical manufacturer, the name of the pharmaceutical, information stating whether the pharmaceutical is intended for administration to babies, children or adults, the marketing authorization number, the batch number, the strength, dosage form and method of administration, the Active Pharmaceutical Ingredients (APIs), the content by weight, volume or number of items, the expiry date and, if applicable, a note that the relevant pharmaceutical requires a prescription and can only be obtained through a pharmacy. Pharmaceuticals may only be marketed with a package leaflet bearing the heading instructions for use (*Gebrauchsinformation*) and containing, in the prescribed order, information such as the name of the pharmaceutical, the APIs or indication group or the mode of administration, the therapeutic indications, information to be read before using the pharmaceutical (e.g., contra-indications), precautions and interactions with other pharmaceuticals, instructions for normal use, information on potential adverse effects and directions on where to inspect the expiry date. Such information must be easily legible and comprehensible and is to be provided in the German language.

The Commission Delegated Regulation (EU) 2016/161 of 2 October 2015 supplementing the Directive 2001/83/EC applies to the packaging of most pharmaceuticals and requires certain information to be contained in a unique identifier in the form of a two-dimensional barcode that must be placed on the packaging of the relevant pharmaceutical. In addition, an anti-tampering device must be added to the packaging, allowing the verification of whether the packaging of the relevant pharmaceutical has been tampered with. While OTC and other healthcare products are generally exempt from these requirements, some OTC products are specifically included in the scope of this regulation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 1993 when the predecessor of our Company, Shantou SEZ Xianle Pharmacy Co., Ltd. (汕頭經濟特區仙樂製藥有限公司) (“**Shantou Sirio**”), with an initial focus on manufacturing pharmaceuticals, and renamed Guangdong Sirio Pharma Co., Ltd. (廣東仙樂製藥有限公司) (“**Guangdong Sirio Pharma**”) in 2007. Under the leadership of Mr. Lin, we entered the nutritional and health food manufacturing industry in 2000. Over the years of development, we have become a leading nutrition product solution provider, and our market share in terms of revenue ranked third in the global nutrition product solution market in 2024, and the first in the China’s nutrition product solution market according to CIC.

In 2015, Guangdong Sirio Pharma was converted into a joint-stock company and renamed Sirio Pharma Co., Ltd. (仙樂健康科技股份有限公司). In 2019, our Company was listed on the Shenzhen Stock Exchange (stock code: 300791.SZ). As of the Latest Practicable Date, our total issued share capital was RMB307,634,663.00, comprising 307,634,663 A Shares, of which approximately 59.24% in aggregate was held by our Controlling Shareholders Group, including Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No. 96. See “Relationship with our Controlling Shareholders Group” for further details.

BUSINESS DEVELOPMENT MILESTONES

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

Year	Milestone
1993	Shantou Sirio was founded and we began pharmaceutical manufacturing
2000	We started to provide contract manufacturing services for food and dietary supplements.
2002	We launched the export business for food and dietary supplements.
2003	We obtained pharmaceutical GMP certification as well as health food GMP certification.
2007	We achieved UK BRC certification, which enables us to collaborate with major retailers in Europe.
	We established our second production base in Shantou, Guangdong Province, and successfully commenced operations at our gummy and solid dosage production facility, thereby establishing us as a nutrition manufacturer equipped with multi-formulation production capabilities.
2010	We achieved U.S. NPA-cGMP certification and became the first formulation enterprise in China to achieve this certification, thereby securing an internationally recognized validation of pharmaceutical-grade quality standards according to CIC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2012	We introduced liquid production lines and successfully commenced their operation.
2013	Our first plant-based softgel production line was put into operation.
	We achieved Australia’s TGA GMP certification, thereby securing an internationally recognized validation of pharmaceutical-grade quality standards
	We ranked first for six consecutive years in China’s dietary supplements export market share according to CIC.
2015	Our brand-new testing center was put into use, laying the foundation for CNAS accreditation and strengthening quality control throughout the entire supply chain.
2016	We fully acquired Ayanda GmbH, currently named Sirio Pharma Germany GmbH.
2018	Our Ma’anshan production base was put into operation and we commenced scale production of our gummy products.
2019	We are listed on the Shenzhen Stock Exchange (300791.SZ).
2021	We fully initiated the benchmark project for the digital transformation of the nutrition product solution industry.
2022	We established a R&D center in Shanghai.
	Our smart warehouse in Ma’anshan was put into operation.
2023	We acquired Best Formulations LLC, a company registered in the U.S.
	Our production base received the national “Green Factory” certification.
	Our production base in Zhuhai, Guangdong Province was put into operation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Year</u>	<u>Milestone</u>
2024	We launched automated packaging lines in Sirio Pharma Germany GmbH. Our standard for Ubidecarenone Chewable Gels was included in the United States Pharmacopeia, has been officially implemented worldwide as of December 1, 2024, making us the first Chinese company to participate in and contribute to the U.S. Pharmacopeia Gummy Standard according to CIC. We established a pet nutrition manufacturing facility, marking our entry into the pet nutrition sector.
2025	We established SIRIO Institute on Aging. Our production base in Thailand commenced construction, laying the foundation for further expanding our global production capacity.

OUR MAJOR SUBSIDIARIES

Our business operations have been carried out by our Company and our network of subsidiaries. The following sets forth information about our Major Subsidiaries as of the Latest Practicable Date:

<u>Name</u>	<u>Place of establishment</u>	<u>Date of establishment</u>	<u>Principal business activities</u>
Sirio Healthcare (Anhui) Co., Ltd. (仙樂健康科技(安徽)有限公司)	PRC	November 14, 2013	R&D and production of nutrition and health foods
Jamet (Guangdong) Management Co., Ltd. (嘉美(廣東)管理有限公司)	PRC	June 6, 2022	Investment holding
Sirio Europe GmbH & Co.KG	Germany	January 5, 2015	Sales of nutrition and health foods and investment holding
Best Formulations LLC	USA	September 23, 1986	R&D and production of nutrition and health foods

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

<u>Name</u>	<u>Place of establishment</u>	<u>Date of establishment</u>	<u>Principal business activities</u>
Sirio Nutrition Co., Ltd.	USA	February 5, 2010	Sales of nutrition and health foods
Sirio Healthcare Holdings LLC	USA	June 7, 2022	Investment holding

Our Company held entire or majority equity interests in the above Major Subsidiaries throughout the Track Record Period. See “Appendix IV. Statutory and General Information — 1. Further Information about Our Company — C. Changes in Share Capital of our Major Subsidiaries” for more details on share capital changes of the Major Subsidiaries.

CORPORATE DEVELOPMENT

(1) Our Early History and Conversion into a Joint-stock Company

The predecessor of our Company was Shantou Sirio, established on August 16, 1993, whose main business was the manufacturing of pharmaceuticals, and renamed Guangdong Sirio Pharma in 2007. We entered the nutrition product industry in 2000.

In April 2015, Guangdong Sirio Pharma was converted into a joint-stock company. On April 8, 2015, all shareholders of Guangdong Sirio Pharma signed an initiators’ agreement, whereby each shareholder of Guangdong Sirio Pharma being an initiator, agreed to convert the audited net assets of RMB174,007,807.96 as of February 28, 2015 into 60,000,000 shares at a ratio of 2.90:1, with the remaining net assets of RMB114,007,807.96 credited to the capital reserve of the joint-stock company. The initiators converted their respective proportions of registered capital in Guangdong Sirio Pharma into corresponding proportions of shares in the joint-stock company. On April 24, 2015, Guangdong Sirio Pharma was renamed Sirio Pharma Co., Ltd. (仙樂健康科技股份有限公司), with a registered capital of RMB60 million.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The share capital structure of our Company after the overall conversion into a joint-stock company was as follows:

Shareholder	Number of Shares	Approximate percentage of shareholding (%)
Glory Investment	34,560,000	57.60
Ms. Chen ⁽¹⁾	5,990,400	9.98
Mr. Lin ⁽¹⁾	5,760,000	9.60
Shantou Zhengnuo Investment Partnership (Limited Partnership) (汕頭市正諾投資合夥企業(有限合夥)) ⁽²⁾ .	2,400,000	4.00
Gao Feng (高鋒) ⁽¹⁾	2,304,000	3.84
Lin Peichun (林培春) ⁽¹⁾	2,073,600	3.46
Yao Zhuangmin (姚壯民) ⁽¹⁾	2,073,600	3.46
Yang Rui (楊睿)	1,843,200	3.07
Lin Qixiong (林奇雄) ⁽¹⁾	1,612,800	2.69
Lin Peina (林培娜) ⁽¹⁾	1,382,400	2.30
Total	60,000,000	100.00

Notes:

- (1) Mr. Lin and Ms. Chen are spouses. Lin Peichun and Lin Peina are sisters of Lin Peiqing. Yao Zhuangmin is the husband of Lin Peichun. Lin Qixiong is the father of Lin Peiqing, Lin Peichun and Lin Peina. Gao Feng is a cousin of Lin Peiqing.
- (2) Shantou Zhengnuo Investment Partnership (Limited Partnership) (汕頭市正諾投資合夥企業(有限合夥)) was deregistered in December 2021 due to cease of operation. At the time of our conversion into a joint-stock company, its partners were Gao Feng, holding 60% interest and as the general partner, and Yang Rui, holding 40% as a limited partner.

(2) Listing on the Shenzhen Stock Exchange

As approved by the CSRC, our A Shares were listed on the Shenzhen Stock Exchange under the stock code 300791 on September 25, 2019 (the “**A-Shares Listing**”). In the A-Shares Listing, we issued an aggregate of 20,000,000 A Shares at a price of RMB54.73 per A Share, accounting for 25% of our Company’s then issued shares of 80,000,000 immediately following the A-Shares Listing.

(3) Issuance of the Convertible Bonds

On March 23, 2021, our Company obtained the approval from the CSRC for the public issuance of the Convertible Bonds, which were listed on the Shenzhen Stock Exchange under the code “123113” on May 14, 2021. Existing holders of ordinary A Shares as at the close of market on April 16, 2021 were given the preferential right to subscribe for the Convertible Bonds, such that 90.47% of the principal amount of the Convertible Bonds was issued to existing holders of

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

ordinary A Shares. The remaining principal amount of the Convertible Bonds was issued to public subscribers subscribing through the Shenzhen Stock Exchange’s online system or underwritten by the underwriters of the Convertible Bonds.

The maturity date for the Convertible Bonds is April 18, 2027 (the “**Maturity Date**”), and interest is to be paid annually. The coupon rate is 0.40% for the first year, 0.60% for the second year, 1.00% for the third year, 1.50% for the fourth year, 2.00% for the fifth year and 3.00% for the sixth year since April 19, 2021, which is the date of issuance of the Convertible Bonds. The period for conversion of the Convertible Bonds into A Shares is from October 25, 2021 to April 18, 2027 (the “**Conversion Period**”), during which bondholders are able to exercise their right of conversion. The conversion price was initially set at RMB85.98 per A Share, and the conversion price has been continually adjusted with reference to our Company’s distribution and dividend payments as well as changes in share capital. The Convertible Bonds and A Shares converted pursuant to an exercise of the conversion right by bondholders are not subject to any restrictions on transfer or lock-up arrangement. The holders of the Convertible Bonds will not have any special rights which are not generally available to other Shareholders upon [REDACTED].

All outstanding Convertible Bonds as at the Maturity Date will be redeemed by our Company within five trading days of the Maturity Date, at a price of 113% of their face value (including the final installment of interest). Prior to the Maturity Date, all outstanding Convertible Bonds may be wholly or partially redeemed by our Company at the price of their face value plus the relevant annual installment of interest in the event that (i) during the Conversion Period, the closing price of our Company’s A Shares on at least 20 trading days in any 30 consecutive trading days is not less than 130% of the prevailing conversion price, or (ii) the aggregate principal amount underlying the outstanding Convertible Bonds decreases to less than RMB30,000,000.

For details of the conversion to A Shares since October 25, 2021, see “Statutory and General Information — 1. Further Information About Our Company — B. Changes in Share Capital of Our Company.”

As of the Latest Practicable Date, the aggregate principal amount underlying the outstanding Convertible Bonds was RMB1,024,819,300. Assuming a conversion price of RMB31.86 per A Share, which was the prevailing conversion price as of the Latest Practicable Date, the aggregate number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds would be approximately 32,166,331 A Shares, representing 10.46% of the issued share capital of our Company.

Upon full conversion of the outstanding Convertible Bonds assuming an aggregate principal amount of RMB[1,024,819,300] immediately following the [REDACTED] at a Conversion Price of RMB[31.86] per A Share (assuming the [REDACTED] is not exercised), the aggregate number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds would be approximately [32,166,331] A Shares, representing [REDACTED]% of the issued share capital of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

To the best knowledge and belief of our Company, as of the Latest Practicable Date, holders of the Convertible Bonds who were also core connected persons of our Company as defined under the Listing Rules includes Mr. Yao Zhuangmin, holding principal amount underlying the outstanding Convertible Bonds of RMB31,000. Assuming a Conversion Price of RMB31.86 per A Share, which is the prevailing conversion price as of the Latest Practicable Date, the number of the A Shares may be issued upon conversion of the outstanding Convertible Bonds held by Mr. Yao Zhuangmin would be approximately [REDACTED] A Shares, representing [REDACTED] of the issued share capital of our Company immediately following the [REDACTED] (assuming the [REDACTED] is not exercised).

(4) Acquisition of Best Formulations LLC

On July 6, 2022, our Company held a board meeting, during which the Board reviewed and approved the proposal regarding the acquisition of 80% equity in Best Formulations Inc. (currently known as Best Formulations LLC, the “**Target Company**”). Our Company and its indirect wholly-owned subsidiary, Sirio Healthcare Holdings LLC (collectively, the “**Buyer**”), entered into a membership interest purchase agreement (the “**Purchase Agreement**”) with Eugene C. Ung, Kelly C. Ung, Charles C. Ung, Peak Trust Company-NV, Jeffrey A. Goh, and Joy S. Hsu (collectively, the “**Seller**”).

On December 8, 2022, after negotiations and adjustments to the proposal, the Buyer and the Seller entered into an amendment to the Purchase Agreement, under which the Buyer ultimately agreed to acquire 71.41% equity in the Target Company from the Seller.

After obtaining relevant regulatory authorities, on December 26, 2022, our Company convened an extraordinary shareholders’ meeting, during which the proposal regarding the equity acquisition plan of the Target Company was reviewed and approved.

All closing conditions for this transaction had been fulfilled or waived, and our Company had, in accordance with the relevant terms of the transaction agreement, paid the transaction consideration and additional capital to the Seller and the Target Company. The equity transfer for this transaction was completed in January 2023.

In March 2024, Best Formulations LLC consolidated its relevant resources and established a wholly-owned subsidiary, named Best Formulations PC LLC, focusing on personal care products manufacturing business.

Others

Apart from the acquisition of Best Formulations LLC, we have not conducted any material acquisition or disposal during the Track Record Period and as of the Latest Practicable Date.

SHARE INCENTIVE SCHEMES

In order to incentivize our employees, we have three share incentive schemes currently in effect. See “Appendix IV — Statutory and General Information — Further Information about our Directors and Senior Management — Share Incentive Schemes” for details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Employee Stock Ownership Plan 2026

In order to incentivize our employees, our Board adopted an employee stock ownership plan in January 2026. See “Appendix IV — Statutory and General Information — Further Information about our Directors and Senior Management — Employee Stock Ownership Plan 2026” for details.

[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED]

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

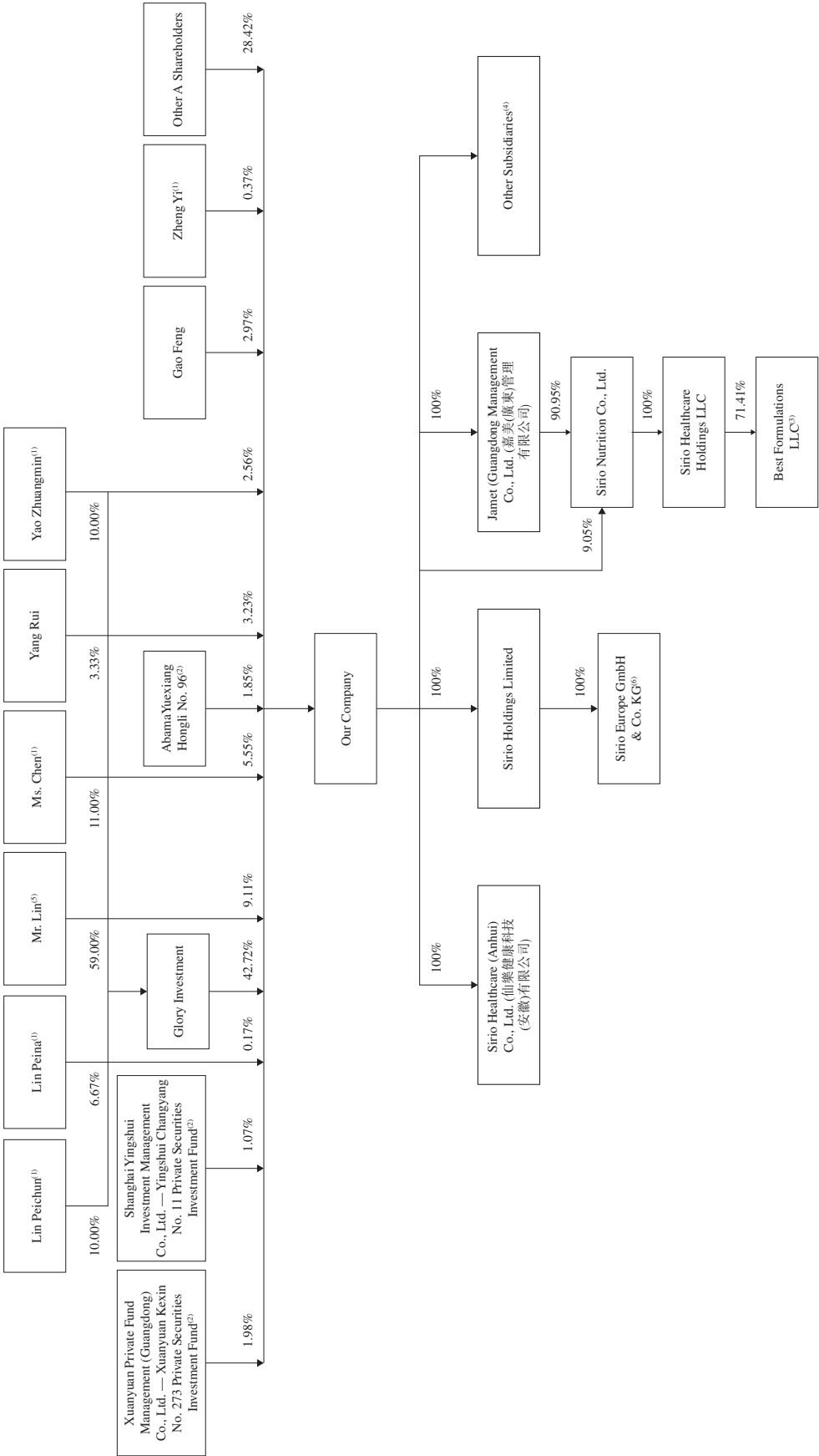
Our Company is currently listed on the Shenzhen Stock Exchange. Our Directors confirmed that, and our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED]’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Sole Sponsor and our PRC Legal Advisor’s view, nothing has come to the Sole Sponsor’s attention that would reasonably cause it to cast doubt on our Directors’ confirmation with regard to the compliance record of our Company on the Shenzhen Stock Exchange in all material respects.

Our Company seeks to be [REDACTED] on the Stock Exchange in order to deepen our Company’s global strategic layout, leverage the advantages of international capital markets, and build a diversified capital operation platform to further enhance our Company’s capital strength and overall competitiveness, accelerate overseas business development, improve the dual-circulation structure between domestic and international markets, and consolidate our Company’s industry position. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED]” for more details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following chart sets forth our simplified corporate structure immediately prior to the [REDACTED] (assuming no changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]):



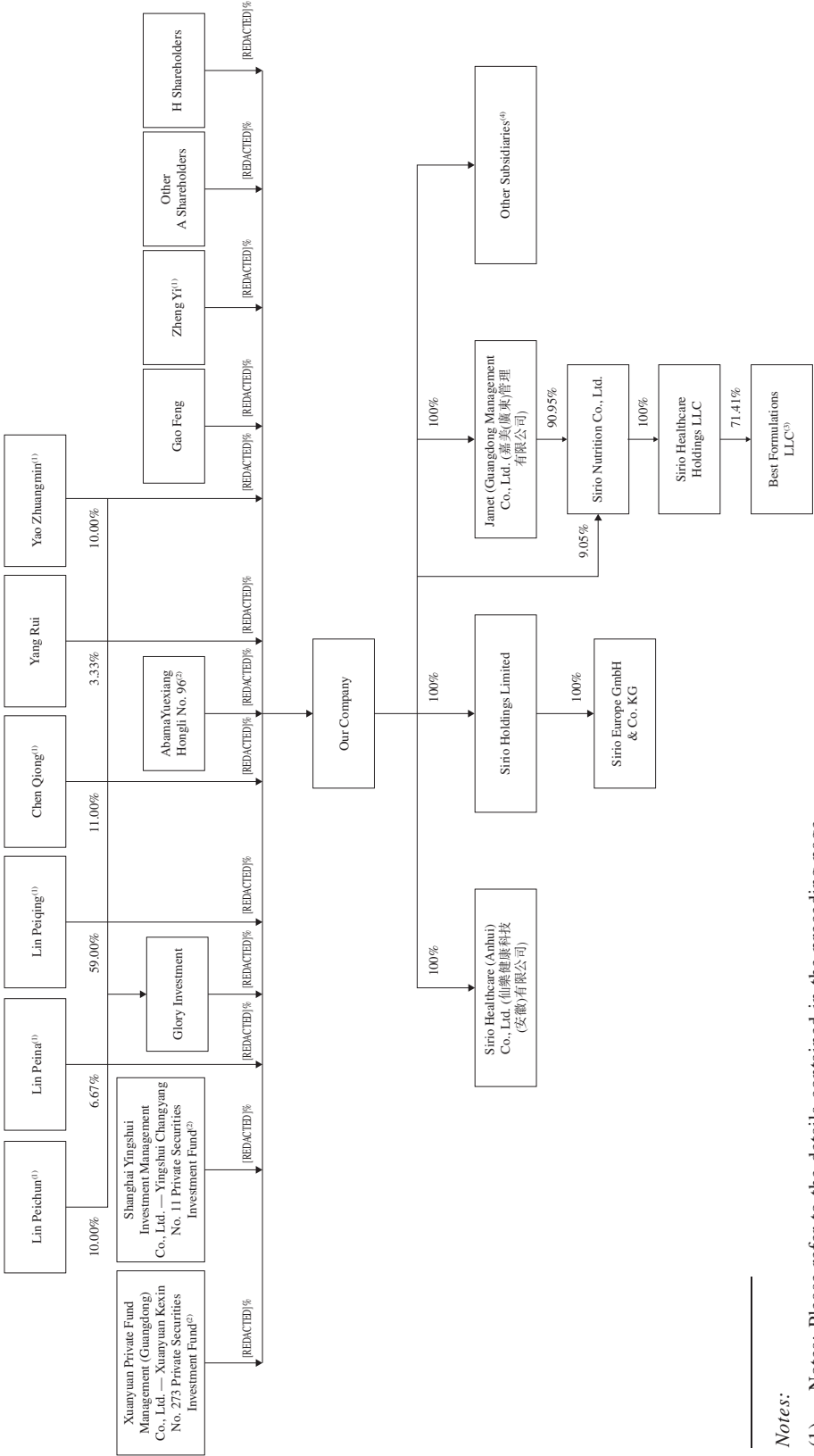
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) Mr. Lin and Ms. Chen are spouses. Lin Peichun and Lin Peina are sisters of Lin Peijing. Yao Zhuangmin is the husband of Lin Peichun. Zheng Yi is the husband of Lin Peina. Gao Feng is a cousin of Mr. Lin. As of the Latest Practicable Date, (i) of the 28,035,072 A Shares held by Lin Peijing in our Company, 6,132,672 A Shares were held by him in his capacity as trustee, (ii) of the 59% equity interest held by Mr. Lin in Glory Investment, 7.78% was held by him as trustee, in each case pursuant to a testamentary trust established by the late Lin Qixiong, and (iii) 715,000 A Shares, representing approximately 0.23% of the total issued Shares of the Company, held by Yao Zhuangmin, was pledged to financial institutions. Pursuant to the testamentary trust arrangement, Mr. Lin succeeded to all the A Shares in our Company and interest in Glory Investment previously held by Lin Qixiong before his death and exercises all voting rights attached to such succeeded shares and interests. The beneficiaries under the trust (being the relatives of Lin Qixiong) are entitled to all economic interests in the relevant shares and any derivative shares (if any).
- (2) As of the Latest Practicable Date, (a) Abama Yuexiang Hongli No. 96 was beneficially wholly-owned by Ms. Chen and acted according to the instructions of Ms. Chen in the exercise of voting rights of our Company; (b) Xuanyuan Private Fund Management (Guangdong) Co., Ltd. — Xuanyuan Kexin No. 273 Private Securities Investment Fund (玄元私募基金投资管理(廣東)有限公司—玄元科新273號私募證券投資基金) was beneficially wholly-owned by Lin Peichun and acted according to the instructions of Lin Peichun; and (c) Shanghai Yingshui Investment Management Co., Ltd. — Yingshui Changyang No. 11 Private Securities Investment Fund (上海迎水投資管理有限公司—迎水長陽11號私募證券投資基金) was beneficially held as to 56.73% and 43.27% by Lin Peina and Zheng Yi, respectively, and acted according to the instructions of Zheng Yi.
- (3) the remaining interest of 28.59% in Best Formulations LLC was held by Dragon Holdco Inc., as of the Latest Practicable Date.
- (4) Other subsidiaries include 24 subsidiaries.
- (5) Mr. Lin held equity interests in Glory Investment and Shares of us previously owned by the late Lin Qixiong through a testamentary trust arrangement named Lin Gao Fu You Testamentary Trust (林高福佑遺囑信託).
- (6) As of the Latest Practicable Date, Sirio Europe Verwaltungs GmbH, our wholly-owned subsidiary, held a 0% partnership interest in Sirio Europe GmbH & Co. KG.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart sets forth our simplified corporate structure immediately after the completion of the [REDACTED] (assuming that the [REDACTED] has not been exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]):



Notes:
(1) Notes: Please refer to the details contained in the preceding page.

BUSINESS

OVERVIEW

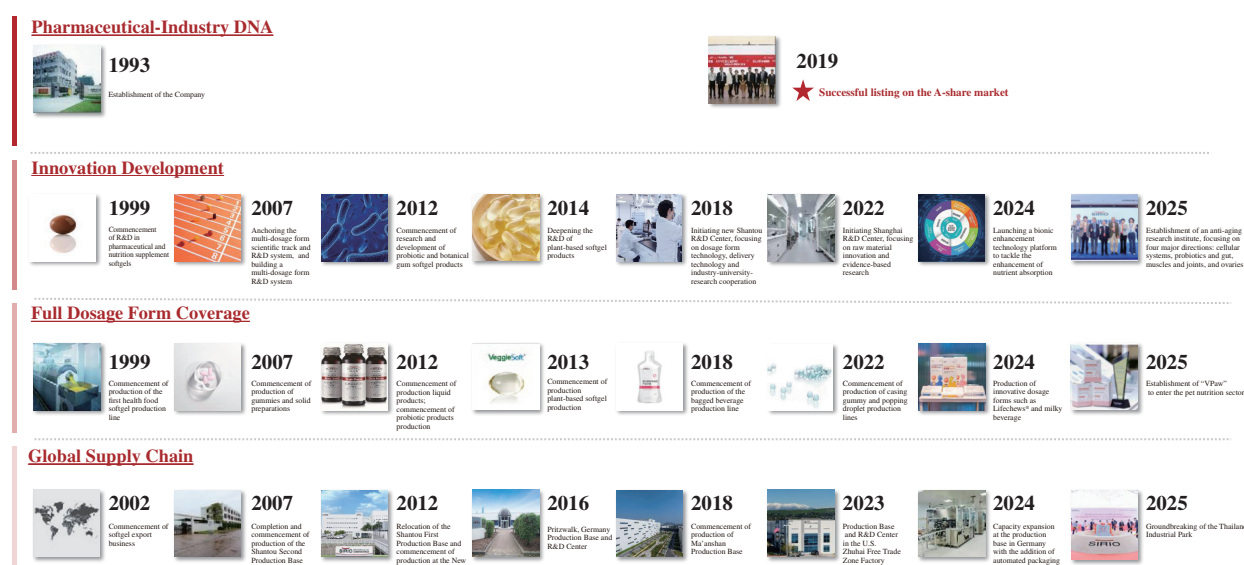
Who We Are

We are a leading nutrition product solution provider, and our market share in terms of revenue ranked third in the global nutrition product solution market in 2024, and the first in the China’s nutrition product solution market. In addition, in 2024, we were the second-largest gummy-based and softgel-based nutrition product solution provider in terms of revenue globally, according to CIC. Operating in the nutrition product solution market, which presents great potential, our business performance has achieved steady growth and maintained sustainable development.

Founded in 1993, our business focus evolved to nutrition product solutions from pharmaceuticals as our understanding of wellness needs deepened. Through 33 years of robust growth, we have built a comprehensive solution portfolio encompassing all life stages with a full range of wellness categories and multi-dosage forms, supported by a diverse customer base across multiple business models.

We are a first mover in the nutrition product solution market, establishing global business layout, possessing a globally integrated and locally responsive network of production bases, R&D centers and supply chain system. Our formidable R&D and production capabilities, coupled with superior operating efficiency supported by global resources, enable us to consistently deliver end-to-end solutions for customers globally, encompassing market insights, customized solutions, differentiated R&D, global production capabilities, industry-wide collaboration and marketing empowerment.

Our Journey



BUSINESS

Our Offerings

Leveraging our market insights, we have established a comprehensive, three-dimensional solution portfolio, enabling us to provide one-stop solutions, precisely tailored to diverse types of customers across various sectors.

- All life stages.** Our offerings are tailored to address the wellness needs covering all life stages, addressing specific needs of pregnant and lactating women, infants and children to adolescents, adults and middle-aged and elderly, as well as other specialized demographic segments.
- Full wellness categories.** Centered on the pivotal wellness demand of the market, our offerings span key wellness categories, including vitamins and minerals, healthy aging, gut health, cardiovascular health, mobility and sport nutrition, women’s beauty & wellness and immune support, enabling precise alignment with the wellness objectives arising from diverse consumer scenarios. In parallel, we have established a presence in the pet nutrition sector.
- Multi-dosage forms.** We have achieved full in-house production capabilities across six classic dosage forms, including softgels, gummies, liquids, tablets, powders and capsules. Concurrently, we are advancing the development of novel and innovative dosage forms to better align with the market’s diverse preferences.

All life stages	Typical Products			
Children	 ChaWei® DHA Complementary Food Nutrient Sprinkles	 NuPalete® Children's Nutritional Pack Gummies	 Jianxin® Calcium Magnesium Vitamin D Vitamin K Oral Solution	
Adolescents	 DHA Algal Oil Latent Ester Life Chew® Gelatin Soft Tablets	 Shengming Yijia® Probiotics Powders	 Hawthorn and Chicken Gizzard Membrane	
Adults	 Tiancun® Atractylodes Salvia Capsules	 ParaColla® Collagen Biotin Gummies	 Tiancun® American Ginseng Epimedium Taurine Capsules	 Slimbow® AKK One Plus Capsules
Middle-aged and elderly	 Puremega® Fish Oil Softgels	 Yspan® PQQ Sodium Salt Curcuma Berries Solid Beverages	 Waiwei® Coenzyme Q10 Softgels	 Nataful® N-Acetyl Glucosamine Calcium Drinks
Pregnant and lactating women	 ChaWei® Calcium Iron Vitamin D Oral Solution	 Dual-Source Iron Peptide Drinks	 InnoFolate Plantegrity® Softgels	

Our Customer Base

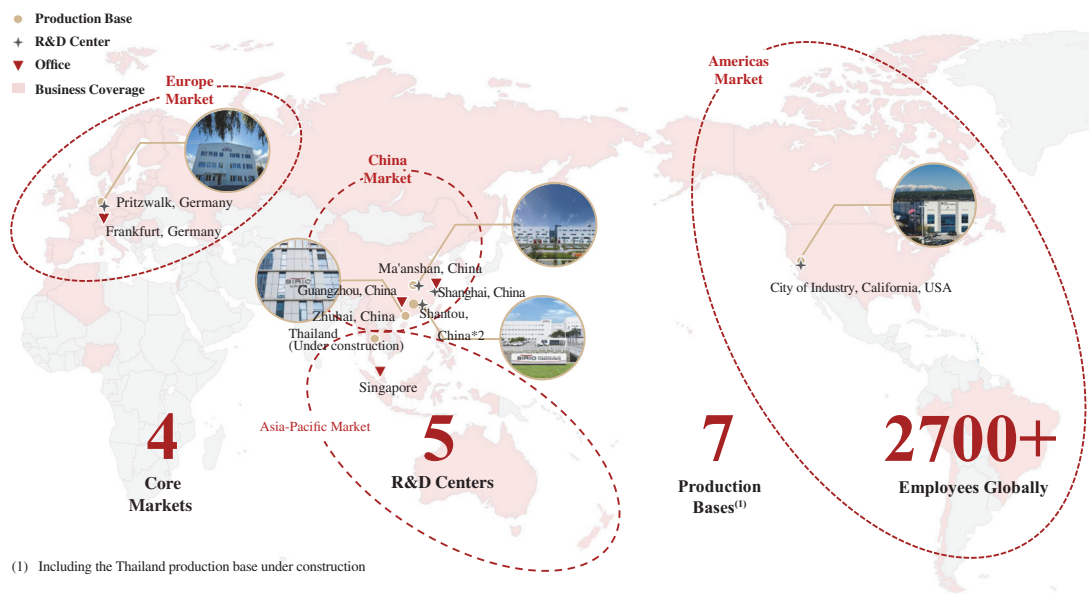
Aiming to become the preferred partner in providing comprehensive nutrition product solutions, we serve a wide spectrum of customers, including brand owners and retailers. Our customer base further extends to multinational and regional pharmaceutical and healthcare enterprises, modern trade channels, including large retail chains and membership-based warehouse clubs, as well as e-commerce platforms and companies from the food and cosmetics sectors expanding into the wellness market sectors. Our diverse customer base with various business

BUSINESS

models is able to reach consumers across all channels, both online and offline. This positions us to effectively serve both the established markets and emerging markets of the nutrition product industry.

Our Global Business Layout

Driven by our “In Global, For Local” operation philosophy, we have established a worldwide business layout spanning the China market, the America market, the European market and the Asia-Pacific market, supported by six production bases, with an additional base under construction, and five R&D centers globally. Our offerings have reached customers in more than 50 countries and regions. Notably, for the nine months ended September 30, 2025, revenue contributed by overseas markets amounted to 61.2% of our total revenue in the same period, underscoring our substantial international traction. Our headquarters coordinate global insights and optimize resource allocation, while maintaining localized operations across R&D, manufacturing, marketing and supply chain configuration to swiftly respond to market-specific requirements. This globally integrated, locally responsive operating model supports our vertically integrated competitive advantage across regions.



Our Opportunities

Building on our established global footprint, we are strategically positioned to capture significant opportunities in the expanding nutrition product industry. According to CIC, the global GMV of nutrition products reached approximately US\$190.0 billion in 2024 and is projected to reach US\$249.0 billion by 2029, representing a CAGR of approximately 5.6%. In particular, the market size of global nutrition products solution market in terms of revenue reached US\$29.4 billion in 2024 and is projected to reach US\$42.4 billion by 2029, representing a CAGR of approximately 7.6%. Notably, the dosage forms where we hold established expertise, namely gummies and softgels, are projected to grow faster, with CAGRs of 10.3% and 8.5%, respectively, from 2024 to 2029, outpacing the overall market. This robust growth is fueled by the compelling consumer-friendly attributes of such dosage forms such as appealing taste, flavor variety,

BUSINESS

convenience and high absorption efficiency, areas where our operational strengths are most pronounced. The projected expansion of our industry, particularly within our core operating sectors, provides a structural tailwind for our sustained growth.

Our market share ranked third globally in the nutrition product solutions market by revenue in 2024. The global market remains regionally fragmented, with significant room for consolidation, as the top five players collectively held only 10.5% of the market in the same year. Domestically, our market share in terms of revenue ranked first in China’s nutrition product solution market, yet the top five players thereof accounted for only 15.3% of the market, underscoring substantial potential for market penetration. The global nutrition product solution market is expected to enter a phase of accelerated integration, propelled by technological advancement, growing demand for comprehensive solutions, and increasingly stringent quality and regulatory standards. This consolidation trend favors leading players like us, with our advanced R&D capabilities, stable and integrated supply chains and global operation layouts. We are strategically positioned to fully capitalize on the development opportunities presented by industry consolidation and global market expansion. By leveraging our global footprint and operational expertise, we are poised to capture elevated growth as the market evolves from fragmentation towards greater concentration.

OUR STRENGTH

Our Leading Industry Position, Ranking First in China and Third Globally, Places Us at the Forefront of a Vast and Promising Market.

Professional nutrition product solution providers are assuming an increasingly critical role as the industry advances into a stage defined by evolving consumption patterns and technology integration. In response, market players now demand more specialized R&D and manufacturing support, a need predominantly fulfilled by established solution providers like us.



BUSINESS

Notes:

- (1) Our rankings in terms of revenue in 2024 in the global and China’s nutrition products solution markets, as well as in the global softgel-based and gummy-based nutrition product markets, are sourced from CIC.
- (2) Product approvals refer to the “Blue Hat” Registration Certificates and Filing Certificates for health foods, we have obtained as of September 30, 2025.

According to CIC, the market size of the global nutrition product solution market in terms of revenue reached US\$29.4 billion in 2024 and is projected to reach US\$42.4 billion by 2029, representing a CAGR of approximately 7.6%, underscoring the considerable growth prospects of the market. Since our establishment over 33 years ago, we have leveraged deep global insights and industry expertise to drive advancement and secure first-mover advantage. We ranked first in China’s nutrition product solution market in terms of revenue in 2024 and our market share in terms of revenue ranked third in the global nutrition product solution market in 2024, gradually becoming an innovation-driven leader in the industry.

In addition to ranking first in China and third globally, we are a first mover in the softgels and gummies sectors, having established integrated R&D, production and commercial operations in these forms at a foundational stage. This early and sustained focus has secured us a lasting first-mover advantage. Our leadership is reflected in consistent high growth and a globally significant market position as in 2024. We were the second-largest gummy-based and softgel-based nutrition product manufacturer in terms of revenue globally. Our revenue increased by 17.6% from RMB3,582.0 million in 2023 to RMB4,211.1 million in 2024. Our revenue also increased by 8.0% from RMB3,048.5 million for the nine months ended September 30, 2024 to RMB3,291.2 million for the nine months ended September 30, 2025.

We are a First-mover in Global Expansion, with a Fully Integrated Worldwide R&D, Manufacturing, and Sales Capabilities.

We were among the pioneering Chinese enterprises in the nutrition product sector to embark on a global strategy. Our global expansion began in 2016 with an acquisition in Germany, and was further solidified by an acquisition in the United States in 2023. This early and sustained commitment has secured us with distinct first-mover advantages. Rooted in this global business layout, we have deeply embedded the “**In Global, For Local**” operating philosophy, cultivating a unique strength of globally integrated yet locally responsive operations.

- **Global & Local Operation:** Our multifunctional operations across Asia, Europe, and the Americas cover R&D, production, sales, marketing and product management. This dual-structure allows us to aggregate international resources and global insights at our headquarters platform, where they are efficiently consolidated by leveraging China’s engineering talents. Simultaneously, it empowers localized R&D, production and sales tailored to regional markets and consumer preferences. Furthermore, our production bases across different regions enhance operational resilience, providing a strategic buffer against potential disruptions from geopolitical uncertainties. Complementing this is our deep expertise in local regulatory landscapes for nutrition products. We have secured

BUSINESS

over 30 internationally recognized certifications and major global food quality system accreditations, which together ensure that our global operations remain compliant, stable and capable of progressive expansion.

- **Global & Local R&D System:** We operate a globally integrated R&D network comprising five centers in China, Germany and the United States. Our local teams continuously absorb frontline market and consumer dynamics to secure top-tier insights, which are then aggregated and analyzed at our headquarters’ enabling platform. Headquarters further orchestrate the deployment of global R&D resources, converting market intelligence and opportunities into tailored technical standards and product solutions that precisely address local consumer needs. This coordinated “In Global, For Local” model ensures that our product formulations are both globally informed and locally relevant. It significantly accelerates R&D into market-ready products while ensuring the consistent application of high-quality standards across all our operations worldwide.
- **Global & Local Supply Chain System:** We maintain a globally coordinated procurement operation supported by localized networks to meet multidimensional supply demands. Through establishing robust and, where appropriate, exclusive collaborations with our key suppliers, we seek to ensure that we are able to meet diversified and multidimensional supply requirements. This has enabled us to create exclusive raw material barriers and secured global centralized procurement advantages for foundational ingredients such as fish oil and food-grade gelatin. Consequently, we can fully capture incremental business opportunities, mitigate supply chain risks and build an agile and resilient supply chain system through localized supply, achieving nimble local fulfillment.
- **Global & Local Sales Network:** We have developed broader global markets through an internationalized sales layout with dedicated divisions which stay close to customers, enabling us to systematically expand our global market reach. To deeply penetrate these markets, we deploy dedicated business development and customer operations teams in key regions to identify and capture local opportunities. As of September 30, 2025, our products have been sold to over 50 countries and regions worldwide. Overseas market revenue has become a primary contributor to our overall revenue. For the nine months ended September 30, 2025, approximately 38.8% of our revenue came from China and Hong Kong, SAR, 39.2% from the Americas, 17.0% from Europe, and 5.0% from other regions, demonstrating balanced growth across multiple regional markets.

BUSINESS

Underpinned by a replicable operational model built on systematic management, value-driven R&D, standardized quality control management, and modularized production, our global business layout capabilities position us for accelerated expansion, anchored in three core strengths. First, China’s world-class manufacturing ecosystem and engineering talent provide a sustainable cost advantage for overseas growth. Second, our advanced infrastructure, including R&D institutions, smart factories and a full-spectrum product matrix, serves as a proven template for international scaling. Finally, our successful track record of acquisitions and integrations in Germany and the United States has refined mature global operational capabilities, enabling us to systematically replicate our domestic success in new markets through acquisitions or greenfield investments.

In summary, our global footprint spanning three continents enables us to integrate premium worldwide resources, facilitate efficient flow, cater to local needs, generate synergies and achieve high-quality global development through precise, localized execution. Our highly standardized operations position us to capitalize on further growth opportunities and remain competitive amid increasingly globalized industry landscape.

Through Long-term Collaboration with High-profile Customers, We Jointly Lead Industry Advancement.

As a recognized leader in the industry, we enjoy substantial influence, wide recognition and a reputable brand that positions us as the trusted, long-term partner of choice for many premium customers. Our reach spans mainstream customers across both established and emerging consumer markets, supported by an integrated distribution network that effectively engages consumers from both online and offline channels. We are proud to serve a prestigious and growing portfolio of customers, including:

- Seven of the world’s top 10 nutrition product brands in terms of revenue in 2025
- Two of the world’s top 10 pharmaceutical companies in terms of revenue in 2024
- Four of the world’s top 10 food companies in terms of revenue in 2024
- Two of the world’s top 5 retail companies in terms of revenue in 2025
- Five of the world’s top 10 dairy companies in terms of revenue in 2024
- Three of the world’s top 10 direct selling companies in terms of revenue in 2024
- Four of China’s top 5 retail pharmacy chains in terms of GMV in 2024

Note: The ranking information is sourced from CIC.

Leveraging decades of industry expertise and a forward-looking strategic vision, we have built an end-to-end, high-quality system spanning R&D, production and sales, enabling us to deliver consistently reliable, premium products and services. This supports customers in achieving key strategic objectives, from brand building and product line expansion to entry into new markets,

BUSINESS

which, in turn, fosters long-term partnerships. We are committed to cultivating enduring strategic collaborations, continuously advancing our product technology and enhancing our service ecosystem to empower our customers’ growth.

In response to the widespread consumer preference for local food producers and the diversity of regional nutritional preferences, we have strategically built a global network of production and R&D centers to meet our customers’ needs for localized innovation and rapid market responsiveness worldwide. Our German production base serves the European market, our U.S. production base comprehensively supports North American customers and our upcoming base in Thailand will target the emerging markets of Southeast Asia, Australia and New Zealand. Additionally, our production bases in China not only anchor the domestic market but also reinforce our global production capacity, further enhanced by a bonded-zone packaging center that optimizes international logistics. This network enables us to deliver market-proximate, tailored solutions in each region, deepening customer loyalty and strengthening our brand reputation. Through these deep collaborations, we collaborate with business partners globally to define new value frontiers in the industry.

We Pursue Excellence Through Efficient Resource Allocation, Aiming to be an Industry Benchmark for “Premium Quality & Agile Response.”

We provide comprehensive nutrition and health food solutions characterized by “**Premium Quality & Agile Response**” to our customers and consumers, which represents our most fundamental capability and competitive edge.

- ***“Premium Quality & Agile Response” in Product Technology:***

We have long focused on technology development in nutrition products, achieving deep breakthroughs in key areas such as evidence-based nutrition research, efficacy-enhancement technologies, raw material research and incubation, and standard research with safety verification. We have also developed biomimetic efficacy technologies that optimize nutrient absorption and delivery by simulating physiological mechanisms. As of the Latest Practicable Date, we hold 184 patents globally, of which 107 are invention patents. Our advanced R&D capabilities have enabled us to create cutting-edge products for the industry.

Our products are distinguished by superior absorption, high payload capacity, complex and diversified formulations, superior safety and stability, and clean-label appeal. In softgel sector, we possess proprietary technologies such as plant-based enteric and probiotic softgels, supported by over 20 globally authorized invention patents. For gummies, we have developed formulations that are sugar-free, plant-based, organic, high in vitamin and mineral content, and free of gelling agents. We were also the first Chinese company to contribute to the establishment of the U.S. Pharmacopeia Gummy Standard, according to CIC. Through our R&D, we have strategically built seven core technology platforms encompassing colloids, micro-emulsification, microencapsulation, embedding & coating, enteric release, flavor science, biotransformation and targeted delivery. This establishes layered barriers rooted in both proprietary ingredients and advanced processing.

BUSINESS

Our product development philosophy extends beyond technological prowess to elevate the sensory experience. Leveraging our internal sensory lab and a trained panel of expert evaluators, we create comprehensive sensory profiles for innovative products. By integrating flavor science with advanced formulation, we deliver science-backed nutritional products that are both efficacious and highly enjoyable, securing consumer preference through superior taste and mouthfeel.

We possess a demonstrated capability for rapidly translating R&D into commercial products. Supported by a repository of over 6,000 formulas matrix and a reserve of more than 2,000 types of validated raw materials, we have built a modular core formulation system. This infrastructure enables not only efficient and precise R&D breakthroughs but also swift “renovation” and upgrades. Such agility allows us to keep pace with fast-evolving industry trends, quickly identify emerging consumer needs and develop innovative products that extend into new consumption scenarios.

- ***“Premium Quality & Agile Response” in Production & Fulfillment:***

In China, we are recognized as a National High-Tech Enterprise, a National Green Factory and a Provincial Smart Factory. Our global manufacturing network comprises six automated production bases, with an additional base under construction, across Asia, the Americas and Europe, enabling large-scale custom production as well as agile, small-batch, fast-turnaround fulfillment to serve the diverse needs of both established and emerging consumer markets. As of the Latest Practicable Date, we hold numerous international quality-system certifications and have contributed to the development of 18 Chinese nutrition product safety standards and five U.S. standards. This highly efficient and reliable production capacity ensures consistent downstream demand fulfillment while delivering products of superior quality.

Our highly automated production facilities and integrated logistics and warehousing systems, supported by a comprehensive digital management framework, enable intelligent, end-to-end oversight from order intake to final product delivery. We continuously optimize production efficiency and substantially shorten delivery cycles, ensuring timely access to the right products for our customers and end consumers.

- ***“Premium Quality & Agile Response” in Customer Service:***

We take a customer-centric approach to deliver end-to-end solutions. Our engagement begins with joint market analysis, proceeds through co-created concept design, customized formulation and R&D innovation, and extends into agile procurement, advanced manufacturing, high-standard packaging and comprehensive go-to-market support. By offering tailored services that address customers pain points at each stage, we manage the entire product lifecycle to create differentiated value, helping our partners accurately capture global market opportunities and precisely respond to evolving consumer needs for sustained success.

BUSINESS

We have established internal rapid-response channels that provide customers with an accelerated, full-chain experience, from fast quotation and prototyping to smart manufacturing. We have consistently adhered to the high-quality DNA of a pharmaceutical enterprise. Our quality control management system has earned more than 30 international certifications and qualifications across sectors of food safety, GMP and social responsibility, ensuring global product acceptance. As a result, we are able to assist customers in efficiently navigating entry into key regions such as Europe, the United States, Australia and New Zealand, spanning qualification application, regulatory assessment and market launch, enabling smooth commercialization.

Our AI-powered Digital System Enhances Efficiency and Agility Across the Value Chain, Empowering our Partner

Our global operational network, spanning Asia, Europe and the Americas, is supported by an integrated digital infrastructure. In addition, we have established an agile, automation-driven integrated manufacturing systems. We are deploying AI throughout our operating processes, driving continuous improvement in efficiency, speed and scalability. These capabilities reinforce our competitiveness, support sustainable growth globally and allow us to consistently deliver solutions in line with our concept of “Premium Quality & Agile Response”.

- **End-to-End Digital Management Framework:** At the heart of our operations lies a fully interconnected digital framework that unifies the entire product lifecycle, from customer engagement and design, through development, planning, production and quality assurance, to delivery. By seamlessly integrating data and workflows across originally siloed systems, we have established a digital value chain that is fully traceable, predictable and continuously optimizable. This integrated digital framework systematically manages the inherent complexity of producing a diverse solution portfolio with small-batch agility, multi-format adaptability and uncompromising quality control, ensuring consistent and optimized performance. As a result, we significantly reduce dependency on repetitive coordination and individual expertise, accelerate time-to-market for new solutions, enhance quality and compliance oversight, enhance production flexibility and resource utilization efficiency, and constantly support lean operations and ongoing improvement.
- **Global Smart Manufacturing:** Our operational excellence is exemplified by our smart manufacturing facilities in Shantou and Ma’anshan, China, which are built upon an integrated digital infrastructure. These facilities embody a manufacturing system that synergizes lean practice, automation and intelligent system, enhancing end-to-end value chain efficiency.

Notably, our Shantou production base has been recognized as a National “Green Factory.” Through advanced automated logistics automation and intelligent warehouse management, it achieves an industry-leading storage efficiency ratio of 5.0, calculated by the number of storage units divided by the area of storage. Meanwhile, our Ma’anshan production base specializes in scalable customized production and agile small-batch, fast-

BUSINESS

turnaround operations. Its integrated intelligent warehousing and dispatching system has earned several provincial accolades, including “Smart Factory,” “Green Factory” and “Specialized, Sophisticated and Champion Enterprise.” Together, these smart manufacturing facilities enable rapid production of high-quality products, strengthening customer trust and cementing our market leadership. Furthermore, they provide a scalable and replicable blueprint for our ongoing global expansion and facility upgrades.

- **AI-Powered Optimization throughout Value Chain:** In addition to our established global smart manufacturing capabilities, we are systematically deploying AI technologies across our entire value chain to build next-generation operational capabilities and continuously enhance overall efficiency:
 - **AI-Powered R&D:** We have engineered our R&D process with AI technologies, establishing an intelligent knowledge hub, a formulation-generation engine and an insight analytical system. This facilitates a strategic shift from standardized manufacturing to personalized solution generation, which significantly accelerates product development cycles and elevates our technical expertise.
 - **AI-Powered Customized Nutrition Solution:** Leveraging cutting-edge AI technologies, our deep industry experience and accumulated insights, we are building an AI-powered customized nutrition platform, which enable us to deliver tailored nutrition product packs centered on fully customized wellness plans. With our “one person, one plan” ethos as our foundation for this platform, we are dedicated to empowering all stakeholders across the entire nutrition product value chain, including brands, retailers and end consumers.

Our Experienced and Stable Management, and Diverse, Inclusive Organizational Culture Support Sustained Growth.

Our Chairman, who has steered our growth for nearly three decades with a distinguished record of achievements, remains one of the few industry leaders still actively at the helm. His enduring leadership provides a foundation of stability and confidence for our future, anchored in his demonstrated strategic foresight and ability to navigate complex markets. We believe his continued guidance will be instrumental to our long-term success. Complementing this leadership, our Board of Directors and senior management team possess substantial industry insight and professional expertise. Most have graduated from top-tier institutions and accumulated significant experience at leading pharmaceutical firms and global consumer goods companies. Their profound understanding of market dynamics and product development enables us to execute our strategies with precision. For further details, please refer to the section “Directors and Senior Management.”

Unlike many industry peers, our global presence has nurtured a diverse and inclusive organizational culture, supported by a worldwide talent platform, bringing cross-cultural perspectives that fuel creativity and innovation. Our ability to recruit globally allows us to attract leading talent and sustain progress through cross-border collaboration and continuous knowledge exchange.

BUSINESS

Our leadership team is deeply aligned with our mission to “advance nutrition science and technology, deliver value to health,” and consistently upholds our core values of service, innovation, responsibility, ambition and openness. Guided by our mission of becoming an innovation-driven leader and the partner of first choice in the nutrition industry, the team draws on its collective experience, strategic foresight and market insight to drive R&D innovation, shape business strategy, advance smart manufacturing, enable agile supply chains and seize emerging opportunities. Together, these efforts sustain a stable and enduring growth trajectory for our Company.

OUR STRATEGIES

To achieve our long-term strategic objectives and reinforce our position as a global industry leader, we will implement an integrated development strategy across four key strategic dimensions: global expansion, innovation-driven and efficiency enhancement, value-enhancing services and digital transformation.

Advancing from China’s Benchmark to Global Eminence

We plan to build upon our deep-rooted domestic foundation while extending our reach to global markets, driving our progression from a domestic leading player to a global No.1 position. We aim to significantly enhance our market coverage by strengthening global customer operations and enhancing regional synergies.

Aligning with the core industry trend of the growing influence and order scale advantages of top global customers, we will focus on two key customer groups: (i) for global key brand owners, we plan to further deepen collaboration with existing customers to expand wallet share with existing key customers; (ii) for modern retail channel operators, we plan to pursue more comprehensive channel coverage, with a particular emphasis on membership-based warehouse clubs and mass retail chains.

We plan to strengthen core infrastructure capabilities. At the level of vertically integrated production operations, our headquarters will continue to oversee full-cycle quality governance, while each regional site enhances localized supply capabilities to establish an efficient closed loop between regional demand and local production. In parallel, we plan to simultaneously deploy smart manufacturing solutions and develop replicable smart-factory models, smart warehousing and logistics centers, and automated packaging lines, further reinforcing the resilience of our supply chain. On the R&D front, we plan to leverage the efficiency and innovation advantages enabled by China’s engineering talent to accelerate the localization of global R&D outputs. By integrating global R&D resources with market-driven insights, we aim to improve the efficiency of new product development and launch.

As our business expands across multiple regions, we plan to establish a globally empowered organizational structure and accelerate the recruitment, development and succession planning of international talent to enable efficient global collaboration under unified standards, management and objectives.

BUSINESS

Capturing New Consumer Trends to Lead Industry Upgrading

The nutrition product industry is undergoing a structural transition from traditional channels toward a new-consumption ecosystem with the competitive strength shifting from large-scale manufacturing to rapid response, iterative efficiency and precise scenario adaptation. The demands of younger consumer groups are becoming increasingly refined, emotional and lifestyle-oriented, resulting in significantly compressed product cycles and elevating dosage-form innovation and emotional satisfaction as critical dimensions of differentiation. We plan to deepen our strategic participation in the new-consumption sector by focusing on customer-centric service, technology-driven insight and production and delivery.

- **Deepening Engagement Across Key Demographics and Consumption Scenarios:** Aligning with the generational shift among core consumer groups, our focus has evolved from general nutritional supplementation to customized wellness intervention and lifestyle-integrated experiences. In niche areas such as women’s beauty & wellness, children’s growth & development, cardiovascular & mobility health and healthy aging for the elderly, we aim to deliver not only functional solutions but also benchmark products with superior taste, innovative dosage forms and enhanced portability. Through these efforts, we are driving a value upgrade from basic health supplementation to premium daily experiences.
- **Serving Agile Response Across Omni-Channels:** With a customer-centric focus on emerging channels such as social e-commerce and content-driven e-commerce, we plan to leverage standardized cross-functional service mechanisms and agile response processes. This approach strengthens our ability to serve the needs of key channel customers and growth-oriented brand customers, and enables us to significantly shorten the overall cycle from demand initiation to product delivery.
- **Accelerating Integrated R&D and Delivery:** By leveraging front-end trend insights to drive R&D, we effectively shorten the concept-product-launch cycle, enabling rapid entry into new regions, consumer groups and emerging consumption scenarios. Supported by flexible manufacturing and lean operations, we will achieve the small-batch & quick-turn production model and meet highly diversified demand, transforming our strong supply chain capabilities into agile market competitiveness. Grounded in standardized service frameworks, cross-functional collaboration and agile response mechanisms, we aim to continually capture opportunities created by the global new-consumption wave.

Enhancing Service Capabilities with a Focus on Product Lifecycle Management

As product iteration accelerates and consumer expectations for user experience rise, competition in the nutrition industry has shifted from a product-centric race to one that prioritizes continuous innovation, vertical solution capabilities and end-to-end service excellence. In response, we will develop a science-driven service system covering the full product lifecycle, anchored in differentiated service delivery and lean operations. This initiative will extend our value chain and build future-ready core competitiveness.

BUSINESS

- **Innovation Capabilities:** We are enhancing our global innovation capabilities by establishing a headquarters enabled R&D model. As part of this model, we are building a centralized formulation library together with region specific support to serve global customers with greater efficiency and consistency. In addition, we plan to increase our R&D investment in Europe and the United States to strengthen our formulation development capabilities and frontier technology insight, thereby establishing a production and operating model that is both replicable and scalable across markets. Furthermore, we aim to continue to advance product renovation and iteration by establishing Sirio Institute on Aging, developing a differentiated IPD based product matrix, advancing proprietary raw materials and superior manufacturing processes. Through sustained efforts, we aim to reinforce our leadership in the industry and unlock long term value.
- **Vertically-Integrated Solution Capabilities:** Guided by a customer-centric model, we provide differentiated services tailored to specific consumer groups and usage scenarios, creating distinct value for our customers. This model enables agile response to market dynamics while leveraging our R&D capabilities to achieve product development breakthroughs in specific wellness categories. Supported by continuously enhanced global market intelligence and a maturing R&D system, we accelerate product launch cycles. Our development is guided by core principles of clinical substantiation, high bioavailability & bioefficacy, optimal nutrient loading, and superior sensory appeal, allowing us to serve an ever-broader consumer base.
- **End-to-End Service Excellence:** We are evolving from a product provider into a trusted strategic partner that delivers differentiated value. By proactively aligning with customer priorities, we help unlock new market opportunities and address growth constraints, integrating into critical stages from product design through to commercialization. Aiming to provide integrated service of quality and efficiency to customers with differentiated needs, we introduced, WelMax, our evidence based nutrition platform as a strategic base for future development. By translating customer needs into scientifically validated R&D outcomes and market-ready assets, we are building a forward-looking scientific framework that advances our mission to establish a trusted industry standard.

Optimizing Digital-Intelligent Infrastructure for Strategic Value Leap

Propelled by the rise of new consumer trends and industry advancement, digitalization and intelligence have become pivotal forces in reshaping the competitive landscape. We treat digital and intelligent upgrade as a core strategic lever for sustaining long-term growth. Through a multi-dimensional approach covering smart manufacturing, digital management and digital services, we aim to unlock a second growth curve for the future.

At the smart manufacturing level, we are driving a strategic initiative to build replicable and scalable “lights-out” factories, smart logistics hubs and fully automated packaging lines. This infrastructure enables us to advance end-to-end digitalization and lean practices across our

BUSINESS

production bases. By hardwiring technology into the entire value chain, we are building a next-generation smart manufacturing system designed to set the industry benchmark and sustain our long-term competitive advantage.

At the digital management level, we will establish a toolkit matrix comprising a customer relationship management (CRM) system, marketing and operations analytics platform and a centralized data hub, among other applications. By integrating these tools to dismantle information silos, we enable seamless cross-departmental and cross-regional data sharing and efficient business coordination. This data-driven foundation will support informed decision-making and strengthen management capabilities that are precise, visible and replicable.

At the digital service level, we will deploy cutting-edge technology such as an AI-powered formulation engine, with our AI-powered customized nutrition platform serving as a key example. By integrating consumer demand, R&D and production into a seamless digital loop, the platform enhances efficiency and elevates the user experience. We are now scaling this capability externally as a tech-enabled service, creating new digital- and intelligence-led growth opportunities. Ultimately, this strategy accelerates the digital and intelligent transformation of the nutrition product industry, positioning us to lead the sector into its next phase of development

OUR BUSINESS MODEL

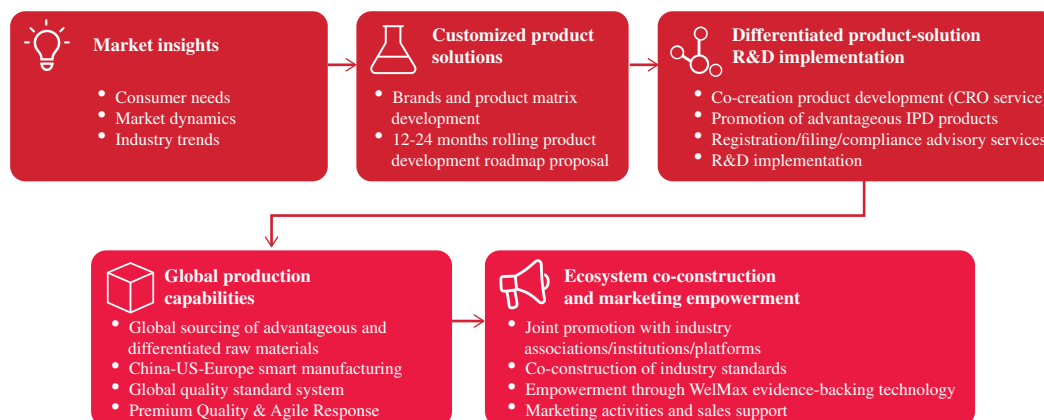
We are a global leader in providing advanced solutions for nutrition products, primarily serving brand owners and retailers in the nutrition product sector. At the heart of our business model is an integrated approach that combines our competitive products and differentiated services to precisely address the diverse and evolving needs of our customers and consumers worldwide.

Our diverse solution portfolio encompasses a comprehensive range of dosage forms and supports multiple aspects of health, developed to promote wellness throughout every stage of life, covering the needs of pregnant and lactating women, infants and children, adolescents, adults, middle-aged and the elderly. We offer a wide array of classic dosage forms, such as softgels, gummies, liquids, tablets, powders and capsules, and we continue to develop innovative forms to address emerging consumer specifications. Beyond products, our turnkey services guide our partners from early-stage market insights and product solution R&D through global intelligent manufacturing and marketing empowerment, ensuring that every stage from concept to launch is grounded in scientific rigor, operational excellence and market relevance.

We rely on our R&D centers across the China market, the Americas market, the Europe market and the Asia-Pacific market to bring together leading global talent and strategic partners, as well as ecosystem resources from research institutions, in order to build an industry-leading nutrition platform ecosystem and a structured collaboration framework. As a result, our services extend across the entire industry value chain, beginning with global market insights and continuing through the development of in-depth customized solutions for our customers. We further engage with our partners and provide turnkey, agile and flexible manufacturing services together with

BUSINESS

comprehensive marketing support. These capabilities enable our customers to develop advanced and differentiated products that align with their brand positioning and channel dynamics. The following diagram illustrates the key steps involving our solutions provided to our customers:



Market insights. We begin with systematic market insights to understand consumer needs, market dynamics and industry trends, including developments in raw materials, efficacy, manufacturing processes and dosage forms. Drawing on syndicated research, customer feedback and pilot sell-through data, we identify emerging demand pockets and category opportunities. These findings provide an evidence-based foundation for subsequent product solution design and portfolio planning.

Customized product solutions. Building on the foregoing insights, we formulate customized product solutions in collaboration with customers’ brands and expand the relevant product matrix accordingly. Guided by each customer’s rolling plan, we provide a 12 to 24 months product development roadmap that sequences concept validation, stability testing, registration or filing milestones and launch windows. This approach is designed to keep the customer’s product strategy aligned with market trends and shifting consumer expectations, while providing clear market entry timing and resource visibility.

Differentiated product-solution R&D implementation. Once a solution is confirmed, we undertake differentiated product development. This includes co-developed new products as part of our research-oriented services, advancing Integrated Product Development (“IPD”) products where we possess clear strengths, and delivering compliance advisory and support required for registration and filing. In addition, we execute R&D implementation work across raw materials, formulations and processes, and conduct stability studies, evidence-based validation and iterative taste optimization. This integrated workflow is designed to shorten the cycle from concept through commercialization and to improve the yield achieved in the initial stages of commercial-level production.

Global production capabilities. Upon completion of R&D, we leverage our global advantages and differentiated raw-material traceability capabilities, together with our global smart manufacturing systems, to support worldwide product supply. A unified quality standards

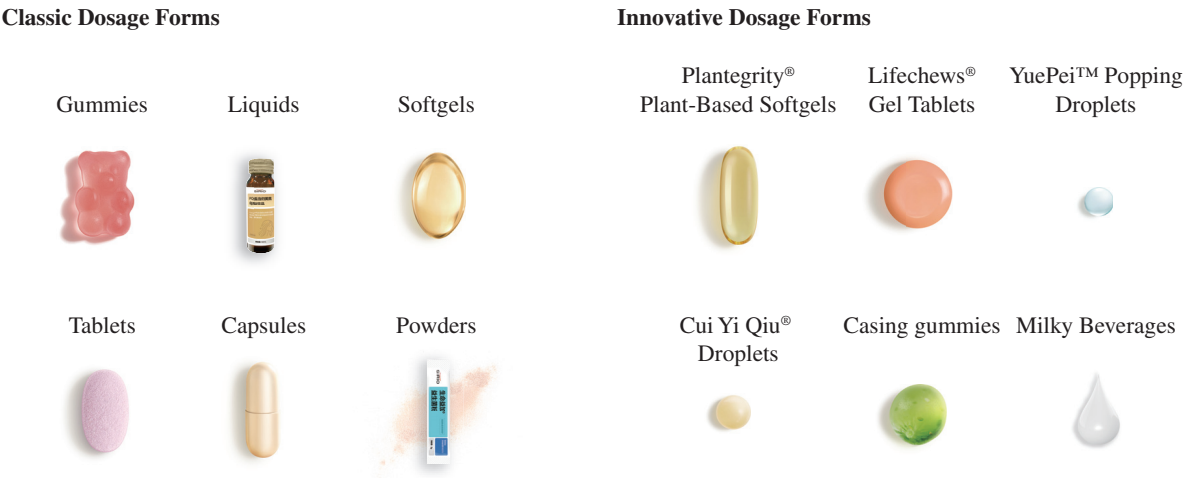
BUSINESS

framework supports our traceability and our procedures for releasing products, while our planning and logistics system is structured to maintain reliable and flexible delivery. This enables our timely replenishment and coordinated launches in several markets.

Ecosystem co-creation and marketing empowerment. Following product delivery, we work with industry associations and institutions to conduct joint promotion. We also utilize our evidence-based and marketing technologies integrated in WelMax to generate substantiation materials and campaign assets, and we provide sustained support to improve content adaptation and performance across multiple channels. These measures are intended to strengthen product communication and conversion while reinforcing long-term industry leadership.

We offer a comprehensive portfolio of nutrition products across major dosage forms, including softgels, gummies, tablets, powders, capsules and liquids. In addition, we have developed and commercialized multiple novel and advanced delivery formats, such as plant-based softgels, popping droplets, casing gummies and gel strips, which cater to evolving consumer preferences for convenience, taste and efficacy.

The following chart sets forth our key dosage forms as of September 30, 2025.



We maintain long-standing partnerships with leading brand owners and retailers through an integrated business collaboration model. In addition to sales to brand owners retailers, we generated, to a limited extent, revenue from the sale of our branded products during the Track Record Period. While our customers can flexibly choose from our suite of solutions, our revenue during the Track Record Period was derived principally from the sale of our products.

BUSINESS

The following table sets forth a breakdown of our total revenue primarily by product types and service for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)				(Unaudited)		(Unaudited)	
Sales of goods								
Softgels	1,526,864	42.6	1,983,614	47.1	1,385,529	45.4	1,581,231	48.0
Gummies	739,627	20.6	995,112	23.6	760,133	24.9	828,570	25.1
Liquids	421,873	11.8	247,972	5.9	197,319	6.5	176,518	5.4
Tablets	361,916	10.1	325,553	7.7	212,075	7.0	274,996	8.4
Powders	292,745	8.2	231,574	5.5	185,561	6.1	147,676	4.5
Capsules	151,691	4.2	222,727	5.3	159,848	5.2	164,817	5.0
Others ⁽¹⁾	73,235	2.1	179,890	4.3	133,615	4.4	94,338	2.9
Subtotal	3,567,951	99.6	4,186,442	99.4	3,034,080	99.5	3,268,146	99.3
Other services⁽²⁾	14,071	0.4	24,622	0.6	14,376	0.5	23,028	0.7
Total	3,582,022	100.0	4,211,064	100.0	3,048,456	100.0	3,291,174	100.0

Notes:

- (1) Others primarily include sale of personal care products.
- (2) Other services primarily include the services provided by our Group to certain customers which relate to (i) lab-scale and pilot-scale experiments and (ii) health food registration certificate applications.

The following table sets forth the sales metrics of our major dosage forms over the periods indicated.

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Sales Volume ⁽¹⁾	Average Selling Price	Sales Volume ⁽¹⁾	Average Selling Price	Sales Volume ⁽¹⁾	Average Selling Price	Sales Volume ⁽¹⁾	Average Selling Price
	(RMB per thousand units or tons)		(RMB per thousand units or tons)		(RMB per thousand units or tons)		(RMB per thousand units or tons)	
Softgels	6,743.6	226.4	7,912.9	250.7	5,600.9	247.4	6,576.9	240.4
Gummies	3,486.1	212.2	4,642.1	214.4	3,552.9	213.9	3,801.5	218.0
Liquids	197.8	2,133.3	148.2	1,672.9	109.2	1,807.0	174.6	1,010.8
Tablets	1,864.2	194.1	1,768.6	184.1	1,139.3	186.2	1,445.9	190.2
Powders	2,053.1	142.6	1,271.5	182.1	998.6	185.9	894.2	165.2
Capsules	408.5	371.3	524.7	424.4	382.1	418.2	402.7	409.2

Note:

- (1) Sales volume for softgels, gummies, liquids, tablets and capsules is presented in millions of units, whereas sales volume for powders is presented in tons.

BUSINESS

During the Track Record Period, movements in sales metrics primarily reflected adjustments in product portfolios and our Customers’ procurement strategies together with policy-driven changes in the industrial. Sales of our liquid products declined in 2024 as certain customers as certain customers adjusted their purchase volumes in response to evolving market preferences, which, in turn, affect our product mix in the same period and contributed to a decrease in the average selling price. The average selling price of liquid products for the nine months ended September 30, 2025 was lower than that for the same period in 2024, mainly due to the conclusion of certain customer collaborations which led to the decrease in the sales volume of certain liquid products with higher unit prices. Sales volume of our tablets and powders products decreased in 2024 compared to 2023 primarily because certain customers adjusted their purchase volumes in response to evolving market demand.

OUR PRODUCTS

Based on our insights across the industry value chain, we leverage our R&D capabilities to build an integrated product matrix that spans product categories and sales channels serving for all life stages of consumers. This systematic approach enables us to develop targeted and innovative solutions that precisely meet evolving market demands and drive growth across multiple fronts.

In terms of targeted life stages of consumers, we have refined our product planning to address the differentiated needs of key demographic groups. For children and adolescents, we focus on their specific developmental needs in areas such as visual and cognitive development, growth, immunity and intestinal health, and have independently developed a solution portfolios covering pregnancy, infancy and childhood. For product categories targeting the middle-aged and elderly, we continue to upgrade our offerings while advancing scientific research initiatives grounded in forward-looking insights. We also develop healthy aging products that integrate scientific foresight with strong commercial potential. Beyond these areas, we continue to strengthen our presence in core wellness categories, such as cardiovascular and metabolic health, mobility and sport nutrition, vitamins and minerals, gut health, women’s beauty & wellness, and healthy aging, through the ongoing launch of new products with more precisely targeted wellness categories.

To address consumers’ evolving expectations for diverse product formats, we have pursued comprehensive product planning. As consumer demand for professionalization continues to rise, factors such as evidence-based mechanisms, formula purity and ingredient selection have become increasingly influential in purchasing decisions. Accordingly, through WelMax and the expertise of our scientific team, we conduct rigorous theoretical and evidence-based assessments for all of our self-developed new products. At the same time, we leverage our strong dosage-form R&D capabilities to develop dosage forms that are more convenient, portable and aligned with everyday habits, thereby enhancing the enjoyment, palatability and emotional satisfaction of daily supplementation.

Our product strategy is further shaped by sales channel diversification, which has accelerated product iteration and reshaped the way we engage with consumers. To ensure adaptability, our self-developed products are designed with cross-channel flexibility in mind.

BUSINESS

Classic Dosage

Softgels

We launched our softgels product line in 1993, establishing it as our flagship dosage form. Over decades of sustained investment in research and development, we have built a comprehensive and technically advanced softgels portfolio, catering to the evolving demands of the global supplements market with a variety of specialised delivery technologies. Our softgels range includes traditional gelatin-based formats, which are suitable for a broad spectrum of active ingredients and are widely recognized for their reliability. We offer plant-based softgels, utilizing carrageenan, gellan gum and starch-based shells to meet the needs of vegetarian, vegan and halal consumers. For children and those seeking greater convenience, our chewable softgels feature optimised texture and palatability, supporting easier administration and improved consumer acceptance. Enteric-coated softgels are engineered for targeted ingredient release, effectively protecting acid-sensitive actives and improving gastrointestinal tolerance. Finally, our probiotics softgels are specially formulated to support gut health and immune function, using advanced encapsulation techniques to enhance probiotics viability.

Our softgels formulations target several key areas of wellness, including cardiovascular and metabolic wellness, mobility and sport nutrition and specialized applications such as children’s cognitive development and women’s wellness. Our softgels became a preferred choice for nutrition supplements supported by features of high payload capacity for meaningful doses in fewer units, excellent stability to maintain nutrient integrity throughout shelf life and superior sensory appeal, including a smooth texture and ease of swallowing.

We have continuously advanced our softgels offering through advanced technologies. Our Plantegrity® Plant-Based Softgels cater to the growing demand from vegetarian and vegan consumers. EnteriClear™ Plant-Based Enteric softgels deliver targeted intestinal release through superior acid resistance, eliminating fish-related odors and protecting sensitive actives. Our industry-leading single-step process achieves this without secondary coating, resulting in a clear, clean-label and vegan-compliant product distinct from traditional gelatin alternatives. In addition, our unique popping droplets softgels deliver active ingredients in a novel and sensory-enhanced format.

BUSINESS

As of September 30, 2025, we have successfully launched approximately 300 softgels SKUs. Set forth below are our representative softgel products:

Representative Products	Product highlights
	Puremega® Fish Oil Softgels: 96% high-purity Eicosapentaenoic Acid (EPA) fish oil helps maintain healthy blood lipid levels. Mini softgel ensures easy swallowing, while delivering five times the concentration* * Compared to Tiancan® Fish Oil Softgels containing 18g EPA per 100g.
	Weituoli Coenzyme Q10 Softgels: CoQ10 helps boost myocardial energy and supports heart health. Scientifically formulated with 45mg per serving, an optimal dosage tailored for Asian consumers.
	DHA Algal Softgels: Patented Algal Oil DHA obtained dual certifications from Europe and the U.S. (EFSA & FDA). High-purity natural DHA supports brain and eye development. Plant-based chewable softgel without fishy aftertaste.

Gummies

Since its introduction in 2007, our gummies product line has become one of our key offerings, recognized for continuous enhancements, versatility and consumer appeal. We formulate gummies using both gelatin and pectin bases, enabling us to cater to a range of dietary preferences, including traditional, vegetarian and plant-based options. Our portfolio also features innovative gummy formats, including gel tablets, which provide novel sensory experiences and enhanced convenience for consumers.

Our gummies deliver targeted nutritional benefits for overall wellness, including foundational vitamin and mineral supplementation, eye health, digestive support through probiotics and immune enhancement. We also offer targeted solutions for beauty & wellness, healthy aging, cognitive function, cardiovascular health and sports nutrition, ensuring comprehensive coverage of high-demand categories. Different formulations utilize advanced delivery technologies such as dual-layer, aerated and encapsulated gummies to maximize ingredient efficacy. Available in a variety of shapes, colors and flavors, our gummies offer extensive customization options for brand owners to stand out in the market.

Our gummies provide key advantages: high-load capacity for meaningful doses in fewer pieces; exceptional stability to maintain nutrient activity throughout shelf life; and superior flavour, powered by our proprietary flavor framework to deliver taste profiles aligned with consumer trends. For example, our gummies products are able to offer 250mg DHA per gummy or 14mg iron in two

BUSINESS

gummies. We have also enhanced the consumer experience with innovations such as NuPalette™ nutrition packs — vibrant assortments of multi-nutrient gummies that combine wellness, enjoyment and portability, transforming supplements into a lifestyle choice.

As of September 30, 2025, we have successfully launched over 550 gummies SKUs for our customers. Set forth below are our representative gummies products:

Representative Products	Product highlights
	PuraColla® Collagen Gummies: A sugar free and gelling-agent-free formulation built on a pure collagen base, delivering 1,500mg of collagen per gummy for clean-label preference and daily skin elasticity.
	SlimBoom® AKK ONE Gummies: Dual-action weight-management gummies combining our proprietary AKK ONE strain with patented appetite-control compounds, promoting GLP-1 secretion and delivering 10 billion inactivated probiotics per piece.
	NuPalette™ nutrition packs: A daily fresh-lock nutrition pack with high-stability technology and a child-specific formula, delivering ten essential nutrients for vision, brain power, growth and immunity in a fun, chewable format.
	ChuWei Multivitamin Gummies: High-stability gummies delivering 16 essential vitamins and minerals in each piece, specially formulated for ages 4–17 to support daily growth and overall wellness.
	Shikuwei Blueberry Anthocyanin & Lutein Ester Gummies: Gummies infused with 5mg patented lutein ester and natural blueberry anthocyanins, formulated to support eye health with a light, guilt-free taste.

Liquids

We introduced our liquid products in 2012, designed specifically to support rapid absorption and enhanced easy-for-use experience. Our liquid product portfolio offers a variety of innovative and user-friendly packaging formats, including milky beverage sachets, standing-pouch oral liquids, glass-bottle and essence-bottle oral liquids, droplet formats and dual-chamber nutrition shots. These formats deliver appealing textures and rich sensory experiences, and come in a wide range of flavors, enabling the products to stand out among other dosage forms and significantly increasing

BUSINESS

daily usage frequency and consumer acceptance. In addition, liquid formats help minimize the discomfort associated with swallowing, making them suitable for a wide range of users. They are widely adopted across wellness categories such as beauty and skin wellness, mobility and sport nutrition, and immune enhancement.

Our liquid products incorporate our proprietary Miumusion® ultra-soluble emulsification technology, which delivers several key advantages: significantly higher mineral load (e.g. up to 650mg calcium per serving) with precise dosing for all age groups; superior bioavailability produced by micron-scale emulsions (e.g. calcium absorption rates 1.8 times higher than citrate and 5.8 times higher than carbonate), validated by cell, animal and clinical studies; and a smooth, milk-like texture and delicate mouthfeel, enhancing consumer experience without compromising efficacy. These innovations ensure optimal system stability and micronutrient retention throughout shelf life, setting benchmarks for quality and efficacy in the sector.

As of September 30, 2025, we have successfully launched over 150 liquid product SKUs. Set forth below are our representative liquid products:

Representative Products	Product highlights
	Astaxanthin Collagen Peptide Drink: A dual-action beauty formula combining ultra-micronised water-soluble astaxanthin with two patented collagen peptides, delivering antioxidant and anti-wrinkle benefits for radiant, elastic skin.
	Dual-Source Iron Peptide Drink: A premium blend of micro-encapsulated pyrophosphate iron and ferrous gluconate with dual peptides, enhanced by vitamins A and B for gentle iron absorption and haemoglobin support in a tasty fruit-and-vegetable base.
	PQQ Salt Angelica Astragalus & Silke Peptide Drink: Powered by Femgrace®, our patented women’s healthy aging complex (black-bone chicken peptides, sea cucumber peptides, flaxseed oil and kudzu root), and EnginQ® with 98% pure PQQ salt plus ergothioneine, to support mitochondrial renewal and revitalize female vitality.
	NATUFUL® N-Acetyl Glucosamine Calcium Drink: A new-generation joint-health formula with triple absorption efficiency versus traditional glucosamine salts, delivering 500 mg N-acetyl glucosamine, 740 mg chondroitin sulphate and 180 mg calcium per serving to support bone density and mobility.

Tablets

Our tablet product line has been a core component of our offerings since 2007, offering a portable, convenient and reliable format for consumers’ daily nutrition supplements and overall wellness. Our tablet product portfolio encompasses a wide range of formats, including swallowable tablets, chewable tablets, effervescent tablets, mini-effervescent tablets, bilayer tablets and sustained-release tablets. These diverse formats expand applicability across multiple use scenarios and enable continued breakthroughs in active-ingredient concentration while maintaining product

BUSINESS

stability. In particular, our innovative mini-effervescent and bilayer tablets combine ease of dissolution, enhanced ingredient stability and novel user experience, earning strong recognition from both the market and consumers.

Our tablet formulations cover multiple wellness categories, offering consumers a broad selection of products that support overall wellness, mobility and sport nutrition, probiotic and gut wellness, oral care, cardio-metabolic wellness, weight management and beauty and skin wellness. These products are suitable for consumers across a wide range of age groups and wellness needs.

As of September 30, 2025, we have successfully introduced over 140 tablet SKUs. Set forth below are our representative tablets products:

Representative Products	Product highlights
	SlimBoom® Probiotics Micro-Effervescent Tablet: A dual-layer, staged-release formula combining 5.5 billion CFU live probiotics with essential vitamins, delivering weight-management support and a unique micro-bubble chewing experience.
	Freshmega® Probiotics Micro-Effervescent Tablet: Oral-care innovation with 10 billion CFU dual probiotics (Lactobacillus salivarius LS-G60 and Lactocaseibacillus paracasei LPC-G110) plus natural plant extracts, supporting a healthy oral microbiome and fresh breath with a fizzy chewable format.

Powders

Our powder product line has been an integral part of our solution portfolio since 2009, offering consumers a convenient, portable and versatile solution for daily nutrition and targeted health support. Our powders are widely used in the sectors of functional foods and nutrition products, catering to the needs of consumers across all age groups and lifestyles. Selected formulations deliver a high protein content and are fortified with essential vitamins, minerals and functional ingredients to achieve specific health outcomes. We have introduced innovative formats such as Quickfizz™ instant-dissolve powder, which dissolves rapidly in the mouth, providing a convenient and enjoyable solution for on-the-go supplementation.

Our powder formulations are designed to address a wide range of functional wellness needs, with a particular focus on probiotics for digestive health, immune enhancement, energy metabolism and beauty and wellness. Formulations are tailored for diverse applications, such as rapid protein intake, meal replacement, satiety, and fast-dissolving powders for enhanced convenience. We also offer larger granule formats, particularly appealing to older adults seeking gut health and healthy aging benefits. Our powders products are developed using advanced processing technologies to support optimal solubility, stability and bioavailability of active ingredients.

BUSINESS

As of September 30, 2025, we have successfully introduced over 110 powder SKUs. Set forth below are our representative powder products:

Representative Products	Product highlights
	Shuermin Probiotics Solid Drink: Fast-dissolving formula with 15 billion CFU triple probiotics plus citrus extract, specially designed to support nasal comfort and respiratory health.
	PQQ Sodium Salt Curcuma Berries Solid Beverage: Formulated with Yspan®, our cellular anti-aging complex (olive, pomegranate and curcuma) plus 5 mg PQQ salt, delivering triple-pathway support for autophagy, mitochondrial function and antioxidant defence.
	Shengming Yijia Probiotics Powder: Dual-function formula for ages 1+, combining globally recognized strains (including Bifidobacterium animalis subsp. lactis BB-12 and Lactobacillus acidophilus LA-5) to help regulate gut microbiota and support immune health, with 1 billion CFU per sachet.

Capsules

We have included the capsules products line in our solution portfolio since 2009. They are for their stability, portability and ease of use, making them ideally suited for daily nutrition supplement and targeted health applications. Available in both gelatin and plant-based materials, our capsules are designed to deliver high efficacy while accommodating diverse consumer preferences. Our product portfolio includes standard capsules and advanced formats such as enteric-coated capsules, offering enhanced protection for acid-sensitive ingredients and enabling targeted release in the digestive tract.

Our capsule formulations support multiple aspects of bodily functions, including mobility and sport nutrition, immune enhancement, energy metabolism, cardiovascular and cognitive health, and digestive health through probiotics. Precision encapsulation technology supports consistent dosing and optimal bioavailability of active ingredients. We offer a variety of packaging options, including blister packs and bottles, to satisfy varied market needs and ensure product stability.

As of September 30, 2025, we have successfully launched over 30 capsule product SKUs. Set forth below are our representative capsule products:

Representative Products	Product highlights
	SlimBoom® AKK ONE PLUS Capsule: Combines our proprietary AKK strain (30 billion inactivated probiotics) with deep-sea brown algae extract to promote GLP-1 secretion and help inhibit fat accumulation for facilitating the weight management process.

BUSINESS

Our innovation capabilities builds on our expertise in both classic dosage forms and breakthroughs in innovative dosage forms, with a focus on advancing efficacy, user experience and targeted nutrition. Through the integration of advanced delivery technologies, high-load formulations and consumer-centric design, we have created a diverse portfolio of novel products that meet the evolving demands of the nutrition product market. To a limited extent, certain products sold in Germany are classified and registered as pharmaceutical products. During the Track Record Period, revenue attributable to sales of such products represented less than 1% of our total revenue in each corresponding period.

The following cases highlight how our advanced R&D capabilities are embodied in our solutions, demonstrating our commitment to both scientific excellence and consumer satisfaction.

Case studies:

Plantegrity® Plant-Based Softgels



The Challenge

The growing demand for plant-based supplements revealed limitations in existing technologies, including instability in high temperature environments, poor texture and limited administration options. There has been a clear market need for high-performance, ethical softgels that did not compromise on quality or consumer experience.

Achievements

Our proprietary technology directly overcomes the aforementioned shortcomings. We have achieved a decisive improvement in stability, with superior heat resistance that prevents stickiness and cross-linking, ensuring product integrity from factory to consumer. Furthermore, we engineered a more pleasant consumer experience through a plant-based shell that offers an optimal balance of softness and firmness for easy chewing.

Target Customer Base and Key Benefits

These advancements make Plantegrity® ideal for a diverse consumer base. It directly serves the dietary needs of vegetarian and vegan populations. The format is also uniquely suited for families, offering flexible administration as a chewable for adults or as easily administered drops for young children. This ensures potent, stable and convenient supplementation for all age groups.

BUSINESS

Tailored Portfolio

The Plantegrity® portfolio encompasses a comprehensive range of solutions, including carrageenan-based, gellan gum-based and enteric softgels. This allows us to tailor the delivery system to specific active ingredients and application needs, providing customized, effective solutions for our partners.

Proven Market Feedback

With the successful commercialization of over 40 Plantegrity® SKUs launched during the Track Record Period, we have set a new benchmark for plant-based supplementation — merging scientific advancement with exceptional consumer appeal.

Milky Beverage Sachet of Calcium, Zinc, Vitamin D and Vitamin K Solution



The Challenge

Conventional calcium and multnutrient supplements, typically in tablet or capsule form, may present swallowing difficulties for children and the elderly. These formats may often have limited bioavailability and lack appeal in taste and texture, while consumer demand is shifting towards effective, enjoyable and easy-for-use alternatives. Traditional calcium supplements may also struggle to deliver both high absorption and a pleasant sensory experience, leaving a gap for improvement.

BUSINESS

Achievements

Through advanced R&D and our proprietary Miumusion® emulsification technology, we have introduced Emulsified Calcium 2.0, a next-generation solution delivering a calcium absorption rate which is over five times higher than conventional calcium powder. Compared to conventional calcium citrate, this formulation achieves approximately 1.8 times greater absorption. The uniform, micron-scale emulsion not only ensures consistent dosing and extended shelf life, but also provides a smooth and neutral taste for superior sensory appeal.

Target Customer Base and Key Benefits

This dosage form is specifically designed for children and adults who have difficulty swallowing pills or prefer alternative supplement formats. It offers exceptional calcium absorption for optimal bone health, a yoghurt-like texture with various flavor options and a synergistic nutrient design that combines vitamins D3 and K2 for targeted bone support while eliminating the metallic taste often associated with iron fortification. Their attributes make the product enjoyable, convenient and suitable for all age groups.

Tailored Portfolio

The Miumusion® portfolio includes a range of milky beverage SKUs, each tailored to specific consumer needs and specific sectors, with variations in nutrient profiles, flavors and packaging formats. This flexibility allows our partners to address diverse preferences and regulatory requirements.

Proven Market Feedback

As of 30 September 2025, we have commercialized over 60 Miumusion® SKUs in collaboration with leading brand owners highlighting the palatability, convenience and efficacy of this series of products.

BUSINESS

RESEARCH AND DEVELOPMENT

Our R&D Team

Since our inception, technological and scientific advancement have served as the foundation of our growth and achievement, supporting our competitive positioning in the nutrition product solution industry. Our unwavering commitment to R&D continues to drive our competitive edge and support the sustainable evolution of our solution portfolio. This diverse team brings together deep expertise across nutrition science, food technology, pharmaceutical sciences, engineering and biotechnology, fostering a multidisciplinary platform that supports our product refinement and development.

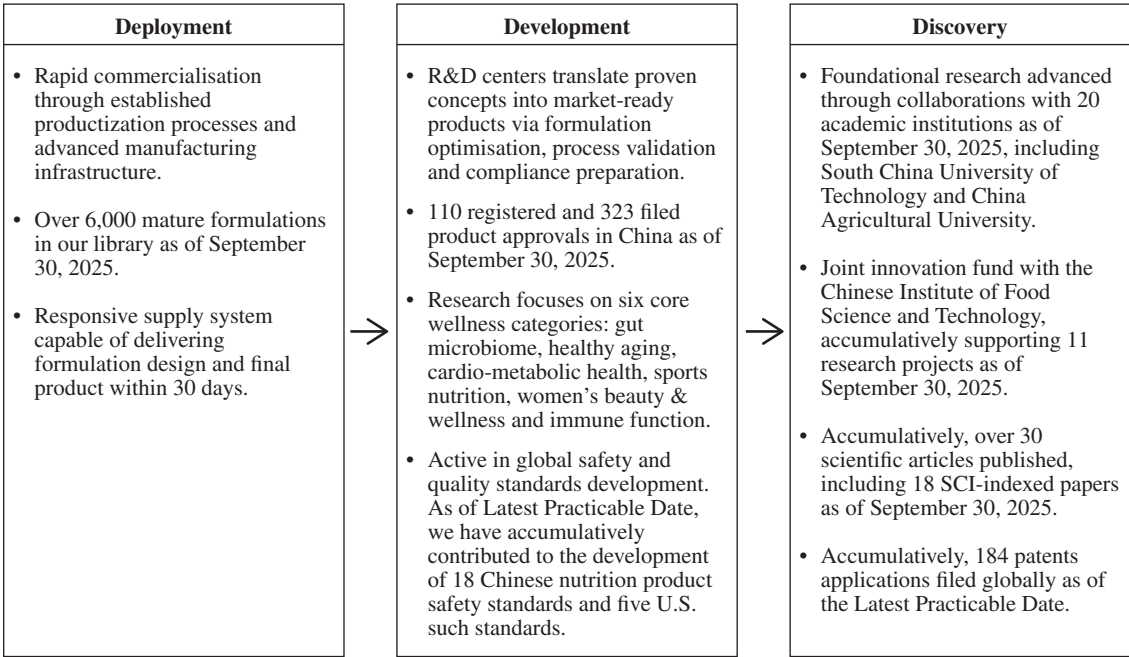
Our R&D infrastructure is anchored by our global R&D teams, forming an integrated and highly coordinated network. Working closely with our marketing and R&D teams in China market, our overseas teams in the Americas, the European and the Asia-Pacific markets continuously monitor frontier developments in ingredients and technologies, providing timely insights to our headquarters. Our headquarters, in turn, orchestrate and direct the allocation of our global R&D resources, transforming these opportunities into robust product concepts, technology improvements and scale-up plans that empower markets worldwide. Our R&D teams in Germany and the U.S. play a pivotal role in identifying emerging consumer preferences and market trends, capturing real-time intelligence on regional health needs and ingredient optimizations. These insights are systematically consolidated by our headquarters-led R&D hubs in China, where extensive technical expertise and manufacturing capabilities are leveraged to translate market intelligence into commercially viable solutions for the global markets. This “In Global, For Local” coordinative model ensures that our solutions are globally informed yet locally dedicated, supports efficient development cycles and enables us to deliver consistent quality standards across all markets we serve.

To further strengthen our innovation pipeline, we maintain active collaborations with domestic and overseas leading academic institutions and research organizations. These collaborations enable us to remain at the forefront of scientific advancement, regulatory trends and emerging consumer preferences. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB110.5 million, RMB125.9 million, RMB98.6 million and RMB100.5 million, respectively, representing 3.1%, 3.0%, 3.2% and 3.1% of our total revenue during the same respective periods.

BUSINESS

Our R&D Framework

Our R&D is structured around a proprietary “3D” framework, encompassing dimensions of “Deployment, Development and Discovery.” This framework enables us to systematically translate scientific intelligence and market insight into commercially viable nutrition product solutions. This integrated approach enables us to advance efficiently from initial concept to commercial scale-up, typically within one to four months, while upholding rigorous scientific and quality standards.



This end-to-end framework is further strengthened by continuous product iteration, through which we refine taste, packaging and nutrient composition in response to consumer feedback, while navigating dedicated regulatory pathways to ensure full compliance across all target markets.

Key R&D Achievements

Efficacy Enhancement Technologies

We have developed a suite of proprietary efficacy-enhancement delivery technologies that address core challenges in nutrient bioavailability, stability and consumer experience. Several of these technologies have been successfully scaled into commercial products supported by regulatory filings and intellectual property protection.

Our patented biomimetic emulsion calcium technology replicates the microstructural characteristics of milk via micron-scale stabilization, enabling higher calcium payload and enhanced absorption. This system yields a smooth, uniform texture suited to precise dosing across consumers’ life stages. Clinical and preclinical data indicate calcium uptake approximately 1.8 times higher than calcium citrate and 5.8 times higher than calcium carbonate. By engineering

BUSINESS

particle size to ~3–5 microns, consistent with reported breast-milk fat-globule ranges, the technology achieves yogurt-like consistency with improved absorption efficiency. It is supported by 27 health-food filings, one granted invention patent and two pending applications.

Launched in 2023, Lifechews (萃優酪®) is a gel-based lipid delivery system designed for oil-soluble actives such as algal and fish oil, lutein and fat-soluble vitamins. Utilizing a proprietary 5-micron lipid carrier dispersed within a stable gel matrix, the technology enhances intestinal bioaccessibility and oxidative stability, further supported by dual-aluminum protective packaging. In simulated digestion, DHA algal oil bioaccessibility increased by over six times. This product line currently comprises four SKUs focused on eye and brain health and is supported by eight granted invention patents, four Patent Cooperation Treaty (PCT) applications and multiple industry awards.

Yingfei® Coenzyme Q10 Softgels employ an advanced encapsulation approach designed to improve absorption and functional performance for low-solubility CoQ10. The product has obtained dietary supplement filing approval in China and is supported by two granted Chinese invention patents and one PCT application.

Innovations Focusing on Sensory Experience

Our R&D efforts extend beyond nutrient delivery to enhancing the sensory experience, an essential driver of consumer adherence and product success. By integrating flavor science with advanced formulation, we design nutrition products that are both effective and enjoyable. We operate a dedicated sensory and flavor R&D function focused on two pillars: (i) research on flavor perception and underlying mechanisms and (ii) professional sensory evaluation and descriptive analysis. Our research addresses olfactory perception, taste harmonization and the root causes of off-flavors, while developing customized flavor systems that mask undesirable tastes by aligning the volatility profiles of masking and target compounds. This approach is supported by an in-house sensory lab and a trained sensory panel using standardized methods and controlled test protocols to generate comprehensive flavor profiles. Our leadership in flavor innovation has been recognized internationally, with multiple products receiving industry awards such as the Superior Taste Award from the International Taste Institute (Brussels) in 2023.

Our mini-effervescent tablets remain stable in dry conditions and rapidly disintegrate upon contact with water or saliva, producing a uniform suspension or solution that improves ease of use, palatability and mouthfeel. Leveraging our probiotics expertise, we have applied this technology to targeted oral-care probiotics designed for site-specific release within the oral cavity and downstream gastrointestinal tract to support oral health.

XtraGummies™ addresses consumer demand for concentrated nutrition delivered in a convenient and tasty form. Using advanced gummy manufacturing and precise formulation, the platform delivers high-load actives in compact serving sizes, enabling consumers to meet daily nutritional goals with fewer units intake. The expanding product lineup includes targeted formulations such as Xtra Omega-3 (125mg DHA per gummy), Xtra Creatine (1,800mg per serving) and Xtra Iron (14mg iron in two gummies), supporting clear unit-dose communication and improved consumer compliance.

BUSINESS

AI-powered Formulation Generation

We have developed an AI-powered formulation design system to enhance efficiency and precision across our product development processes. Leveraging our proprietary formulation database, regulatory framework, raw material specifications and historical R&D records, the system applies advanced algorithms to analyze customer requirements and generate optimized AI-powered formulations.

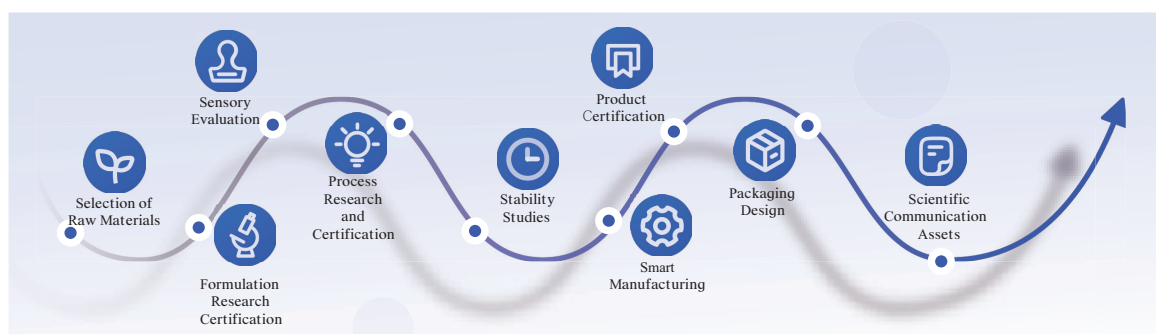
The system models key dimensions of formulation design and development, including regulatory compliance, target consumer profiles, sensory attributes, functional claims, ingredient specifications, cost parameters and clean-label considerations. Upon receiving customer inputs, the system validates regulatory requirements for the target market, matches the nutritional objectives for the intended demographic, and aligns dosage form, flavor and appearance preferences. It then screens functional ingredients and formulation pathways to identify suitable options.

Leveraging our formulation database, the system identifies formulation base templates and performs iterative optimization of active dosages, excipient combinations, formulation complexity and cost structures, balancing efficacy, compliance and clean-label objectives.

Final optimization is conducted through a human-in-the-loop process, in which our formulation specialists review AI-generated outputs and apply professional judgment regarding regulatory nuances, consumer preferences and manufacturing feasibility. Targeted refinements are made to dosage forms, ingredient ratios and sensory profiles as needed. Decision logic, experimental results and market feedback are continuously integrated into the system to support its ongoing refinement and development.

Our AI-powered formulation design system significantly shortens the cycle from requirement confirmation to formulation delivery, improves responsiveness and systematizes domain expertise that was previously fragmented among individual specialists.

“WelMax” Integrated R&D Service



WelMax embodies our integrated R&D excellence, bridging rigorous scientific validation with the needs of our brand owner customers through an evidence-based and collaborative framework. Developed upon a robust, traceable evidence base and operated according to quality-by-design principles, WelMax integrates resources from our global R&D centers, in-house think tank and an extensive network of external partners, including leading research institutions, hospitals and

BUSINESS

accredited laboratories. Product claims and functional propositions are substantiated through comprehensive verification spanning raw material screening and selection, formulation research and certification, sensory evaluation, process development and certification, stability studies, smart manufacturing validation and scientific verification through human clinical trials, organoid modelling and *in vitro* studies. This ensures that product communications are underpinned by reproducible scientific evidence.

Transforming scientific evidence into reliable assets. For brand partners, WelMax transforms scientific achievements into communicable reliable assets, including categories of standardized efficacy dossiers, technical brand authorizations, product and regulatory certifications, packaging-ready scientific substantiation and other scientific communication assets. For consumers, this same evidence corpus streamlines decision-making by presenting the scientific foundation of product benefits in a clear and traceable manner, consistent with our approach to evidence-led product development and communication.

End-to-end evidence system and governance framework. WelMax integrated structured evidence across every stage of a product’s lifecycle, including raw material screening, formulation research and certification, sensory assessment, process research and certification, stability studies, production and smart manufacturing, product certification, packaging design and science-based communication, thereby ensuring end-to-end credibility. The framework formalizes standards through association and corporate specifications as well as white papers that define evidence typologies, appraisal methodologies, grading frameworks and codification for widely used ingredients such as DHA. Supported by a multidisciplinary expert ecosystem, WelMax conducts multi-modal validation, generating authoritative documentation and robust proof points for each product. Furthermore, it maintains a transparent, auditable evidence-traceability mechanism to support public disclosure of the evidentiary status of ingredients, formulations and finished products.

Structuring customer requirements into executable R&D outputs. Through WelMax, customer requirements are meticulously structured into technical and regulatory workstreams, including claims substantiation, market-specific compliance, dosage form and sensory evaluation, ingredient specification and manufacturability, product certification readiness and packaging-design execution, ensuring that R&D inputs are efficiently translated into market-ready outputs.

DIGITALIZATION

To ensure we remain competitive in the nutrition product solution industry, each customer engagement may require customized formulation, differentiated dosage technologies and agile development responsiveness. Our operating model has evolved from a pure “make-to-order” approach to a “design-to-order and make-to-order” system, where even small adjustments in ingredient ratios can materially influence process controls and quality outcomes. We operate a range of parallel dosage-form technologies, comprising softgels, gummies, liquids, tablets, powders and capsules, and each is governed by clearly defined process routes and critical control parameters. At the same time, customers are raising expectations around time-to-market, scheduling

BUSINESS

flexibility and product personalization. Our response is to engineer this complexity directly into our operating system, ensuring that decision-making is data-driven and that quality remains predictable at scale.

Digital value chain with full-process connectivity. We have established an end-to-end digital system with “full-process connectivity of internal business data” at its core, covering customer leads, solution design, process development, material management, planning and scheduling, production execution, quality control and delivery services. By orchestrating data and process flows across Customer Relationship Management (CRM), Product Lifecycle Management (PLM), Enterprise Resource Planning (ERP), Advanced Planning and Scheduling (APS), Manufacturing Execution System (MES), Warehouse Management System (WMS) and Quality Management System (QMS), we form a digital value chain that is traceable, predictable and optimizable. A unified data hub and master data management maintain consistency for key masters, including materials, formulations, customers and equipment, supporting cross-system integration and analytics.

Layered digital architecture. Our digitalization architecture is structured as a layered collaboration model. CRM manages customer leads, requirements and contracts, and connects with PLM to accelerate formulation and process design and review. PLM functions as the single source of truth for confirmed formulations, bills of materials and process routes, and synchronizes this information with ERP and MES. ERP integrates material requirements planning and advanced planning and scheduling to generate production plans under capacity, material and delivery constraints. MES breaks down orders into operational steps and equipment assignments, captures real-time shop-floor data and works with QMS to ensure full-process quality control. WMS manages raw materials, work-in-progress and finished goods at the batch level to ensure both delivery fulfillment and end-to-end traceability.

Closed-loop execution. This architecture supports a closed-loop process encompassing “leads — solution — design — plan — production — quality — delivery — feedback.” Customer requirements are standardized and matched to mature formulation and process libraries for technical and delivery commitments. Once approved, designs are released as master product and order data that drive procurement, scheduling and shop-floor execution. On the production floor, operations follow defined routes with parameters captured in real time, batch genealogy maintained and quality outcomes recorded. After delivery, shipment data and customer feedback return to CRM/QMS and are tied to the relevant batch record, enabling full lifecycle traceability and targeted continuous optimization.

Systematizing complexity through integration and real-time intelligence. We manage multi-dimensional complexity through unified data models and configurable business rules, reducing reliance on personal experience and offline coordination. Integration across PLM, ERP, MES and QMS shortens the cycle from R&D to mass production while strengthening quality and compliance. APS-MES collaboration enhances line flexibility and resource utilization, supporting rapid new product introduction and responsive changeovers. Real-time reporting visualizes cross-business Key

BUSINESS

Performance Indicator (KPIs), driving lean operations and continuous improvement while creating a strong foundation for future AI-assisted formulation intelligent scheduling and predictive maintenance.

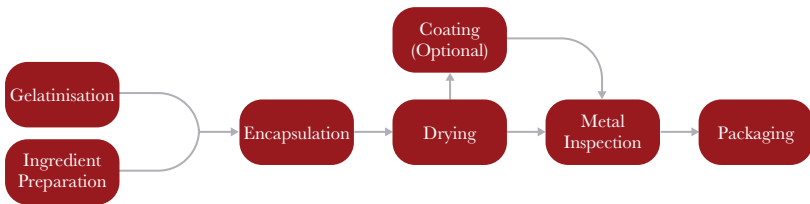
By digitally connecting the entire value chain from lead generation to final delivery, and by embedding operational complexity within the system, we enhance customer responsiveness, delivery reliability, cost and inventory control, quality assurance, regulatory compliance and organizational scalability. This provides a robust foundation for our continued scale expansion and sustainable long-term development

PRODUCTION

Our Production Process

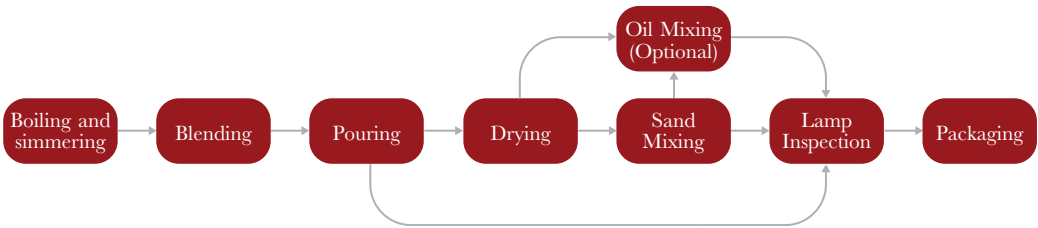
Our production process is built on a streamlined and standardized approach that ensures quality and consistency across all major products. By applying comprehensive quality control measures tailored to the requirements of each product, we consistently meet stringent regulatory and internal standards, delivering high-quality solutions to our customers and end consumers. All of our finished products are subject to visual inspection and foreign-matter detection before being packaged in appropriate containers for storage and distribution. Each stage of production is conducted in accordance with GMP requirements, and is supported by advanced technologies and large-scale modern manufacturing facilities.

Softgels



Softgels production begins with preparing a uniform gelatin solution by blending gelatin, plasticizers and purified water, while active ingredients and excipients are homogenized to form the fill blend. Both components are fed into specialised encapsulation equipment to form softgels, which are then dried under controlled temperature and humidity to remove excess moisture. If required, a protective coating is applied to enhance stability and handling performance.

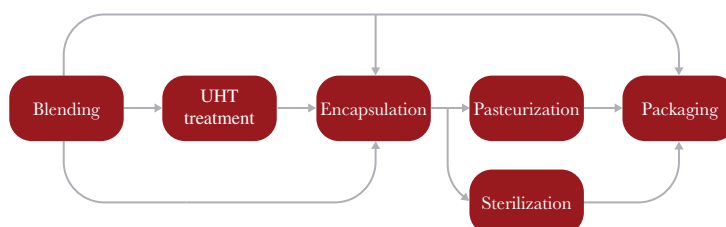
Gummies



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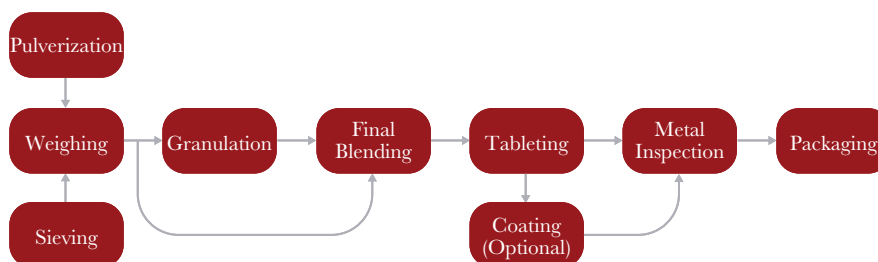
Gummies are produced by cooking a base comprising sugars, sugar alcohols, glucose syrup and gelling agents, followed by in-line blending of active ingredients, flavors, acids and colorants. The mixture is then deposited into molds and dried under controlled temperature and humidity to achieve the desired texture. Once set, gummies are demolded, coated with anti-stick agents or polishing oil, inspected through automated vision systems and, where necessary, supplemented by manual inspection.

Liquids



Liquids production begins with precise blending and homogenization of functional ingredients, fruit juices, acids and other components to create a uniform mixture. The mixture is then sterilized using ultra-high temperature treatment to eliminate microbial contaminants, followed by accurate filling into containers and secure sealing using specialized equipment. Depending on product specifications, secondary sterilization may be applied through pasteurization or high-temperature, high-pressure methods to ensure product safety and quality.

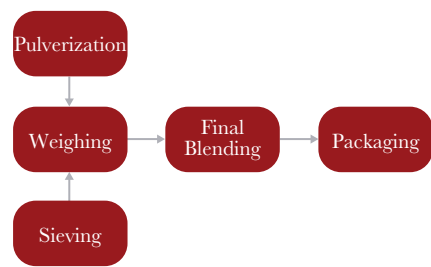
Tablets



Tablets production begins with weighing, pulverizing and sieving raw materials to achieve uniform particle-size distribution, followed by precise dosing according to formulation requirements. The pulverized materials are granulated using dry, wet or one-step methods and subsequently blended with functional ingredients, binders, dispersants, flavoring agents, flow aids and lubricants to ensure blend uniformity. The resulting blend is then compressed into tablets of specified shape, weight and hardness, with optional coating for protection and appearance.

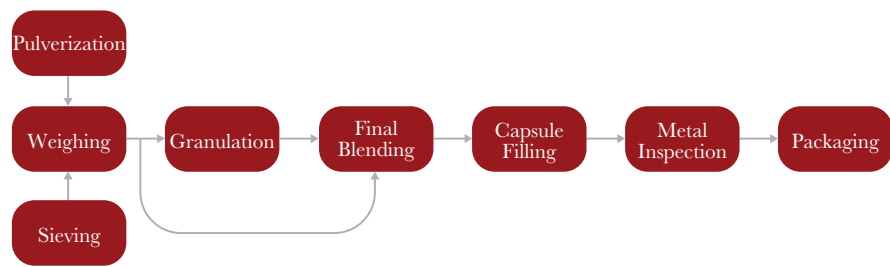
BUSINESS

Powder



Powders production begins with weighing, pulverizing and sieving raw materials to achieve uniform particle-size distribution, followed by precise dosing according to formulation requirements. The pulverized materials are then blended in high-capacity mixers to form a homogeneous mixture, with most formulations not requiring granulation. The finished blend is subsequently filled into pouches, bottles or cans using automated filling equipment.

Capsules



Capsules production begins with weighing, pulverizing and sieving raw materials to achieve the required particle size. Functional ingredients and excipients are granulated where necessary and blended into a uniform mix, which is then filled into hard capsule shells using specialized equipment. This process includes shell separation, precise dosing, capsule locking and subsequent polishing to ensure product quality and handling performance.

Our Production Base

Under our headquarters-led strategy, we have established a highly coordinated global manufacturing footprint built on common standards, standardized control logic and interconnected systems, enabling consistent manufacturing outcomes across regions. Supported by multi-purpose production lines and agile changeover protocols, our facilities can efficiently switch across dosage forms, packaging formats and customized specifications. Certain production bases have also begun operating under increasingly automated, “lights-out” conditions with minimal human intervention. This operating model, which integrates centralized planning with localized execution, is designed to improve responsiveness and delivery reliability for our global customers.

BUSINESS

As of the Latest Practicable Date, we operated the following six key production bases across the world, across the world, each base is strategically located to support our global market and ensure consistent quality standards:

- ***Shantou, Guangdong Province, China.*** Our Shantou production bases comprise two modern production bases, Shantou production base I and Shantou production base II, each equipped with specialized production lines for multiple dosage forms such as softgels and gummies.
- ***Ma’anshan, Anhui Province, China.*** Launched in 2018, our Ma’anshan production base features highly automated workshops and advanced production lines for gummies, liquids, powders, capsules, tablets and probiotics.
- ***Zhuhai, Guangdong Province, China.*** Launched in 2023, our Zhuhai production base serves as a key centre for cross-border packaging and export within our global supply network. Equipped with advanced automated lines, the facility efficiently packages tablets, softgels and capsules.
- ***Falkenhagen, Germany.*** Acquired in 2016, our Falkenhagen production base is one of Europe’s top five manufacturers of softgels and capsules. The facility is certified to produce both nutrition products and medicinal products. To a limited extent, certain products sold in Germany are classified and registered as medicinal products.
- ***California, U.S.*** Acquired in 2023, our California production base serves as a major hub for supplying the Americas market. The production base is equipped with production lines for softgels, tablets, capsules, powders and gummies.

BUSINESS

The table below sets forth the details of our production capacity by product category for the periods indicated:

	Year ended December 31,						Nine months ended September 30,		
	2023			2024			2025		
	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾	Designed production capacity ⁽¹⁾	Actual production volume	Utilization rate ⁽²⁾
	(unit in million or tons)	(unit in million or tons)	(%)	(unit in million or tons)	(unit in million or tons)	(%)	(unit in million or tons)	(unit in million or tons)	(%)
Product categories									
Softgels	14,510	6,800	46.9	14,510	7,990	55.1	10,883	6,570	60.4
Gummies	5,860	3,690	63.0	6,360	4,770	75.0	4,770	3,800	79.7
Liquids	373	185	49.6	373	156	41.9	334	175	52.3
Tablets	4,820	1,860	38.6	4,820	1,820	37.8	3,615	1,450	40.1
Powders	6,986	1,903	27.2	6,986	1,423	20.4	5,239	951	18.2
Capsules	2,704	450	16.6	2,704	720	26.6	2,028	500	24.7

Notes:

- (1) Designed production capacity is calculated based on the designed production capacity in each period of our production lines. In our calculations, we assumed that our production lines operate 320 days per year or 240 days per nine months on the basis of 24 hours per day. We also took into account the production line changeover time, as we need to switch production lines when manufacturing different products.
- (2) The utilization rate is calculated by dividing our actual production volume for the year by the designed production capacity of the same period. According to CIC, our utilization rates for tablets, powders and capsules are broadly in line with industry norms.
- (3) Sales volume for softgels, gummies, liquids, tablets and capsules is presented in millions of units, whereas sales volume for powders is presented in tons.

The fluctuation in the production volume and the utilization rates of our liquid products during the Track Record Period primarily reflected changes in customer procurement patterns. The decrease in the production volume and utilization rate from 2023 to 2024 was mainly due to reduced demand for traditional glass-bottle liquid products. The subsequent increase to 52.3% for the nine months ended September 30, 2025 was driven by strong growth in our newly introduced milky beverage liquid products as production scaled up.

The decrease in the production volume and the utilization rates of our powder products during the Track Record Period primarily reflected a sustained reduction from certain customers’ demand for powders products. This trend continued throughout the Track Record Period, resulting in a progressive decline in utilization from 27.2% in 2023 to 20.4% in 2024 and further to 18.2% for the nine months ended September 30, 2025.

BUSINESS

The movement in the production volume and the utilization rates of our capsule products during the Track Record Period primarily reflected the increase in orders of capsules in response to customer procurement adjustments. Utilization rate for capsules improved in 2024, primarily due to the timing and mix of customer orders, and subsequently moderated to 24.7% for the nine months ended September 30, 2025, as procurement volumes softened.

Advanced Production

We operate a highly digital, intelligent and lean production estate that converts diverse customer requirements into reliable, repeatable output while supporting scalable global expansion. A unified backbone integrating ERP, WMS and MES connects planning, materials management, production execution and quality control into a single governed workflow, delivering real-time visibility, predictive scheduling and precise process control.

Advanced automation and robotics integration: Through sustained investment and refinement, we have significantly upgraded our production equipment and technology. Across major dosage forms, we have deployed world-class industrial robots, high-precision inspection systems and multiple fully automated production lines, establishing a technologically advanced and operationally efficient smart-manufacturing environment. For example, in our gummies production, six-axis industrial robots precisely replicate complex manual actions, such as sugar-feeding, through predefined coordinate programs, enhancing productivity, improving uniformity and reducing manual labor intensity. Our liquids packaging and gummies production lines employ advanced motion-control technology and bus-control systems, enabling high-speed, high-accuracy batching, mixing and filling with built-in clean-in-place automation. In softgel production, end-to-end automation has replaced manual intervention, with automatic gel-making systems and AGV-based unmanned drying improving standardization and reducing human error.

Digitalized architecture and Integrated Manufacturing Systems: A digitally orchestrated logistics layer ensures seamless material movement within each facility. Automated warehousing systems with batch-level traceability strengthen inventory management and support comprehensive quality and compliance control. An integrated technology architecture connects MES, ERP and the Supervisory Control and Data Acquisition system (“SCADA”) across the entire order-fulfillment process. In addition, our industry-first structured process-data cube and PLM framework integrate R&D, scale-up and commercial production into a unified lifecycle, accelerating technology transfer and reinforcing execution discipline.

BUSINESS

Lights-out manufacturing empowered by advanced automation and industrial AI technologies: Our production bases located in Shantou and Ma’anshan increasingly operate under lights-out conditions, where processes from raw material intake to final packaging are executed with minimal human intervention. Robotics, advanced automation and industrial AI technologies jointly support predictive maintenance, accelerated changeovers and dynamic scheduling, all embedded within standardized control logic and governed master data. By integrating these capabilities into a unified, site-independent technology stack, including standardized automation logic, governed master data and connected control systems, we have established a production architecture that is inherently portable. This replicable model enables consistent deployment across new facilities and regions, supporting rapid scale-up and seamless operational enablement.



Flexible and agile production infrastructure: Our production model is engineered to support flexible allocation, agile operations and rapid switching. Multi-purpose lines are equipped with standardized setups and tooling, while rapid changeover protocols allow quick transitions between packaging formats with minimal downtime. Dynamic scheduling and governed work instructions enable rapid re-sequencing of batches and support small-lot production in response to changes in product mix. At the same time, lean operating routines, including streamlined workflows, right-sized buffers and controlled material flow, help maintain throughput, reduce lead times and strengthen delivery reliability.

These advancements position us as a benchmark for smart manufacturing in the nutrition product industry. Our integrated approach, combining automation, digitalization and lean principles, creates a resilient, scalable and high-performance production system that supports advancement, cost efficiency and superior product quality.

BUSINESS

Our Production Expansion Plan

We plan to further boost our overall production capacity progressively by expanding our existing production bases and building new ones. The following table summarizes details of our key production expansion project as of September 30, 2025.

<u>Project</u>	<u>Location</u>	<u>Expected construction completion date</u>	<u>Expected designed annual production capacity</u>
Changwat Chon Buri . .	Changwat Chon Buri, Thailand	May 2027	2.4 billion units of gummies per year, with multiple packaging lines for bottles, bags and pillow packs packaging

As of September 30, 2025, we have invested approximately USD20.0 million in our production base in Thailand, with a total investment amount of approximately USD40.0 million.

QUALITY CONTROL

Our core competitiveness originates from our pharmaceutical-grade quality standards. With our roots in the nutrition product solution industry, we have established a quality control and research system that is designed to meet stringent requirements far beyond conventional food-grade standards, which enables us to serve top-tier international customers. Specifically, we have obtained food production licenses covering various categories and have also received multiple authoritative certifications worldwide, including TGA, BRCGS, NPA/UL, NSF GMP for Sport, NSF/ANSI 455-2-2024, ISO 9001:2015, HACCP, ISO/IEC 17025:2017, GRMA, multiple Halal certifications (Malaysia, Indonesia, HCAI), IFOS, Kosher, Friend of the Sea (FOS) standards, United States Department of Agriculture Organic (USDA Organic), European Union Organic (EU Organic), International Featured Standards Food (IFS Food) and Marine Stewardship Council (MSC) certification.

As of September 30, 2025, we had 223 personnel in our global quality control team. Our quality control team is responsible for customer support, standard confirmation and compliance management.

Procurement of Raw Materials Related Quality Control

We implement quality control starting from the selection and management of suppliers for raw materials. We have established a management system for supplier admission, evaluation and elimination, clearly defining the responsibilities and requirements of procurement operations. When selecting suppliers, we first consider the risk associated with the material itself, distinguishing between materials that come into direct contact with the product and those that do not and applying different levels of material supervision accordingly. Once confirmed by the R&D department, the strategic procurement department conducts sourcing and research to determine if there are

BUSINESS

alternative suppliers of similar materials. Subsequently, the procurement department, R&D department and quality control department jointly evaluate and approve suppliers. After suppliers and materials are approved, procurement can proceed according to established rules. Each batch of materials is inspected and accepted by the quality department upon arrival; materials that do not meet the standards are either returned or dealt with through negotiation. In addition, we usually sign quality assurance agreements and include quality assurance clauses with our suppliers.

All procured raw materials are subject to a rigorous inspection protocol. Adhering to strict quality standards and formal release procedures, each batch of raw material, auxiliaries and packaging undergoes comprehensive acceptance testing. We inspect the appearance, specification, composition, heavy metal content and microbiological content to effectively mitigate risks related to raw material quality and safety.

Production Related Quality Control

At the production level, we maintain the requisite production qualification permits to support our manufacturing operations and sales globally. We have obtained a range of globally recognized quality management and product-related certifications, including China Customs AEO Advanced Certification, ISO9001 Certification by the International Organization for Standardization, HACCP Certification, Australia TGA-GMP Certification, US NPA-GMP Certification, US UL GMP (21 CFR Part 111) Certification, US NSF-GMP Certification, US Organic Product Certification, UK BRCGS Global Food Safety Standard Certification, EU Organic Product Certification, EU Animal-Origin Product Safety Registration, Friend of the Sea (FOS) Certification and Halal Certification. Among these, the Australian TGA-GMP certification is notable for its high standards and management model similar to that of pharmaceuticals, which most industry competitors do not possess.

Beyond these permits and certifications, we implement comprehensive quality control procedures throughout the production process, strictly monitoring key process parameters and regularly conducting sampling inspections of intermediate products. We also monitor hazard control points and quality control points to investigate and address any deviations that may arise during production.

In terms of equipment management, we have established a preventive maintenance plan. This includes regular maintenance of the plant, utility systems (such as HVAC and purified water systems) and production equipment to ensure that they remain in good condition and do not cause contamination or impact product quality. Additionally, we regularly calibrate production and testing equipment to ensure the effective operation of critical equipment and the accuracy of data.

BUSINESS

Product Inspection Related Quality Control

We have strict quality standards for the finished product inspection. Each batch of products undergoes sampling inspection and sample retention management, along with a review of batch production records and batch inspection records to ensure that products released for sale comply with relevant standards and regulations. For non-conforming products, we have clear control procedures in place, including requirements for identification, isolation, rework and disposal. By identifying and controlling non-conforming and potentially unsafe products, we can prevent their unintended use or delivery.

Logistics and Warehouses and Inventory Management Related Quality Control

In terms of warehouse management, we provide appropriate storage environments for different materials and products. Through zone-based management, monitoring of warehouse temperature and humidity, and hygiene control measures, we ensure the safe storage and quality stability of raw materials, work-in-progress and finished goods.

For transportation, we have clear evaluation standards for third-party logistics providers. Qualified partners are selected based on assessment results and their responsibilities for ensuring product quality and safety during transportation are clearly defined in the signed contracts. Before each shipment, we conduct hygiene inspections of transport vehicles to ensure a clean and safe delivery environment. We also perform checks of the goods in transit and handover documentation to ensure full traceability throughout the transportation process.

Customer Service and Support Related Quality Control

Upon receiving customer inquiries, we provide technical documentation and professional support related to our products. In the case of customer complaints or feedback, we conduct thorough risk assessments and analyses of the reported issues, respond promptly to customer needs and gather feedback to continuously improve customer satisfaction.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product recalls, returns or product liability claims, nor were we involved in any material disputes with customers in connection with product quality.

BUSINESS

SALES AND MARKETING

Our Sales Network

Our sales network spans the China market, the America market, the European market and the Asia-Pacific market, operating under a unified headquarters-managed model. The headquarters centrally aggregates global market intelligence, industry insights, and consumer preferences. This enables optimal allocation of resources, harmonized customer account strategies and regionally tailored pricing policies, ensuring consistent standards, regulatory compliance and effective “global-for-local” delivery. Regional teams adapt headquarters playbooks into actionable local plans, execute accounts locally and feed market insights back to headquarters for continuous re-balancing across regions.

The following table sets forth a breakdown of our total revenue by regions for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)								
					(Unaudited)		(Unaudited)	
Mainland China and								
Hong Kong, SAR	1,850,950	51.7	1,660,656	39.4	1,219,929	40.0	1,277,861	38.8
Americas	1,044,136	29.1	1,665,975	39.6	1,189,980	39.0	1,288,168	39.2
Europe	529,109	14.8	604,481	14.4	437,782	14.4	561,095	17.0
Others ⁽¹⁾	157,827	4.4	279,952	6.6	200,765	6.6	164,050	5.0
Total	<u>3,582,022</u>	<u>100.0</u>	<u>4,211,064</u>	<u>100.0</u>	<u>3,048,456</u>	<u>100.0</u>	<u>3,291,174</u>	<u>100.0</u>

Note:

(1) Others include Australia, Southeast Asia and other countries and regions.

BUSINESS

Our Sales Channel

We primarily sell our products directly to brand owners and retailers. To access fragmented retail and online outlets where direct coverage is not cost-effective, we used to rely on certain selected distributors to sell our branded products. The table below sets forth the breakdown of revenue and percentage by total revenue by sales channels for the periods indicated:

	Year ended December 31,				Nine months ended September 30,	
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands except for percentages)</i>						
<i>(Unaudited)</i>						
Direct sales	3,562,316	99.4	4,190,831	99.5	3,290,890	100.0
Distributorship	19,706	0.6	20,233	0.5	284	0.0
Total	<u>3,582,022</u>	<u>100.0</u>	<u>4,211,064</u>	<u>100.0</u>	<u>3,291,174</u>	<u>100.0</u>

Direct Sales

Direct sales to brand owners and retailers are our primary route to market. We regularly engage customers through tailored visits and collaborative workshops, bringing together marketing and R&D teams to identify product opportunities and deliver specification-driven recommendations. By leveraging our industry-leading services and proprietary solution catalog, we share valuable market insights, provide targeted product training and proactively foster long-term, trust-based partnerships. Our commitment to staying close to customers, combined with a focus on advancement and operational excellence, underpin our ability to support customers’ growth and maintain our competitive edge in the market.

For global key accounts, we mainly operate under a headquarters-led model and sell directly to brand owners and retailers. For other customers, our regional teams are responsible for managing customer accounts and execution sales strategies. This includes customer account planning, pricing and contract terms negotiation, all carried out with clearly defined autonomy within our strategic framework and policies. Our headquarters consolidates global market intelligence and consumer insights to guide regional resource allocation and strategic planning. Headquarters also set overarching standards and provide enablement and oversight, while regional teams tailor engagement, including on-site visits, specification alignment, sampling/prototyping, regular reviews, to local market conditions to ensure compliant, consistent delivery across regions. Our global footprint further strengthens our strategy implementation, with our German operational team covering the Europe market, our U.S. operational team serving the Americas market and our multiple China operational teams supporting the China market and the Asia-Pacific market, enabling us to enhance localization and responsiveness across regions.

BUSINESS

The salient terms of our standard sales agreement with our direct customers during the Track Record Period are set forth below:

- *Duration:* Generally one year.
- *Product description:* The type and specifications of products, including the name, unit price and quantity, are set out in the agreement.
- *Shipment terms and logistics:* For export sales, we typically adopt an FOB or CIF shipping term. For domestic sales, we are generally responsible for arranging delivery of our products to locations designated by our customers.
- *Payment and credit term:* We typically require prepayment ranging from 30% to 50% of the total sales amount from our customers on signing of the agreement. The balance of payment is usually due before the delivery of products.
- *Product return:* We typically do not allow our customers to return products to us except for limited reasons, such as packaging defects or documented quality defects.
- *Termination:* Our consent is required if our customers cancel the order after entry into the agreement. If we have purchased raw materials or started production, our customers shall bear the actual costs incurred by us in full. If products have already been produced, the customer must pay the contract price for the goods produced.

Distributorship

During the Track Record Period, a certain portion of the sales of our branded products was sold through distributors represented an immaterial portion of our total revenue, being approximately 0.6% and 0.5% in 2023 and 2024, respectively, and less than 0.1% in the nine months ended September 30, 2025. In line with adjustments to our sales and marketing approach, we have gradually streamlined distributorship arrangements since the end of 2024. As of September 30, 2025, we maintained a business relationship with one distributor for product sales.

The following table sets forth the changes in the number of our distributors as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
Number of distributors at the beginning of			
the year/period	0	8	12
Number of new distributors joined in the year/period	8	6	0
Number of distributors ceased to distribute our products in			
the year/period	0	2	11
Number of distributors at the end of the year/period	8	12	1

BUSINESS

We maintain a seller and buyer relationship for transactions with distributors. We recognized revenue when control of goods transferred to the distributor under the contractual delivery terms, at which point title and risk passed to the distributor, who assumed transportation and downstream distribution risks. Sales to distributors were on an outright basis, and we did not adopt consignment arrangements. Our distributor relationships did not grant us control over distributors’ operations, inventories or their downstream customers.

We generally require full upfront payment of the contract price prior to delivery to distributors. We did not allow returns of products sold to distributors except for documented quality defects. Given the shelf-life considerations and the inventory and costs borne by distributors, it is not commercially rational for distributors to purchase materially beyond their actual demand. As such, we believe that there was no channel-stuffing risk associated with distribution through our distributors.

The salient terms of our standard sales agreement with our distributors during the Track Record Period are set forth below:

- *Duration:* Generally one year.
- *Product description:* The products, specifications, names, unit prices and quantities are as set out in the agreement or related purchase orders. We may update the solution portfolio with reasonable prior notice.
- *Shipment and logistics:* Delivery will occur within a reasonable period after prepayment or order acceptance, as applicable. Freight, insurance and other logistics costs are allocated as agreed by the parties per shipment. The distributor will inspect the goods upon receipt and may reject packages that arrive damaged.
- *Payment and credit term:* We generally required full upfront payment of the contract price prior to delivery to distributors. Invoices were issued and reconciled on a regular schedule. The distributor must raise any billing objections within a reasonable period after reconciliation.
- *Product return:* Returns are limited to goods with documented quality defects.
- *Termination:* Generally runs for a fixed term unless renewed by mutual written agreement. Either party may terminate for material breach if the breaching party fails to cure within a reasonable notice period.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge and based on publicly available information, as of the Latest Practicable Date, there was no employment, financing or family relationship between our distributors and us.

BUSINESS

Pricing Policy

For our pricing strategies, we take into account a variety of factors, including dosage forms or functions, formulation, specifications, order quantities, packaging standards, raw material costs and logistics costs. We determine the product price range by combining the aforementioned factors, our product’s competitiveness in the relevant sectors and prevailing market prices. Where cost or market-condition fluctuations exceed an agreed percentage threshold, we are able to negotiate with customers and adjust pricing under the relevant contractual mechanisms to reflect such changes.

Major customers

During the Track Record Period, the aggregate revenue generated from our top five customers in each year/period amounted to RMB815.5 million, RMB1,159.8 million and RMB804.1 million, respectively, representing approximately 22.8%, 27.6% and 24.4% of our total revenue in the respective year/period. During the Track Record Period, the revenue generated from our largest customer in each year/period amounted to RMB233.5 million, RMB328.7 million and RMB294.3 million, respectively, representing approximately 6.5%, 7.8% and 8.9% of our total revenue in the respective year/period.

The following table sets forth our top five customers in each year/period during the Track Record Period:

For the nine months ended September 30, 2025

<u>Customer</u>	<u>Amount of revenue</u> (RMB'000)	<u>% of total revenue</u>	<u>Major business</u>	<u>Product purchased</u>	<u>Year of commencement of business relationship</u>
Customer A	294,268	8.9	A U.S.-headquartered, private company that manufactures and distributes natural health products	Softgels	2015
Customer B	169,717	5.2	A U.S.-headquartered company that manufactures and sells vitamins, dietary supplements, essential oils and other nutrition products	Softgels, gummies	2017
Customer C	118,067	3.6	A China-headquartered global group primarily engaged in the research, development, production, and sale of nutritional and health products	Powders, liquids, gummies, softgels	2019
Customer D	114,080	3.5	A UK-headquartered company engaged in health food supplements importing businesses	Gummies, softgels	2009
Customer E	107,992	3.3	A China-headquartered company focusing on biotechnology services and health-related e-commerce	Gummies, softgels, liquids	2024
	<u>804,124</u>	<u>24.4</u>			

BUSINESS

For the year ended December 31, 2024

<u>Customer</u>	<u>Amount of revenue</u> <i>(RMB'000)</i>	<u>% of total revenue</u>	<u>Major business</u>	<u>Product purchased</u>	<u>Year of commencement of business relationship</u>
Customer C	328,660	7.8	A China-headquartered global group primarily engaged in the research, development, production, and sale of nutritional and health products	Powders, liquids, gummies, softgels	2019
Customer A	306,712	7.3	A U.S.-headquartered, private company that manufactures and distributes natural health products	Softgels	2015
Customer B	222,424	5.3	A U.S.-headquartered company that manufactures and sells vitamins, dietary supplements, essential oils, and other nutrition products	Softgels, gummies	2017
Customer F	180,859	4.3	A U.S.-headquartered company engaged in the development and sale of daily necessities and health products, including personal care and nutrition products	Gummies, softgels, liquids	2014
Customer G	121,144	2.9	A UK-headquartered global health company producing OTC medicines, oral care products, and supplements	Softgels, gummies, tablets, liquids	2013
	<u>1,159,799</u>	<u>27.6</u>			

BUSINESS

For the year ended December 31, 2023

<u>Customer</u>	<u>Amount of revenue</u> (RMB'000)	<u>% of total revenue</u>	<u>Major business</u>	<u>Product purchased</u>	<u>Year of commencement of business relationship</u>
Customer C	233,455	6.5	A China-headquartered global group primarily engaged in the research, development, production, and sale of nutrition products	Powders, liquids, gummies, softgels	2019
Customer F	175,623	4.9	A U.S.-headquartered company engaged in the development and sale of daily necessities and health products, including personal care and nutrition products	Gummies, softgels, liquids	2014
Customer H	142,798	4.0	A China-headquartered company providing health management services and selling nutritional and beauty products	Liquids	2022
Customer G	134,613	3.8	A UK-headquartered global health company producing OTC medicines, oral care products, and supplements.	Softgels, gummies, tablets, liquids	2013
Customer J	129,021	3.6	A U.S.-headquartered company that manufactures and sells essential oils, dietary supplements, and nutrition products	Softgels	2012
	<u>815,511</u>	<u>22.8</u>			

During the Track Record Period, all of our top five customers in each year/period were Independent Third Parties. None of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors, own more than 5% of our issued share capital) had any interest in any of our top five customers for each year/period during the Track Record Period and as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, there were no litigations, arbitrations or disputes between us and our major customers which had a material adverse impact on our business operation or financial condition.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background of Third-Party Payment Arrangements

During the Track Record Period, certain customers (individually or collectively, the “**Relevant Customers**”) settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements (the “**Third-**

BUSINESS

Party Payment Arrangements”). The Relevant Customers during the Track Record Period consisted of customers in the form of corporate entities. To the best of our knowledge, the designated third-party payors primarily consisted of affiliated entities of the Relevant Customers.

In 2023, 2024 and the nine months ended September 30, 2025, the number of the Relevant Customers was two, three and three, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB3.1 million, RMB2.7 million and RMB2.0 million, respectively, which accounted for 0.09%, 0.06% and 0.06% of our total revenue, respectively, in the same year/period. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period. As of the Latest Practicable Date, we have discontinued all Third-Party Payment Arrangements and ceased to accept payments from third-party payors other than our customers.

During the Track Record Period, we implemented internal control measures to monitor and manage the Third-Party Payment Arrangements. All Relevant Customers and/or their designated third-party payors have provided us with written letters of undertaking (the “**Undertaking Letters**”) prior to making payments to us, which generally specified that: (i) the designated third-party payor is allowed to settle payments with us on behalf of the Relevant Customers through the pre-agreed accounts of the involved designated third-party payors; and (ii) both the Relevant Customers and the designated third-party payor undertake that any economic disputes arising from the Third-Party Payment Arrangements shall be resolved between the Relevant Customers and the designated third-party payors and shall not concern our Group. We also maintained know-your-customer procedures for onboarding our customers, including: (i) reviewing and verifying each customer’s information prior to cooperation, ensuring that customer information is authentic, complete and valid; and (ii) organizing quarterly compliance training for employees to strengthen risk awareness.

To verify the authenticity of Third-Party Payment Arrangements, staff of our finance department are authorized only to recognize payments from designated third-party payors of the Relevant Customers and our business staff are permitted only to ship our products to the Relevant Customers on the condition that the information of the designated third-party payors matches that in the corresponding Undertaking Letters. Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we did not provide any discount, commission, rebate or other benefit to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, all Third-Party Payment Arrangements were initiated by Relevant Customers, not by us, and the relevant payments were generally settled via bank payments. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties or

BUSINESS

surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Reasons for Third-Party Payment Arrangements

To the best of our knowledge, the Relevant Customers utilized the Third-Party Payment Arrangements primarily because: (i) certain customers utilized such arrangements to make payments to us through the bank accounts of their affiliated entities due to their internal funding arrangements; and (ii) the designated third-party payors made payments to us on behalf of the Relevant Customers in settlement of contractual obligations owed by such designated third-party payors to the Relevant Customers. According to CIC, it is not uncommon commercial practice for market players to settle their payments through third-party payors with their customers for convenience and flexibility.

Legal Consequences of Third-Party Payment Arrangements

Based on the premises that: (i) all of the Relevant Customers and/or their designated third-party payors had provided duly executed Undertaking Letters; (ii) all Third-Party Payment Arrangements were based on bona fide underlying transactions and valid contractual relationships; (iii) we have no record of being accused, investigated or having disputes or controversies with the competent authorities or Relevant Customers related to the Third-Party Payment Arrangements; (iv) there were no instances of breaches of PRC laws and regulations in relation to our Group’s activities under the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date; and (v) according to the Certificate of No Violations of Laws or Regulations issued by the competent government authorities, no administrative penalties were imposed by tax management authorities for violation of tax laws, regulations and rules due to our Third-Party Payment Arrangements during the Track Record Period, our PRC Legal Advisor is of the view that:

- (i) our Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date were not in breach or contravention of mandatory provisions under PRC laws and regulations; and
- (ii) base on the Undertaking Letters, the risk of possible claims from the designated third-party payors for the return of funds is low.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors and based on publicly available information, all other Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were Independent Third Parties.

BUSINESS

Enhanced Internal Control Measures

As of the Latest Practicable Date, we have fully implemented the Rectification Measures and have terminated all Third-Party Payment Arrangements. To safeguard our interests against risks associated with Third-Party Payment Arrangements, we have significantly enhanced and implemented various internal control measures (collectively, the “**Rectification Measures**”) to address risks relating to third-party payment arrangements. Among other things:

- (i) we have reinforced internal control measures and instructed employees that we have discontinued all Third-Party Payment Arrangements and have ceased to accept payments from third-party payors other than our customers;
- (ii) we require all customers to make the relevant payment directly from their own accounts; and
- (iii) to prevent fraud or money laundering activities and ensure the accuracy and completeness of our accounting books and records, we consistently maintain our know-your-customer procedures to gain a comprehensive understanding of our customers and perform verification of payment details against our records to confirm that payments are made in accordance with the agreements. If any abnormalities are detected, we will promptly liaise with such customers for verification and correction.

We regularly check the effectiveness of the Rectification Measures and promptly address any abnormalities. Based on the review of the implementation of the Rectification Measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from the Relevant Customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with Third-Party Payment Arrangements. We will continue to monitor the effectiveness of these measures.

Our Directors consider that the rectification of the Third-Party Payment Arrangements and the implementation of the Rectification Measures did not have, nor will have, any material adverse effect on the Group, taking into account the relationship with our customers, business operation and financial performance, as: (i) all of the Relevant Customers had cooperated with our Rectification Measures; and (ii) Third-Party Payment Arrangements accounted for a minimal proportion of the total payments we received from all customers during the Track Record Period.

BUSINESS

OUR SUPPLY CHAIN

Our supply chain operates under a headquarters-led, regionally executed and centrally consolidated model. Our headquarters drive centralized procurement and global sourcing to achieve economies of scale and secure competitive pricing, enforce unified quality standards through cross-region supplier qualification and ongoing audits and expands category coverage through multi-region sourcing and a broadened supplier base. Regional teams, embedded within our overseas production, R&D and management operations, manage direct local sourcing and respond swiftly to regional demand and supply conditions. Furthermore, our headquarters continuously consolidate market insights and sourcing outcomes globally to optimize supply allocation, mitigate cross-border risks, and reinforce agility and resilience. This “global” operating approach integrates global scale with local expertise, strengthening access to strategic materials and supporting compliant and consistent delivery.

Major Suppliers

Our major suppliers are suppliers of raw materials and packaging materials, as well as logistics service providers. We carefully select our suppliers to secure principal raw materials used in our production process and require compliance with global standards and region-specific customer requirements. Before we engage a new supplier, our procurement team evaluates various aspects of the supplier, including their background, reputation, industry experience and, in particular, its regulatory compliance, quality, delivery and price performance. We maintain a list of high-quality suppliers from whom we prefer to purchase raw materials more frequently and in larger amounts where commercially appropriate, to support consistent quality and supply reliability.

To maintain the stability of our supply chain and the quality of raw materials, we maintain good relationships with our suppliers based on our good credit history, stable procurement demand and good business reputation. If raw materials or products provided by suppliers fail to meet our standards, we are generally entitled to terminate cooperation with them. In the event of a quality issue with our products caused by our suppliers’ substandard products, our suppliers shall be liable for compensation and indemnification for resulting losses.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material quality problems or any shortage with the raw materials from our suppliers leading to any material adverse effect on our business performance or financial condition.

BUSINESS

Pricing Management

We have implemented comprehensive measures to mitigate raw-material price fluctuations and secure competitive procurement terms. These measures primarily include: (i) adopting a bidding and negotiation mechanism under which our global suppliers compete for our orders and we select suppliers based on their bid prices, negotiated terms and other relevant factors; and (ii) engaging suppliers early and aligning pricing with them to establish and adjust costs in line with market movements.

Key Contract Terms

We generally enter standard supply agreements with our suppliers. The salient terms of our standard supply agreement and purchase orders with suppliers during the Track Record Period are set forth below:

- *Duration:* Generally one year.
- *Logistics:* The suppliers are typically responsible for delivering their products to our designated places.
- *Acceptance requirements:* The materials supplied shall meet our standards specified in the purchase agreements. We generally inspect the materials upon receipt.
- *Payment and credit terms:* We typically make payment on or after delivery and acceptance. We are usually granted a credit period of 30 to 90 days by our suppliers.
- *Termination:* The agreements will be terminated upon expiration or pursuant to terms as set forth in the relevant agreements. We are generally entitled to claim for damages and/or terminate the purchase agreements if our suppliers breach the purchase agreements.
- *Return and Exchange:* If the materials supplied fail to pass our quality inspection, we may choose to return them or request a replacement, and the suppliers shall bear the associated costs.

BUSINESS

Our Suppliers

During the Track Record Period, purchases from our top five suppliers in each year/period amounted to RMB253.2 million, RMB328.2 million and RMB206.4 million, respectively, representing approximately 13.4%, 13.7% and 13.5% of our total purchases in the respective year/period. During the Track Record Period, purchases from our largest supplier in each year amounted to RMB74.2 million, RMB112.4 million and RMB75.3 million, respectively, representing approximately 3.9%, 4.9% and 4.9% of our total purchases in the respective year/period. The following table sets forth our top five suppliers in each year/period during the Track Record Period:

For the nine months ended September 30, 2025

<u>Supplier</u>	<u>Amount of purchase</u> <i>(RMB'000)</i>	<u>% of total purchase</u>	<u>Major business</u>	<u>Services/ Products purchased</u>	<u>Year of commencement of business relationship</u>
Supplier A	75,331	4.9	A China-headquartered company engaged in the production of marine biological products and functional ingredients	Fish oil	2019
Supplier B	38,867	2.5	A Switzerland-headquartered global company focused on nutrition, health, and sustainable living	Algal oil/ Vitamins	2019
Supplier C	33,253	2.2	A China-headquartered company focused on the development and production of bio-based medical and health products	Fish oil	2020
Supplier D	30,549	2.0	A China-headquartered company manufacturing plastic products for packaging, automotive, and industrial applications	Plastic bottle and cap	2012
Supplier E	28,442	1.9	A China-headquartered company that produces packaging materials	Film/bag	2020
	<u>206,442</u>	<u>13.5</u>			

BUSINESS

For the year ended December 31, 2024

<u>Supplier</u>	<u>Amount of purchase</u> (RMB'000)	<u>% of total purchase</u>	<u>Major business</u>	<u>Services/ Products purchased</u>	<u>Year of commencement of business relationship</u>
Supplier A	112,352	4.9	A China-headquartered company engaged in the production of marine biological products and functional ingredients	Fish oil	2019
Supplier F	64,186	2.8	A China-headquartered company engaged in the production of derived bioactive ingredients and related products.	Fish oil	2019
Supplier B	54,836	2.4	A Switzerland-headquartered global company focused on nutrition, health, and sustainable living	Algal oil/ Vitamins	2019
Supplier G	49,901	2.2	A China-headquartered company specializing in functional food ingredients for health and wellness	Gelatin	2019
Supplier H	46,902	2.0	A U.S.-headquartered company that manufactures and distributes high-quality omega-3 concentrates and related nutrition products	Fish oil	2012
	<u>328,179</u>	<u>13.7</u>			

BUSINESS

For the year ended December 31, 2023

<u>Supplier</u>	<u>Amount of purchase</u> (RMB'000)	<u>% of total purchase</u>	<u>Major business</u>	<u>Services/ Products purchased</u>	<u>Year of commencement of business relationship</u>
Supplier A	74,246	3.9	A China-headquartered company engaged in the production of marine biological products and functional ingredients	Fish oil	2019
Supplier B	69,717	3.7	A Switzerland-headquartered global company focused on nutrition, health, and sustainable living	Algal oil/ Vitamins	2019
Supplier G	38,791	2.1	A China-headquartered company specializing in probiotics and functional food ingredients for health and wellness	Gelatin	2019
Supplier I	36,435	1.9	A China-headquartered company providing integrated supply chain and logistics services for industrial and consumer goods	Protein powder	2023
Supplier D	34,013	1.8	A China-headquartered company manufacturing plastic products for packaging, automotive and industrial applications	Plastic bottle and cap	2012
	<u>253,205</u>	<u>13.4</u>			

During the Track Record Period, all of our top five suppliers in each year/period were Independent Third Parties. None of our Directors, their close associates or any of our shareholders (who, to the knowledge of the Directors, own more than 5% of our issued share capital) had any interest in any of our top five suppliers for each year/period during the Track Record Period and as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, there were no litigations, arbitrations or disputes between us and our major suppliers which have had a material adverse impact on our business operation or financial condition.

Overlapping of Customers and Suppliers

Customer D was one of our five largest customers for the nine months ended September 30, 2025. The customer is a UK-headquartered company engaged in health food supplements importing businesses. During the Track Record Period, revenue generated from Customer D amounted to approximately RMB98.0 million, RMB106.9 million and RMB114.1 million, representing 2.7%, 2.5% and 3.5% of our total revenue for 2023, 2024 and the nine months ended September 30, 2025, respectively; procurement amount from Customer D amounted to nil, RMB0.4 million and nil, respectively, representing nil, 0.1% and nil of our total purchases for the same years/period,

BUSINESS

respectively. During the Track Record Period, our sales to Customer D were primarily in relation to softgels and capsules, and our procurement from Customer D primarily consisted of cod liver oil and Vitamins A and D.

Supplier B was one of our five largest suppliers for 2023, 2024 and the nine months ended September 30, 2025. The supplier is an EU-headquartered subsidiary of a global company focused on nutrition, health and sustainable living. During the Track Record Period, revenue generated from Supplier B amounted to approximately RMB7.5 million, RMB4.1 million and RMB23.8 million, representing 0.2%, 0.1% and 0.7% of our total revenue for 2023, 2024 and the nine months ended September 30, 2025, respectively; procurement amount from Supplier B amounted to RMB69.7 million, RMB54.9 million and RMB38.8 million, respectively, representing 3.7%, 2.4% and 2.5% of our total purchases for the same years/period, respectively. During the Track Record Period, our sales to Supplier B were primarily in relation to DHA algal oil gummies, menopausal gummies and Omega nutritional supplements and our procurement from Supplier B was primarily algal oil and Vitamins.

Supplier E was one of our five largest suppliers for the nine months ended September 30, 2025. The supplier is a China-headquartered company that produces packaging materials. During the Track Record Period, revenue generated from Supplier E amounted to approximately nil, RMB86,700 and nil, representing nil, 0.0% and nil of our total revenue for 2023, 2024 and the nine months ended September 30, 2025, respectively; procurement amount from Supplier E amounted to RMB31.4 million, RMB29.9 million and RMB28.4 million, respectively, representing 1.7%, 1.3% and 1.9% of our total purchases for the same years/period, respectively. During the Track Record Period, our sales to Supplier E were primarily related to protein peptide beverages and fruit and vegetable enzyme drinks, while our procurements from Supplier E were mainly aluminum pouches, aluminum films, transparent films and similar materials.

According to CIC, it is common in the nutrition product solution industry for market participants to collaborate on supply chain requirements. Our Directors confirm that the terms of sales to, and purchases from, the above overlapping customer-suppliers were negotiated independently and on normal commercial terms, and that the respective transactions were conducted separately and were consistent with those entered into with other independent third parties.

LOGISTICS, WAREHOUSES AND INVENTORY MANAGEMENT

We cooperate with third-party logistics service providers to operate our logistics network to meet the diverse logistics needs of our business and our customers. Our products undergo strict quality inspection before shipping and we require our logistics service providers to strictly adhere to relevant transportation and handling requirements to ensure that our products are transported under appropriate conditions. To meet the sales and delivery of our products, we tailor our transportation solutions and the layout of our warehouses based on customers’ requirements. Specifically, we customize storage zones, racking systems and picking paths within our warehouses

BUSINESS

to align with customers’ product categories, order volumes and delivery schedules. We employ regular public bidding and phased negotiations to ensure that our transportation expenses remain competitive and broadly in line with prevailing market levels.

We operate warehouses at each of our production bases. Our raw materials are stored in monitored storage conditions with controlled temperature and humidity to minimize the risk of deterioration. Our finished products are placed in designated areas and labeled pursuant to their respective product lines and dates of production. We implement strict quality control mechanisms and specify quality control requirements for warehousing and logistics and have incorporated such requirements into the contractual terms of our standard agreement with distributors to ensure effective implementation across our global sales network.

We implement smart warehousing through standardized practices across our production-base warehouses — monitored temperature and humidity, product-line and production-date labelling and embedded warehousing and logistics quality requirements pursuant to our standard distribution agreements. These measures integrate with our logistics network to support traceable storage, efficient allocation and timely shipment across our global sales network.



Our inventories primarily consist of raw materials, work in progress and finished goods. We closely monitor the market prices of key raw materials and manage inventory levels to ensure that scheduled production meets anticipated market demand. During the Track Record Period, we did not experience any material shortage of inventories. We have implemented a strict inventory management mechanism across our production bases, covering procurement, material supply, material receipt and returns, inventory checks and disposal procedures.

ENVIRONMENTAL PROTECTION, SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE

Governance

- *ESG Philosophy and Strategy*

We are committed to advocating for corporate social responsibility and sustainable development, deeply integrating ESG principles into our strategy and daily operations. We regard corporate social responsibility as an integral part of our core development philosophy. Guided by our mission to “Advance nutrition science and technology, deliver value to health,” we firmly

BUSINESS

believe that the essence of “health” lies in “sustainability.” We focus on “Healthy Products, a Healthy Supply Chain and a Healthy Society,” upholding the corporate values of “Service, being Innovative, taking Responsibility and Initiative and Openness.” We are dedicated to implementing sustainable development practices across all aspects, including product R&D, production and manufacturing, supply chain management and community engagement, to drive us toward achieving long-term, healthy and high-quality growth.

In the realm of environmental protection, we adhere to the goal of “Zero Accidents and Zero Pollution.” We are dedicated to enhancing energy and resource efficiency, reducing pollutant emissions and promoting resource recycling through technological refinement and management optimization, aiming to establish a green, low-carbon and clean production facility. Furthermore, we uphold the talent philosophy of “Striving for Progress, Continuous Self-Improvement, Unlocking Every Individual’s Potential and Maximizing Resource Utilization,” and are committed to fostering a diverse, non-discriminatory, fair and equitable working environment for all employees.

- *ESG Governance Structure*

We recognize the critical importance of ESG to high-quality corporate development. To ensure the effective advancement of ESG initiatives, we have established a company-wide ESG management system. We have formulated the Sustainable Development Management Manual, which standardizes the responsibilities and roles of the ESG Committee and the ESG Working Group, providing guidance for the comprehensive implementation of ESG practices across the Company. The Board of Directors, as the highest authority responsible for our ESG efforts, is tasked with setting our ESG strategic objectives, ensuring their alignment with the overall corporate strategy and our long-term development interests. The Board is responsible for approving our ESG management policies, overseeing the implementation of ESG policies and plans and regularly reviewing ESG-related reports and data to continuously enhance our ESG performance.

To further enhance the development of our ESG framework, we have formally established a sustainability team under the guidance of the Board of Directors. The sustainability team is tasked with systematically advancing the planning and implementation of comprehensive ESG initiatives. As a core component of our ESG governance structure, the team holds responsibilities for overall guidance, strategic decision making and resource coordination. It regularly reports on progress to the Group’s senior management and the Board of Directors.

- *Compliance Management and Anti-Corruption*

We strictly adhere to national laws and regulations, including the Anti-Unfair Competition Law of the People’s Republic of China, the Anti-Monopoly Law and other relevant anti-corruption and bribery statutes. Meanwhile, we have established a comprehensive suite of policies to combat fraud, bribery and corruption, detailing specific procedures for the prevention, reporting, investigation and penalization of such misconduct.

We place a high priority on the prevention and control of fraud risks. By way of preventive measures against violations such as fraud and bribery, we have implemented safeguards concerning both suppliers and employees. We require suppliers to sign an “anti-commercial bribery

BUSINESS

agreement” concurrently with the cooperation contract, ensuring their strict compliance with our anti-corruption policies. Regarding management and employees, we conduct regular training sessions and mandate the signing of an “employee professional ethics commitment”, guaranteeing that all staff understand and commit to following our relevant policies.

We have established formal compliance reporting channels to prevent and monitor fraudulent activities. Employees and relevant personnel are encouraged to report any misconduct they observe. All reports are centrally received by the Audit Department. Upon receiving a report, we will assess the specific circumstances to determine whether a special investigation is warranted. The identity of the reporter and the information provided are kept strictly confidential. All reports are investigated in accordance with approved investigation procedures and, upon completion, findings are reported to the appropriate management level.

ESG Risk Management and Opportunity Assessment

To effectively conduct ESG risk identification, we have established the “Sustainable Development Manual,” the “Risk Identification, Assessment and Categorization Control Procedure and the Comprehensive Risk Management Policy.” These documents clearly define the management framework for risk management, including the management of ESG risks.

- *ESG Risk Analysis*

We have fully integrated ESG into our risk management system and proactively conducted the identification and monitoring of relevant risks and opportunities. In line with the requirements of ISO 26000: 2010 Guidance on Social Responsibility, the GRI Standards for Sustainability Reporting and the Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 17 — Sustainability Reporting (Trial Implementation), we have adopted the “Dual Assessment Approach” to identify material topics from environmental and social perspectives through two dimensions: the degree of impact on our financial, environmental and social performance, as well as the degree of impact on stakeholders. These material topics cover environmental and natural resources, climate change, emissions management, employment, supply chain management and other areas. We have conducted an analysis and a summary of their potential risks and financial impacts and formulated corresponding response measures.

BUSINESS

Topic	Potential Risks	Financial Impacts
Environmental and Natural Resources	Breach of environmental protection laws and regulations, as well as damage to ecosystems, which may result in penalties and legal proceedings, and may also undermine our reputation and customer trust.	— Increase in raw material costs — Increase in non-operating expenses
Climate Change	Extreme weather events may lead to production disruptions and asset damage and cause unintentional injuries to employees due to extreme climatic conditions. Changes in policies and an increase in carbon taxes may push up operating costs.	— Increase in operating costs — Reduction in operating revenue — Increase in non-operating expenses
Emissions Management	Excessive discharge of wastewater, solid waste and other emissions, which may give rise to penalties and legal proceedings.	— Increase in non-operating expenses
Resource Usage	Shortages of energy and water resources that may disrupt production continuity; unsustainable resource usage practices that may expose us to regulatory and market pressures.	— Increase in production costs — Reduction in operating revenue
Product Quality and Safety	Product quality issues that may lead to product recalls and compensation, and also damage our reputation and customer trust; inadequate protection of intellectual property rights that may result in us being involved in intellectual property disputes.	— Reduction in operating revenue — Increase in administrative expenses

BUSINESS

Topic	Potential Risks	Financial Impacts
Employment	Failure to protect employee rights and interests and to provide a fair and impartial working environment, which may trigger labor disputes, result in production disruptions and legal proceedings, and lead to low staff morale and reduced productivity.	— Reduction in operating revenue — Increase in non-operating expenses
Supply Chain Management	Lack of ESG-related assessment of suppliers and raw material quality control, which may result in selected suppliers failing to meet our sustainability requirements, lead to product quality issues and undermine our reputation.	— Reduction in operating revenue — Increase in manufacturing overheads
Social Responsibility	Failure to fulfil its social responsibilities appropriately may expose us to adverse social impacts and thereby harm its reputation.	— Increase in non-operating expenses

- *ESG-Related Opportunities*

Technological refinement and other ESG-driven initiatives will bring new opportunities for our long-term high-quality development, which mainly include:

- (1) **Raw and Auxiliary Material Procurement:** Under the ESG philosophy, to mitigate the impact on the natural environment, we use eco-friendly materials in response to customer demands, which drive the upgrading of our brand image and product quality. Accordingly, we keep adopting eco-friendly raw materials to meet customer requirements, such as materials with FOS certification. In response to customer demands, we have optimized the design of product packaging materials and adopted RPET bottles — made of 100% recyclable materials — to replace the original traditional virgin plastic packaging materials, thereby reducing the consumption and disposal volume of traditional plastic packaging materials. These measures will help strengthen the integration of our brand with health concepts and enhance product quality.
- (2) **Upgrading of Process Technology to Drive the Renewal of Product Strategy:** Driving product improvement and sustainable development through four core technologies will help us enhance our product competitiveness. We have applied the Gel-based Lipid

BUSINESS

Delivery System, which has significantly improved nutrient utilization efficiency (e.g., a 6.75-fold increase in DHA bio accessibility), thereby reducing the environmental footprint from the source. We focus on sensory innovation and developing dosage forms such as high-load XtraGummies™ gummies to improve health compliance. By leveraging an AI-based formulation system with over 6,000 formulations, we have achieved efficient R&D and resource optimization. Through the WelMax Evidence-based Nutrition Technology Platform, we have established a full-cycle scientific evidence-based system covering the entire process, from raw material screening to product launch, ensuring that each nutrition product undergoes multi-level scientific validation and achieves the goals of verifiability, measurability and traceability.

Environment and Natural Resources

- *Environmental Protection*

We strictly comply with the Environmental Protection Law of the People’s Republic of China and other relevant laws and regulations, and have formulated environmental management systems, including the Procedure for the Identification and Evaluation of Environmental Risks and the Procedure for Environmental Compliance Evaluation. We have developed management, control and monitoring measures for key environmental aspects, set quantifiable environmental targets and indicators, and conducts regular EHS inspections through annual compliance reviews and third-party testing to identify issues in a timely manner and mitigate environmental risks.

To reduce the material impacts on the environment and natural resources, we strictly adhere to the ISO 14001 international standard, have established and implemented a robust environmental management system and successfully obtained the Environmental Management System Certification. By building a dedicated EHS organizational structure, continuously increasing investment in environmental protection, conducting regular environmental risk identification and assessment, and formulating environmental protection KPI targets, indicators and operational control procedures, we ensure that all three categories of waste pollutants are discharged in compliance with applicable standards. In 2023, our Shantou Plant has received the National Green Factory certification, while the Ma’anshan Plant has obtained the Provincial Green Factory certification, which underscores our outstanding achievements and firm commitment in the field of environmental protection. In addition, we provide environmental knowledge training and assessments for employees in different positions; the training content covers water and air pollution prevention and control, waste disposal, basic knowledge of environmental management, carbon neutrality and carbon emission reduction, as well as other relevant topics, to enhance employees’ environmental awareness and management capabilities.

- *Climate Change*

Climate change has emerged as a major threat and challenge to human survival and development in the present and in the future, and it is therefore imperative to take proactive and effective response measures. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have identified and analyzed the potential

BUSINESS

impacts of climate change risks on our business. The key identified climate change risks can be categorized into physical risks and transition risks. Physical risks include acute risks associated with extreme weather and chronic risks linked to rising temperatures.

Climate Risks	Risk Description	Time Horizon	Business Impacts	Response Measures
Extreme Weather Risk (e.g., heavy snow, extreme heat, severe typhoons, hail)	May cause power outages, water shortages and traffic disruptions.	Long-term ¹	May disrupt production, affect employee health and safety, and potentially cause equipment damage.	We have formulated operational manuals for responding to extreme weather and organize emergency drills to address sudden natural disasters. We provide employees with training on emergency responses to enhance their capability in dealing with unexpected incidents and ensure their health and safety.
Climate Change Risk . . .	May lead to rising temperatures, increases in sea levels and uneven distribution of water resources, etc.	Long-term ¹	May increase our operating expenses, such as higher high-temperature subsidies for employees and the purchase of refrigeration equipment.	
Policy and Legal Risk . .	The state has introduced policies related to “dual carbon goals,” promoting the application of advanced technologies in carbon emission reduction. We also need to comply with environmental protection policies of export destinations, resulting in increased environmental protection pressure.	Short-, Medium- and Long-term ¹	We may need to invest more funds in researching and developing energy-saving and carbon-reduction technologies or upgrading existing equipment, leading to an increase in operating costs.	We have strengthened the management of energy consumption in major production bases and increased the adoption of eco-friendly equipment.
Market Risk	With the state’s ongoing implementation of the national strategy for actively addressing climate change, low-carbon awareness is taking shape. To respond to climate change, customer demand is gradually shifting toward low-carbon and environmentally friendly products.	Short-, Medium- and Long-term ¹	Shifts in customer demand toward low-carbon and environmentally friendly products may affect our sales business, leading to a decrease in operating revenue and profits.	We will continuously optimize production processes and equipment to reduce energy consumption, while integrating carbon reduction strategies into future product strategies, and develop and design more low-carbon products.
Reputational Risk	Public attention to enterprises’ green and low-carbon development is increasing. If we are involved in incidents inconsistent with national low-carbon and environmental protection policies, our reputation may be damaged.	Short-, Medium- and Long-term ¹	May damage our reputation if we are involved in incidents inconsistent with national low-carbon and environmental protection policies.	We actively comply with the requirements of environmental protection policies, conduct training on environmental protection and low-carbon topics, and promote the popularization of environmental protection and low-carbon awareness.

BUSINESS

Note:

1. Based on our current development plan, the short-term is defined as within 1 year, the medium-term as 1 to 5 years and the long-term as more than 5 years.

- *Emissions Management*

We pay close attention to relevant laws and regulations, such as the Water Pollution Prevention and Control Law of the People’s Republic of China, the Air Pollution Prevention and Control Law of the People’s Republic of China and the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. During production and operation, we strictly comply with applicable laws and regulations in the places where we operate, and attach great importance to the management of emissions such as waste gas, wastewater and solid waste. We have formulated relevant systems for environmental protection and hazardous waste management, which specify in detail the emission standards and treatment processes for various types of emissions, to ensure that all our emission indicators meet local emission standards and effectively mitigate adverse impacts on the environment.

- (1) **Greenhouse Gas Emissions:** The greenhouse gas emissions generated by us mainly come from raw and auxiliary materials themselves and product production. We have entrusted a third-party certification body to assess and compare the carbon footprints of two products, Tiancan[®] Fish Oil Softgels and Plantegrity[®] Plant-Based Softgels, and obtained carbon footprint verification statements for these two products.
- (2) **Waste Gas:** The main air pollutants emitted by us include nitrogen oxides generated by boilers during the production process. Suitable waste gas treatment facilities and ventilation and exhaust facilities have been installed for different production units to ensure that harmful factors are filtered out before emission and the waste gas is discharged externally only after meeting emission standard requirements. On a quarterly basis, we entrust professional institutions with inspection and testing qualifications to conduct tests on our waste gas emissions.
- (3) **Wastewater:** The wastewater generated by us includes production wastewater and domestic sewage. We have established a sound wastewater treatment system, including a sewage treatment station and sedimentation tanks. For production wastewater and domestic sewage, we treat the sewage discharged from workshop outlets and domestic sewage through our self-built sewage treatment station. The treated wastewater meets the required discharge standards before being released into the park or municipal sewage network, and is subsequently sent to an urban wastewater treatment plant for further advanced treatment. For domestic sewage, we discharge it into the municipal sewage pipe network system in accordance with local government regulations.

BUSINESS

- (4) **Solid Waste:** Our solid waste includes household dry waste, household wet waste, recyclable waste and hazardous waste. Household dry waste, household wet waste and recyclable waste are uniformly collected and transported by third-party companies at the respective operating locations. Hazardous waste mainly consists of organic solvents generated in laboratories. For hazardous waste beyond our own treatment capacity, we entrust professional institutions with hazardous waste treatment qualifications to dispose of such waste, ensuring full compliance with applicable laws and regulations.
- (5) The table below sets out our quantitative emission data in 2023, 2024 and the nine months ended September 30, 2025:

Category		Unit	2023	2024	Nine months ended September 30, 2025
WASTE GAS EMISSIONS²	Nitrogen Oxides (NO _x)	tons	2.49	1.68	0.82
	Sulfur Oxides (SO _x)	tons	0.24	0.25	0.03
	Particulate Matter (PM)	tons	0.50	0.42	0.40
TOTAL GREENHOUSE GAS EMISSIONS AND DENSITY	Scope 1 — Direct Emissions	tons	6,628.33 ²	7,312.94 ²	3403.83 ²
	Scope 2 — Energy Indirect Emissions	tons	35,804.99	34,727.74	29,870.19
	Scope 3 — Other Indirect Emissions ²	tons	40,606.97	143,391.18	107,543.39
	Total Emissions	tons	42,433.35	42,040.67	33,275.02
	Total Emissions Intensity ¹	tons/million RMB	11.85	9.98	10.11
WASTE	Hazardous Waste	tons	28.90	33.90	44.34
	Hazardous Waste Intensity	tons/million RMB	0.008	0.008	0.013
	Non-Hazardous Waste ³	tons	1,022.41	915.32	963.14
	Non-Hazardous Waste Intensity	tons/million RMB	0.29	0.22	0.29

BUSINESS

Notes:

1. Total Emission intensity is calculated by dividing the sum of Scope 1 — Direct Emissions and Scope 2 — Energy Indirect Emissions by the total revenue of the corresponding year.
2. The scope of data collection encompasses entities deemed material to our operations in each year and certain data as of September 30, 2025 is based on internal records, historical data and our best estimates. We will update the full-year’s data following the completion of our annual carbon inventory.
3. The growth in hazardous waste discharge volume and intensity as of September 30, 2025 resulted from the put-in-operation of new packaging lines and the corresponding production growth, which caused the increase in both items.

● *Resource Usage*

The resources used by us in the production process include fossil energy, electricity, water resources and packaging materials. In accordance with the requirements of laws and regulations such as the Energy Conservation Law of the People’s Republic of China, the Renewable Energy Law of the People’s Republic of China and the Water Law of the People’s Republic of China, and combined with our actual production and operation situation, a number of measures have been taken to improve resource use efficiency. We have established and implemented a systematic energy management system at our production bases in Shantou and Ma’anshan, which has obtained the certification of the ISO50001 Energy Management Systems. We regularly monitor and analyze energy performance and energy management system performance, track the achievement of energy management system objectives and indicators, analyze significant deviations in energy performance, identify the causes and take improvement measures.

(1) Fossil Energy Consumption

The fossil energy consumed by us includes natural gas, gasoline and diesel. To reduce fossil energy usage, we have deployed advanced air leakage detection equipment to ensure gas use safety and prevent natural gas waste. By optimizing production line processes at the Shantou production base, including reducing steam consumption during production, shortening unnecessary heating time and improving thermal cycle efficiency, the actual natural gas usage has been effectively reduced from the demand side. These measures reflect our management philosophy of focusing on “controlling consumption intensity” rather than simply “reducing supply,” ensuring that energy conservation and emission reduction targets are achieved while maintaining production efficiency. In addition, combustible gas alarm detectors have been installed as required in all key areas using natural gas (such as boiler rooms and canteens) to continuously monitor operational safety and ensure that the energy efficiency optimization process proceeds on a safe and reliable basis.

BUSINESS

(2) Electricity Consumption

To further reduce electricity consumption, we have launched a voluntary internal initiative for cleaner production improvements since 2023, implementing 28 cleaner production programs, including nine energy-saving and carbon-reduction projects, which have the capacity to save 2.6 million kWh of electricity and reduce carbon emissions by 1,687.7 TCO₂-e per year. Among them, the air compression system renovation project can save 109,000 kWh of electricity per year. Lighting equipment in our production areas and office spaces has been fully upgraded to LED energy-saving lamps and special personnel have been assigned to inspect electricity use to ensure that lights are turned off when people leave in production and office areas, thereby avoiding electricity waste.

(3) Water Resource Management

To achieve the goal of reducing water resource consumption, we closely monitor the scientific utilization of water resources, reduce water consumption in the production process through technological research and development, and improve the reuse rate of water resources. In the production and operation links, efforts are made to optimize production processes and water use procedures: through continuous technological research and development and process transformation, such as optimizing production batches and cleaning processes, the unnecessary equipment cleaning frequency is reduced on the premise of ensuring equipment cleaning standards, thereby improving the internal recycling rate of water resources. In the water use of domestic and auxiliary facilities, we have implemented a strict water management system, systematically conducting regular inspections and leakage monitoring on domestic water supply pipelines in office areas, etc., to reduce the loss of water resources caused by aging or damaged pipelines.

(4) Packaging Material Management

To effectively manage packaging material consumption, we actively promote green packaging initiatives to improve resource use efficiency:

- (i) By adjusting the design of product packaging materials, we use RPET bottles to replace the original traditional virgin plastic packaging materials, thereby reducing the use and disposal volume of traditional plastic packaging materials. To promote the circular economy, statistics show that we have made tangible progress in reducing virgin plastic use and lowering product carbon footprints by replacing part of traditional plastic (PET) with post-consumer recycled plastic (RPET).
- (ii) We actively respond to customer and environmental protection regulatory requirements, achieve weight reduction and plastic reduction of various types of plastic packaging materials by optimizing product packaging design and production processes, and continuously reduce plastic use.
- (iii) The table below sets out our quantitative energy consumption data in 2023, 2024 and for the nine months ended September 30, 2025:

BUSINESS

Category		Unit	2023	2024	Nine months ended September 30, 2025
ENERGY CONSUMPTION	Direct Energy Consumption				
	Diesel	L	9,587.00	6,050.00	3,050.00 ¹
	Natural Gas	M ³	3,090,789.00	3,326,807.00	2,732,711.00
	Gasoline	L	7,041.72	9,644.15	5,700.00 ²
	Indirect Energy Consumption				
	Purchased Electricity	KWH	54,830,191.00	58,263,833.00	49,538,715.00
	Purchased Steam	tons	36,265.00	39,461.00	33,728.43
	Total Direct Energy Consumption	MWh	32,497.10	34,952.95	28,669.03
	Total Indirect Energy Consumption	MWh	80,215.69	85,886.53	73,148.62
	Total Energy Consumption	MWh	11,2712.79	120,839.49	101,817.65
	Total Energy Consumption Density	MWh/million RMB	34.25	33.73	30.94
WATER CONSUMPTION	Total Water Consumption	tons	542,985.26	566,205.53	526,460.14
	Total Water Consumption Density	tons/million RMB	151.59	134.46	159.96

Notes:

1. The main reason for the change in diesel consumption is that we replaced the original diesel vehicles with new energy vehicles in 2025.
2. The gasoline figure is mainly accounted for by 7-seater commercial vehicles and the trend change is mainly due to business development and planning.

Social Responsibility

● *Product Quality and Safety*

Products are the cornerstone of our development and providing customer-satisfactory products has been our long-term goal. We are deeply engaged in product quality management and adhere to refined operations. We strictly comply with relevant laws and regulations such as the Product Quality Law of the People’s Republic of China, the Advertising Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China, the consumer Rights and Interests Protection Law of the People’s Republic of China and the Secrecy Law of the People’s Republic of China, and have established a full-process food safety control system. In accordance with national standards, we have established a strict food safety management system and obtained a number of quality control system certifications, including Australia TGA-GMP Certification, US NPA-ULGMP Certification, US NSF-GMP Certification, UK BRCGS Global Food Safety Standard Certification, ISO 9001 Certification of the International Organization for Standardization, HACCP Certification, China/EU/US Organic Product Certification and Halal Certification.

BUSINESS

- *Key Raw Material Management*

For key raw materials such as fish oil, we have established a full-chain traceability and management system covering procurement to production: on the procurement side, we strictly screen suppliers to ensure that for all products marked with FOS certification, their fish oil raw materials are 100% sourced from FOS-certified sustainable fisheries; on the production side, we implement strict raw material isolation and batch management systems to prevent the mixing or substitution of non-certified raw materials, thereby ensuring the quality and credibility of the terminal product supply chain. In 2023, Sirio successfully obtained FOS (“Friend of the Sea”) Certification.

- *Allergen Management*

To control allergen safety issues and minimize any potential allergen risks, we have established the Food Allergen Control System and adopted a series of control measures to protect consumers’ health and safety. To safeguard consumers’ health and right to know, we have established an allergen management system covering the entire product life cycle. In accordance with the regulatory and standard lists of major markets such as the EU, the U.S. and Australia-New Zealand, we systematically identify and dynamically assess allergenic substances in all raw materials, auxiliary materials, processing aids and contact materials. In the R&D and production links, we implement strict control measures: new product development must complete a special allergen assessment; in the production link, products containing allergens are manufactured in dedicated areas, using special equipment and special cleaning procedures to strictly prevent cross-contamination. We ensure that all products have complete and clear allergen labels and supporting documentation in accordance with the regulatory requirements of the sales destination. This system reflects our core commitment to product quality and consumer safety.

- *Product Inspection*

To build the cornerstone of trust in the global market, we have established a modern inspection center with a total area of 2,600 square meters and a complete laboratory management system in accordance with international standards. The center is equipped with advanced analytical instruments and fully deploys a Laboratory Information Management System (LIMS), realizing full-process digital and standardized control, from sample circulation and inspection processes to resource management, ensuring the accuracy, reliability and complete traceability of monitoring data. The testing center successfully obtained accreditation from the China National Accreditation Service for Conformity Assessment (CNAS) in 2017. This not only signifies that the laboratory has the technical capability to carry out testing and calibration services in accordance with international standards, but also indicates that our products have gained recognition in the global market under the ILAC international mutual recognition framework. The center has the testing capability for more than 2,000 indicators and is capable of performing most of the necessary tests for the Group’s health food products.

BUSINESS

- *Customer Service*

We have established an annual customer satisfaction monitoring and feedback management mechanism. Every third quarter, we conduct a survey on our core customer group (covering the top 80% of customers in terms of sales contribution) through home visits, telephone calls and electronic questionnaires. The survey content specifically covers four categories and 12 detailed indicators, including product quality (such as appearance, taste, stability and compliance), delivery reliability (such as punctuality, cycle time and quantity accuracy), sales services and technical support.

The business department is responsible for professional summarization, statistics and analysis of the collected data, compiling the Annual Customer Satisfaction Survey and Analysis Report, which is submitted to senior management for review. We require each department to conduct root cause analysis on improvement opportunities identified in the survey and implement targeted corrective and preventive measures to ensure that customer feedback is effectively transformed into closed-loop management actions and service improvements.

- *Occupational Health and Safety*

We prioritize the health and safety of employees, establishing and improving the work safety management system, implementing various work safety guarantee measures and continuously optimizing work safety conditions to create a healthy and safe working environment for all employees. In accordance with the ISO 45001:2018 international standard, we have established a systematic occupational health and safety management system and successfully obtained certification. We have established a dual prevention mechanism for risk classification control and hidden danger investigation and treatment, regularly organizing company-wide hazard identification and risk assessment and formulating targeted control measures based on risk levels. We have formulated a systematic safety training plan, regularly carrying out accident case sharing, special safety training and emergency drills covering major scenarios such as fires and chemical leaks, to continuously improve the safety awareness and emergency response capabilities of all employees.

- *Employment*

We strictly comply with the Labor Law of the People’s Republic of China, the Regulations on the Prohibition of Using Child Labor, the Law of the People’s Republic of China on the Protection of Women’s Rights and Interests and other relevant national and local laws and regulations to ensure full compliance with all labor practices. We support policies such as the Universal Declaration of Human Rights, the International Covenant on Human Rights and the Policy Against Modern Slavery and Human Trafficking, and firmly safeguards employees’ rights and interests. To ensure compliant and sound employment management, we have formulated and implemented a series of internal management systems covering multiple dimensions such as recruitment, promotion, salary management, equal employment, diversity and inclusion, antidiscrimination and employee benefits.

BUSINESS

(1) Employee Rights and Diversity

We attach great importance to the protection of employees’ rights and interests, strictly prohibit child labor, forced labor, human trafficking and other acts and prohibit all forms of coercion, harassment and insulting behavior. In terms of working hours and leave, we strictly abide by legal systems and provide various types of leave to ensure that employees’ receive adequate rests. We are committed to creating an inclusive and diverse working environment. Regardless of employees’ background, such as race, religious belief, age, nationality, sexual orientation, gender identity and disability, we treat everyone equally, respect employees’ individual differences and diversity, and provide an inclusive and humanistic environment for employees.

(2) Staff Training

We are committed to helping employees improve their work skills by providing diversified training. Combining the existing development strategy and the training needs of different employees, we have established a comprehensive training and development system and personalized learning paths. We conduct onboard training for new employees, introducing our development vision and ensuring that new employees fully understand our ESG-related policies, requirements and actions.

Employment

Employment Data

Category		Unit	As of December 31, 2023	As of December 31, 2024	As of September 30, 2025
EMPLOYEES	Total	Person	2,610	2,776	2,791
EDUCATIONAL	Doctorate	Person	19	20	18
BACKGROUND	Master’s Degree	Person	197	243	245
	Bachelor’s Degree	Person	687	738	758
	College Diploma	Person	398	408	459
	Technical Secondary School, High School and Below	Person	1,309	1,367	1311
PROFESSIONAL	Production Personnel	Person	1,353	1,490	1,458
COMPOSITION	Sales Personnel	Person	107	115	115
	Technical Personnel	Person	337	438	358
	Financial Personnel	Person	45	45	49
	Administrative Personnel	Person	117	112	127
	Other Personnel	Person	651	576	684
REGION	China	Person	1,957	1,974	1,985
	USA	Person	429	552	547
	Europe	Person	224	250	259

BUSINESS

- *Supply Chain Management*

We fully recognize that supply chain management has a profound impact on product quality and supply. Therefore, we are actively establishing long-term and stable cooperative relationships with suppliers around the world to ensure supply chain stability. In this process, we strictly comply with relevant laws and regulations, such as the Tendering and Bidding Law of the People’s Republic of China and the Anti-Unfair Competition Law of the People’s Republic of China, and have formulated management systems and procedures covering raw material and packaging material procurement, supplier management, etc., clarifying ESG management requirements for supplier access, regular evaluation and other links. Meanwhile, we launched the Supplier Relationship Management (SRM) digital strategic project in the second half of 2024, aiming to realize the full-life-cycle management of suppliers by building a globally unified procurement process and digital platform, thereby improving supply chain transparency, efficiency and resilience, and enabling sustainable procurement practices.

Before cooperating with suppliers, we conduct initial investigations into potential suppliers, covering multiple dimensions such as production and operation qualifications, quality assurance systems and raw material control and management capabilities. Based on the evaluation results, suppliers are managed by classification, and those with a certain score will not be admitted. All suppliers must sign the Supplier Code of Conduct Commitment Letter before formal cooperation, committing to comply with laws and regulations issued by national/regional governments in terms of integrity and anti-corruption, social responsibility, business ethics, environmental protection and occupational health and safety management. In the supply chain management link, we also pay attention to protecting biodiversity and focusing on the sustainability of marine ecosystems. We give priority to purchasing raw materials with FOS certification for sustainability, ensuring that products meet ecological standards and helping to accelerate the implementation of responsible production practices in upstream fisheries and aquaculture.

We systematically integrate the entire business processes of supplier registration, qualification certification, sourcing and contract management through digital means. Based on the industry-leading Ariba platform, we have established a globally unified framework covering businesses in China, the Americas, Europe and Asia-Pacific, ensuring that procurement activities in various regions operate in an efficient and compliant process, and advancing the SRM digital strategic project on this basis. Our supplier relationship management system will realize the centralized and standardized management of supplier information and data, establish a full-process traceability system covering the upstream, improve procurement efficiency and directly reduce potential resource consumption of the entire supply chain. Following completion of the project, we will be able to promote and track the performance requirements of suppliers in terms of Environmental, Social and Governance (ESG) globally through a unified platform. Based on this system, we will further integrate and share resources of suppliers with excellent performance in sustainable development and guide procurement decisions to tilt towards more responsible partners, thereby driving continuous improvement of the entire value chain and optimal utilization of resources.

BUSINESS

We regard building a green and responsible supply chain as a core strategy to address climate change and protect the ecological environment. We have launched the baseline inventory of supply chain carbon emissions. In 2024, we took the lead in conducting a greenhouse gas emission data survey on core suppliers and launched carbon footprint assessments of key products based on this every first quarter. As of April 2025, we have promoted approximately 6.5% of strategic suppliers to participate in carbon management actions, and plan to systematically extend carbon emission reduction requirements and management support to a wider supplier network to identify key emission links and build a more climate-resilient value chain. This initiative aims to identify key emission links and lay the foundation for formulating scientific emission reduction targets.

We proposed the concept of “In Global, For Local.” Through the cross-border synergy capability of the seven production bases in China, the United States and Germany, as well as the global supply chain system, we fully meet the production needs of international and local brands, building a lean, agile and resilient supply chain system and satisfying customers’ global supply demands.

● *Public Welfare and Charity*

We fully recognize that enterprise development is closely linked to social responsibility and that we need to actively fulfill social responsibilities. We have established a Charity and Public Welfare Committee, which is specifically responsible for formulating public welfare goals, setting out annual activity plans and budgets, and establishing cooperative relationships with social organizations to promote the publicity and implementation of public welfare projects. We have won many honorary titles such as “Rural Revitalization Contribution Award,” “Love Charity Star,” “Poverty Alleviation and Philanthropic Enterprise,” and “Red Cotton Cup’ Bronze Award for Poverty Alleviation in Guangdong Province.”

EMPLOYEES

As of September 30, 2025, we had a total number of 2,791 full-time employees. The following tables set forth our full-time employees by functions and geographic locations as of September 30, 2025:

Function	Number of employees	Percentage (%)
Production	1,458	52.2
Technology	358	12.8
Sales	115	4.1
Finance	49	1.8
Administration	127	4.6
Others	684	24.5
Total	2,791	100.0

BUSINESS

<u>Location</u>	<u>Number of employees</u>	<u>Percentage (%)</u>
China	1,985	71.1
United States	547	19.6
Europe	<u>259</u>	<u>9.3</u>
Total	<u>2,791</u>	<u>100.0</u>

We primarily recruit employees through offline channels, such as campus recruitment at universities and job fairs, and online channels, such as recruitment websites and live broadcasts. We recruit our employees based on a number of factors, including work experience and educational background. We endeavor to attract and retain talent, taking into account factors such as our business strategies, development plans, industry trends and the competitive landscape when making recruitment decisions.

In alignment with our business development plan, we provide continual, systematic and targeted training programs to our employees to improve their skills and capabilities, including induction training and general skills training for all employees, professional training for engineers and management skills training for middle to high-level managers. We also maintain online learning platforms to support employees’ self-learning. We adopt evaluation programs and certification systems through which we regularly conduct training on topics such as production safety and operations, career development and corporate culture through online courses, examinations and offline training sessions.

We enter into employment contracts and agreements regarding confidentiality and intellectual property with our directors and senior management. We participate in various applicable employee social security plans according to relevant laws and regulations, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans. We believe that we maintain a good working relationship with our employees and have not experienced any major labor disputes.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material labor disputes or strikes that would have a material and adverse effect on our business, financial condition or results of operations.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had registered 157 patents, 19 copyrights and 149 domain names in China, and we had 27 patents and 26 domain names in other jurisdictions other than China. In addition, we had registered over 1,400 trademarks globally. For details, see “Appendix IV — Statutory and General Information.”

BUSINESS

As our brand names are becoming increasingly more recognized among consumers in China and overseas, we believe that protecting our intellectual property rights is of significant importance for our business operations, branding and reputation. We seek to protect our intellectual property rights by registration of patents, trade secret protection and confidentiality agreements executed with core employees and other third parties, among others.

During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding material proceedings in connection with infringement of intellectual property rights sued by any third party. We were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. However, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See “Risk Factors — We may not be successful in protecting the intellectual property owned by us or our customers or prevent third-party infringements” for details.

PROPERTIES

We adopt a dual-headquarters model in Shantou and Shanghai. In China, we operate core domestic manufacturing bases in Shantou and Ma’anshan. Overseas, we have also established a global production and R&D network, covering Germany and the United States.

As of September 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this Document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of the Latest Practicable Date, we owned four parcels of land and 13 building complexes in China. The combined gross floor area across these locations in China amounted to approximately 134,580.1 sq.m. of land and 106,786 sq.m. of building complexes. Our owned properties are primarily utilized for offices, manufacturing and logistics and inventory management. We also owned two properties in Germany, with a combined gross floor area of 45,006 sq.m, which were primarily used as factory facilities.

Leased Properties

As of the Latest Practicable Date, we leased nine properties in China with an aggregate gross floor area of approximately 9,842.17 sq.m., which were primarily used as offices, warehouse and logistics facilities and production facilities.

BUSINESS

In addition, as of the Latest Practicable Date, we leased four properties in Germany with an aggregate gross floor area of approximately 5,745.38 sq.m., which were primarily used for employee dormitories, warehouse facilities and offices. Furthermore, we also leased four properties in the United States, with an aggregate gross floor area of approximately 304,546 sq.ft. which were primarily used for offices, manufacturing facilities and R&D facilities.

Defects in Our Leased Properties

According to applicable PRC administrative regulations, both the lessor and the lessee of a lease agreement are required to file the lease agreement with the relevant government authorities within 30 days of its execution. As of the Latest Practicable Date, our Company had not filed our lease agreements for five properties we leased with the local housing administration authorities as required under PRC laws and regulations. We were unable to file these lease agreements as our landlords have not obtained, or have yet to provide, the necessary documentation for lease registration. As advised by our PRC Legal Advisor, the absence of registration will not affect the validity of the lease agreements, but we may be subject to a potential total exposure to fines of RMB5,000 to RMB50,000 for those unregistered lease agreements if we fail to complete the registration of the lease agreements within the stipulated period. Our Directors do not consider the absence of registration will materially and adversely affect the operations of our Company.

As of the Latest Practicable Date, one of our leased properties with an aggregate gross floor area of approximately 3,655.77 sq.m., which was primarily used as warehouse, logistics facilities and packaging facilities, had been mortgaged as collateral for the landlord's debts before we entered into the lease agreement, thereby resulting in a defect in our leasehold rights. As advised by our PRC Legal Advisor, the mortgage of the said lease properties in advance of our lease will not render the lease agreements invalid, but we are subject to the risk of being unable to continue leasing such property if the new landlord objects to our tenancy. Our Directors believe that the defects of such leased properties would not materially and adversely affect our business, results of operations and financial condition, primarily because: (i) the relevant properties account for a relatively small area of the total land and properties used by us; and (ii) we primarily used the properties as warehouse, logistics facilities and packaging facilities, and if we are ordered to suspend our use of the properties, our general production activities will not be materially disrupted; (iii) during the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, our leases with respect to this defective leased property had never been challenged by any third parties; (iv) in accordance with the lease agreement and the provisions of the Civil Code of the PRC (《中華人民共和國民法典》), if we are unable to use and benefit from the leased property and the lease contract, we would have the right to claim liability for breach of the lease agreement against the lessor; and (v) our Directors believe that we can relocate our business to a alternative property without excessive costs in a timely manner if we are ordered to do so.

BUSINESS

INSURANCE

Our primary insurance policies include overseas investment insurance, export credit insurance, domestic credit insurance, directors’ and officers’ liability insurance, property insurance, public liability insurance, product liability insurance, cargo transportation insurance, vehicle liability insurance, overseas travel insurance for employees and group accident insurance for employees. Our Directors believe that our insurance coverage is in line with industry practice and standard business practices of relevant countries. For risks associated with the insurance coverage, see “Risk Factors — We have limited insurance coverage and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.”

COMPETITION

We compete with nutrition product developers and manufacturers, as well as nutrition product solution providers and new entrants. Key competitive barriers in the global nutrition product solution market primarily include robust regulatory requirements, global operating networks, R&D and manufacturing capabilities, digitalized and intelligent supply chains, trend insight and consumer understanding and comprehensive coverage across dosage forms, channels and categories.

The nutrition product solution market remains regionally fragmented, with leading players primarily holding dominant positions within their respective local markets. This fragmentation creates significant opportunities for leading players with scale, technological strength and international execution capabilities to emerge as global leaders. We believe that our comprehensive solution portfolio and extensive sales network enable us to meet diverse needs of a broad customer base, while our efficient integrated management system and advanced technology infrastructure support sustainable growth. We are committed to strengthening customer trust through long-term efforts and to becoming the preferred partner of choice. Our reputation differentiates us from our competitors and provides enduring competitive advantages.

BUSINESS

LICENSES, PERMITS AND APPROVALS

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to obtain various licenses and regulatory approvals to operate our business. See “Regulatory Overview.” The table below sets out the key licences and permits we held as of the Latest Practicable Date:

<u>License/permit</u>	<u>Entity holding the license/permit</u>	<u>Issuing authority</u>	<u>Grant date</u>	<u>Expiration date</u>
Food Production License (食品生產許可證)	Our Company	Shantou Municipal Administration for Market Regulation (汕頭市市場監督管理局)	June 25, 2025	January 12, 2030
Registration Certificate for Export Food Production Enterprises (出口食品生產企業備案證明)	Our Company	Longhu Customs, People’s Republic of China (中華人民共和國龍湖海關)	August 24, 2023	N/A
Food Importer (食品進口商)	Our Company	Longhu Customs, People’s Republic of China (中華人民共和國龍湖海關)	June 1, 2015	N/A
Consignee/Consignor of Imported and Exported Goods (進出口貨物收發貨人)	Sirio Healthcare (Anhui) Co., Ltd. (仙樂健康科技(安徽)有限公司)	Ma’anshan Customs, People’s Republic of China (中華人民共和國馬鞍山海關)	August 4, 2016	N/A
Record Filing for Entities Selling Only Pre-packaged Food (僅銷售預包裝食品備案).	Our Company	Guangdong Provincial Administration for Market Regulation (廣東省市場監督管理局)	August 4, 2022	N/A
Organic Processed Product Registration	Best Formulations	State of California Department of Public Health Food and Drug Branch	N/A	June 25, 2026
Cosmetic Manufacturing Registration	Best Formulations	State of California Department of Public Health Food and Drug Branch	N/A	November 6, 2026
GMP Certificate	Sirio GmbH	Prignitz District Authority	May 25, 2024	N/A
GMP Certificates	Sirio GmbH	The State Office for Occupational Safety, Consumer Protection and Health of the State of Brandenburg	May 1, 2024 May 27, 2025	N/A

BUSINESS

As advised by our legal advisors on the laws of China, the United States and Germany, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date. We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations. As advised by our legal advisors on the laws of China, the United States and Germany, there is no material legal impediment to renewing our licenses, permits, approvals and certificates required for our operations.

LEGAL PROCEEDING AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business involving employment, copyrights, contract disputes and other matters. Our Directors, as advised by our legal advisors on the laws of China, the United States and Germany, confirm that during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings or non-compliance incidents that led to fines, enforcement actions or other penalties, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we complied, in all material respects, with all relevant laws and regulations applicable to our operations. For more information about the laws and regulations applicable to us, see “Regulatory Overview.”

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operation and have established risk management and internal control systems with relevant policies and procedures. This system includes the business departments, legal department and internal audit department, which we consider appropriate for risk prevention, risk control and emergency responses in our business operations, and are dedicated to continually improving these systems. Our risk management and internal control measures include:

- **Board Oversight.** Our Board is responsible for establishing risk management strategy, deciding our Company’s risk appetite, regularly evaluating the effectiveness of our internal control systems and maintaining our Company’s risk management at an appropriate and effective level.

BUSINESS

- ***Internal Control Policies and Procedures.*** Our business departments establish compliance management systems and processes, incorporating compliance requirements into job responsibilities and conducting compliance risk assessments. Risks are categorized into known risks, unknown risks and uncertain risks, with corresponding management measures being developed. They identify compliance risks in key positions, compile risk lists and response plans, and investigate and rectify violations.
- ***Legal and Compliance Governance.*** The legal department is responsible for the construction and effectiveness evaluation of the compliance management system, and coordinates and manages the identification, warning and response to corporate compliance risks. The department internalizes external regulations, strengthens compliance system construction, compliance review and assessment, and organizes and promotes daily compliance work across departments to ensure the effective operation of the compliance system.
- ***Internal Audit.*** The audit department has built a comprehensive, authoritative and efficient audit supervision system. It implements a closed-loop audit supervision process of risk assessment, audit planning, audit supervision, issue investigation, internal control improvement and re-audit. The department is committed to creating an open and collaborative audit supervision ecosystem to maximize supervision effectiveness.
- ***Regular Reporting by Subsidiaries.*** The finance departments of subsidiaries are required to regularly report their financial status to the group finance department, submitting financial statements and related analysis reports. These reports are reviewed and confirmed by the head of the finance department or higher-level management.
- ***Fund Management.*** We have established a unified Fund Management Policy to ensure visibility and risk control over all consolidated subsidiaries. Non-acquired subsidiaries are managed vertically by the group headquarters, while acquired subsidiaries retain autonomy over daily payments. A “global cross-border fund pool” has been built, covering key overseas entities in Germany, the U.S. and Hong Kong, facilitating global fund connectivity. A “Group-Controlled Financing and Guarantee System” has also been implemented and all external financing, bank credit lines and guarantees must be approved by the Group. No subsidiary may independently engage in external financing or issue guarantees without approval.

BUSINESS

DATA PRIVACY AND SECURITY

During the ordinary course of our business, we will collect and maintain certain customer information to the extent necessary for the sales and delivery of our products and provision of services. In particular, our JsRight Mini-Program for customized nutrition solution, with nearly 6,000 users as of the Latest Practicable Date, collects customers’ personal data, including basic personal data, personal identification information, transaction records, invoice details, personal details, medical checkup report (optional), as well as other related information. In addition, for the purpose of fulfilling contracts, service delivery and necessary communication, we may collect, store and use contact information provided and authorized by our business partners (such as enterprise customers and suppliers). The collection of such data facilitates user registration, order processing and other works related to the sale of our products. All data collected during our ordinary course of business are stored in mainland China.

To ensure proper and sufficient protection for user privacy and data security, we have implemented internal data security and protection protocols which provide data management responsibilities, data protection and confidentiality procedures. Specifically, we maintain a dedicated information security team and internal information security management system. The team is responsible for handling emergencies and daily maintenance and ongoing monitoring. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material breach of confidential customer information or any other customer information-related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

We attach great importance to the security of all data we handle and have implemented a comprehensive information security management framework, including, but not limited to: (i) organizational management: establishing a dedicated information security team responsible for system maintenance, data security, emergency response and daily monitoring; (ii) policies and procedures: developing and strictly enforcing internal data security protection protocols that define data classification standards, access rights, confidentiality responsibilities and full-cycle data management procedures; (iii) technical measures: implementing widely adopted industry-standard security measures such as network firewalls, data encryption and desensitization, protecting against data leakage during external transmission, hierarchical data access controls, data compliance inspections, access control and audit logging, etc.; and (iv) training and awareness: establishing a privacy protection and data security training mechanism for relevant employees. Specifically, for data collected from users of our JsRight Mini-Program, we present our privacy policy when users register and log in for the first time and require them to actively indicate their consent by checking a box before they can access the system. Through these measures, we obtain the necessary user consents in compliance with applicable laws before collecting any personal information through the JsRight Mini-Program.

As advised by our PRC Legal Advisor, we had complied in material respects with applicable data security and privacy protection laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any disputes, investigations or penalties imposed by

BUSINESS

relevant authorities relating to user privacy and data security. Given that legislation and law enforcement in the PRC on user privacy and data security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

AWARDS AND RECOGNITION

During the Track Record Period, we received awards and recognition in respect of our solutions, technology and innovation, significant ones of which are set forth below:

Award	Issuing authority	Year
Innovative Leading Enterprise/Innovative Production Technology Outstanding Enterprise Award/“Nutrition and Health Food CDMO Excellence Leader Award”/Health Product Outstanding Contribution Award (創新領航企業/創新生產技術優秀企業獎/“營養健康食品CDMO卓越領袖獎”/健康產品卓越貢獻獎)	HNC	2023/ 2024/ 2025
Annual Weight Management/Oral Beauty/Gut Health Ingredient (年度體重管理/口服美容/腸道健康成分) . . .	FFWS	2024/ 2025
The 8th Food Technology Innovation Forum and 2025 Health Food Development Forum “Outstanding Cooperation Partner”/“Technology Innovation Award” (第八屆食品科技創新論壇暨2025大健康食品發展論壇“優秀合作夥伴”/“技術創新獎”)	Food Partner Network & Food Technology Innovation Forum (食品夥伴網 & 食品科技創新論壇)	2025
CBE Beauty Technology TOP Formulation Award (CBE美伊科技TOP配方獎)	CBE	2025
“China Health Industry 30th Anniversary Tribute Event — Leading Enterprise” (“中國保健產業30周年致敬活動—領軍企業”)	China Health Care Association (中國保健協會)	2025
The 7th Food Technology Innovation Forum and Health Food Development Forum Technology Innovation Award (第七屆食品科技創新論壇暨大健康食品發展論壇技術創新獎)	《食品工業科技》編輯部、食品夥伴網	2023/ 2024
FBIF Annual Innovative Functional Food Award (FBIF年度創新功能性食品獎(非膠囊類))	FBIF	2024

BUSINESS

Award	Issuing authority	Year
CBME SUPPLY AWARDS Originality Manufacturing Awards (CBME匠心質造獎)	CBME SUPPLY CHAIN & PRIVATE LABEL	2024
CBIS 2024 Origin Award Annual Trendy Product Award (CBS年度潮品獎)	Zhongtong Media (中童傳媒)	2024
International Taste Award 2 Stars/1 Star (國際美味獎章2星/1星)	ITI	2023
2021–2022 Annual Industry Promotion Award (2021–2022年度推動產業大獎)	Reed Sinopharm Exhibitions (國藥勵展)	2022
2023 China Consumer Annual Listed Company (2023中國消費年度上市公司)	CBNData (第一財經 商業數據中心)	2023
iSEE Innovative Technology Nomination List (Technology Category)/Top 50 (iSEE創新技術提名榜(技術類)/Top 50)	Foodaily	2022/ 2023
“Ringier Technology Innovation Awards 2023 — Food & Beverage Industry”	Ringier Industrial Media (榮格工業傳媒)	2023
Annual Innovative Product Influence Award (年度創新產品影響力獎)	NHNE	2023

CONNECTED TRANSACTIONS

OVERVIEW

Upon [REDACTED], certain transaction(s) between us and our connected persons, which are entered into in our ordinary course of business, will constitute continuing connected transaction(s) of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The table below sets forth the connected persons of our Company involved in the connected transaction(s) set out in this section and the nature of their connection with us:

<u>Name of our connected persons</u>	<u>Connected relationship</u>
Guangdong Ruichi Packaging Co., Ltd. (廣東瑞馳包裝有限公司) (“ Guangdong Ruichi ”)	As of the Latest Practicable Date, Guangdong Ruichi was 70% controlled by Lin Peina (who is a sister of Mr. Lin) and 30% controlled by her husband.
Shantou Jiekang Food Technology Co., Ltd. (汕頭市捷康食品科技有限公司) (“ Shantou Jiekang ”)	As of the Latest Practicable Date, Shantou Jiekang was 97% controlled by Mr. Dai Jizhong and 3% controlled by Mr. Dai Jisheng, who are both relatives of Mr. Lin.

OUR CONTINUING CONNECTED TRANSACTIONS

<u>Nature of transactions</u>	<u>Counterparty</u>	<u>Applicable Listing Rules</u>	<u>Waiver sought</u>
Partially-exempt continuing connected transactions			
1. Procurement of packaging materials	Guangdong Ruichi	14A.76(2), 14A.105	Announcement requirement
2. Procurement of sugar and amino acid materials	Shantou Jiekang	14A.76(2), 14A.105	Announcement requirement

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

Procurement of Packaging Materials Framework Agreement

Principal terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Packaging Materials Framework Agreement**”) with Guangdong Ruichi, for itself and on behalf of its subsidiaries from time to time, pursuant to which, our Group will procure various materials, including self-adhesive labels and heat shrink film labels, from relevant members of Guangdong Ruichi (the “**Packaging Materials Providers**”).

The initial term of the Procurement of Packaging Materials Framework Agreement will commence on the [REDACTED] and end on [December 31, 2028]. Both parties or their respective subsidiaries, if necessary, will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Packaging Materials Framework Agreement.

Reasons and benefits for the transaction(s)

Our Group has been purchasing such materials from the Packaging Materials Providers before and during the Track Record Period in the ordinary and usual course of our business. Our Group and Guangdong Ruichi have established a long-term and stable business relationship, and these Packaging Materials Providers have acquired a comprehensive understanding of our business and operational requirements of the materials that we need.

The pricing for our Company’s procurement from Guangdong Ruichi is competitive bidding, which means prices are compared with those offered by other similar suppliers. However, when other suppliers offer the same price level, our Company will prioritize Guangdong Ruichi due to its closer proximity and faster delivery.

Pricing basis

The amount to be paid by us to Guangdong Ruichi under the Procurement of Packaging Materials Framework Agreement generally adopt a cost-plus method and will be determined through fair negotiations, taking into account the factors including the type of materials and the transaction volume and the prices at which our Group procures similar materials of the same nature, type, and quantity from other independent third parties.

Historical amounts

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the historical transaction amounts in respect of the above-mentioned transaction were approximately RMB11.6 million, RMB10.0 million, and RMB6.1 million, respectively.

CONNECTED TRANSACTIONS

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the above-mentioned transaction for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31,		
	2026	2027	2028
Procurement amounts to be paid by our Group	12.0	12.0	12.0

In arriving at the above annual caps, the Directors have considered, among other things,

- (a) the historical transaction amounts during the Track Record Period, with the amounts for the years ended December 31, 2023 and 2024 being close to 12.0 million;
- (b) the periodical fluctuations in the procurement volume and price of relevant packaging materials and in order to ensure the timely delivery of products to our customers, we will need to reserve an appropriate buffer based on historical transaction amounts to facilitate prompt fulfillment; and
- (c) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Guangdong Ruichi. The procurement amount from Guangdong Ruichi were approximately RMB 8.06 million in 2025, both tax exclusive. Taking into account the pace of our Company’s business development, the annual procurement amount for each of the years 2026 to 2028 is expected to be stable at RMB12.0 million per year.

Procurement of Sugar and Amino Acid Materials Framework Agreement

Principal terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the “**Procurement of Sugar and Amino Acid Materials Framework Agreement**”) with Shantou Jiekang, pursuant to which, our Group will procure various materials, including sugar and amino acid materials, from relevant members of Shantou Jiekang (the “**Materials Provider**”).

The initial term of the Procurement of Sugar and Amino Acid Materials Framework Agreement will commence on the [REDACTED] and end on [December 31, 2028]. Both parties or their respective subsidiaries, if necessary, will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Sugar and Amino Acid Materials Framework Agreement.

CONNECTED TRANSACTIONS

Reasons and benefits for the transaction(s)

Our Group has been purchasing such materials from the Materials Providers during the Track Record Period in the ordinary and usual course of our business. Our Group and Shantou Jiekang have established a long-term and stable business relationship, and these Materials Providers have acquired a comprehensive understanding of our business and operational requirements of the materials that we need.

Pricing basis

The amounts payable by us to Shantou Jiekang under the Procurement of Sugar and Amino Acid Materials Framework Agreement are generally determined based on a pricing policy whereby, for new projects, the required specifications and technical requirements are first confirmed and quotations are then requested from two or more suppliers for price comparison. The suppliers submit their quotations, and the selected supplier is determined based on an evaluation process, with the transaction price determined by reference to the relevant quotation.

Historical amounts

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the historical transaction amounts in respect of the above-mentioned transaction were approximately RMB12.6 million, RMB16.7 million, and RMB13.4 million, respectively.

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the above-mentioned transaction for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31		
	2026	2027	2028
Procurement amounts to be paid by our Group	20.0	20.0	20.0

- In arriving at the above annual caps, the Directors have considered, among other things,
- (a) the historical transaction amounts during the Track Record Period; and
 - (b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Shantou Jiekang, while taking into account the foreseeable future market fluctuations. In order to ensure the timely delivery of products to our customers, we will also need to reserve an appropriate buffer based on historical transaction amounts to facilitate prompt fulfillment. The total procurement amount from Shantou Jiekang are expected to be approximately RMB 17.0 million in 2025. Taking into account the pace

CONNECTED TRANSACTIONS

of our Company’s business development, the annual procurement amount will increase in line with the further growth of business and then gradually stabilize in the following three years.

WAIVER APPLICATION

Under Rule 14A.76(2) of the Listing Rules, the Procurement of Packaging Materials Framework Agreement and the Procurement of Sugar and Amino Acid Materials Framework Agreement will constitute our continuing connected transactions subject to reporting, annual review and announcement requirements but will be exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules upon the [REDACTED].

As the partially-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and has been fully disclosed in this section, our Directors consider that compliance with the announcement requirement would be impractical, and such requirement would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted], a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— Partially-exempt Continuing Connected Transactions” in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the partially-exempt continuing connected transactions as set out above is in our ordinary and usual course of business and on normal commercial terms, and is fair and reasonable and in the interest of our Company and our Shareholders as a whole, and the proposed annual caps for such transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has (i) reviewed the relevant documents and information provided by the Company in relation to the aforesaid partially-exempt continuing connected transactions, (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussion with the Company. Based on the above, the Sole Sponsor is of the view that the aforesaid partially-exempt continuing connected transactions are in the ordinary and usual course of our business and on normal commercial terms, and are fair and

CONNECTED TRANSACTIONS

reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS’ INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- Our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transaction to the relevant responsible personnel/ departments in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules. In particular, the pricing of any proposed connected transaction will be subject to our standard process by requesting and comparing quotations, or conducting bidding. We will have an overall assessment of the capabilities and terms (including the prices) offered to make appropriate selections. Such measures will ensure that the prices charged by connected persons reflect the prevailing market price and are fair and reasonable on normal commercial terms.
- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap as stated above.
- When considering any renewal or revisions to the agreements after [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transaction at Board meetings or Shareholders’ meetings (where applicable). If the independent non-executive Directors’ or independent Shareholders’ approvals cannot be obtained, we will not continue the connected transactions to the extent that they are not fully-exempt under rule 14A.35 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of nine Directors, including three executive Directors, two non-executive Directors and four independent non-executive Directors. Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group ⁽¹⁾	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Mr. LIN Peiqing (林培青)	61	Executive Director, chairperson of the Board and general manager	May 2000	September 2010	Responsible for the overall strategic planning, business development and management of our Group
Ms. CHEN Qiong (陳瓊)	60	Executive Director and deputy general manager	February 1999	February 1999	Responsible for the Group's production supply chain, research and development, and major decision-making.
Mr. YAO Zhuangmin (姚壯民)	56	Executive Director and Deputy General Manager	September 1999	April 2015	Responsible for the Group's strategy, investments, and major decision-making.
Non-executive Directors					
Ms. YANG Rui (楊睿)	56	Non-executive Director	January 2000	September 2010	Responsible for providing advice to the Board and participating in the formulation of the general corporate business plans
Ms. ZHAO Youyou (趙酉酉)	45	Non-executive Director	October 2021	August 2025	Responsible for providing advice to the Board and overseeing the overall research and development of the Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group ⁽¹⁾	Date of appointment as a Director	Roles and responsibilities
Independent non-executive Directors					
Mr. GAO Jian (高見)	54	Independent non-executive Director	July 2021	July 2021	Responsible for providing independent advice on the operation and management of our Company
Mr. ZHU Guilong (朱桂龍)	62	Independent non-executive Director	July 2021	July 2021	Responsible for providing independent advice on the operation and management of our Company
Mr. HU Shiming (胡世明)	57	Independent non-executive Director	July 2021	July 2021	Responsible for providing independent advice on the operation and management of our Company
Ms. WANG Zheng (王鐸)	50	Independent non-executive Director	Upon [REDACTED] ⁽²⁾	Upon [REDACTED] ⁽²⁾	Responsible for providing independent advice on the operation and management of our Company

Notes:

- (1) Denotes the time from which the relevant Director became involved in the management of the business of the Group.
- (2) The appointment of Ms. WANG Zheng (王鐸) as an independent non-executive Director will take effect from the [REDACTED].

Executive Directors

Mr. LIN Peiqing (林培青), aged 61, has been our executive Director and the chairperson of our Board since September 2010. Mr. Lin joined our Company since May 2000 and has since then served as deputy general manager from May 2000 to September 2010.

Mr. Lin has extensive experience in the field of pharmaceutical and healthcare industry. Prior to joining our Group, Mr. Lin served as deputy factory manager of Sinopharm Group Shantou Jinshi Pharmaceutical Co., Ltd. (國藥集團汕頭金石製藥有限公司) (formerly known as Shantou Jinshi Pharmaceutical Factory (汕頭金石製藥總廠)) from July 1998 to April 2000.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lin has also served as a director and the chairperson of the board of Shanghai Shengrui Investment Co., Ltd. (上海盛瑞投資有限公司) since January 2014. Since October 2014, He has served as executive director of Glory Investment.

Mr. Lin obtained his Master of Business Administration from the Chinese University of Hong Kong (香港中文大學) in August 2014.

Ms. CHEN Qiong (陳瓊), aged 60, is our executive Director and deputy general manager. Ms. Chen joined our Company in February 1999 and served as our chairperson of the Board and general manager from April 1999 to September 2010 and our executive Director and deputy general manager since September 2010. She also served as manager of Best Formulations LLC since November 2023.

Ms. Chen has over 35 years of experience in the pharmaceutical and healthcare industry. Prior to joining our Group, she served as quality director at Shantou S.E.Z Meiji Pharmaceuticals Co., Ltd. (汕頭經濟特區明治醫藥有限公司) from October 1989 to April 1999.

Ms. Chen has also served as a director of Shanghai Shengrui Investment Co., Ltd. (上海盛瑞投資有限公司) since January 2014, and as a supervisor of both Shanghai Xuanfeng Investment Co., Ltd. (上海軒鋒投資有限公司) and Shanghai Xuanhong Investment Co., Ltd. (上海軒宏投資有限公司) from March 2014 to June 2025.

Ms. Chen obtained her bachelor of science degree in pharmacy from Guangdong Pharmaceutical University (廣東藥科大學) (formerly known as Guangdong College of pharmacy (廣東藥學院)) in the PRC in July 1988 and her master’s degree in senior management business administration from Fudan University (復旦大學) in the PRC in June 2012.

Mr. YAO Zhuangmin (姚壯民), aged 56, is our executive Director and deputy general manager. Mr. Yao joined our Company since September 1999 and served as deputy general manager from September 1999 to June 2004. He has served various positions within the Group since September 1999. Mr. Yao has various working experience in health industry and investment management. Prior to joining our group, Mr. Yao has successively served as a salesperson of supply and marketing company, regional manager, and deputy manager of sales company of Sinopharm Group Shantou Jinshi Pharmaceutical Co., Ltd. (國藥集團汕頭金石製藥有限公司) (formerly known as Shantou Jinshi Pharmaceutical Factory (汕頭金石製藥總廠)) from September 1992 to August 1999. He has previously served as a director and general manager of Treerly Health Co., Ltd. (廣東千林健康產業有限公司) from June 2004 to November 2015.

Currently, Mr. Yao has also been serving as a director of Shanghai Shengrui Investment Co., Ltd. (上海盛瑞投資有限公司) since January 2014, as executive partner of Ningbo Changda Equity Investment Partnership (Limited Partnership) (寧波昌達股權投資合夥企業(有限合夥)) since September 2020, and as executive partner of Ningbo Jufeng Equity Investment Partnership (Limited Partnership) (寧波巨豐股權投資合夥企業(有限合夥)) since November 2020.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Yao obtained his bachelor of engineering degree from South China University of Technology (華南理工大學) in the PRC in July 1992 and his master’s degree in business management from China Europe International Business School (中歐國際工商學院) in the PRC in October 2013.

Non-executive Directors

Ms. YANG Rui (楊睿), aged 56, is our non-executive Director. Ms. Yang joined our Company in January 2000 and served as our deputy general manager from January 2000 to September 2022 and has been our Director since September 2010.

Prior to joining our Group, Ms. Yang successively served as a technician in the technology department, principal business officer in the import and export department, deputy manager, department manager of the import and export company at Sinopharm Group Shantou Jinshi Pharmaceutical Co., Ltd. (國藥集團汕頭金石製藥有限公司) (formerly known as Shantou Jinshi Pharmaceutical Factory (汕頭金石製藥總廠)) from July 1991 to January 2001. Ms. Yang has also served as deputy general manager of Glory Investment since October 2022.

Ms. Yang obtained her bachelor of science degree from Nanjing University (南京大學) in the PRC in July 1991.

Ms. ZHAO Youyou (趙酉酉), aged 45, is our non-executive Director. Ms. Zhao has also been serving as the head of our research and development centre and our chief scientist since October 2021. She was elected as the employee representative Director of our Company by our employee representatives meeting in August 2025.

She worked at Nestlé R&D China from January 2010 to August 2019 with her last position as the department manager of science support, and manager of the metabolic health department at Nestlé Research in Switzerland from September 2019 to October 2021.

Ms. Zhao obtained her bachelor of science degree in pharmacy from Peking University (北京大學) in the PRC in July 2003, her Ph.D. in cardiovascular pharmacology from the School of Medicine at Queen’s University Belfast (英國貝爾法斯特女王大學) in the United Kingdom in July 2007, and her master’s degree in business administration from the School of Economics and Management at Tsinghua University (清華大學) in the PRC in June 2022.

Independent non-executive Directors

Mr. GAO Jian (高見), aged 54, is our independent non-executive Director.

Prior to joining our Company, Mr. Gao has held multiple positions at Shantou University (汕頭大學) since July 2004, successively deputy director of the Science and Technology Development Section (科技開發科) from July 2004 to April 2006, deputy director of the Office of Humanities and Social Sciences Management in the Scientific Research Office (科研處人文社會科學管理辦公室) from April 2006 to January 2007, director of the Office of Humanities and Social Sciences in the Scientific Research Office (科研處人文社會科學辦公室) from January 2007 to January 2010, deputy director of the Scientific Research Office (科研處) from January 2010 to January 2015,

DIRECTORS AND SENIOR MANAGEMENT

secretary of the party general branch of the Business School (商學院) from January 2015 to June 2018, dean of the International College (國際學院) since June 2018, director of the Office of International Exchange and Cooperation (國際交流合作處) since June 2020 and a professor since December 2025.

Mr. Gao obtained his bachelor of arts degree in English from Shantou University (汕頭大學) in the PRC in June 1996, his master’s degree in education from Shantou University in June 2002, and his PhD in education from Xiamen University (廈門大學) in the PRC in June 2014.

Mr. Gao was awarded the title of associate researcher (副研究員) by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in November 2011, and the qualification of independent director of listed companies (上市公司獨立董事) by the Shenzhen Stock Exchange (深圳證券交易所) in November 2021. He was awarded “the First Prize of the Ninth Guangdong Provincial Teaching Achievement Award” (“第九屆廣東省教育教學成果獎(高等教育)一等獎”) in March 2020.

Mr. ZHU Guilong (朱桂龍), aged 62, is our independent non-executive Director.

Mr. Zhu has various academic experience in business management. He has served as a member of the faculty since August 2000, and has been appointed as a doctoral supervisor since 2004 at the School of Business Administration at South China University of Technology (華南理工大學), where he also served as an associate dean from July 2003 to January 2008, and as the dean of the faculty of business administration from January 2008 to July 2017. He served as an independent non-executive director of CSG Holding Co., Ltd. (中國南玻集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000012), from May 2017 to March 2023, an independent non-executive director of GRG Banking Equipment Co., Limited (廣電運通集團股份有限公司) (formerly know as Guangzhou GRG Banking Financial Equipment Co., Limited (廣州廣電運通金融電子股份有限公司)), a company listed on the Shenzhen Stock Exchange (stock code: 002152), from December 2017 to December 2023, an independent non-executive director of Jiangxi Jovo Energy Co., Ltd. (江西九丰能源股份有限公司), and a company listed on the Shanghai Stock Exchange (stock code: 605090), from January 2018 to January 2024. He has been serving as an independent non-executive director of Guangzhou Port Company Limited (廣州港股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601228), since December 2022.

Mr. Zhu obtained his bachelor of science degree in mathematics from Anhui Normal University (安徽師範大學) in the PRC in July 1986, his master of engineering degree from Nanjing University of Science and Technology (南京理工大學) (formerly known as East China Institute of Technology (華東工學院)) in the PRC in March 1992, and his PhD of management degree in enterprise administration from Sun Yat-sen University (中山大學) in the PRC in December 2003. He was awarded the title of researcher (研究員) by Hefei University of Technology (合肥工業大學) in the PRC in December 1997.

Mr. HU Shiming (胡世明) (alias: HU Shuming (胡曙明)), aged 57, is our independent non-executive Director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Hu possesses various experience in accounting and finance management. He previously held positions including assistant to the president, chief financial officer and board secretary at Everbright Securities Co., Ltd. (光大證券股份有限公司), a company listed on both the Shanghai Stock Exchange (stock code: 601788.SH) and Hong Kong Stock Exchange (stock code: 6178.HK) from May 2002 to August 2015. He also served as the chairman of Everbright Futures Co., Ltd. (光大期貨有限公司) and a deputy director of the Financial Accounting and Risk Control Professional Committee of the Securities Association of China (中國證券業協會財務會計與風險控制專業委員會).

Currently, Mr. Hu has been serving as a master’s supervisor in professional accounting at the Chinese Academy of Fiscal Sciences (中國財政科學研究院) since June 2017. He served as an independent director of Zhongjin Gold Corporation Limited (中金黃金股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600489.SH), from June 2017 to October 2024, and as an independent director of Topscore Fashion Co., Ltd. (天創時尚股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603608), from May 2018 to June 2024. He has been serving as an independent director of Thinkingdom Media Group Ltd. (新經典文化股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603096.SH), since February 2023.

Mr. Hu obtained his bachelor’s degree in economics from Hunan University (湖南大學) (formerly known as Hunan Institute of Finance and Economics (湖南財經學院)) in the PRC in July 1992, his master’s degree in economics from Chinese Academy of Fiscal Sciences (中國財政科學研究院) (formerly known as the Institute of Fiscal Science the Ministry of Finance of China (中國財政部財政科學研究所)) in the PRC in July 1995, his Ph.D. in management from Shanghai University of Finance and Economics (上海財經大學) in the PRC in September 2004, and his executive master’s degree in Business Administration (EMBA) from Shanghai Advanced Institute of Finance at Shanghai Jiao Tong University (上海交通大學上海高級金融學院) in the PRC in December 2014. He was qualified as Certified Public Accountant (註冊會計師) by the China Institute of Certified Public Accountants (中國註冊會計師協會) in January 1996.

Ms. WANG Zheng (王鐸), aged 50, is our independent non-executive Director.

Ms. Wang has nearly 30 years of experience in management consulting and equity investment. She successively served as an analyst and a consultant at A.T. Kearney (Shanghai) Enterprise Consulting Co., Ltd. (科爾尼(上海)企業諮詢有限公司) from July 1998 to August 2001 and from July 2003 to July 2005, a director at Carlyle Asia Growth Capital Group (凱雷亞洲增長基金) from August 2005 to December 2014, a partner at Asia-Germany Industrial Promotion Limited from April 2016 to June 2017, the managing director at Cathay Capital Investment Advisory Co., Ltd. (凱輝投資諮詢有限公司) from April 2017 to September 2020, a managing partner at Shanghai Yunbai Investment Management Co., Ltd. (上海云柏投資管理有限公司) from November 2020 to September 2024. She has also been the general manager and managing partner of Shenzhen Puzhuo Private Equity Fund Management Co., Ltd. (深圳樸拙私募股權基金管理有限公司).

Ms. Wang received her bachelor’s degree in economics from Fudan University (復旦大學) in July 1998 and her MBA from Northwestern University in June 2003.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

Name	Age	Position(s)	Date of joining our Group ⁽¹⁾	Date of appointment as senior management	Roles and responsibilities
Mr. LIN Peiqing (林培青)	61	Executive Director, Chairperson of the Board and General Manager	May 2000	May 2000	Responsible for the formulation of the overall corporate business plans, strategies and leading the business direction of our Group
Ms. CHEN Qiong (陳瓊)	60	Executive Director and Deputy General Manager	February 1999	April 1999	Responsible for the Group’s production supply chain, research and development, and major decision-making.
Mr. YAO Zhuangmin (姚壯民)	56	Executive Director and Deputy General Manager	December 1999	July 2012	Responsible for the Group’s strategy, investment, and major decision-making.
Ms. ZHENG Liqun (鄭麗群)	55	Deputy General Manager and Financial Manager	February 2002	February 2012	Responsible for overall financial management of our Group
Mr. LIU Ruoyang (劉若陽)	37	Deputy General Manager and Board Secretary	September 2024	April 2025	Responsible for information disclosure, corporate governance, investor relation and other Board-related matters

Notes:

(1) Denotes the time from which the relevant senior management became involved in the management of the business of the Group.

Mr. LIN Peiqing (林培青) is our executive Director, chairperson of the Board and general manager. See “— Directors — Executive Directors” in this section for his biographical details.

Ms. CHEN Qiong (陳瓊) is our executive Director and deputy general manager. See “— Directors — Executive Directors” in this section for her biographical details.

Mr. YAO Zhuangmin (姚壯民) is our executive Director and deputy general manager. See “— Directors — Executive Directors” in this section for his biographical details.

Ms. ZHENG Liqun (鄭麗群), aged 55, is our deputy general manager and financial manager. Ms. Zheng joined our Company in February 2002 and has since then consecutively served as a financial manager, board secretary and deputy general manager. She currently holds directorships in various subsidiaries of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Zheng has extensive experience in finance and management in the health industry. Prior to joining our Company, Ms. Zheng worked at Shantou Bonded Zone Zhongxin Co. Ltd., (汕頭保稅區中信有限公司) from July 1993 to December 2001.

Ms. Zheng obtained her bachelor of economics degree in international trade from Guangdong University of Foreign Studies (廣東外語外貿大學) (formerly known as Guangzhou Institute of Foreign Trade (廣州對外貿易學院)) in the PRC in July 1993 and her master’s degree in business administration from W. P. Carey School of Business at Arizona State University (亞利桑那州立大學) in the United States in August 2023. She was awarded the qualification of board secretary of listed companies (上市公司董事會秘書) by Shenzhen Stock Exchange (深圳證券交易所) in May 2015.

Mr. LIU Ruoyang (劉若陽), aged 37, has been serving as our deputy general manager and Board secretary since April 2025. Mr. Liu currently also serves as a managing director of Sirio Europe Verwaltungs GmbH since July 2025, and an independent director of Nullmax (Cayman) Limited since December 2025. From September 2024 to April 2025, Mr. Liu served as the director of investor relations of our Company.

Mr. Liu has a long-standing career experience in finance and management. Prior to joining our Company, he previously worked at Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) (formerly known as Guotai Junan Securities Co., Ltd. (國泰君安股份有限公司)), a company listed on Hong Kong Stock Exchange (stock code: 2611.HK) and the Shanghai Stock Exchange (stock code: 601211.SH), from August 2012 to June 2015. He then served as the executive general manager of investment banking department at China International Capital Corporation Limited (中國國際金融股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3908.HK) and the Shanghai Stock Exchange (stock code: 601995.SH), from July 2015 to August 2021. He has also served as executive director at J.P. Morgan Securities (China) Co., Ltd. (摩根大通證券(中國)有限公司) from August 2021 to August 2024.

Mr. Liu obtained his bachelor of management degree in information and computing science and his master’s degree in economics from Fudan University (復旦大學) in the PRC in July 2009 and June 2012, respectively.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors 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, except that Mr. Lin Peiqing and Ms. Chen Qiong are husband and wife and Mr. Yao Zhuangmin is the husband of Mr. Lin Peiqing’s sister, none of our Directors or senior management was related to other Directors or senior management of our Company.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. LIU Ruoyang (劉若陽) is one of the joint company secretaries of our Company. For the biographical details of Mr. LIU Ruoyang, please refer to “— Senior Management” above.

Ms. MAK Sin Ki (麥善琪) is one of the joint company secretaries of our Company. Ms. Mak has over seven years of experience in company secretarial and corporate governance. She obtained her bachelor’s degree in chinese and bilingual studies from The Hong Kong Polytechnic University and her master’s degree in professional accounting and corporate governance from City University of Hong Kong. Ms. Mak is a chartered secretary, chartered governance professional, and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She also holds the Practitioner’s Endorsement from The Hong Kong Chartered Governance Institute.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code and the Listing Rules, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, Remuneration and Appraisal Committee and the Strategy 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 Audit Committee consists of three Directors, namely Mr. HU Shiming, Ms. YANG Rui, and Mr. GAO Jian, Mr. HU Shiming serving as the chairperson of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- reviewing and evaluating the work of external auditors;
- monitoring and making recommendations concerning the internal audit work of our Company;
- reviewing and making recommendations concerning the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors; and
- performing other duties and responsibilities as assigned by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. ZHU Guilong, Ms. CHEN Qiong and Mr. GAO Jian, Mr. ZHU Guilong serving as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but are not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company’s business activities, the scale of assets and shareholding structure;
- identifying individuals suitably qualified to become a member of our Board and senior management, and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors;
- accessing and making recommendations to the selection of other senior management appointed by our Board; and
- performing other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. GAO Jian, Ms. CHEN Qiong and Mr. HU Shiming, Mr. GAO Jian serving as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company’s policies and objectives as approved by our Board from time to time;
- making recommendations to our Board concerning our Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including, but not limited to, performance evaluation standards, procedures and evaluation systems;
- conducting the evaluation of the annual performance of all Directors and senior management;
- monitoring remuneration payable to all Directors and senior management;

DIRECTORS AND SENIOR MANAGEMENT

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- performing other duties and responsibilities as assigned by our Board.

Strategy Committee

We have established the Strategy Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Strategy Committee consists of three Directors, being Mr. LIN Peiqing, Mr. YAO Zhuangmin and Mr. ZHU Guilong. The chairperson of the Strategy Committee is Mr. LIN Peiqing. The primary duties of the Strategy Committee include, but are not limited to, the following:

- conducting research and make recommendations for the long-term strategic development plans of our Company;
- conducting research and make recommendations for annual investment plans which are subject to the approval of our Board;
- conducting research and make recommendations for other major investment programmes which are subject to the approval of our Board (excluding those included in the annual investment plans);
- conducting research, revise and review the policies of our Company’s strategic management and make recommendations to the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

We offer our executive Directors and senior management members, who are also our Company’s employees, remuneration in the form of salaries, wages, benefits in kind and share-based payment. Our independent non-executive Directors receive remuneration with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2023, 2024 and nine months ended September 30, 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to approximately RMB6.0 million, RMB6.4 million and RMB8.6 million, respectively.

Under the arrangement currently in force, we estimate the total remuneration before taxation, including salaries and benefits in kind, performance related bonuses and pension scheme contributions, to be accrued to our Directors for the year ending December 31, 2025 to be approximately RMB9.8 million. The actual remuneration of Directors in 2025 may be different from the expected remuneration.

DIRECTORS AND SENIOR MANAGEMENT

The total emoluments for the five highest paid individuals (including Directors) amounted to approximately RMB35.7 million, RMB20.1 million and RMB12.7 million, for the years ended December 31, 2023, 2024 and nine months ended September 30, 2025, respectively.

During the Track Record Period, no remuneration was paid to our Directors or any of the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any of our Directors, former directors, former supervisors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the [REDACTED], receive recommendations from our Nomination Committee and Remuneration and Appraisal Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and the performance of our Group.

SHARE INCENTIVE SCHEMES

To recognize the contributions of our key employees, incentivize our management team, retail talent and promote our long-term sustainable development, we have adopted the Share Incentive Schemes on November 2, 2023 and February 7, 2025. For details of the Share Incentive Schemes, see “Appendix IV — Statutory and General Information — Further Information about our Directors and Senior Management — Share Incentive Schemes”.

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], save that Mr. LIN Peiqing will serve as both our Chairman of the Board and general manager as discussed below.

Pursuant to code provision C.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 of the board and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate Chairman of the Board and general manager and Mr. LIN Peiqing currently performs these two roles. The Board believes that vesting the roles of both Chairman of the Board and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively.

DIRECTORS AND SENIOR MANAGEMENT

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 the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a 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 four female Directors and five male Directors. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, 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 economics, accounting, business management, and engineering. This diverse academic background allows the Board to approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have four independent non-executive Directors with different industry backgrounds, representing more than 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 and Remuneration and Appraisal Committee are responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [REDACTED], our Nomination Committee and Remuneration and Appraisal Committee will monitor and evaluate the implementation of the 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. Our Nomination Committee and Remuneration and Appraisal Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Group’s business which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

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 (as the case may be) 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.

Rule 13.51 of the Listing Rules

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, 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.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances, including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction is contemplated, including share issues and share repurchases;
- (c) where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the [REDACTED] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No. 96 were interested in approximately 9.11%, 5.55%, 42.72% and 1.85% of the total issued share capital of our Company, respectively. Glory Investment was owned as to approximately 59% by Mr. Lin and 11% by Ms. Chen. Abama Yuexiang Hongli No. 96 was beneficially wholly-owned by Ms. Chen. Ms. Chen and Abama Yuexiang Hongli No.96 entered into an acting-in-concert agreement in concert when exercising its voting rights in our Company and Abama Yuexiang Hongli No.96 acts in accordance with the instruction of Ms. Chen. Therefore, as of the Latest Practicable Date, Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No.96 constituted the Controlling Shareholders Group of our Company, collectively held approximately 59.24% of our total share capital. See “History, Development and Corporate Structure — Corporate Structure” and “Substantial Shareholders” in this document.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), all A Shares under the Share Incentive Scheme 2026 are issued and granted, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and no further changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]), our Controlling Shareholders Group will continue to control over 30% of the voting rights of our Company. Therefore, Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No. 96 will remain as our Controlling Shareholders Group upon the [REDACTED].

Mr. Lin is our executive Director, the chairperson of the Board and the general manager. Ms. Chen, the spouse of Mr. Lin, is our executive Director and deputy general manager. See “Directors and Senior Management” in this document. As of the Latest Practicable Date, apart from our business, Glory Investment engaged in investment holding, and Abama Yuexiang Hongli No. 96 engaged in equity investment.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Company, it/he/she did not have any interest in other business, 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.

NON-COMPETE UNDERTAKINGS

Mr. Lin, Ms. Chen, and Glory Investment each has executed a long-term non-competition undertaking on April 16, 2018 to support the listing of our A Shares on Shenzhen Stock Exchange in favor of the interest of our Company and our Shareholders, pursuant to which, Mr. Lin, Ms. Chen and Glory Investment each has agreed that:

1. they and any subsidiaries directly or indirectly controlled by them undertake that they will not, within or outside China:
 - (1) individually or jointly with any third party, in any form, directly or indirectly engage in any business or activities that compete or may compete with the current or future principal business of our Company and our subsidiaries;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

- (2) invest in or acquire any competing enterprises, hold any shares or equity interest in enterprises that may engage in business competing with our Company and our subsidiaries, or have any interests in any competing enterprises; or
 - (3) provide any assistance to competing enterprises in business, finance, or any other aspect.
2. from the date of signing the undertaking, if our Company or any subsidiary directly or indirectly controlled by us have any business opportunities to develop, operate, assist, participate in, or engage in any business that may compete with the current or future principal business of our Company and our subsidiaries, such business opportunities shall be offered to our Company.
3. their respective undertaking shall take effect from the date of signing and shall remain in force until one of the following occurs:
 - (1) they are no longer the actual controller, substantial shareholder, or a shareholder holding 5% or more of our Company; or
 - (2) when relevant laws and regulations applicable to our Company no longer require any part of the undertaking, the relevant part will terminate automatically.
4. If they or any subsidiary directly or indirectly controlled by them fail to fulfil the above undertakings and cause economic losses to our Company, they shall bear the corresponding liability for compensation in accordance with the law.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

Our Directors consider that we are capable of carrying on our business independently from our Controlling Shareholders Group and their respective close associates after the [REDACTED], taking into consideration the factors below.

Management Independence

Our Board consists of nine Directors, including three executive Directors, two non-executive Directors and four independent non-executive Directors. Mr. Lin (our executive Director, chairperson of the Board and general manager), one of the Controlling Shareholders, also holds position in Glory Investment, details of which are set out below:

<u>Name</u>	<u>Positions in our Company</u>	<u>Positions in Glory Investment</u>
Mr. Lin Peiqing (林培青) . . .	Executive Director, chairperson of the Board and general manager	Executive director
Ms. Yang Rui (楊睿)	Non-executive Director	Deputy general manager

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

Mr. Lin, holds directorship in both companies, and has been consistently leading the overall management supported by the respective experienced management teams in our Group and Glory Investment. He has been and will continue devoting sufficient time and resources to the management and operations of our Group. Save as disclosed in this section, none of our Directors or members of our senior management team holds any position in our Controlling Shareholders or their respective close associates.

Our Directors consider that we are capable of maintaining management independence for the following reasons:

- (a) our daily management and operations are carried out independently 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, please refer to the section headed “Directors and Senior Management” in this document;
- (b) 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;
- (c) 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. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested; and
- (d) we have four independent non-executive Directors and certain matters of our Company, must always be referred to the independent non-executive Directors for review. We have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Company and our Controlling Shareholders Group which would support our independent management. See “— Corporate Governance” for details.

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 our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

Operational Independence

We do not rely on our Controlling Shareholders and their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, IT, sales and marketing, or company secretarial functions. We have our own departments specializing 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 respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to our suppliers and customers. We possess all relevant licenses, 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 our Controlling Shareholders and their respective close associates.

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 our Controlling Shareholders and their respective 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 or their respective associates. As of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize 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 our Controlling Shareholders Group:

- (a) where a Board meeting is held for the matters in which any Director or his/her associates have 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 our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders or their respective associates will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (c) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [REDACTED]. In particular, our Articles of Association provides that, a Director shall be abstained from voting on any resolution regarding any matter involving enterprises or individuals that are related or connected with such Director, nor shall such Director be counted in the quorum present at the Board meeting;
- (d) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders Group or any of their respective associates, our Company will comply with the applicable Listing Rules;
- (e) we are committed that our Board shall include a balanced composition of executive Director and non-executive Directors (including independent non-executive Directors). We have appointed four 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 judgment, 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 and Senior Management”;
- (f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP

- (g) we have appointed Somerley Capital Limited as our Compliance Advisor 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 our Controlling Shareholders Group, and to protect minority Shareholders’ interests after the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED] and without taking into account any H Shares which may be issued pursuant to the exercise of the [REDACTED] and assuming no changes are made to our issued share capital and number of repurchased A Shares held in our Company’s stock repurchase account between the Latest Practicable Date and the [REDACTED], the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under 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:

Shareholder	Nature of Interest	Number and Description of Shares (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds) ⁽¹⁾	Approximate Percentage of Shareholding in the A Shares shortly after the [REDACTED] (including maximum A Shares issuable under the Share Incentive Scheme 2026 and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds) (%)	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the [REDACTED] (including maximum A Shares issuable under the Share Incentive Scheme 2026 and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds) (%)	Number of Shares held immediately after the [REDACTED] (assuming that the maximum A Shares under the Share Incentive Scheme 2026 are issued and granted and the Convertible Bonds are fully converted at the price of RMB[31.86])	Approximate percentage of shareholding in the total Shares of our Company immediately after the [REDACTED] (assuming that the maximum A Shares under the Share Incentive Scheme 2026 are issued and granted and the Convertible Bonds are fully converted at the price of RMB[31.86]) (%)
Glory Investment . . .	Beneficial owner	131,414,400 A shares	42.41	[REDACTED]	[131,414,400] A shares	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽⁴⁾	1,285,600 A shares	0.41	[REDACTED]	[1,285,600] A shares	[REDACTED]
Mr. Lin	Beneficial owner ⁽⁵⁾	28,035,072 A Shares	9.05	[REDACTED]	[28,035,072] A Shares	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽⁴⁾	132,700,000 A shares	42.83	[REDACTED]	[132,700,000] A shares	[REDACTED]
	Interest of spouse ⁽²⁾⁽³⁾	22,778,496 A Shares	7.35	[REDACTED]	[22,778,496] A Shares	[REDACTED]
Ms. Chen	Beneficial owner	17,083,872 A Shares	5.51	[REDACTED]	[17,083,872] A Shares	[REDACTED]
	Interest held jointly with other persons ⁽²⁾⁽³⁾	5,694,624 A shares	1.84	[REDACTED]	[5,694,624] A shares	[REDACTED]
	Interest of spouse ⁽²⁾	160,735,072 A Shares	51.88	[REDACTED]	[160,735,072] A Shares	[REDACTED]
Abama Yuexiang Hongli No. 96 . .	Beneficial owner	5,694,624 A shares	1.84	[REDACTED]	[5,694,624] A shares	[REDACTED]
	Interest held jointly with Other persons ⁽²⁾⁽³⁾⁽⁴⁾	177,818,944 A Shares	57.39	[REDACTED]	[177,818,944] A Shares	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) All interests are long positions.
- (2) As of the Latest Practicable Date, Glory Investment was held as to 59% by Mr. Lin and 11% by Ms. Chen, who is the spouse of Mr. Lin. Therefore, each of Mr. Lin and Ms. Chen is deemed to be interested in the entire Shares held by Glory Investment under the SFO.
- (3) As of the Latest Practicable Date, Ms. Chen and Abama Yuexiang Hongli No. 96 are parties acting in concert in respect of their shareholding interests in our Company. Therefore, each of Ms. Chen and Abama Yuexiang Hongli No. 96 is deemed to be interested in the interest of each other under the SFO.
- (4) As of the Latest Practicable Date, there were 1,285,600 A Shares repurchased and held in our Company’s stock repurchase account, accounting for approximately 0.42% of the total number of A Shares in issue. As of the Latest Practicable Date, Mr. Lin, Ms. Chen, Glory Investment and Abama Yuexiang Hongli No.96, directly and indirectly, controlled more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company.
- (5) Mr. Lin held equity interests in Glory Investment and Shares of us previously owned by the late Lin Qixiong through a testamentary trust arrangement named Lin Gao Fu You Testamentary Trust (林高福佑遺囑信託).

For those who are directly and/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 meeting of any other member of our Group, see “Appendix IV — Statutory and General Information — Further Information about Our Directors and Senior Management — Substantial Shareholders”.

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the [REDACTED] (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 total share capital of our Company was RMB307,634,663.00, comprising 307,634,663 A Shares of nominal value RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised, all A Shares under the Share Incentive Scheme 2026 are issued and granted, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and no further changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]), the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of total share capital (%)</u>
A Shares in issue ^{Note}	309,837,163	[REDACTED]
H Shares to be issued pursuant to the [REDACTED] . . .	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is fully exercised, all A Shares under the Share Incentive Scheme 2026 are issued and granted, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and no further changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]), the share capital of our Company will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of total share capital (%)</u>
A Shares in issue ^{Note}	309,837,163	[REDACTED]
H Shares to be issued pursuant to the [REDACTED] . . .	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>100.00</u>

Note: Including 1,285,600 A Shares repurchased and held in our Company’s stock repurchase account as treasury shares as of the Latest Practicable Date. Including a maximum of 2,202,500 A Shares issued and granted under the Share Incentive Scheme 2026.

SHARE CAPITAL

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

TRANSFER OF OUR A SHARES FOR [REDACTED] AND [REDACTED] ON THE STOCK EXCHANGE AS H SHARES

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the [REDACTED].

In accordance with the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) (“**Full Circulation Guidelines**”) published and implemented by the CSRC on November 14, 2019, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to and approval from the CSRC. The Full Circulation Guidelines are only applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. Up to the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

SHARE CAPITAL

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek [REDACTED] of H Shares on the Hong Kong Stock Exchange. We have obtained such approval at the general meeting of our Company held on January 27, 2026 upon, among other things, the following major terms:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [REDACTED] initially shall not exceed approximately [REDACTED]% of the total issued number of shares as enlarged by the H Shares to be issued pursuant to the [REDACTED] (before exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] initially pursuant to the [REDACTED].

(2) Method of [REDACTED]

The method of [REDACTED] shall be by way of [REDACTED] for [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional investors.

(3) Target [REDACTED]

The H Shares shall be issued to [REDACTED] in Hong Kong under [REDACTED] and international investors, qualified domestic institutional investors and other domestic eligible investors entitled to invest in securities abroad pursuant to relevant PRC laws and regulations in the [REDACTED].

(4) [REDACTED]

The [REDACTED] price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the general meeting was held on January 27, 2026. If we obtain the approval for the [REDACTED] from relevant regulatory authorities within the validity period, the validity period shall be automatically extended to the completion date of the [REDACTED].

There is no other approved [REDACTED] plan for our Shares except the [REDACTED].

SHARE CAPITAL

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 III — Summary of the Articles of Association” in this document for details.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants’ Report in Appendix I and Appendix IA, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business,” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

OVERVIEW

We are a leading nutrition product solution provider, and our market share in terms of revenue ranked third in the global nutrition product solution market in 2024, and the first in the China’s nutrition product solution market. In addition, in 2024, we are the second-largest gummy-based and softgel-based nutrition product solution provider in terms of revenue globally. Operating in the nutrition product solution market, which has presents great potential, our business performance has achieved steady growth and maintains a sustainable development. We are a first mover in the nutrition product solution market establishing global business layout, possessing a globally integrated and locally responsive network of production bases, R&D centers and supply chain system. Our formidable R&D and supply chain capabilities, coupled with superior operating efficiency supported by global resources, enable us to consistently deliver end-to-end solutions for customers globally, encompassing market insights, customized solutions, differentiated R&D, global production capabilities, industry-wide collaboration and marketing empowerment.

We experienced robust growth in revenue and gross profit during the Track Record Period. Our revenue increased by 17.6% from RMB3,582.0 million in 2023 to RMB4,211.1 million in 2024. Our revenue also increased by 8.0% from RMB3,048.5 million in the nine months ended September 30, 2024 to RMB3,291.2 million in the nine months ended September 30, 2025. Our gross profit increased by 21.3% from RMB1,062.1 million in 2023 to RMB1,288.9 million in 2024. Our gross profit also increased by 11.7% from RMB927.0 million in the nine months ended September 30, 2024 to RMB1,035.9 million in the nine months ended September 30, 2025. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded net profits of RMB240.3 million, RMB282.0 million, RMB212.7 million and RMB55.5 million, respectively. Eliminating the impact of the recognition of equity-settled share-based payments and impairment loss recognized in respect of assets classified as held for sale (net of tax), we generated an adjusted

FINANCIAL INFORMATION

net profit (non-IFRS measure) of RMB242.0 million, RMB287.3 million, RMB222.5 million and RMB216.1 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See “— Non-IFRS Measure.”

BASIS OF PRESENTATION

Our historical financial information has been prepared based on the accounting policies which conform with IFRS Accounting Standards, which comprise all accounting standards and interpretations approved by the International Accounting Standards Board.

The preparation of historical financial information in conformity with the IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Judgments made by management in the application of the IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5 to the Accountants’ Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

Market Demand for and Our Ability to Capture Sales of Our Products

Our revenue is directly affected by the market demand for our solutions as well as our ability to capture such demand through our product offerings and sales and marketing efforts. The demand for our softgels, gummies, liquids, tablets, powders, capsules and innovative dosage forms is affected by consumer wellness awareness and demand for quality nutrition products in the end-consumer market, government policies, regulations and industry standards, as well as general economic conditions. Our abilities in product R&D, provision of customized solutions and operation of sales and marketing network enabled us to achieve revenue growth during the Track Record Period. Our revenue increased by 17.6% from RMB3,582.0 million in 2023 to RMB4,211.1 million in 2024. Our revenue also increased by 8.0% from RMB3,048.5 million in the nine months ended September 30, 2024 to RMB3,291.2 million in the nine months ended September 30, 2025.

According to CIC, the global nutrition product solution industry saw a CAGR of 8.5% in terms of revenue from 2020 to 2024, growing from USD21.2 billion to USD29.4 billion in that period. This trajectory is projected to continue, with revenues reaching USD42.4 billion by 2029 with a CAGR of 7.6% from 2024 to 2029. The increase can be attributed to the rising demand for nutrition products and growing wellness awareness among consumers. The potential growth of our industry may be further affected by improvements in public wellness awareness and demographic changes.

Leveraging our leading industry position, comprehensive solution portfolio, strong production and research and development capabilities, and established customer relationships, we are confident in our ability to capture future growth opportunities, further expand our revenue and continue delivering value to our customers.

FINANCIAL INFORMATION

Our Ability to Manage Cost of Sales and Strengthen Our Supply Chain Capability

Our ability to manage cost of sales and strengthen our supply chain capability is critical to our operations and profitability. We believe our long-term growth depends in part on our ability to continue to efficiently manage our supply chain. Our cost of sales primarily consists of the cost of raw materials and, to a lesser extent, manufacturing overheads and direct labor expenses. Our major raw materials include fish oil, gelatin, algal oil, botanical extracts, vitamins and minerals, probiotics and other ingredients used in our major dosage forms. In 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, the cost of raw materials amounted to RMB1,750.1 million, RMB1,976.9 million, RMB1,440.1 million and RMB1,515.1 million, respectively, representing 69.5%, 67.7%, 67.9% and 67.2% of our total cost of sales in the same periods. We expect raw materials costs to remain the largest component of our cost of sales. Our ability to maintain a stable and efficient supply chain and to procure raw materials at competitive prices is essential to our cost control, profitability and cash flow.

Prices of certain major raw materials are subject to volatility due to changes in market supply and demand, inflationary pressures, fluctuations in commodity prices and exchange rates, changes in governmental policies and regulations, and other macroeconomic or industry-specific factors. Any significant increase in the prices of such raw materials, if not passed on to our customers in a timely manner or offset by efficiency gains, could adversely affect our gross profit margin and results of operations.

We have adopted various measures to manage our cost of sales and mitigate the impact of raw material price fluctuations. We maintain a diversified supplier base for our major raw materials and typically collaborate with multiple suppliers for each key raw material to avoid over-reliance on any single supplier and to enhance our bargaining power. We also implement centralized procurement for major raw materials to leverage our procurement scale and negotiate more favorable commercial terms. In addition, we closely monitor market prices of major raw materials and adjust our procurement and inventory strategies to balance cost considerations and production needs, with a view to supporting stable supply and optimizing our working capital.

We are committed to improving our operational efficiency through continuous enhancement of our production management. We streamline our production processes, optimize production capacity utilization and enhance quality control to reduce wastage and improve yield, thereby helping to control manufacturing costs and operating expenses. As we continue to grow our business scale, we seek to further leverage economies of scale and our industry experience to manage cost of sales more efficiently and support the long-term sustainability of our margins.

Management and Expansion of Our Production Bases

The growth of our revenue, market share and product development depends to a large extent on our ability to manage and expand our production capacity. As of the Latest Practicable Date, our principal production bases are located in Shantou, Ma’anshan and Zhuhai in China as well as Falkenhagen, Germany and California, U.S., and are equipped with advanced automated production facilities and robust quality management systems, specializing in the manufacturing of softgels, gummies, liquids, tablets, powders, capsules and other innovative dosage forms.

FINANCIAL INFORMATION

During the Track Record Period, we steadily increased our production capacity and output to meet growing customer demand, capture market opportunities and support the rapid expansion of our business. Our total actual production volume (excluding powders products, which are measured in tons) amounted to 12,985 million units, 15,456 million units, and 12,495 million units in 2023, 2024 and the nine months ended September 30, 2025, respectively. Our production facilities are designed to accommodate both large-scale manufacturing and flexible, small-batch orders, enabling us to deliver customized solutions and maintain high standards of quality and efficiency. We have also expanded, trained, and managed our workforce to support the growth and operational needs of our production bases.

To further facilitate our long-term business development and strengthen our market position, we have implemented a progressive production expansion plan, including the construction of new facilities and the upgrade of existing production lines. As of the Latest Practicable Date, we are undertaking the development of a new production base in Thailand, which is expected to enhance our product capability upon completion. See “Business — Production — Our Production Expansion Plan.”

Ability to Maintain the Quality of Our Products

We manufacture and sell a comprehensive range of nutrition products, including softgels, gummies, liquids, tablets, powders, capsules and other innovative dosage forms. The quality of our products is fundamental to maintaining and enhancing our reputation and brand recognition in the global nutrition product solution industry. Our commitment to robust quality control management enables us to meet rigorous safety, efficacy and regulatory requirements. We have obtained multiple international certifications, including TGA, BRCGS, ISO9001, HACCP and others, and have established comprehensive quality control procedures throughout the production process, from raw material procurement to finished product inspection. We are dedicated to upholding the highest quality control standards and continuously improving our quality control management to ensure the safety, efficacy and compliance of our products. We regularly review and enhance our quality control protocols, conduct thorough inspections, and provide ongoing training to our staff to ensure effective quality control across our business operations.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Revenue Recognition

Performance Obligations for Contracts with Customers and Revenue Recognition Policies

Sales of Goods

We sell nutritious food and other goods to our customers. We recognize revenue at a point in time when control of the goods has transferred to our customers, which is mainly when the goods are either picked up at our site or delivered to the designated locations. Transportation and handling activities that occur before our customers obtain control are considered fulfillment activities.

FINANCIAL INFORMATION

Certain customers are required to make a percentage of the total consideration as prepayments before we deliver the products. We recognize contract liabilities when consideration is received for which revenue has not yet been recognized.

Other Services

The other services mainly include the services provided by our Group to certain customers which relate to (i) lab-scale and pilot-scale experiments; and (ii) health food registration certificate applications. During the Track Record Period, the revenue for other services is recognized at a point in time when the service is accepted by the customers.

Business Combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to our ability to create outputs. The acquired processes are considered substantive if they are critical to our ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge or experience to perform the related processes, or they significantly contribute to our ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

We account for acquisitions of businesses using the acquisition method. The consideration we transfer in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets we transfer, liabilities we incur to the former owners of the acquiree and equity interests we issue in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC-Int 21 Levies, in which we apply IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities we have assumed in a business combination. Contingent assets are not recognized.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in IFRS 16 Leases) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

FINANCIAL INFORMATION

Goodwill is measured as the excess of the sum of the consideration we transfer, the amount of any non-controlling interests in the acquiree, and the fair value of our previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see our accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, we allocate goodwill to each of our cash-generating units (“CGUs”) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which we monitor goodwill for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a period of the Track Record Period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that period of the Track Record Period. If the recoverable amount is less than its carrying amount, we allocate the impairment loss first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGUs within the group of CGUs, we include the attributable amount of goodwill in the determination of the amount of profit or loss on disposal. When we dispose of an operation within the CGU (or a CGU within a group of CGUs), we measure the amount of goodwill disposed of on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

Our policy for goodwill arising on the acquisition of an associate is described below.

Share-Based Payments

Equity-Settled Share-Based Payment Transactions

Restricted 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.

FINANCIAL INFORMATION

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 our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each period of the Track Record Period, we revise our 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 recognized in the share-based payments reserve will be transferred to share premium.

Financial Instruments

Financial assets and financial liabilities are recognized when an entity in our Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized 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.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers, which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (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 or financial liabilities at FVTPL are recognized 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets

Classification and Subsequent Measurement of Financial Assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

FINANCIAL INFORMATION

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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 recognized 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 recognized by applying the effective interest rate to the amortized cost of the financial asset from the next period of the Track Record 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 recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the period of the Track Record Period following the determination that the asset is no longer credit-impaired.

(ii) Bills Receivables Classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these bills receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these bills receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

FINANCIAL INFORMATION

Financial assets at FVTPL are measured at fair value at the end of each period of the Track Record Period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of Financial Assets Subject to Impairment Assessment under IFRS 9

We perform impairment assessment under the expected credit loss (ECL) model on financial assets, including trade, bills and other receivables, bill receivables measured at FVTOCI, term deposits, restricted bank 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. Assessment is performed based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current conditions at the reporting date as well as the forecast of future conditions.

We always recognize lifetime ECL for trade receivables.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Convertible Loan Notes

Convertible Loan Notes Contain Equity Component

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument.

FINANCIAL INFORMATION

At the date of issue, the fair value of the liability component (including any embedded non-equity derivative features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case the balance recognized in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to share premium. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortized over the period of the convertible loan notes using the effective interest method.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that we hold for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings or machinery 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, including costs of testing whether the related asset is functioning properly and, for qualifying assets, borrowing costs capitalized 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 recognized so as to write off the cost of assets other than properties under construction 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 period of the Track Record Period, with the effect of any changes in estimate accounted for on a prospective basis.

FINANCIAL INFORMATION

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

Intangible Assets Acquired Separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each period of the Track Record Period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-Generated Intangible Assets — Research and Development Expenditure

Expenditure on research activities is recognized 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 recognized 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 recognized for an 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 recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

FINANCIAL INFORMATION

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized 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 recognized in profit or loss when the asset is derecognized.

Impairment on Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets other than Goodwill

At the end of each period of the Track Record Period, we review the carrying amounts of our property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, we estimate the recoverable amount of the relevant asset in order to determine the extent of the impairment loss, if any. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount 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, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a CGU for impairment, we allocate corporate assets to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise allocate them to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

FINANCIAL INFORMATION

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 CGU) is estimated to be less than its carrying amount, we reduce the carrying amount of the asset (or a CGU) to its recoverable amount. For corporate assets or portions of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, we compare the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, we allocate the impairment loss first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit or the group of CGUs. 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 CGUs. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, we increase the carrying amount of the asset (or CGU or a group of CGUs) 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 recognized for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
	(RMB in thousands)		(Unaudited)	(Unaudited)
Revenue	3,582,022	4,211,064	3,048,456	3,291,174
Cost of sales	(2,519,921)	(2,922,209)	(2,121,480)	(2,255,294)
Gross profit	1,062,101	1,288,855	926,976	1,035,880
Other income	28,020	27,957	21,371	36,765
Other gains and losses	14,709	1,149	488	4,479
Selling expenses	(277,608)	(353,204)	(232,824)	(273,179)
Administrative expenses	(351,992)	(419,938)	(298,529)	(355,565)
Research and development expenses	(110,495)	(125,937)	(98,627)	(100,482)
Share of results of an associate	—	—	—	(5,027)
Impairment loss recognized in respect of assets classified as held for sale	—	—	—	(210,194)
Impairment losses (including reversals of impairment losses) on financial assets . . .	(5,177)	(914)	146	(3,225)
Other expenses	(7,822)	(6,283)	(3,659)	(5,561)
Finance costs	(78,479)	(95,031)	(73,391)	(75,662)
Profit before tax	273,257	316,654	241,951	48,229
Income tax credit (expense)	(32,969)	(34,636)	(29,225)	7,306
Profit for the year/period	<u>240,288</u>	<u>282,018</u>	<u>212,726</u>	<u>55,535</u>

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS measure as presented by us may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.

FINANCIAL INFORMATION

We define adjusted net profit (non-IFRS measure) for the periods as net profit for the periods adjusted by adding back recognition of equity-settled share-based payments and impairment loss recognized in respect of assets classified as held for sale (net of tax). The following table reconciles our adjusted net profit (non-IFRS measure) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards, which is net profit for the periods:

	Year ended December 31,		Nine months ended	
	2023	2024	September 30,	September 30,
			2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the year/period	240,288	282,018	212,726	55,535
Add:				
— Recognition of equity-settled share-based payments ⁽¹⁾	1,733	5,282	9,785	9,206
— Impairment loss recognized in respect of assets classified as held for sale (net of tax) ⁽²⁾	—	—	—	151,382
Adjusted net profit for the year/period (non-IFRS measure)	<u>242,021</u>	<u>287,300</u>	<u>222,511</u>	<u>216,123</u>

Note:

- (1) Recognition of equity-settled share-based payments represent the non-cash employee benefit expenses incurred in connection with our award to key employees.
- (2) Impairment loss recognized in respect of assets classified as held for sale (net of tax) represents the excess of the carrying amount of BF PC over its estimated fair value less costs to sell at the time of reclassification, net of the relevant income tax effect.

Our adjusted net profit (non-IFRS measure) increased by 18.7% from RMB242.0 million in 2023 to RMB287.3 million in 2024, in line with our revenue growth and business expansion. Our adjusted net profit (non-IFRS measure) remained relatively stable at RMB222.5 million and RMB216.1 million in the nine months ended September 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We experienced overall revenue growth during the Track Record Period. We primarily derive revenue from our sale of nutrition products, which include (i) softgels, (ii) gummies, (iii) liquids, (iv) tablets, (v) powders, (vi) capsules and (v) others. Our revenue increased by 17.6% from RMB3,582.0 million in 2023 to RMB4,211.1 million in 2024. Our revenue also increased by 8.0% from RMB3,048.5 million for the nine months ended September 30, 2024 to RMB3,291.2 million for the nine months ended September 30, 2025.

Revenue by Dosage Forms

We offer a wide selection of nutrition products across six main product categories. The following table sets forth our revenue breakdown by dosage forms in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)				(Unaudited)		(Unaudited)	
Sales of goods								
Softgels	1,526,864	42.6	1,983,614	47.1	1,385,529	45.4	1,581,231	48.0
Gummies	739,627	20.6	995,112	23.6	760,133	24.9	828,570	25.1
Liquids	421,873	11.8	247,972	5.9	197,319	6.5	176,518	5.4
Tablets	361,916	10.1	325,553	7.7	212,075	7.0	274,996	8.4
Powders	292,745	8.2	231,574	5.5	185,561	6.1	147,676	4.5
Capsules	151,691	4.2	222,727	5.3	159,848	5.2	164,817	5.0
Others ⁽¹⁾	73,235	2.1	179,890	4.3	133,615	4.4	94,338	2.9
Subtotal	3,567,951	99.6	4,186,442	99.4	3,034,080	99.5	3,268,146	99.3
Other services⁽²⁾	14,071	0.4	24,622	0.6	14,376	0.5	23,028	0.7
Total	<u>3,582,022</u>	<u>100.0</u>	<u>4,211,064</u>	<u>100.0</u>	<u>3,048,456</u>	<u>100.0</u>	<u>3,291,174</u>	<u>100.0</u>

Notes:

- (1) Others primarily include sale of personal care products.
- (2) Other services primarily include the services provided by our Group to certain customers which relate to (i) lab-scale and pilot-scale experiments, and (ii) health food registration certificate applications.

FINANCIAL INFORMATION

Revenue by Geographical Region

We operate a global production and sales network. The following table sets forth our revenue breakdown by geographical region for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentage)								
					(Unaudited)		(Unaudited)	
Mainland China and								
Hong Kong, SAR	1,850,950	51.7	1,660,656	39.4	1,219,929	40.0	1,277,861	38.8
Americas	1,044,136	29.1	1,665,975	39.6	1,189,980	39.0	1,288,168	39.2
Europe	529,109	14.8	604,481	14.4	437,782	14.4	561,095	17.0
Others ⁽¹⁾	157,827	4.4	279,952	6.6	200,765	6.6	164,050	5.0
Total	3,582,022	100.0	4,211,064	100.0	3,048,456	100.0	3,291,174	100.0

Note:

(1) Others include Australia, Southeast Asia and other countries and regions.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw materials, (ii) manufacturing overhead, (iii) direct labor expenses and (iv) logistics costs.

The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentage)								
					(Unaudited)		(Unaudited)	
Raw materials	1,750,125	69.5	1,976,877	67.7	1,440,057	67.9	1,515,076	67.2
Manufacturing overhead	436,880	17.3	565,388	19.3	402,231	19.0	457,114	20.3
Direct labor expenses	271,398	10.8	286,696	9.8	214,738	10.1	209,685	9.3
Logistics costs	35,333	1.4	55,709	1.9	38,820	1.8	42,784	1.9
Tax expenses	22,415	0.9	30,989	1.1	22,131	1.0	18,515	0.8
Others	3,770	0.1	6,550	0.2	3,503	0.2	12,120	0.5
Total	2,519,921	100.0	2,922,209	100.0	2,121,480	100.0	2,255,294	100.0

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB1,062.1 million, RMB1,288.9 million, RMB927.0 million and RMB1,035.9 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our gross profit margin remained relatively stable at 29.7%, 30.6%, 30.4% and 31.5% in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Gross Profit (Loss) and Gross Profit Margin (Loss) by Dosage Forms

The following table sets forth a breakdown of our gross profit and gross profit margin by dosage forms for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
(RMB in thousands, except for percentage)								
					(Unaudited)		(Unaudited)	
Softgels	387,181	25.4	488,717	24.6	331,258	23.9	419,734	26.5
Gummies	330,457	44.7	480,045	48.2	368,994	48.5	384,710	46.4
Liquids	111,033	26.3	63,606	25.7	51,007	25.9	68,953	39.1
Tablets	170,811	47.2	146,679	45.1	94,377	44.5	105,516	38.4
Powders	56,462	19.3	49,385	21.3	41,990	22.6	32,182	21.8
Capsules	30,245	19.9	35,186	15.8	28,693	18.0	30,885	18.7
Others ⁽¹⁾	(38,159)	(52.1)	6,433	3.6	(3,719)	(2.8)	(14,663)	(15.5)
Subtotal	1,048,030	29.4	1,270,051	30.3	912,600	30.1	1,027,317	31.4
Other services ⁽²⁾	14,071	100.0	18,804	76.4	14,376	100.0	8,563	37.2
Total/overall	<u>1,062,101</u>	29.7	<u>1,288,855</u>	30.6	<u>926,976</u>	30.4	<u>1,035,880</u>	31.5

Notes:

- (1) Others primarily include personal care products.
- (2) Other services primarily include the services provided by our Group to certain customers which relate to (i) lab-scale and pilot-scale experiments, and (ii) health food registration certificate applications.

FINANCIAL INFORMATION

Other Income

Our other income primarily included (i) government grants related to income, (ii) government grants related to assets, (iii) addition deductions of VAT, and (iv) interest income from bank and term deposits. The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Government grants related to income ⁽¹⁾	9,111	32.5	4,439	15.9	3,096	14.5	20,972	57.0
Government grants related to assets	4,550	16.2	5,047	18.1	3,540	16.5	4,185	11.4
Addition deduction of VAT	4,448	15.9	9,394	33.6	6,982	32.7	3,804	10.4
Interest income from bank deposits	9,893	35.3	8,932	31.9	7,753	36.3	7,804	21.2
Others	18	0.1	145	0.5	—	—	—	—
Total	28,020	100.0	27,957	100.0	21,371	100.0	36,765	100.0

Note:

- (1) The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for our Group’s operating activities.

FINANCIAL INFORMATION

Other Gains and Losses

Our other gains and losses primarily consisted of (i) net foreign exchange gains, (ii) fair value losses or gains arising from derivative financial instruments, structured deposits and call options over the non-controlling interests of Best Formulations/financial instruments embedded in the investment in an associate, and (iii) gains on remeasurement of other financial liabilities. We recorded other gains of RMB14.7 million, RMB1.1 million, RMB0.5 million and RMB4.5 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

The following table sets forth a breakdown of our other gains and losses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>				<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net foreign exchange gains	20,312	138.1	10,860	945.2	4,032	826.2	1,533	0.34
Fair value (losses) gains arising from								
— derivative financial instruments	(6,553)	(44.6)	(8,084)	(703.6)	(3,991)	(817.8)	1,155	0.26
— structured deposits	2,340	15.9	3,042	264.8	1,636	335.2	(327)	(0.07)
— Call options over the non-controlling interests of Best Formulations	(54,115)	(367.9)	(23,727)	(2,065.0)	—	—	—	—
— financial instruments embedded in the investment in an associate	—	—	—	—	—	—	59,566	13.30
Losses on disposal of property, plant and equipment	(913)	(6.2)	(4,163)	(362.3)	(4,048)	(829.5)	(300)	(0.07)
Gains on remeasurement of other financial liabilities	53,662	364.8	23,028	2,004.1	—	—	—	—
Impairment loss recognized in respect of investment in an associate	—	—	—	—	—	—	(56,547)	(12.63)
Others	(24)	(0.1)	193	16.8	2,859	585.9	(601)	(0.13)
Total	14,709	100.0	1,149	100.0	488	100.0	4,479	100.0

FINANCIAL INFORMATION

Selling Expenses

Our selling expenses primarily consisted of (i) employee benefit expenses, (ii) marketing and promotion expenses, and (iii) travel expenses. Our selling expenses amounted to RMB277.6 million, RMB353.2 million, RMB232.8 million, and RMB273.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 7.8%, 8.4%, 7.6%, and 8.3% of our revenue for the same periods.

The following table sets forth a breakdown of our selling expenses in absolute amount and as a percentage of our total selling expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit expenses	160,155	57.7	183,307	51.9	130,981	56.2	157,994	57.8
Marketing and promotion expenses	52,163	18.8	84,203	23.8	42,166	18.1	62,901	23.0
Travel expenses	15,510	5.5	17,721	5.0	13,098	5.6	13,110	4.8
Depreciation and amortization expenses	15,448	5.6	15,637	4.4	11,801	5.1	11,644	4.4
Advertising placement expenses . .	7,797	2.8	12,169	3.5	8,113	3.5	7,126	2.6
Others ⁽¹⁾	26,535	9.6	40,167	11.4	26,665	11.5	20,404	7.4
Total	277,608	100.0	353,204	100.0	232,824	100.0	273,179	100.0

Note:

- (1) Others primarily include consulting service fee, business hospitality expenses, rent and utilities expenses and office expenses.

FINANCIAL INFORMATION

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses, (ii) professional services fees, and (iii) depreciation and amortization expenses. Our administrative expenses amounted to RMB352.0 million, RMB419.9 million, RMB298.5 million and RMB355.6 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for approximately 9.8%, 10.0%, 9.8% and 10.8% of our revenue for the same periods.

The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit expenses	187,677	53.3	225,428	53.7	171,728	57.6	201,046	56.5
Professional services expenses . . .	48,006	13.7	66,758	15.9	32,295	10.8	37,041	10.4
Depreciation and amortization expenses	38,109	10.8	37,870	9.0	27,328	9.2	34,248	9.7
Office expenses	17,212	4.9	20,343	4.9	12,344	4.1	12,416	3.5
Travel expenses	15,993	4.6	16,093	3.8	11,447	3.8	20,422	5.7
Rent and utilities	11,046	3.1	13,442	3.2	11,408	3.8	6,362	1.8
Others ⁽¹⁾	33,949	9.6	40,004	9.5	31,979	10.7	44,030	12.4
Total	351,992	100.0	419,938	100.0	298,529	100.0	355,565	100.0

Note:

- (1) Other administrative expenses primarily include recruitment expenses, renovation and repair expenses, quality control system management expenses.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses, (ii) material costs, and (iii) depreciation and amortization expenses. Our research and development expenses amounted to RMB110.5 million, RMB125.9 million, RMB98.6 million, and RMB100.5 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 3.1%, 3.0%, 3.2%, and 3.1% of our revenue for the same periods.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit expenses	55,606	50.3	69,839	55.5	50,725	51.5	66,211	65.9
Materials costs	31,646	28.6	33,399	26.5	28,328	28.7	17,696	17.6
Depreciation and amortization expenses	13,152	11.9	10,980	8.7	8,124	8.2	9,131	9.1
Professional services fees	2,176	2.0	9,965	7.9	9,811	9.9	6,110	6.1
Others ⁽¹⁾	7,915	7.2	1,754	1.4	1,639	1.7	1,334	1.3
Total	<u>110,495</u>	<u>100.0</u>	<u>125,937</u>	<u>100.0</u>	<u>98,627</u>	<u>100.0</u>	<u>100,482</u>	<u>100.0</u>

Note:

- (1) Others primarily include office expenses and travel expenses in relation to research and development activities.

Impairment loss recognized in respect of assets classified as held for sale

Our impairment loss recognized in respect of assets classified as held for sale represents the excess of the carrying amount of Best Formulations PC LLC over its estimated fair value less costs to sell at the time of reclassification, mainly resulting from the increased loss of the personal care business. We recorded impairment loss recognized in respect of assets classified as held for sale of nil nil, nil and RMB210.2 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Impairment losses (including reversals of impairment losses) on financial assets

We recorded impairment losses (including reversals of impairment losses) on financial assets mainly on trade receivables and other receivables.

FINANCIAL INFORMATION

Our impairment losses on financial assets amounted to RMB5.2 million, RMB0.9 million and RMB3.2 million in 2023, 2024 and the nine months ended September 30, 2025 and we recorded a reversal of impairment losses on financial assets of RMB0.1 million in the nine months ended September 30, 2024.

Other Expenses

Our other expenses primarily include donations to public welfare organizations and charitable institutions. Our other expenses amounted to RMB7.8 million, RMB6.3 million, RMB3.7 million and RMB5.6 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily include (i) effective interest expense on convertible bonds, (ii) interest expenses on lease liabilities, and (iii) interest expenses on borrowings. Our finance costs amounted to RMB78.5 million, RMB95.0 million, RMB73.4 million, and RMB75.7 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 2.2%, 2.3%, 2.4%, and 2.3% of our revenue for the same periods.

The following table sets forth a breakdown of our finance costs in absolute amount and as a percentage of our total finance costs for the periods indicated:

	Year ended December 31,				Nine months ended September 30,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>								
					<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Effective interest expense on								
convertible bonds	63,970	81.5	68,125	71.7	50,697	69.1	53,450	70.6
Interest expenses on borrowings . .	2,491	3.2	11,578	12.2	10,538	14.4	10,430	13.8
Interest expenses on lease								
liabilities	16,623	21.2	16,291	17.1	12,156	16.5	11,782	15.6
Total borrowing costs	83,084	105.9	95,994	101.0	73,391	100.0	75,662	100.0
Less: amounts capitalized in the								
cost of qualifying assets . .	(4,605)	(5.9)	(963)	(1.0)	—	—	—	—
Total	78,479	100.0	95,031	100.0	73,391	100.0	75,662	100.0

Income Tax Credit (Expense)

We recorded an income tax expense of RMB33.0 million, RMB34.6 million, RMB29.2 million in 2023, 2024 and the nine months ended September 30, 2024, respectively. We also recorded an income tax credit of RMB7.3 million in nine months ended September 30, 2025. We are subject to varying tax rates in different jurisdictions. See Note 11 of the Accountant’s Report in Appendix I to this document.

FINANCIAL INFORMATION

PRC

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.

The provision for PRC enterprise income tax (“EIT”) is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of our Group as determined in accordance with EIT Law which was approved and became effective on January 1, 2008. We obtained the “High Technology Enterprise” certification on December 20, 2021 and were re-certified on November 28, 2024, and are therefore entitled to a preferential enterprise income tax rate of 15% for a period of three years from the date of certification.

Our subsidiary, Sirio Healthcare (Anhui) Co., Ltd., obtained the “High Technology Enterprise” certification on October 30, 2020 and was re-certified on November 30, 2023. As a result, it is entitled to a preferential enterprise income tax rate of 15% during the Track Record Period.

Pursuant to Caishui [2022] No.13 “Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Corporate Income Tax Policies for Small Meagre-profit Enterprises” (財政部、國家稅務總局關於進一步實施小微企業所得稅優惠政策的公告), during the period from January 1, 2022 to December 31, 2024, the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000 of the annual taxable income for small meagre-profit enterprises is included in the taxable income at a reduced rate of 25%, subject to enterprise income tax at the rate of 20%. Pursuant to Caishui [2023] No.6 “Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small Meagre-profit Enterprises and Individually-owned Business” (財政部、國家稅務總局關於實施小微企業和個體工商戶所得稅優惠政策的公告), during the period from January 1, 2023 to December 31, 2024, the portion of not more than RMB1,000,000 of the annual taxable income for small meagre-profit enterprises is included in the taxable income at a reduced rate of 25%, subject to enterprise income tax at the rate of 20%, and for the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000, the policy remains consistent with the previous one.

Our PRC subsidiaries, Guangdong Qianbai Health Co., Ltd. (“**QianBai**”), Guangdong Health Biotechnology Co., Ltd. (“**HB**”), Sirio Life Technology (Shanghai) Co., Ltd. (“**SLT**”), Sirio Pharma (Zhuhai) Co., Ltd. (“**SPZH**”) and Sirio Pharma (Guangdong) Co., Ltd. (“**SPGD**”), applied for the preferential tax policy during the year ended December 31, 2023. In addition, our PRC subsidiaries QianBai, HB, SLT, Jamet (GuangDong) Management Co., Ltd. (“**JM**”), SPZH and SPGD applied for the preferential tax policy during the year ended December 31, 2024.

Hong Kong

Our group entities located in Hong Kong are subject to Hong Kong Profits Tax at a rate of 8.25% on assessable profits not exceeding HKD2 million, and at a rate of 16.5% on the portion of assessable profits exceeding HKD2 million during the Track Record Period.

FINANCIAL INFORMATION

Other Jurisdictions

The combined federal and state tax rate of the US subsidiaries Sirio Nutrition Co., Ltd., Best Formulations, Sirio Americas Holdings, Inc. and Sirio Healthcare Holdings LLC was 27.98% for the year ended December 31, 2023. The combined federal and state tax rates of the US subsidiaries Sirio Nutrition Co., Ltd., Best Formulations and Sirio Healthcare Holdings LLC was 27.22% and 27.07%, respectively for the year ended December 31, 2024.

The tax rate of the subsidiaries in Germany was 23.135% during the Track Record Period.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material tax investigation enquiries, penalties or surcharges.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

Revenue

Our revenue increased by 8.0% from RMB3,048.5 million in the nine months ended September 30, 2024 to RMB3,291.2 million in the nine months ended September 30, 2025, primarily due to an increase in product sales. Such increase was mainly attributable to: (i) the continued expansion of our overseas business, particularly in Europe, which drove growth in the sales of our major dosage forms, such as softgels and gummies; (ii) higher sales volume as we expanded our fulfilment and delivery capacity and improved production planning, enabling us to respond more effectively to customer orders; and (iii) the successful acquisition of new customers and deepening of relationships with existing key accounts.

- Our revenue from sale of softgels increased by 14.1% from RMB1,385.5 million in the nine months ended September 30, 2024 to RMB1,581.2 million in the nine months ended September 30, 2025, primarily due to an increase in sales volume. The overall sales volume of softgels increased from 5,600.8 million units in the nine months ended September 30, 2024 to 6,576.9 million units in the nine months ended September 30, 2025, primarily due to an increase in order volume from overseas customers, particularly in Europe, mainly attributable to our intensified sales efforts and improved production capacity utilization.
- Our revenue from sale of gummies increased by 9.0% from RMB760.1 million in the nine months ended September 30, 2024 to RMB828.6 million in the nine months ended September 30, 2025, primarily due to an increase in sales volume. The overall sales volume of gummies increased from 3,552.9 million units in the nine months ended September 30, 2024 to 3,801.5 million units in the nine months ended September 30,

FINANCIAL INFORMATION

2025, mainly attributable to the gradual improvement in production capacity utilization of our gummies production lines and an increase in the procurement from certain customers.

- Our revenue from sale of liquids decreased by 10.5% from RMB197.3 million in the nine months ended September 30, 2024 to RMB176.5 million in the nine months ended September 30, 2025, primarily due to a change in product mix, as we recorded a higher proportion of sales from lower-priced liquid products while sales of higher-priced products decreased, reflecting evolving customer preferences during the period. This was partially offset by an increase in sales volume, which increased from 109.2 million units in the nine months ended September 30, 2024 to 174.6 million units in the nine months ended September 30, 2025, as we made pricing adjustments for certain liquids products to align with customer order patterns and market price dynamics during the period.
- Our revenue from sale of tablets increased by 29.7% from RMB212.1 million in the nine months ended September 30, 2024 to RMB275.0 million in the nine months ended September 30, 2025, primarily due to an increase in sales volume. The overall sales volume of tablets increased from 1,139.2 million units in the nine months ended September 30, 2024 to 1,445.9 million units in the nine months ended September 30, 2025, mainly attributable to the contribution from multivitamin chewable tablets supplied to our certain new customers in the nine months ended September 30, 2025.
- Our revenue from sale of powders decreased by 20.4% from RMB185.6 million in the nine months ended September 30, 2024 to RMB147.7 million in the nine months ended September 30, 2025, primarily due to (i) a decrease in sales volume. The overall sales volume of powder products decreased from 998.6 tonnes in the nine months ended September 30, 2024 to 894.2 tonnes in the nine months ended September 30, 2025 primarily due to changes in procurement of certain customers in response to evolving market demand; and (ii) a decrease in average selling price from RMB185.9 per thousand units in the nine months ended September 30, 2024 to RMB165.2 per thousand units in the nine months ended September 30, 2025, as we made pricing adjustments for certain powders products to align with customer order patterns and market price dynamics during the period.
- Our revenue from sale of capsules increased by 3.1% from RMB159.8 million in the nine months ended September 30, 2024 to RMB164.8 million in the nine months ended September 30, 2025, primarily due to an increase in sales volume. The overall sales volume of capsules increased from 382.1 million units in the nine months ended September 30, 2024 to 402.7 million units in the nine months ended September 30, 2025, mainly attributable to an increase in the procurement from our customers.
- Our revenue from sale of others decreased by 29.4% from RMB133.6 million in the nine months ended September 30, 2024 to RMB94.3 million in the nine months ended September 30, 2025, primarily due to our strategic shift toward our core business.

FINANCIAL INFORMATION

Cost of Sales

Our cost of sales increased by 6.3% from RMB2,121.5 million in the nine months ended September 30, 2024 to RMB2,255.3 million in the nine months ended September 30, 2025, primarily due to increases in the costs of raw materials, manufacturing overhead and logistics costs, in line with the increase in sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 11.7% from RMB927.0 million in the nine months ended September 30, 2024 to RMB1,035.9 million in the nine months ended September 30, 2025. Our overall gross profit margin remained relatively stable at 30.4% and 31.5% in the nine months ended September 30, 2024 and 2025, respectively. In particular:

- Our gross profit margin for softgels increased from 23.9% in the nine months ended September 30, 2024 to 26.5% in the nine months ended September 30, 2025, primarily due to (i) an increase in gross profit from certain fish oil softgel products, as we implemented timely procurement and inventory management for fish oil raw materials, including procuring certain fish oil raw materials in early 2024 with favourable terms, and (ii) the upgrade of our production, logistics and supply chain in solution to softgels, which improved operational efficiency.
- Our gross profit margin for gummies remained relatively stable at 48.5% and 46.4% in the nine months ended 2024 and 2025, respectively.
- Our gross profit margin for liquids increased from 25.9% in the nine months ended September 30, 2024 to 39.1% in the nine months ended September 30, 2025, primarily due to a change in product mix, as higher-margin products, such as calcium with vitamins D/K products, accounted for a larger portion of our liquid sales.
- Our gross profit margin for tablets decreased from 44.5% in the nine months ended September 30, 2024 to 38.4% in the nine months ended September 30, 2025, primarily due to a change in product mix, as certain higher-margin tablet products, such as probiotic effervescent tablets and vitamin C effervescent tablets for certain customers, contributed a smaller portion of our tablet sales in the nine months ended September 30, 2025 as compared to the same period in 2024.
- Our gross profit margin for powders remained relatively stable at 22.6% and 21.8% in the nine months ended 2024 and 2025, respectively.
- Our gross profit margin for capsules remained relatively stable at 18.0% and 18.7% in the nine months ended 2024 and 2025, respectively.
- We recorded a gross loss margin for others of 2.8% in the nine months ended September 30, 2024, which increased to 15.5% in the nine months ended September 30, 2025, primarily due to a decrease in sales volume of our personal care products, mainly attributable to our strategic shift toward our core business.

FINANCIAL INFORMATION

Other Income

Our other income increased by 72.0% from RMB21.4 million in the nine months ended September 30, 2024 to RMB36.8 million in the nine months ended September 30, 2025, primarily due to an increase in government grants related to income received in such period.

Other Gains and Losses

Our other gains increased by 818.0% from RMB0.5 million in the nine months ended September 30, 2024 to RMB4.8 million in the nine months ended September 30, 2025, primarily due to (i) our fair value losses arising from derivative financial instruments turning to fair value gains attributable to changes in fair value during the period, and (ii) an increase in fair value gains arising from financial instruments embedded in the investment in an associate (including performance compensation arrangements) recognized in connection with our acquisition of a 25% equity interest in Yibenhui in January 2025 and accounted for as financial assets at FVTPL, partially offset by an increase in impairment loss recognized in respect of investment in an associate, as Yibenhui’s financial performance was below expectation.

Selling Expenses

Our selling expenses increased by 17.3% from RMB232.8 million in the nine months ended September 30, 2024 to RMB273.2 million in the nine months ended September 30, 2025, primarily due to (i) an increase in employee benefit expenses, which was attributable to an increase in the number of sales personnel, and (ii) an increase marketing and promotion expenses, which is in line with our business development activities. Our selling expenses as a percentage of our revenue remained relatively stable at 7.6% and 8.3% in the nine months ended September 30, 2024 and 2025, respectively.

Administrative Expenses

Our administrative expenses increased by 19.1% from RMB298.5 million in the nine months ended September 30, 2024 to RMB355.6 million in the nine months ended September 30, 2025, primarily due to (i) an increase in employee benefits expenses as the number of administrative personnel increased, and (ii) an increase in travel expenses to support our business expansion. Our administrative expenses as a percentage of our revenue remained relatively stable at 9.8% and 10.8% in the nine months ended September 30, 2024 and 2025, respectively.

Impairment Loss Recognized in Respect of Assets Classified as Held for Sale

Our impairment loss recognized in respect of assets classified as held for sale increased from nil in the nine months ended September 30, 2024 to RMB210.2 million, primarily due to the proposed sale of BF PC in the nine months ended September 30, 2025.

FINANCIAL INFORMATION

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB98.6 million in the nine months ended September 30, 2024 and RMB100.5 million in the nine months ended September 30, 2025. Our research and development expenses as a percentage of our revenue remained relatively stable at 3.2% and 3.1% in the nine months ended September 30, 2024 and 2025, respectively.

Impairment losses (including reversals of impairment losses) on financial assets

We recorded a reversal of impairment losses on financial assets of RMB0.1 million in the nine months ended September 30, 2024 and an impairment losses on financial assets of RMB3.2 million in the nine months ended September 30, 2025, primarily due to an increase in the trade receivables, in line with our business growth.

Finance Costs

Our finance costs increased by 3.1% from RMB73.4 million in the nine months ended September 30, 2024 to RMB75.7 million in the nine months ended September 30, 2025, primarily due to an increase in effective interest expense on Convertible Bonds.

Other Expenses

Our other expenses increased by 52.0% from RMB3.7 million in the nine months ended September 30, 2024 to RMB5.6 million in the nine months ended September 30, 2025, primarily due to a one-off tax payment recorded in such period.

Income Tax Credit (Expense)

We recorded an income tax expenses of RMB29.2 million in the nine months ended September 30, 2024, which turned to an income tax credit of RMB7.3 million in the nine months ended September 30, 2025, primarily due to an increase of deferred tax.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 73.9% from RMB212.7 million in the nine months ended September 30, 2024 to RMB55.5 million in the nine months ended September 30, 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 17.6% from RMB3,582.0 million in 2023 to RMB4,211.1 million in 2024, primarily due to an increase in product sales. This increase was mainly attributable to our ability to capture growing demand in both domestic and overseas markets, supported by (i) the continued product innovation and expansion of our solution portfolio, and (ii) the successful

FINANCIAL INFORMATION

acquisition of new customers and deepening of relationships with existing key accounts. In particular, our overseas business, especially in the Americas, experienced robust growth as we intensified our sales efforts and leveraged our enhanced production capabilities.

- Our revenue from sale of softgels increased by 29.9% from RMB1,526.9 million in 2023 to RMB1,983.6 million in 2024, primarily due to (i) an increase in sales volume. The overall sales volume of softgels increased from 6,743.6 million units in 2023 to 7,912.9 million units in 2024, mainly attributable to higher sales volume to overseas customers, particularly in the Americas, mainly attributable to our intensified sales efforts; and (ii) an increase in the average selling price from RMB226.4 per thousand units in 2023 to RMB250.7 per thousand units in 2024, as a result of a change in product mix, as we recorded a higher proportion of sales from higher-priced powders products.
- Our revenue from sale of gummies increased by 34.5% from RMB739.6 million in 2023 to RMB995.1 million in 2024, primarily due to an increase in sales volume. The overall sales volume of gummies increased from 3,486.1 million units in 2023 to 4,642.1 million units in 2024. This was mainly attributable to the increase in the sales volume from overseas markets such as the Americas, as a result of the successful launch of new product formulations for gummies and the intensified efforts of our sales team.
- Our revenue from sale of liquids decreased by 41.2% from RMB421.9 million in 2023 to RMB248.0 million in 2024, primarily due to (i) a decrease in sales volume. The overall sales volume of liquids decreased from 197.8 million units in 2023 to 148.2 million units in 2024, in particular the decrease in China’s market in 2024, as certain customers adjusted their purchase volumes in response to evolving market preference; and (ii) a decrease in the average selling price from RMB2,133.3 per thousand units in 2023 to RMB1,672.9 per thousand units in 2024, as we made pricing adjustments for certain liquids products to align with customer order patterns and market price dynamics during the period, according to CIC.
- Our revenue from sale of tablets decreased by 10.0% from RMB361.9 million in 2023 to RMB325.6 million in 2024, primarily due to (i) a decrease in sales volume. The overall sales volume of tablets decreased from 1,864.2 million units in 2023 to 1,768.6 million units in 2024, as certain customers adjusted their purchase volumes in response to evolving market demand; and (ii) a decrease in the average selling price from RMB194.1 per thousand units in 2023 to RMB184.1 per thousand units in 2024, as we made pricing adjustments for certain tablets products to align with customer order patterns and market price dynamics during the period, according to CIC.
- Our revenue from sale of powder products decreased by 20.9% from RMB292.7 million in 2023 to RMB231.6 million in 2024, primarily due to a decrease in sales volume. The overall sales volume of powder products decreased from 2,053.1 tonnes in 2023 to 1,271.5 tonnes in 2024, as certain customers adjusted their purchase volumes in response to evolving market preference. This was partially offset by an increase in average sales

FINANCIAL INFORMATION

price from RMB142.6 per thousand units in 2023 to RMB182.1 per thousand units in 2024, mainly attributable to a change in product mix, as we recorded a higher proportion of sales from higher-priced powder products.

- Our revenue from sale of capsules increased by 46.8% from RMB151.7 million in 2023 to RMB222.7 million in 2024, primarily due to (i) an increase in sales volume. The overall sales volume of capsules increased from 408.5 million units in 2023 to 524.7 million units in 2024, mainly attributable to the increase in the sales volume to overseas markets, as a result of our intensified sales efforts; and (ii) an increase in the average selling price from RMB371.3 per thousand units in 2023 to RMB424.4 per thousand units in 2024, mainly attributable to a change in product mix, as we recorded a higher proportion of sales from higher-priced capsules products.
- Our revenue from sale of others increased by 145.6% from RMB73.2 million in 2023 to RMB179.9 million in 2024, primarily due to growth in the sale of personal care products, reflecting the ramp-up of production capacity for personal care products from second half year of 2023.

Cost of Sales

Our cost of sales increased by 16.0% from RMB2,519.9 million in 2023 to RMB2,922.2 million in 2024, primarily due to an increase in costs of raw materials, manufacturing overhead and logistics, in line with the increase in sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by 21.3% from RMB1,062.1 million in 2023 to RMB1,288.9 million in 2024. Our overall gross profit margin remained relatively stable at 29.7% and 30.6% in 2023 and 2024, respectively. In particular:

- Our gross profit margin for softgels remained relatively stable at 25.4% and 24.6% in 2023 and 2024, respectively.
- Our gross profit margin for gummies increased from 44.7% in 2023 to 48.2% in 2024, primarily due to a change in product mix, as the sales of higher-margin gummy products in overseas markets accounted for a larger portion of our gummy sales in 2024 as compared to 2023.
- Our gross profit margin for liquids remained relatively stable at 26.3% and 25.7% in 2023 and 2024, respectively.
- Our gross profit margin for tablets remained relatively stable at 47.2% and 45.1% in 2023 and 2024, respectively.
- Our gross profit margin for powders remained relatively stable at 19.3% and 21.3% in 2023 and 2024, respectively.

FINANCIAL INFORMATION

- Our gross profit margin for capsules decreased from 19.9% in 2023 to 15.8% in 2024, primarily due to a change in product mix, as we recorded a higher proportion of sales of lower-margin capsules products.
- We recorded a gross loss margin for others of 52.1% in 2023, which turned to a gross profit margin of 3.6% in 2024, primarily due to (i) an increase in sales volume in our personal care products, which improved economies of scale, and (ii) improved production capacity utilization as our personal care products operations gradually moved beyond the initial ramp-up stage.

Other Income

Our other income remained relatively stable at RMB28.0 million and RMB28.0 million in 2023 and 2024, respectively.

Other Gains

Our other gains decreased by 92.2% from RMB14.7 million in 2023 to RMB1.1 million in 2024, primarily due to a decrease in net foreign exchange gains.

Selling Expenses

Our selling expenses increased by 27.2% from RMB277.6 million in 2023 to RMB353.2 million in 2024, primarily due to (i) an increase in employee benefit expenses as the number of sales staff increased, so as to support our business expansion, and (ii) an increase in marketing and promotion expenses.

Administrative Expenses

Our administrative expenses increased by 19.3% from RMB352.0 million in 2023 to RMB419.9 million in 2024, primarily due to (i) an increase in employee benefit expenses as the number of administrative personnel increased, and (ii) an increase in professional services expenses to support our business expansion.

Research and Development Expenses

Our research and development expenses increased from RMB110.5 million in 2023 to RMB125.9 million in 2024, primarily due to increases in employee benefit expenses and professional service fees. This was attributable to the increase in the number of R&D staff and our efforts to enhance our R&D activities.

Impairment Losses (including Reversals of Impairment Losses) on Financial Assets

Our impairment losses on financial assets decreased by 82.3% from RMB5.2 million in 2023 to RMB0.9 million in 2024, primarily due to changes in the balance and aging profile.

FINANCIAL INFORMATION

Finance Costs

Our finance costs increased by 21.1% from RMB78.5 million in 2023 to RMB95.0 million in 2024, primarily due to increases in interest on bank and other borrowings.

Other Expenses

Our other expenses decreased by 19.7% from RMB7.8 million in 2023 to RMB6.3 million in 2024, primarily due to a decrease in donations to public welfare organizations and charitable institutions, as we adjusted the allocation of resources to align with our operational priorities.

Income Tax Expenses

Our income tax expenses increased by 5.1% from RMB33.0 million in 2023 to RMB34.6 million in 2024, primarily due to an increase in taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 17.4% from RMB240.3 million in 2023 to RMB282.0 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary consolidated balance sheet as of the dates indicated, which has been extracted from our audited and reviewed consolidated financial statements included in Appendix I and Appendix IA respectively to this document.

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		(Unaudited)
Total current assets	1,932,928	2,022,938	2,156,451
Total non-current assets	<u>3,262,799</u>	<u>3,463,084</u>	<u>3,525,715</u>
Total assets	<u>5,195,727</u>	<u>5,486,022</u>	<u>5,682,166</u>
Total current liabilities	751,129	824,537	1,639,225
Total non-current liabilities	<u>1,878,430</u>	<u>2,020,287</u>	<u>1,490,146</u>
Total liabilities	<u>2,629,559</u>	<u>2,844,824</u>	<u>3,129,371</u>

FINANCIAL INFORMATION

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	(RMB in thousands)		(Unaudited)
Non-current assets			
Property, plant and equipment	1,789,459	1,979,525	2,043,653
Right-of-use assets	403,162	446,759	335,747
Goodwill	420,728	417,105	431,980
Other intangible assets	460,407	443,978	384,591
Financial assets at fair value through profit or loss (“FVTPL”)	23,381	—	21,868
Prepayment for purchase of non-current assets .	48,280	30,592	59,337
Investment in an associate	—	—	96,541
Term deposits	70,731	52,443	—
Deferred tax assets	32,477	81,362	126,647
Other receivables	14,174	11,320	25,351
Total non-current assets	3,262,799	3,463,084	3,525,715
Non-current liabilities			
Deferred tax liabilities	28,081	15,149	15,873
Borrowings	82,868	131,555	109,870
Convertible bonds	966,178	1,024,052	1,062,116
Other financial liabilities	477,345	461,438	—
Lease liabilities	256,155	328,389	230,093
Provisions	2,125	—	—
Deferred income	65,678	59,704	72,194
Total non-current liabilities	1,878,430	2,020,287	1,490,146

Property, Plant and Equipment

Our property, plant and equipment consisted of buildings, leasehold improvements, machinery, transportation equipment, furniture, fixtures and equipment and construction in progress. Our property, plant and equipment increased by 10.6% from RMB1,789.5 million as of December 31, 2023 to RMB1,979.5 million as of December 31, 2024, and further increased by 3.2% to RMB2,043.7 million as of September 30, 2025, primarily due to increased investment in fixed assets, which was in line with our business expansion.

FINANCIAL INFORMATION

Right-of-Use Assets

Our right-of-use assets primarily consisted of land and buildings. Our right-of-use assets increased by 10.8% from RMB403.2 million as of December 31, 2023 to RMB446.8 million as of December 31, 2024, primarily due to an increase in leases for the production plant of Best Formulations under the renewed lease agreement. Our right-of-use assets decreased by 24.8% from RMB446.8 million as of December 31, 2024 to RMB335.7 million as of September 30, 2025, primarily due to an increase in the amortization charges of right-of-use assets.

Goodwill

Goodwill is measured at cost less accumulated impairment losses. Our goodwill primarily arose from the acquisition of Sirio Europe GmbH & Co. KG, Ayanda Verwaltungs GmbH, Sirio Pharma Germany GmbH, and Sirio Europe Verwaltungs GmbH (collectively, “**Germany Ayanda**”) in 2016, and the acquisition of Best Formulations in 2023. As of December 31, 2023 and 2024, and September 30, 2025, the carrying amount of goodwill was RMB420.7 million, RMB417.1 million, and RMB432.0 million, respectively. The movement in goodwill during the Track Record Period was mainly attributable to exchange rate realignment and the acquisition of Best Formulations in 2023. See Note 17 to the Accountants’ Report in Appendix I to this document.

Impairment Testing of Goodwill

Goodwill arising from business combinations is allocated to individual cash-generating units for the purpose of impairment testing. Our Group performs an annual impairment test of goodwill at the end of each calendar year, or more frequently if there are indications of impairment. The recoverable amount of each CGU is determined based on value-in-use calculations, which use cash flow projections based on financial budgets approved by management covering a five-year period. Key assumptions used in these calculations include expected annual growth rates, profit rate and pre-tax discount rates, which reflect current market assessments of the time value of money and the risks specific to each CGU.

Our goodwill is allocated to two individual CGUs, comprising Germany Ayanda and Sirio America (including Best Formulations, Sirio Nutrition Co., Ltd. and Sirio Healthcare Holdings LLC). The following table sets forth the carrying amounts of goodwill allocated to these units:

	As of December 31,		As of
	2023	2024	September 30,
	(RMB in thousands)		2025
			(Unaudited)
Goodwill			
Germany Ayanda	172,637	165,312	183,091
Sirio America	<u>248,091</u>	<u>251,793</u>	<u>248,889</u>
Total	<u>420,728</u>	<u>417,105</u>	<u>431,980</u>

FINANCIAL INFORMATION

For the purpose of the impairment review, we determined the recoverable amount of the group of cash-generating units based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by our management covering a 5-year period.

The following table sets forth the key assumptions for the value-in-use calculation of Germany Ayanda and Sirio America:

	<u>Germany Ayanda</u>	<u>Sirio America</u>
Pre-tax-discount rate ⁽¹⁾		
December 31, 2023	15.5%	18.7%
December 31, 2024	16.4%	18.1%
Expected annual growth rate ⁽²⁾		
December 31, 2023	1%–14.5%	8%–72%
December 31, 2024	1%–13.8%	8%–23%
Expected profit rate		
December 31, 2023	7.5%–8.9%	4.9%–10.2%
December 31, 2024	6.6%–8.7%	(0.7)%–8.7%

Notes:

- (1) Discount rate reflects the current market assessment of the time value of money and risks specific to Germany Ayanda and Sirio America, separately.
- (2) The estimation of expected annual growth rate is based on the revenue backlog and management’s expectation for market development.

The revenue growth rate used beyond a 5-year period for Germany Ayanda is 1.0% as of December 31, 2023 and 2024, and for Sirio America is 2.1% as of December 31, 2023 and 2024, respectively, which is considered appropriate by the management of our Group by reference to the relevant industry growth forecast.

FINANCIAL INFORMATION

Other Intangible Assets

Our other intangible assets represent trademark, proprietary technology, customer relationship, patent, software and others, health food approval certificate, and development costs. Our other intangible assets decreased by 3.6% from RMB460.4 million as of December 31, 2023 to RMB444.0 million as of December 31, 2024, primarily due to the amortization of the intangible assets. Our other intangible assets decreased by 13.4% from RMB444.0 million as of December 31, 2024 to RMB384.6 million as of September 30, 2025, primarily due to the classification of BF PC as a disposal group held for sale, which resulted in the reclassification and separate presentation of BF PC’s other intangible assets of RMB59.0 million included in assets classified as held for sale.

Investment in an Associate

Our investment in an associate represents investment under equity method. We did not record any investment in an associate as of December 31, 2023 and 2024, respectively. As of September 30, 2025, we recorded an investment in an associate of RMB96.5 million, primarily representing our investment in Yibenhui.

Other Financial Liabilities (Non-Current)

Our other financial liabilities primarily represent the obligation arising from the acquisition of the remaining minority interest in Best Formulations LLC upon meeting specific conditions. As of December 31, 2023 and 2024, we recorded other financial liabilities of RMB477.3 million and RMB461.4 million, respectively. As of September, 30, 2025, we did not record any other financial liabilities under non-current liabilities, primarily because the related balance was reclassified to current liabilities as the relevant settlement period approached.

FINANCIAL INFORMATION

Net Current Assets

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

	As of December 31,		As of	As of
	2023	2024	September 30,	November 30,
			2025	2025
			(Unaudited)	(Unaudited)
	(RMB in thousands)			
Current assets				
Inventories	481,059	481,665	505,761	481,040
Trade, bills and other receivables	654,619	748,627	882,013	766,400
Tax recoverable	10,521	1,684	207	908
Financial assets at FVTPL	200,657	115,610	52,489	68,920
Bills receivables measured at				
FVTOCI	31,586	15,322	11,404	7,380
Term deposits	20,000	24,000	53,423	53,682
Restricted bank deposits	12,550	3,452	2,449	867
Cash and cash equivalents	521,936	632,578	535,716	519,390
Assets classified as held for sale	—	—	112,989	111,157
Total current assets	1,932,928	2,022,938	2,156,451	2,009,744
Current liabilities				
Trade, bills and other payables	619,171	614,945	773,375	679,466
Tax liabilities	11,392	48,069	53,534	37,095
Borrowings	21,248	95,416	190,099	205,584
Financial liabilities at FVTPL	3,389	2,101	—	—
Lease liabilities	42,796	27,090	13,379	15,179
Contract liabilities	53,133	36,916	39,732	42,834
Other financial liabilities	—	—	456,117	482,955
Liabilities directly associated with assets classified as held for sale	—	—	112,989	111,157
Total current liabilities	751,129	824,537	1,639,225	1,574,270
Net current assets	1,181,799	1,198,401	517,226	435,474

FINANCIAL INFORMATION

Our net current assets remained relatively stable at RMB1,181.8 million and RMB1,198.4 million as of December 31, 2023 and 2024, respectively.

Our net current assets decreased by 56.8% from RMB1,198.4 million as of December 31, 2024 to RMB517.2 million as of September 30, 2025, primarily due to (i) an increase in other financial liabilities of RMB456.1 million, (ii) an increase in trade, bills and other payables of RMB158.4 million, (iii) an increase in liabilities directly associated with assets classified as held for sale of RMB113.0 million, (iv) an increase in borrowings of RMB94.7 million, (v) a decrease in cash and cash equivalents of RMB96.9 million and (vi) a decrease in financial assets at FVTPL of RMB63.1 million, partially offset by (i) an increase in trade, bills and other receivables of RMB133.4 million, (ii) an increase in assets classified as held for sale of RMB113.0 million, (iii) increases in term deposits of RMB29.4 million, and (iv) an increase in inventories of RMB24.1 million.

Our net current assets decreased by 15.8% from RMB517.2 million as of September 30, 2025 to RMB435.5 million as of November 30, 2025, primarily due to (i) a decrease in trade, bills and other receivables of RMB115.6 million, (ii) an increase in other financial liabilities of RMB26.8 million, (iii) a decrease in inventories of RMB24.7 million, (iv) an increase in borrowings of RMB15.5 million, and (v) a decrease in cash and cash equivalents of RMB16.3 million, partially offset by (i) a decrease in trade, bills and other payables of RMB93.9 million, (ii) a decrease in tax liabilities of RMB16.4 million, and (iii) an increase in financial assets at FVTPL of RMB16.4 million.

Inventories

Our inventories primarily consisted of raw materials and consumables, work in progress and finished goods. The following table sets out a breakdown of our inventories as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Raw materials and consumables	226,349	262,864	290,944
Work in progress	29,984	29,727	48,926
Finished goods	230,328	199,786	175,970
Less: allowance	<u>(5,602)</u>	<u>(10,712)</u>	<u>(10,079)</u>
Total	<u>481,059</u>	<u>481,665</u>	<u>505,761</u>

Our inventories remained relatively stable at RMB481.1 million and RMB481.7 million as of December 31, 2023 and 2024, respectively. Our inventories increased by 5.0% from RMB481.7 million as of December 31, 2024 to RMB505.8 million as of September 30, 2025, primarily due to an increase in raw materials and consumables to support our business expansion.

FINANCIAL INFORMATION

The following table sets forth our inventory turnover days for the periods indicated:

	<u>Year ended December 31,</u>		<u>Nine months ended</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
			<i>(Unaudited)</i>
Inventory turnover days ⁽¹⁾	51.0	59.3	59.1

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year/period divided by cost of sales for the relevant year/period and multiplied by the number of days during such period (i.e. 360 days for a fiscal year and 270 days for the nine months ended September 30, 2025).

Our inventory turnover days increased from 51.0 days in 2023 to 59.3 days in 2024, primarily due to the increase in the stock up of raw materials driven by the increased production and sales of our products. Our inventory turnover days remained relatively stable at 59.3 days and 59.1 days in 2024 and the nine months ended September 30, 2025, respectively.

As of November 30, 2025, RMB480.9 million, or 95.1% of inventories as of September 30, 2025, had been used, consumed or sold.

Trade, Bills and Other Receivables

Our current trade, bills and other receivables primarily consisted of trade receivables, bills receivables and other receivables. The following table sets forth a breakdown of our trade, bills and other receivable as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
			<i>(Unaudited)</i>
<i>(RMB in thousands)</i>			
Current			
Trade receivables	633,879	696,375	844,703
Bills receivables	8,522	12,190	8,197
Others	<u>33,599</u>	<u>62,265</u>	<u>54,701</u>
Less: loss allowance	<u>(21,381)</u>	<u>(22,203)</u>	<u>(25,588)</u>
Total	<u>654,619</u>	<u>748,627</u>	<u>882,013</u>

FINANCIAL INFORMATION

For certain customers, we engaged in credit sales during the Track Record Period and normally grant a credit period of 30–120 days. We seek to maintain strict control over our outstanding receivables. Our credit control department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management.

The following is an aging analysis of trade receivables net of allowance for ECL presented based on the date of delivery of goods and services at the end of relevant period. See Note 22 of the Accountants’ Reports in Appendix I of this Document.

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within one year	612,192	666,924	818,604
One year to two years	<u>559</u>	<u>8,091</u>	<u>752</u>
Total	<u>612,751</u>	<u>675,015</u>	<u>819,356</u>

Our current trade, bills and other receivables increased by 14.4% from RMB654.6 million as of December 31, 2023, to RMB748.6 million as of December 31, 2024, and further increased by 17.8% to RMB882.0 million as of September 30, 2025, primarily due to an increase in trade and bills receivables, which was in line with our business expansion.

The following table sets forth our trade receivables and bills receivables turnover days for the periods indicated:

	<u>Year ended December 31,</u>		<u>Nine months ended</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<i>(Unaudited)</i>
Trade receivables and bills receivables turnover days ⁽¹⁾	54.3	55.9	62.1

Note:

- (1) Trade receivables and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables and bills receivables for a year/period divided by revenue for the relevant year/period and multiplied by the number of days during such period (i.e. 360 days for a fiscal year and 270 days for the nine months ended September 30, 2025).

Our trade receivables and bills receivables turnover days increased from 54.3 days in 2023 to 55.9 days in 2024, and further increased to 62.1 days in the nine months ended September 30, 2025, primarily due to increased sales revenue, in line with our business growth.

FINANCIAL INFORMATION

As of November 30, 2025, RMB715.3 million, or 81.1% of our trade, bills and other receivables as of September 30, 2025, had been settled.

Financial Assets at FVTPL (Current)

Our financial assets at FVTPL during the Track Record Period mainly represent financial products at fair value. Our financial products primarily consist of structured deposits, which are deposits embedded with financial derivatives, with returns linked to fluctuations in underlying indicators such as interest rates, exchanges. See Note 23 to the Accountants’ Report included in Appendix I to this document. The current financial solution portfolio could be subject to the impact of macroeconomic environment conditions, and we monitor the portfolio mix closely. See “Risk Factors — We are subject to risks associated with fair value changes in financial assets measured at fair value through profit or loss.” We had financial assets at FVTPL of RMB200.7 million, RMB115.6 million and RMB52.5 million as of December 31, 2023, 2024 and September 30, 2025, respectively. The decrease in our financial assets at FVTPL was primarily due to our prudent redemption of wealth management products and the transfer of such funds back to our operating cash to meet our working capital and investment needs.

We have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise’s operations. Upon the [REDACTED], we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders’ approval requirements (if applicable).

Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to structured deposits and low risk wealth management products, after thoroughly considering a number of factors, including, but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Assets Classified as Held for Sale

Our assets classified as held for sale during the Track Record Period mainly represented the Best Formulations PC LLC, a subsidiary engaged in the personal care products manufacturing business, which we expect to sell in near future. As of December 31, 2023, 2024 and September 30, 2025, our assets classified as held for sale amounted to nil, nil and RMB113.0 million, respectively.

FINANCIAL INFORMATION

Trade, Bills and Other Payables

Our current trade, bills and other payables represent our obligation to pay for goods or services that have been purchased from suppliers in the ordinary course of business and primarily consisted of (i) bills payables, and (ii) trade payables. Our average credit period on purchases of goods and services is 30–90 days. The following table sets forth a breakdown of our trade, bills and other payables as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	(RMB in thousands)		(Unaudited)
Current			
Trade payables	391,745	392,427	456,057
— Third parties	388,949	390,010	454,655
— Fellow subsidiary	2,796	2,417	1,402
Bills payables	6,380	1,004	—
Total trade and bills payables	398,125	393,431	456,057
Salary and other benefits payables	85,343	80,279	94,482
Other tax payables	23,877	18,358	16,772
Accrued expenses	89,839	99,345	105,763
Payables for investment in an associate	—	—	64,945
Deposits	8,451	7,772	6,658
Repurchase obligations under share-based payment arrangement	13,536	14,396	26,241
Dividend payable	—	1,364	2,457
Total	619,171	614,945	773,375

Our trade, bills and other payables remained relatively stable at RMB619.2 million and RMB614.9 million as of December 31, 2023 and 2024, respectively. Our trade, bills and other payables increased by 25.8% from RMB614.9 million as of December 31, 2024 to RMB773.4 million as of September 30, 2025, primarily due to (i) an increase in procurement volume, driven by business expansion, and (ii) an increase in payables for investment in an associate.

FINANCIAL INFORMATION

The following table sets forth an age analysis of trade payables presented based on invoice dates and their credit period as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within one year	391,745	392,427	456,057

The following table sets forth an analysis of bills payables based on the bill maturity dates as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>
			<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
0–180 days	6,380	1,004	—

The following table sets forth our trade and bills payables turnover days for the periods indicated:

	<u>Year ended December 31,</u>		<u>Nine months</u>
	<u>2023</u>	<u>2024</u>	<u>ended</u>
			<u>September 30,</u>
			<u>2025</u>
			<i>(Unaudited)</i>
Trade and bills payables turnover days ⁽¹⁾	47.0	48.8	50.8

Note:

- (1) Trade and bills payables turnover days are calculated using the average of opening balance and closing balance of trade and bills payables for a year/period divided by cost of sales used for the relevant year/period and multiplied by the number of days during such period (i.e. 360 days for a fiscal year and 270 days for the nine months ended September 30, 2025).

Our trade and bills payables turnover days increased from 47.0 days in 2023 to 48.8 days in 2024 and further to 50.8 days in the nine months ended September 30, 2025, primarily due to an increase in trade payables in relation to the increased procurement to meet our business growth.

As of November 30, 2025, RMB474.3 million, or 61.3% of our trade and bills payables as of September 30, 2025, had been settled.

FINANCIAL INFORMATION

Tax Liabilities

Our tax liabilities represent enterprise income tax payable. Our tax liabilities increased by 322.0% from RMB11.4 million as of December 31, 2023 to RMB48.1 million as of December 31, 2024, and further increased by 11.4% to RMB53.5 million as of September 30, 2025, primarily due to an increase in enterprise income tax payable, in line with our business growth.

Financial Liabilities at FVTPL (Current)

Our financial liabilities at FVTPL primarily consisted of derivative financial liabilities in relation to forward exchange contracts. Our financial liabilities at FVTPL decreased by 38.0% from RMB3.4 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, and further decreased by 100.0% to nil as of September 30, 2025, primarily due to the maturity of our forward foreign exchange contracts.

Contract Liabilities

Our contract liabilities primarily consisted of contracts in relation to the sales of nutrition products. Contract liabilities that were expected to be settled within our normal operating cycle are classified as current liabilities. Our contract liabilities amounted to RMB53.1 million, RMB36.9 million and RMB39.7 million as of December 31, 2023 and 2024 and September 30, 2025, respectively.

As of November 30, 2025, RMB19.9 million, or 50.0% of our contract liabilities as of September 30, 2025 had been recognized as revenue.

Other Financial Liabilities (Current)

We did not record any other financial liabilities as of December 31, 2023 and 2024. We recorded other financial liabilities of RMB456.1 million as of September 30, 2025, primarily due to the reclassification of the related balance from non-current liabilities to current liabilities as the relevant settlement period approached.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, debt securities, banking facilities and capital contributions from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

FINANCIAL INFORMATION

Cash Flow

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

	Year ended December 31,		Nine Months ended September 30,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash generated from operating activities	396,313	565,512	271,684	322,092
Net cash used in investing activities	(1,160,155)	(317,076)	(113,530)	(293,332)
Net cash used in financing activities	(99,088)	(140,292)	(125,820)	(126,037)
Cash and cash equivalents at beginning of year/period	1,389,456	521,936	521,936	632,578
Effect of foreign exchange differences	(4,590)	2,498	(125)	3,798
Cash and cash equivalents at end of year/period	521,936	632,578	554,145	539,099

Net Cash Generated from Operating Activities

In the nine months ended September 30, 2025, we had net cash generated from operating activities of RMB322.1 million, which represents our profit before taxation of RMB48.2 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation and amortization of RMB192.2 million, and (ii) changes in working capital, primarily comprising an increase in trade and bills receivables of RMB140.3 million, partially offset by an increase in trade and bills payables of RMB62.6 million.

In 2024, we had net cash generated from operating activities of RMB565.5 million, which represents our profit before taxation of RMB316.7 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB209.3 million and finance costs of RMB95.0 million, partially offset by gains on remeasurement of other financial liabilities of RMB23.0 million and addition deduction of VAT of RMB9.4 million; and (ii) changes in working capital, primarily comprising a decrease in bills receivables at FVTOCI of RMB16.3 million and an increase in deferred income of RMB8.5 million, partially offset by an increase in trade, bills and other receivables of RMB78.5 million and a decrease in contract liabilities of RMB16.2 million.

FINANCIAL INFORMATION

In 2023, we had net cash generated from operating activities of RMB396.3 million, which represents our profit before taxation of RMB273.3 million, as adjusted by (i) non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB183.4 million and finance costs of RMB78.5 million, partially offset by gains on remeasurement of other financial liabilities of RMB53.7 million and interest income of RMB9.9 million; and (ii) changes in working capital, primarily comprising an increase in deferred income of RMB12.3 million and an increase in contract liabilities of RMB2.3 million, partially offset by an increase in trade, bills and other receivables of RMB101.1 million and an increase in inventories of RMB59.3 million.

Net Cash Used in Investing Activities

In the nine months ended September 30, 2025, our net cash flows used in investing activities was RMB293.3 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB219.0 million, and (ii) purchase of property, plant and equipment of RMB324.3 million, partially offset by redemption of financial assets at FVTPL of RMB342.4 million and withdrawal of term deposits of RMB23.0 million.

In 2024, our net cash flows used in investing activities was RMB317.1 million, which was primarily attributable to (i) purchase of financial assets at FVTPL of RMB375.0 million, and (ii) purchase of property, plant and equipment of RMB405.9 million, partially offset by withdrawal of term deposits of RMB40.0 million and redemption of financial assets at FVTPL of RMB453.2 million.

In 2023, our net cash flows used in investing activities was RMB1,160.2 million, which was primarily attributable to (i) net cash outflow on acquisition of Best Formulations of RMB707.5 million, (ii) purchase of financial assets at FVTPL of RMB540.0 million, and (iii) purchase of property, plant and equipment of RMB437.9 million, partially offset by (i) redemption of financial assets at FVTPL of RMB420.5 million, and (ii) withdrawal of term deposits of RMB150.0 million.

Net Cash Used in Financing Activities

In the nine months ended September 30, 2025, our net cash flows used in financing activities were RMB126.0 million, primarily attributable to (i) dividends paid of RMB151.4 million and (ii) repayment of bank borrowings of RMB153.9 million, partially offset by new bank borrowings raised of RMB114.7 million.

In 2024, our net cash flows used in financing activities were RMB140.3 million, primarily attributable to (i) dividends paid of RMB197.1 million and (ii) repayment of bank borrowings of RMB148.6 million, partially offset by new bank borrowings raised of RMB261.4 million.

In 2023, our net cash flows used in financing activities were RMB99.1 million, primarily attributable to (i) net cash outflow for the written call options and put options over the non-controlling interests of Best Formulations of RMB73.0 million, (ii) dividends paid of RMB63.2 million, and (iii) payments on repurchase of shares RMB31.0 million, partially offset by new bank borrowings raised of RMB93.9 million.

FINANCIAL INFORMATION

INDEBTEDNESS

During the Track Record Period, our indebtedness included borrowings, lease liabilities, and convertible bonds. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	<u>As of December 31,</u>		<u>As of</u>	<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>September 30,</u>	<u>November 30,</u>
			<u>2025</u>	<u>2025</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current				
Borrowings	21,248	95,416	190,099	205,584
Lease liabilities	<u>42,796</u>	<u>27,090</u>	<u>13,379</u>	<u>15,179</u>
Non-current				
Borrowings	82,868	131,555	109,870	90,365
Lease liabilities	<u>256,155</u>	<u>328,389</u>	<u>230,093</u>	<u>222,925</u>
Convertible Bonds	<u>966,178</u>	<u>1,024,052</u>	<u>1,062,116</u>	<u>1,074,310</u>
Total	<u>1,369,245</u>	<u>1,606,502</u>	<u>1,605,557</u>	<u>1,608,363</u>

Borrowings

As of December 31, 2023, 2024 and September 30, 2025 and November 30, 2025, our total borrowings amounted to RMB104.1 million, RMB227.0 million, RMB300.0 million and RMB295.9 million, respectively. Our total borrowings increased by 118.1% from RMB104.1 million as of December 31, 2023 to RMB227.0 million as of December 31, 2024, and further increased by 32.2% to RMB300.0 million as of September 30, 2025, primarily due to an increase in secured bank loans to supplement our working capital. Our total borrowings decreased by 1.4% from RMB300.0 million of September 30, 2025 to RMB295.9 million as of November 30, 2025, primarily due to Best Formulations’ settlement of borrowings with banks.

Our borrowings are primarily denominated in Renminbi, U.S. dollars and Euros. The effective interest rate on our bank loans ranged from 2.93% to 6.10% during the Track Record Period. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB1,638.1 million.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

Lease Liabilities

Our lease liabilities primarily represent lease payments, including fixed payments and interest accretion. As of December 31, 2023, 2024 and September 30, 2025 and November 30, 2025, our total lease liabilities amounted to RMB299.0 million, RMB355.5 million, RMB243.5 million and RMB238.1 million, respectively.

Our total lease liabilities increased by 18.9% from RMB299.0 million as of December 31, 2023 to RMB355.5 million as of December 31, 2024, primarily due to the renewal of the Best Formulations plant lease contract in 2024. Our total lease liabilities further decreased by 31.5% from RMB355.5 million as of December 31, 2024 to RMB243.5 million as of September 30, 2025, and further decreased by 2.2% to RMB238.1 million as of November 30, 2025, primary due to payments of lease liabilities upon maturity of certain leases.

Convertible Bonds

Our convertible bonds represent the Convertible Bonds of the principal amount of RMB1,024,892,900 at par value RMB100 issued on April 19, 2021. Our convertible bonds contain both debt and conversion option components, which are separated upon initial recognition. The portion of the convertible bonds with debt characteristics, net of transaction costs, is recognized under convertible bonds. At the date of issue, the fair value of the debt component is calculated by discounting the principal repayment amount using the market interest rate. The debt component is subsequently measured at amortized cost using the effective interest method until the convertible bonds are either converted or redeemed.

Our convertible bonds increased by 6.0% from RMB966.2 million as of December 31, 2023 to RMB1,024.1 million as of December 31, 2024, and increased by 3.7% from RMB1,024.1 as of December 31, 2024 to RMB1,062.1 million as of September 30, 2025, and further increased by 1.1% to RMB1,074.3 million as of November 30, 2025, primarily due to the amortized cost adjustment under the effective interest method, under which the carrying amount of the liability component increases over time as interest expense accrues. See Note 31 to the Accountants’ Report in Appendix I to this document.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2023 and 2024 and September 30, 2025, respectively.

Indebtedness Statement

Except as disclosed above, as of November 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there has been no material change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,		As of/For the nine months ended September 30,
	2023	2024	2025
			(unaudited)
Gross profit margin (%) ⁽¹⁾	29.7	30.6	31.5
Debt to asset ratio ⁽²⁾	50.6%	51.9%	55.1%
Adjusted net profit margin (non-IFRS measure) ⁽³⁾	6.8	6.8	6.5

Notes:

- (1) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.
- (2) Debt to asset ratio is calculated using total liabilities divided by total assets as of the end of the year and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) equals adjusted profit for the year/period (as a non-IFRS measure) divided by revenue and multiplied by 100%. See “— Non-IFRS Measure.”

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure primarily consisted of (i) purchase of items of property, plant and equipment, and (ii) purchase of other intangible assets. The following table sets forth our capital expenditure for the periods indicated:

	Year ended December 31,		Nine months ended September 30,	
	2023	2024	2024	2025
			(unaudited)	(unaudited)
Purchase of property, plant and equipment	437,934	405,862	267,643	324,262
Purchase of other intangible assets	7,284	4,757	3,568	24,086
Total	445,218	410,619	271,211	348,348

FINANCIAL INFORMATION

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our capital expenditures were RMB445.2 million, RMB410.6 million, RMB271.2 million and RMB348.3 million, respectively. We funded these expenditures mainly with cash generated from our operations and proceeds from financing activities.

Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly related to capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements. See Note 42 to the Accountant’s Report in Appendix I to this document. As of December 31, 2023, 2024 and September 30, 2025, the total amount of our capital commitments was RMB91.4 million, RMB81.8 million and RMB85.2 million, respectively. The following table sets forth our capital commitments as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
	(RMB in thousands)		(unaudited)

Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	91,395	81,760	85,242

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we conducted our business through subsidiaries in China and multiple overseas jurisdictions to extend our operation in the international markets. Our intra-group transactions primarily include (i) purchase and sales of raw materials, semi finished and finished goods, (ii) intra-group services, and (iii) financing transaction.

The Organization for Economic Cooperation and Development (the “OECD”), an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the “OECD Transfer Pricing Guidelines”), which is generally followed by the relevant tax jurisdictions involved in the intra-Group transactions. According to the OECD Transfer Pricing Guidelines, the intra-Group transactions

FINANCIAL INFORMATION

should be on an arm’s-length basis. In this regard, our Group has prepared and maintained annual contemporaneous transfer pricing documentation where required for tax purpose in compliance with the requirements of the applicable jurisdictions, including the PRC.

Separately, we have engaged an independent transfer pricing consultant to assist us to perform transfer pricing review whether our intra-group arrangements were conducted on an arm’s length basis pursuant to the transfer pricing guidelines of the OECD. We utilized a variety of methods, primarily including: (i) transactional net margin method, which involves comparing the operating profit margin of the tested party to those of comparable independent companies; (ii) comparable uncontrolled price method, which compares the pricing of the transaction arrangements against available market prices of same or similar uncontrolled transactions.

We concluded that the intra-group transfer pricing arrangements of the Group’s major entities during the Track Record Period are in all material respects consistent with the arm’s length principle as set out in the OECD Transfer Pricing Guidelines. The profit levels achieved by the major subsidiaries are generally aligned with their respective contributions to the Group’s value chain, and the intra-group transactions were, overall, in compliance with the applicable transfer pricing regulations.

Our Directors are of the view that (i) our intra-group transactions have been conducted in line with the arm’s length principle under both OECD Transfer Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in material respects, and (ii) the risk for our Group to facing material transfer pricing adjustments and consequent additional tax liability can be considered as relatively low.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 39 of Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 39 to the Accountant’s Report in Appendix I to this document was conducted in the ordinary course of business, on an arm’s-length basis and on normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results unreflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves

FINANCIAL INFORMATION

as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 43 of Appendix I to this document.

Market Risk

Our activities expose us primarily to currency risk and interest rate risk. There has been no change in our exposure to these risks or the manner in which we manage and measure them.

(i) *Currency Risk*

Cash and cash equivalents, trade, bills and other receivables, and trade, bills and other payables are denominated in foreign currencies of our respective entities, which exposes us to foreign currency risk. We currently do not have a foreign currency hedging policy. However, we monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) *Interest Rate Risk*

We are exposed to fair value interest rate risk in relation to restricted bank deposits, term deposits, fixed-rate bank borrowings, convertible bonds and lease liabilities. Our cash flow interest rate risk is mainly concentrated on fluctuations in interest rates on bank balances. We consider the exposure of cash flow interest rate risk arising from variable-rate bank balances to be insignificant; therefore, no sensitivity analysis on such risk has been prepared.

Credit Risk

The carrying amounts of trade, bills and other receivables, bills receivables measured at FVTOCI, cash and cash equivalents, restricted bank deposits and term deposits included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

Liquidity Risk

In managing liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance our operations and mitigate the effects of fluctuations in cash flows.

FINANCIAL INFORMATION

DIVIDENDS AND DIVIDEND POLICY

As of December 31, 2023, 2024 and September 30, 2025, we paid cash dividends of RMB63.2 million, RMB197.1 million and RMB151.4 million, respectively. During the Track Record Period, we also declared a capitalization issue of three additional shares for every 10 shares held from share premium in relation to the year ended December 31, 2024, which was completed in May 2025. No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after (i) all our historically accumulated losses have been made up for and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, we have sufficient working capital for our present requirements, that is at least 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of September 30, 2025, our distributable reserves amounted to RMB1,515.9 million.

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be approximately RMB[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED]. We expect to incur additional [REDACTED] of approximately RMB[REDACTED] million, of which approximately RMB[REDACTED] million is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately RMB[REDACTED] million is expected to be recognized as a deduction in equity directly upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately RMB[REDACTED] million, and (ii) [REDACTED] of approximately RMB[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately RMB[REDACTED] million and other fees and expenses of approximately RMB[REDACTED] million.

FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED [REDACTED] ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since September 30, 2025, being the end date of the periods reported in Appendix I and Appendix IA to this document, and there has been no event since September 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I and Appendix IA to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PRE-ACQUISITION FINANCIAL INFORMATION OF BEST FORMULATIONS

Best Formulations was founded on September 23, 1986, and is principally engaged in the sales of nutrition products. As part of our expansion strategy, on January 6, 2023, when all acquisition conditions were met, we acquired a 71.41% equity interest in Best Formulations pursuant to share purchase agreements entered into by us and our subsidiary, Sirio Healthcare Holdings LLC, with the then shareholders of Best Formulations on January 6, 2022 and December 8, 2022. The acquisition has been accounted for as acquisition of business using the acquisition method. See “History, Development and Corporate Structure-Corporate Development -Acquisition of Best Formulations LLC.”

The total consideration paid by us amounted to RMB847,436,000. Following the required assessment and allocation, we allocated the total consideration as follows: the cost of the business combination was RMB769,596,000, the initial cost recognized for the call option asset was RMB75,416,000, and the initial cost recognized for the put option liability was RMB2,425,000.

We prepared the pre-acquisition financial information of Best Formulations for the period from January 1, 2023 to January 6, 2023 (the “**Pre-acquisition Period**”) in accordance with the accounting policies, which conform with IFRS Accounting Standards as issued by the IASB.

FINANCIAL INFORMATION

Statement of Profit or Loss and Other Comprehensive Income

	Pre-acquisition period ended <u>January 6, 2023</u> <i>(RMB in thousands)</i>
Revenue	5,921
Cost of sales	<u>(11,269)</u>
Gross loss	(5,348)
Other expense	(25,268)
Selling and marketing expenses	(214)
Administrative expenses	(86,378)
Research and development expenses	(207)
Finance costs	<u>(476)</u>
Loss before tax	(117,891)
Income tax expense	<u>—</u>
Loss and total comprehensive expense for the period	<u><u>(117,891)</u></u>

During the Pre-acquisition Period, Best Formulations primarily derived revenue from sale of nutrition products, which include (i) softgels, (ii) tablets, (iii) liquids, (v) capsules, and (v) others. The following table sets forth its revenue breakdown by dosage forms in absolute amounts for the periods indicated:

	Pre-acquisition period ended <u>January 6, 2023</u> <i>(RMB in thousands)</i>
Softgels	3,860
Tablets	227
Liquids	179
Capsules	1,654
Others	<u>1</u>
Total	<u><u>5,921</u></u>

FINANCIAL INFORMATION

During the Pre-acquisition Period, Best Formulations recorded cost of sales of RMB11.3 million, which exceeded revenue for the period and resulted in a gross loss. The cost of sales primarily consisted of raw materials, direct labour and manufacturing overheads, and included a provision for inventory write-down of RMB5.4 million, reflecting the impact of product mix and inventory valuation adjustments during the Pre-acquisition Period. Best Formulations recorded administrative expenses RMB86.4 million, primarily consisting of staff costs, including directors’ compensation and other overhead. Best Formulations also recorded other expense of RMB25.3 million, which represented transaction expense. As a result, Best Formulations recorded a loss before tax of RMB117.9 million for the Pre-acquisition Period.

Current Assets and Liabilities

	As of <u>January 6, 2023</u> <i>(RMB in thousands)</i>
Current assets	
Inventories	166,084
Trade and other receivables	69,527
Cash and cash equivalents	<u>62,052</u>
	<u>297,663</u>
Current liabilities	
Trade and other payables	188,656
Lease liabilities	28,763
Contract liabilities	<u>24,982</u>
	<u>242,401</u>
Net current assets	<u>55,262</u>

FINANCIAL INFORMATION

Inventories

Best Formulations’ inventories consisted of raw materials and consumables, work in progress and finished goods. The following table sets out a breakdown of Best Formulations’ inventories as of the dates indicated:

	As of <u>January 6, 2023</u> <i>(RMB in thousands)</i>
Raw materials and consumables	89,397
Work in progress	3,122
Finished goods	<u>73,565</u>
	<u><u>166,084</u></u>

Trade and Other Payables

Best Formulations’ current trade and other payables consisted of (i) trade payables, and (ii) other payables, primarily including salary and other benefits payables and accrued expenses. The following table sets forth a breakdown of Best Formulations’ trade and other payables as of the dates indicated:

	As of <u>January 6, 2023</u> <i>(RMB in thousands)</i>
Trade payables	
— Third parties	<u><u>76,191</u></u>
Salary and other benefits payables	92,175
Accrued expenses	20,283
Deposits	<u>7</u>
	<u><u>188,656</u></u>

FINANCIAL INFORMATION

Cash Flows

	Pre-acquisition period ended January 6, 2023
	<i>(RMB in thousands)</i>
Net cash used in operating activities	(32,494)
Net cash generated from investing activities	5,783
Net cash generated from financing activities	88,494
Net increase in cash and cash equivalents	61,783
Cash and cash equivalents at the beginning of period	269
Cash and cash equivalents at the end of the period	<u>62,052</u>

Net Cash Used in Operating Activities

For the period from January 1 to January 6, 2023, Best Formulations had net cash used in operating activities of RMB32.5 million, which was primarily attributable to its loss before tax of RMB117.9 million for the same period, as adjusted by operating cash flows before movements in working capital of RMB117.4 million.

Net Cash Generated from Investing Activities

For the period from January 1 to January 6, 2023, Best Formulations had Net Cash Generated from Investing Activities of RMB5.8 million, representing settlement of loans to shareholders.

Net Cash Generated from Financing Activities

For the period from January 1 to January 6, 2023, Best Formulations had Net Cash Generated from Financing Activities of RMB88.5 million, which was primarily attributable to capital injection by shareholders of RMB344.6 million, as adjusted by repayment of bank borrowings of RMB255.8 million.

For further details, see Note 37 to the Accountants’ Report in Appendix I to this document.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED], fees and other estimated expenses in connection with the [REDACTED], and assuming the [REDACTED] are not exercised. In line with our strategies, we intend to use the net [REDACTED] from the [REDACTED] for the following purposes:

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for global expansion through establishment of production bases, fixed asset investment, expansion of our customer base and enhancement of our market insight capability. In particular:
 - o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for the establishment of production bases in overseas markets. Specifically, these funds are planned to be used for infrastructure construction, clean-room facilities, fire protection and safety systems, utility and infrastructure systems and project design and management. In addition, we plan to purchase new production facilities, such as equipment for preprocessing, molding and packaging. These production bases are expected to significantly enhance our global production capacity and our ability to serve broader customers globally. The construction and ramp-up of these production bases are expected to take place over the next three to five years.
 - o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for fixed asset investments, including the expansion and upgrade of our existing production bases globally. Specifically:
 - (i) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, will be used for expanding our existing production bases in China to enhance our production capabilities over the next three to five years. Specifically, these investments will cover the construction of new production facilities and installation of advanced production equipment. We intend to introduce advanced production technologies, such as automated digital production and warehousing management systems, to further improve operational efficiency and flexibility. Through these investments, we aim to increase our production capability and optimize delivery cycles to meet growing market demand both in China and overseas markets.

FUTURE PLANS AND USE OF [REDACTED]

- (ii) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, will be used for upgrading and expanding the production facilities at our overseas production bases, enhancing our production capabilities and efficiencies over the next three to five years. We plan to enhance the production automation level, efficiency, and flexibility by introducing advanced production equipment and optimizing production processes. These investments are expected to optimize our production capabilities, further strengthening our competitiveness in overseas markets.
- o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for expanding our customer base globally. In particular, we plan to further strengthen our sales and key account management teams in both China and overseas markets to enhance market penetration and manage our relationships with key accounts. We intend to recruit additional sales and business development professionals to support to our business expansion plan in key regions such as China, Southeast Asia, North America and Europe. These new hires will be responsible for identifying and developing new business opportunities, managing relationships with key accounts and executing targeted marketing and promotional activities to drive customer acquisition and retention. We also plan to implement market-specific initiatives to further expand our presence in both existing and new markets, strengthen our brand recognition.
- o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for enhancing our market insight capability. We intend to recruit additional professionals dedicated to deriving market insights and driving category development initiatives in the next three years. In addition, we plan to invest in the development and application of digital tools for analysis of market insights. We expect these investments would further enhance our ability to identify emerging market trends and respond to evolving consumer preferences.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for enhancing our new quality productivity through a comprehensive global digitalization plan, including precision nutrition initiatives, smart factory upgrades, the digitalization of operations and the exploration and application of AI technologies. In particular:
 - o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for develop and commercialize our AI-powered customized nutrition solutions. Specifically, we plan to advance the development and commercialization of our AI-powered customized nutrition solutions through a dual approach: internally, by expanding our dedicated R&D team, launching targeted marketing campaigns, and establishing specialized production facilities; and externally, by collaborating with technology partners to accelerate AI initiatives, thereby accelerating the translation of innovative R&D concepts into market-ready commercial solutions.

FUTURE PLANS AND USE OF [REDACTED]

- o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for smart factory upgrades. We intend to invest in upgrades at our existing production bases, including the semi-finished product smart warehouses and smart conveying systems at our Shantou production base, and the MES and other smart tools at our Ma’anshan production base. These initiatives are expected to further strengthen our production capabilities, enhancing our production efficiency.
- o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for digitalization of our operations. For instance, we plan to upgrade and integrate digital systems across our domestic and overseas operations, including the expansion of our data platform coverage globally, process system upgrades and the implementation of advanced information systems such as LIMS, MES, PLM and SAP. These initiatives are expected to enhance our digital infrastructure and facilitate business decision-making.
- o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for exploring and application of vertical-specific lightweight AI model for nutrition product solutions.
- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for further enhancing our core competitiveness by strengthening product R&D, advancing technology breakthroughs and improving supply chain efficiency. In particular:
 - o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for further strengthening our product R&D capabilities over the next three to five years. We plan to allocate these funds primarily to (i) R&D activities in relation to dosage forms and packaging solutions; (ii) evidence-based research and regulatory registration for new ingredients and formulations; (iii) R&D projects in areas of efficacy enhancement technology and traditional Chinese herbal formulas; (iv) establishing partnerships with leading academic institutions, research organizations and industry partners to build a open R&D ecosystem; and (v) R&D activities in relation to pet nutrition and the establishment of formulation bank.
 - o Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for further strengthening our procurement capabilities, optimizing our supply chain management and building a robust supply chain system. We believe that improving our access to high-quality raw materials at competitive terms and developing an optimized supply chain would allow us to capture market opportunities globally and strengthen our ability to respond ~swiftly to market~trends and evolving ~consumers preferences worldwide. Specifically, we plan to enhance our global supply and demand forecasting capability, invest in advanced digital supply chain management systems and construct agile pilot workshops to support scalable production and efficient operations.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the net [REDACTED] or approximately HK\$[REDACTED] million will be used for working capital and general corporate purposes.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, respectively. To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX I**ACCOUNTANTS’ REPORT**

The following is the text of a report set out on pages I-1 to I-99, 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 SIRIO PHARMA CO., LTD. AND CITIC SECURITIES (HONG KONG)
LIMITED**

Introduction

We report on the historical financial information of Sirio Pharma Co., Ltd.* (仙樂健康科技股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-99, which comprises the consolidated statements of financial position of the Group as at December 31, 2023 and 2024, the statements of financial position of the Company as at December 31, 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 December 31, 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-99 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “document”) in connection with the initial [REDACTED] of 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 the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

* English name is for identification purpose.

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 financial position as at December 31, 2023 and 2024, of the Company’s financial position as at December 31, 2023 and 2024 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[REDACTED]

APPENDIX I**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 the 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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,	
		2023	2024
		RMB’000	RMB’000
Revenue	6	3,582,022	4,211,064
Cost of sales		<u>(2,519,921)</u>	<u>(2,922,209)</u>
Gross profit		1,062,101	1,288,855
Other income	7	28,020	27,957
Other gains and losses	8	14,709	1,149
Selling expenses		(277,608)	(353,204)
Administrative expenses		(351,992)	(419,938)
Research and development expenses		(110,495)	(125,937)
Impairment losses (including reversals of impairment losses) on financial assets		(5,177)	(914)
Other expenses		(7,822)	(6,283)
Finance costs	9	<u>(78,479)</u>	<u>(95,031)</u>
Profit before tax	10	273,257	316,654
Income tax expense	11	<u>(32,969)</u>	<u>(34,636)</u>
Profit for the year		<u>240,288</u>	<u>282,018</u>
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		19,793	(6,306)
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income (“FVTOCI”)		<u>(126)</u>	<u>85</u>
Other comprehensive income (expense) for the year, net of income tax		<u>19,667</u>	<u>(6,221)</u>
Total comprehensive income for the year		<u>259,955</u>	<u>275,797</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		<u>Year ended December 31,</u>	
	<i>NOTES</i>	<u>2023</u>	<u>2024</u>
		RMB'000	RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		281,039	325,062
Non-controlling interests		<u>(40,751)</u>	<u>(43,044)</u>
		<u>240,288</u>	<u>282,018</u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		295,276	316,569
Non-controlling interests		<u>(35,321)</u>	<u>(40,772)</u>
		<u>259,955</u>	<u>275,797</u>
EARNINGS PER SHARE			
	<i>13</i>		
Basic (in RMB)		0.92	1.07
Diluted (in RMB)		0.92	1.07

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,	
		2023	2024
		RMB’000	RMB’000
Non-Current Assets			
Property, plant and equipment	15	1,789,459	1,979,525
Right-of-use assets	16	403,162	446,759
Goodwill	17	420,728	417,105
Other intangible assets	18	460,407	443,978
Financial assets at fair value through profit or loss (“FVTPL”)	23	23,381	—
Prepayment for purchase of non-current assets		48,280	30,592
Deferred tax assets	20	32,477	81,362
Term deposits	26	70,731	52,443
Other receivables	22	14,174	11,320
		<u>3,262,799</u>	<u>3,463,084</u>
Current Assets			
Inventories	21	481,059	481,665
Trade, bills and other receivables	22	654,619	748,627
Tax recoverable		10,521	1,684
Financial assets at FVTPL	23	200,657	115,610
Bills receivables measured at FVTOCI	24	31,586	15,322
Term deposits	26	20,000	24,000
Restricted bank deposits	26	12,550	3,452
Cash and cash equivalents	26	521,936	632,578
		<u>1,932,928</u>	<u>2,022,938</u>
Current Liabilities			
Trade, bills and other payables	27	619,171	614,945
Tax liabilities		11,392	48,069
Borrowings	28	21,248	95,416
Financial liabilities at FVTPL	23	3,389	2,101
Lease liabilities	29	42,796	27,090
Contract liabilities	30	53,133	36,916
		<u>751,129</u>	<u>824,537</u>
Net current assets		<u>1,181,799</u>	<u>1,198,401</u>
Total assets less current liabilities		<u>4,444,598</u>	<u>4,661,485</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,	
	NOTES	2023	2024
		RMB'000	RMB'000
Non-Current Liabilities			
Deferred tax liabilities	20	28,081	15,149
Borrowings	28	82,868	131,555
Convertible bonds	31	966,178	1,024,052
Other financial liabilities	32	477,345	461,438
Lease liabilities	29	256,155	328,389
Provisions		2,125	—
Deferred income	33	65,678	59,704
		1,878,430	2,020,287
Net assets		2,566,168	2,641,198
Capital and Reserves			
Share capital	34	181,562	235,873
Treasury shares		(44,533)	(54,312)
Reserves		2,253,003	2,324,273
Equity attributable to owners of the Company		2,390,032	2,505,834
Non-controlling interests		176,136	135,364
Total Equity		2,566,168	2,641,198

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31,	
		2023	2024
		RMB’000	RMB’000
Non-Current Assets			
Property, plant and equipment	15	375,895	448,874
Right-of-use assets	16	60,144	54,409
Investment properties		3,510	3,037
Other intangible assets	18	87,538	91,046
Investments in subsidiaries	19	1,004,019	1,896,438
Prepayment for purchase of non-current assets		1,368	839
Deferred tax assets	20	—	12,456
Term deposits	26	70,731	52,443
Other receivables	22	248,114	2,346
		<u>1,851,319</u>	<u>2,561,888</u>
Current Assets			
Inventories	21	135,294	96,633
Trade, bills and other receivables	22	1,428,063	851,285
Tax recoverable		1,926	—
Financial assets at FVTPL	23	100,172	411
Bills receivables measured at FVTOCI	24	23,255	2,411
Term deposits	26	20,000	24,000
Restricted bank deposits	26	12,451	800
Cash and cash equivalents	26	126,419	237,915
		<u>1,847,580</u>	<u>1,213,455</u>
Current Liabilities			
Trade, bills and other payables	27	307,555	282,362
Income tax payable		—	13,683
Financial liabilities at FVTPL	23	3,389	835
Lease liabilities	29	4,912	1,769
Contract liabilities	30	10,438	10,234
		<u>326,294</u>	<u>308,883</u>
Net Current Assets		<u>1,521,286</u>	<u>904,572</u>
Total Assets Less Current Liabilities		<u>3,372,605</u>	<u>3,466,460</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,	
		2023	2024
		RMB'000	RMB'000
Non-Current Liabilities			
Deferred tax liabilities	20	13,192	—
Convertible bonds	31	966,178	1,024,052
Lease liabilities	29	1,651	—
Deferred income	33	<u>3,843</u>	<u>1,995</u>
		<u>984,864</u>	<u>1,026,047</u>
Net assets		<u>2,387,741</u>	<u>2,440,413</u>
Capital and Reserves			
Share capital	34	181,562	235,873
Treasury shares		(44,533)	(54,312)
Reserves	35	<u>2,250,712</u>	<u>2,258,852</u>
Total Equity		<u>2,387,741</u>	<u>2,440,413</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company											Total
	Share capital	Share premium	Treasury shares	Convertible bonds	FVTOCI reserve	Foreign currency	Share-based payments reserve	Statutory surplus reserve	Retained profits	Subtotal	Non-controlling interests	
				equity reserve		translation reserve						
				RMB'000		RMB'000						
As at January 1, 2023	180,497	1,047,627	—	201,633	(77)	(6,425)	—	71,082	1,207,187	2,701,524	—	2,701,524
Profit (loss) for the year	—	—	—	—	—	—	—	—	281,039	281,039	(40,751)	240,288
Other comprehensive (expense) income for the year	—	—	—	—	(126)	14,363	—	—	—	14,237	5,430	19,667
Total comprehensive (expense) income for the year	—	—	—	—	(126)	14,363	—	—	281,039	295,276	(35,321)	259,955
Dividends recognised as distribution (Note 14)	—	—	—	—	—	—	—	—	(63,174)	(63,174)	—	(63,174)
Appropriation to statutory reserve (Note i)	—	—	—	—	—	—	—	11,217	(11,217)	—	—	—
Recognition of equity settled share-based payments (Note 36)	—	—	—	—	—	—	1,733	—	—	1,733	—	1,733
Repurchase of shares (Note ii)	—	—	(30,997)	—	—	—	—	—	—	(30,997)	—	(30,997)
Grant of restricted shares (Note 36)	1,065	12,471	(13,536)	—	—	—	—	—	—	—	—	—
Gross obligation of the written put options over non-controlling interests of Best Formulations LLC (“Best Formulations”) (Note 37)	—	(514,330)	—	—	—	—	—	—	—	(514,330)	—	(514,330)
Acquisition of Best Formulations (Note 37)	—	—	—	—	—	—	—	—	—	—	211,457	211,457
As at December 31, 2023	181,562	545,768	(44,533)	201,633	(203)	7,938	1,733	82,299	1,413,835	2,390,032	176,136	2,566,168
Profit (loss) for the year	—	—	—	—	—	—	—	—	325,062	325,062	(43,044)	282,018
Other comprehensive income (expense) for the year	—	—	—	—	85	(8,578)	—	—	—	(8,493)	2,272	(6,221)
Total comprehensive income (expense) for the year	—	—	—	—	85	(8,578)	—	—	325,062	316,569	(40,772)	275,797
Dividends recognised as distribution (Note 14)	—	—	—	—	—	—	—	—	(198,497)	(198,497)	—	(198,497)
Appropriation to statutory reserve (Note i)	—	—	—	—	—	—	—	25,336	(25,336)	—	—	—
Recognition of equity settled share-based payments (Note 36)	—	—	—	—	—	—	5,282	—	—	5,282	—	5,282
Repurchase of shares (Note ii)	—	—	(8,919)	—	—	—	—	—	—	(8,919)	—	(8,919)
Grant of restricted shares (Note 36)	244	2,857	(3,101)	—	—	—	—	—	—	—	—	—
Repurchase of restricted shares granted (Note 34)	(90)	(787)	2,241	—	—	—	—	—	—	1,364	—	1,364
Conversion of share premium to share capital	54,156	(54,156)	—	—	—	—	—	—	—	—	—	—
Conversion of convertible bonds into shares	1	2	—	*	—	—	—	—	—	3	—	3
As at December 31, 2024	235,873	493,684	(54,312)	201,633	(118)	(640)	7,015	107,635	1,515,064	2,505,834	135,364	2,641,198

* Amount is less than RMB1,000.

Note i: In accordance with the Company Law of the People’s Republic of China (the “PRC”) and the Company’s Articles of Association, the Company is required to appropriate 10% of profit after tax for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve has reached to more than 50% of the registered capital. As at December 31, 2024, the Company’s statutory surplus reserve has not reached 50% of the registered capital.

APPENDIX I

ACCOUNTANTS’ REPORT

Note ii: During the Track Record Period, the Company repurchased its own ordinary shares through the Shenzhen Stock Exchange as follows:

<u>Month of repurchase</u>	<u>No. of ordinary shares of RMB1 each</u>	<u>Price per share</u>		<u>Aggregation consideration paid RMB’000</u>
		<u>Highest</u>	<u>Lowest</u>	
		<u>RMB</u>	<u>RMB</u>	
September 2023	316,300	26.28	25.29	8,189
October 2023	135,800	31.50	31.04	4,247
November 2023	435,300	35.75	31.54	14,646
December 2023	111,800	35.80	34.23	3,915
January 2024	259,800	32.87	28.52	8,073
February 2024	14,800	28.74	28.65	424
March 2024	<u>11,800</u>	<u>35.80</u>	<u>35.67</u>	<u>422</u>

999,200 and 1,285,600 shares were not cancelled and held for as treasury shares as at December 31, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
	<u>RMB’000</u>	<u>RMB’000</u>
OPERATING ACTIVITIES		
Profit before tax	273,257	316,654
Adjustments for:		
Interest income	(9,893)	(8,932)
Finance costs	78,479	95,031
Depreciation of property, plant and equipment	183,396	209,347
Depreciation of right-of-use assets	39,070	37,791
Amortisation of other intangible assets	38,173	39,986
Amortisation of other receivables	2,401	1,312
Impairment losses (including reversals of impairment losses on financial assets)	5,177	914
Gains on remeasurement of other financial liabilities	(53,662)	(23,028)
Losses on fair value changes of financial assets at FVTPL	58,328	28,769
(Reversal of) provision of inventories	(405)	5,105
Losses on disposal of property, plant and equipment	913	4,163
Recognition of equity settled share-based payments	1,733	5,282
Government grants related to assets	(4,550)	(5,047)
Addition deduction of Value-added Tax(“VAT”)	(4,448)	(9,394)
Net foreign exchange losses (gains)	<u>2,109</u>	<u>(4,175)</u>
 Operating cash flow before movements in working capital	 610,078	 693,778
Increase in inventories	(59,303)	(5,711)
Increase in trade, bills and other receivables	(101,074)	(78,479)
(Increase) decrease in bills receivables measured at FVTOCI	(14,553)	16,264
Decrease in trade, bills and other payables	(6,885)	(6,412)
Increase (decrease) in provisions	57	(2,125)
Increase in deferred income	12,275	8,465
Increase(decrease) in contract liabilities	<u>2,325</u>	<u>(16,217)</u>
 Cash generated from operations	 442,920	 609,563
Income tax paid	(53,623)	(50,939)
Interest received	<u>7,016</u>	<u>6,888</u>
 NET CASH GENERATED FROM OPERATING ACTIVITIES .	 <u>396,313</u>	 <u>565,512</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
	<u>RMB’000</u>	<u>RMB’000</u>
INVESTING ACTIVITIES		
Placement of term deposits	(142,565)	(24,000)
Withdrawal of term deposits	150,000	40,000
Purchase of financial assets at FVTPL	(540,000)	(375,000)
Redemption of financial assets at FVTPL	420,526	453,182
Interest from term deposits	11,090	332
Refund of rental deposit	4,890	2,477
Payment of rental deposits	(11,786)	—
Purchase of property, plant and equipment	(437,934)	(405,862)
Purchase of other intangible assets	(7,284)	(4,757)
Development costs paid	(1,881)	(2,180)
Deposits paid for property, plant and equipment	—	(10,783)
Sales proceeds of property, plant and equipment	2,737	4,717
Sales proceeds of other intangible assets	—	200
Withdrawal of restricted bank deposit	99,596	9,098
Prepayment on acquisition of investment in an associate	—	(4,500)
Net cash outflows on acquisition of Best Formulations (Note 37)	<u>(707,544)</u>	<u>—</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,160,155)</u>	<u>(317,076)</u>
FINANCING ACTIVITIES		
Interest paid	(25,263)	(38,118)
Dividends paid	(63,174)	(197,133)
New bank borrowings raised	93,888	261,357
Repayment of bank borrowings	(156)	(148,617)
Repayment of lease liabilities	(17,266)	(21,201)
Payments on repurchase of shares	(30,997)	(8,919)
Proceeds from bills receivables discounted to banks	3,335	10,115
Payments on repurchase of restricted shares granted	—	(877)
Net cash outflow for the written call options and put options over the non-controlling interests of Best Formulations (Note 37) . . .	(72,991)	—
Proceeds from grant of restricted shares	<u>13,536</u>	<u>3,101</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(99,088)</u>	<u>(140,292)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2024</u>
	<u>RMB’000</u>	<u>RMB’000</u>
NET (DECREASE) INCREASE IN CASH AND CASH		
EQUIVALENTS	(862,930)	108,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF		
THE YEAR	1,389,456	521,936
Effects of exchange rate changes	<u>(4,590)</u>	<u>2,498</u>
TOTAL CASH AND CASH EQUIVALENTS AT END OF		
THE YEAR	<u>521,936</u>	<u>632,578</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated and registered in the PRC on August 16, 1993 as a limited liability company. In April 2015, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. In September 2019, the Company was listed on the Shenzhen Stock Exchange (stock code: 300791). The address of the registered office and the principal place of business of the Company is No.83 Taishan Road, Shantou, Guangdong, the PRC.

The Group is primarily engaged in offering comprehensive solutions which includes market insights, concept creation and formulation design, research and development, procurement solutions, manufacturing, packaging and branding and marketing for nutrition and health products in the nutraceutical industry. Particulars and principal activities of the subsidiaries are disclosed in Note 46.

Throughout the Track Record Period, the Group is directly controlled by Glory Investment Limited Company* (“廣東光輝投資有限公司”), and is ultimately controlled by Mr. Peiqing Lin and his spouse Ms. Qiong Chen, who are the founders of the Company.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

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.

The statutory financial statements of the Company for each of the years ended December 31, 2023 and 2024 were prepared in accordance with Chinese Accounting Standard for Business Enterprise (“CASBE”) and were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, certified public accountants registered in the PRC.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments 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 Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

* English name is for identification purpose.

APPENDIX I

ACCOUNTANTS’ REPORT

Except for new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in 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 (MPMs) 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 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) 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 January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following 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 includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of 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.

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. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

APPENDIX I

ACCOUNTANTS’ REPORT

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, incomes, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Leases*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

APPENDIX I

ACCOUNTANTS’ REPORT

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (“CGUs”) (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group’s policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment in subsidiaries

Investment in subsidiaries is included in the statements of financial position of the Company at cost less any identified impairment losses.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9, which continued to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in Notes 6, 22 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premise that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

APPENDIX I

ACCOUNTANTS’ REPORT

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- 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.

Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

APPENDIX I

ACCOUNTANTS’ REPORT

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

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 recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to 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 Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

APPENDIX I

ACCOUNTANTS’ REPORT

Share-based payments

Equity-settled share-based payment transactions

Restricted 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 recognised 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 the share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (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 differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

APPENDIX I

ACCOUNTANTS’ REPORT

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 recognised 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 requirements to the lease liabilities and the related assets separately. The Group recognised 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, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the 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 recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s 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 other than properties under construction 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, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

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.

Internally-generated intangible assets — 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as 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.

APPENDIX I

ACCOUNTANTS’ REPORT

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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 with finite useful lives 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. Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount 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 CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) 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 CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

APPENDIX I

ACCOUNTANTS’ REPORT

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities 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 or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

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 generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets, including trade, bills and other receivables, bills receivables measured at FVTOCI, term deposits, restricted bank deposits and cash and cash equivalents which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is 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 past event and the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

APPENDIX I

ACCOUNTANTS’ REPORT

(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;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made 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 adjusted by 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

APPENDIX I

ACCOUNTANTS’ REPORT

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the “other gains and losses” line item (Note 8) as part of the net foreign exchange gains;
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the “other gains and losses” line item (Note 8) as part of the fair value losses arising from call options over the non-controlling interests of Best Formulations.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to 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 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.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

APPENDIX I

ACCOUNTANTS’ REPORT

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including trade, bills and other payables, convertible bonds and borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible loan notes

Convertible loan notes contain equity component

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to share premium. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

APPENDIX I

ACCOUNTANTS’ REPORT

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the “other gains and losses” line item (Note 8) in profit or loss as part of net foreign exchange gains.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on-going 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Useful lives and residual value of property, plant and equipment

The Group depreciates its property, plant and equipment on a straight-line basis after taking into account the estimated residual value. The Group regularly reviews the estimated useful lives and residual values to determine the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience

APPENDIX I

ACCOUNTANTS’ REPORT

of the actual useful lives of property, plant and equipment of similar nature, taking into consideration of the possible impact from the technology innovation. If there is a significant change in previous estimates, the depreciation expense will be adjusted in future periods.

The carrying amount of property, plant and equipment as at December 31, 2023 and 2024 is approximately RMB1,789,459,000 and RMB1,979,525,000, respectively, as disclosed in Note 15.

Useful lives of intangible assets

The Group’s management determines the estimated useful lives in determining the related amortisation charges for its intangible assets. This estimate is referenced to useful lives of intangible assets of similar nature and functions in the industry, and may be significantly affected by technological innovations and competitors’ responses to intense industry competition. Management will increase the amortisation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete assets that have been abandoned or sold.

The carrying amount of other intangible assets as at December 31, 2023 and 2024 is approximately RMB460,407,000 and RMB443,978,000, respectively, as disclosed in Note 18.

Estimated impairment of goodwill

The Group performs the goodwill impairment test at least annually, determining whether goodwill is impaired requires an estimation of the present value of future cash flows of the CGU to which goodwill has been allocated. In estimating the present value of future cash flows, the Group forecasts the cash flows to be generated by the individual CGU or group of CGUs, and determines an appropriate discount rate to arrive the present value of those future cash flows. Key assumptions used by management in the discounted cash flow model include the forecast period growth rate, profit rate and the discount rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at December 31, 2023 and 2024, the carrying amount of goodwill is RMB420,728,000 and RMB417,105,000, respectively. Details of the goodwill impairment test are disclosed in Note 17.

Deferred tax asset

As at December 31, 2023 and 2024, a deferred tax asset of RMB32,477,000 and RMB81,362,000 in relation to unused tax losses and deductible temporary differences for certain operating subsidiaries has been recognised in the consolidated statements of financial position. No deferred tax asset has been recognised on the tax losses of RMB12,480,000 as at December 31, 2023 due to the unpredictability of future profit streams.

The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment may progress or evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, or the tax rates that apply is different from expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Fair value measurement of financial instruments

Certain of the Group’s financial assets and liabilities are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in key unobservable inputs could result in material adjustments to the fair value of these instruments. In determining the fair value of these assets and liabilities, management selects appropriate valuation methods and inputs for fair value measurement based

APPENDIX I

ACCOUNTANTS’ REPORT

on the nature of the respective assets and liabilities. In selecting inputs, the Group will use observable market data to the greatest extent possible. For certain financial assets at FVTPL, the Group engages qualified third-party valuation specialists to perform the assessments. The finance department works closely with qualified third-party valuation specialists to determine appropriate valuation techniques and the relevant inputs to valuation models. Further disclosures are detailed in Note 43.

6. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Types of goods or services		
Sales of goods		
Softgels	1,526,864	1,983,614
Gummies	739,627	995,112
Liquids	421,873	247,972
Tablets	361,916	325,553
Powders	292,745	231,574
Capsules	151,691	222,727
Others	73,235	179,890
	<u>3,567,951</u>	<u>4,186,442</u>
Other services	<u>14,071</u>	<u>24,622</u>
TOTAL	<u><u>3,582,022</u></u>	<u><u>4,211,064</u></u>
Geographical markets		
Mainland China and Hong Kong, SAR	1,850,950	1,660,656
America	1,044,136	1,665,975
Europe	529,109	604,481
Others	<u>157,827</u>	<u>279,952</u>
TOTAL	<u><u>3,582,022</u></u>	<u><u>4,211,064</u></u>
Timing of revenue recognition		
At a point in time	<u><u>3,582,022</u></u>	<u><u>4,211,064</u></u>

(a) Performance obligations for contracts with customers and revenue recognition policies

Sales of goods

The Group sells nutritious food and other goods to customers. Revenue is recognised at a point in time when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or delivered to the designated locations. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Certain customers are required to make a percentage of total consideration as prepayments before the Group deliver the products. Contract liabilities are recognised when consideration is received in which revenue has yet not been recognised.

APPENDIX I

ACCOUNTANTS’ REPORT

Other services

The other services mainly include the services provided by the Group to certain customers which relate to a) lab-scale and pilot-scale experiments; b) health food registration certificate application. During the Track Record Period, the revenue for other services is recognised at a point in time when the service result is accepted by the customers.

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

Based on management’s estimate as at December 31, 2023 and 2024, all the performance obligation are expected to be recognised as revenue for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

The Group’s operations are located on Mainland China and overseas. Information about the Group’s non-current assets is presented based on the geographical location of the assets. Non-current assets excluded financial instruments and deferred tax assets.

	Non-current assets	
	As at December 31,	
	2023	2024
	RMB’000	RMB’000
PRC	1,713,925	1,794,474
United States of America (“USA”)	1,095,743	1,188,593
Germany	326,542	346,212
TOTAL	3,136,210	3,329,279

Information about major customers

No customer contributing over 10% of the total revenue of the Group for each year during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

7. OTHER INCOME

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Government grants related to income (<i>note</i>)	9,111	4,439
Government grants related to assets	4,550	5,047
Addition deduction of VAT	4,448	9,394
Interest income from bank deposits	9,893	8,932
Others	18	145
	<u>28,020</u>	<u>27,957</u>

Note: The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for the Group’s operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognised when payments were received.

8. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Net foreign exchange gains	20,312	10,860
Fair value (losses) gains arising from		
— derivative financial instruments	(6,553)	(8,084)
— call options over the non-controlling interests of Best Formulations (<i>note 37</i>)	(54,115)	(23,727)
— structured deposits	2,340	3,042
Gains on remeasurement of other financial liabilities (<i>note 37</i>)	53,662	23,028
Losses on disposal of property, plant and equipment	(913)	(4,163)
Others	(24)	193
	<u>14,709</u>	<u>1,149</u>

9. FINANCE COSTS

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Effective interest expense on convertible bonds (<i>Note 31</i>)	63,970	68,125
Interest expenses on borrowings	2,491	11,578
Interest expenses on lease liabilities	16,623	16,291
	<u>83,084</u>	<u>95,994</u>
Total borrowing costs	83,084	95,994
Less: amounts capitalised in the cost of qualifying assets	(4,605)	(963)
	<u>78,479</u>	<u>95,031</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Borrowing costs capitalised arose on the general borrowing pool and convertible bonds are calculated by applying a weighted capitalisation rate of 5.15% and 6.15% per annum to expenditure on qualifying assets during the year ended December 31, 2023 and 2024, respectively.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Depreciation of property, plant and equipment	183,396	209,347
Depreciation of right-of-use assets	39,070	37,791
Amortisation of other intangible assets	38,173	39,986
Total depreciation and amortisation	260,639	287,124
Capitalised in inventories	(193,930)	(222,638)
Total depreciation and amortisation charged in profit or loss	66,709	64,486
Staff cost (including directors’ and supervisors’ emoluments):		
Directors and supervisors’ remuneration	7,289	7,950
Other employee benefits expenses:		
— Salaries, bonus and other benefits	718,808	760,675
— Retirement benefit scheme contributions	34,747	70,925
— Equity-settled share-based payment expenses	1,733	5,282
	762,577	844,832
Capitalised in inventories	(359,139)	(366,258)
Total staff cost charged in profit or loss	403,438	478,574
Cost of inventories recognised as cost of sales (including reversal of write-down of inventories amounting to RMB405,000 for the year ended December 31, 2023 and provision of write-down of inventories amounting to RMB5,105,000 for the year ended December 31, 2024)	2,458,403	2,828,961
Auditor’s remuneration	2,230	2,230
Other expenses		
— Donations	7,271	1,454
— Late payment fee	551	4,829
	7,822	6,283
Research and development costs recognised as an expense	110,495	125,937

APPENDIX I

ACCOUNTANTS’ REPORT

11. INCOME TAX EXPENSE

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Income tax expenses comprise:		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	31,801	85,923
USA	4,135	1,475
Others	3,525	2,863
	39,461	90,261
Under (over) provision in prior years:		
PRC EIT	7,417	5,711
USA	(783)	—
Others	166	—
	6,800	5,711
Deferred tax (Note 20)	(13,292)	(61,336)
	<u>32,969</u>	<u>34,636</u>

Corporate income tax for Mainland China

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulation of the EIT Law, the EIT rate for the Company and the PRC subsidiaries is 25% unless those entities are subject to tax exemption as set out below.

The Company obtained the “High Technology Enterprise” certification on December 20, 2021 and was re-certified on November 28, 2024, and was therefore entitled to a preferential enterprise income tax rate of 15% for a period of 3 years from the date of certification.

Sirio Healthcare (Anhui) Co., Ltd., a subsidiary of the Company, obtained the “High Technology Enterprise” certification on October 30, 2020 and was re-certified on November 30, 2023. It is therefore entitled to a preferential enterprise income tax rate of 15% during the Track Record Period.

Pursuant to Caishui [2022] No.13 “Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Corporate Income Tax Policies for Small Meagre-profit Enterprises” (“財政部、國家稅務總局關於進一步實施小微企業所得稅優惠政策的公告”), during the period from January 1, 2022 to December 31, 2024, the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000 of the annual taxable income for small meagre-profit enterprises will be included in the taxable income at a reduced rate of 25%, subject to enterprise income tax at the rate of 20%. Pursuant to Caishui [2023] No.6 “Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small Meagre-profit Enterprises and Individually-owned Business” (“財政部、國家稅務總局關於實施小微企業和個體工商戶所得稅優惠政策的公告”), during the period from January 1, 2023 to December 31, 2024, the portion of not more than RMB1,000,000 of the annual taxable income for small meagre-profit enterprises will be included in the taxable income at a reduced rate of 25%, subject to enterprise income tax at the rate of 20%, and for the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000, it is consistent with the previous policy. The Company’s PRC subsidiaries Guangdong Qianbai Health Co., Ltd.* (廣東仟佰大健康產業有限公司)(“QianBai”), Guangdong Health Biotechnology Co., Ltd. * (廣東合世生物科技有限公司)(“HB”), Sirio Life

APPENDIX I

ACCOUNTANTS’ REPORT

Technology (Shanghai) Co., Ltd.* (仙樂(上海)生命技術有限公司) (“SLT”), Sirio Pharma (Zhuhai) Co., Ltd.* (仙樂健康科技(珠海)有限公司) (“SPZH”) and Sirio Pharma (Guangdong) Co., Ltd.* (仙樂健康科技(廣東)有限公司) (“SPGD”) applied to the Preferential Tax Policy during the year ended December 31, 2023. The Company’s PRC subsidiaries QianBai, HB, SLT, Jamet (GuangDong) Management Co., Ltd.* (嘉美(廣東)管理有限公司) (“JM”), SPZH and SPGD applied to the Preferential Tax Policy during the year ended December 31, 2024.

Hong Kong profit tax

The group entities located in the Hong Kong Special Administrative Region, are subject to Hong Kong Profits Tax at a rate of 8.25% on assessable profits not exceeding Hong Kong Dollars (“HKD”) 2 million, and at a rate of 16.5% on the portion of assessable profits exceeding HKD2 million during the Track Record Period.

Income tax for other jurisdictions

The combined federal and state tax rate of the USA subsidiaries Sirio Nutrition Co., Ltd, Best Formulations, Sirio Americas Holdings, Inc. and Sirio Healthcare Holdings LLC. is 27.98% for the year ended December 31, 2023. The combined federal and state tax rates of the USA subsidiaries Sirio Nutrition Co., Ltd, Best Formulations and Sirio Healthcare Holdings LLC. are 27.22%, 27.22% and 27.07%, respectively for the year ended December 31, 2024.

The tax rate of the subsidiaries in Germany is 27.135% during the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Income tax expenses for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Profit before tax	<u>273,257</u>	<u>316,654</u>
Tax at PRC EIT rate of 15%	40,989	47,498
Effect of different tax rate applicable to subsidiaries	(3,771)	(3,693)
Under provision in respect of prior years	6,800	5,711
Tax effect of expenses not deductible for tax purpose	1,521	1,894
Effect on opening deferred tax assets or liabilities resulting from change in applicable tax rate	—	(528)
Effect of utilization of tax losses and deductible temporary differences previously not recognised	(134)	(2,441)
Effect of unused tax losses and deductible temporary differences not recognised	1,054	—
Tax effect of extra deduction of research and development expenses (<i>note</i>) . .	<u>(13,490)</u>	<u>(13,805)</u>
Income tax expense recognised in profit or loss	<u><u>32,969</u></u>	<u><u>34,636</u></u>

* *English name is for identification purpose.*

Note: Pursuant to relevant laws and regulations in the PRC, the Group enjoys super deduction of 200% on qualifying research and development expenditures throughout the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

12. DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE OFFICER’S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors’, Supervisors’ and the chief executive’s emoluments

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company during the Track Record Period are as follows:

		Salaries and other benefits	Retirement benefit scheme contributions	Performance related bonus <i>(Note)</i>	Directors’ fee	Total
	Date of appointment	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended						
December 31, 2023						
Chief executive and executive director:						
Mr. Peiqing Lin	April 23, 2015	1,061	65	790	—	1,916
Subtotal		1,061	65	790	—	1,916
Executive directors:						
Mr. Zhuangmin Yao	April 23, 2015	1,043	68	763	—	1,874
Ms. Qiong Chen	April 23, 2015	924	65	706	—	1,695
Ms. Rui Yang	April 23, 2015	—	—	—	120	120
Subtotal		1,967	133	1,469	120	3,689
Independent non-executive directors:						
Mr. Guilong Zhu	July 7, 2021	—	—	—	120	120
Mr. Jian Gao	July 7, 2021	—	—	—	120	120
Mr. Shiming Hu	July 7, 2021	—	—	—	120	120
Subtotal		—	—	—	360	360
Supervisors:						
Mr. Meibin Zhang	July 7, 2021	355	43	58	—	456
Mr. Shaoqin Zhu	October 31, 2022	380	18	112	—	510
Ms. Yingyu Xie	April 23, 2015	273	17	68	—	358
Subtotal		1,008	78	238	—	1,324
Total		4,036	276	2,497	480	7,289

APPENDIX I

ACCOUNTANTS’ REPORT

		Salaries and	Retirement	Performance	Directors’	
		other	benefit	related	fee	Total
Date of	appointment	benefits	scheme	bonus (Note)		
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended						
December 31, 2024						
Chief executive and executive director:						
Mr. Peiqing Lin	April 23, 2015	1,147	72	782	—	2,001
Subtotal		1,147	72	782	—	2,001
Executive directors:						
Mr. Zhuangmin Yao	April 23, 2015	1,135	73	756	—	1,964
Ms. Qiong Chen	April 23, 2015	1,026	72	699	—	1,797
Ms. Rui Yang	April 23, 2015	—	—	—	165	165
Subtotal		2,161	145	1,455	165	3,926
Independent non-executive directors:						
Mr. Guilong Zhu	July 7, 2021	—	—	—	136	136
Mr. Jian Gao	July 7, 2021	—	—	—	154	154
Mr. Shiming Hu	July 7, 2021	—	—	—	157	157
Subtotal		—	—	—	447	447
Supervisors:						
Mr. Meibin Zhang	July 7, 2021	420	63	72	—	555
Mr. Shaoqin Zhu	October 31, 2022	440	48	102	—	590
Ms. Yingyu Xie	April 23, 2015	305	47	79	—	431
Subtotal		1,165	158	253	—	1,576
Total		4,473	375	2,490	612	7,950

Note: Performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

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 for their services as supervisors of the Company during the Track Record Period.

The independent non-executive directors’ emoluments shown above were for their services as directors of the Company.

APPENDIX I

ACCOUNTANTS’ REPORT

During the Track Record Period, there was no arrangement under which a director or a supervisor or the chief executive waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid employees

The five highest paid employees of the Group do not include any director of the Company for each of the year ended December 31, 2023 and 2024, respectively. The emoluments of the 5 and 5 highest paid employees for each of the year ended December 31, 2023 and 2024, respectively, are as follows:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Salaries and other benefits	12,427	15,601
Retirement benefit scheme contributions	1,061	499
Share-based payments	33	230
Performance related bonus	22,182	3,805
	<u>35,703</u>	<u>20,135</u>

The emoluments of these employees are within the following bands:

	Year ended December 31,	
	2023	2024
	No.	No.
HKD3,000,001 to HKD3,500,000	2	1
HKD3,500,001 to HKD4,000,000	—	2
HKD4,000,001 to HKD4,500,000	1	—
HKD4,500,001 to HKD5,000,000	—	1
HKD5,500,001 to HKD6,000,000	—	1
HKD6,500,001 to HKD7,000,000	1	—
HKD21,500,001 to HKD22,000,000	1	—
	<u>5</u>	<u>5</u>

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Profit for the year attributable to owners of the Company		
for the purpose of calculating basic and diluted earnings per share	<u>281,039</u>	<u>325,062</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended December 31,	
	2023	2024
	’000	’000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	304,759	304,739

The treasury shares and restricted shares granted but not vested which are not treated as outstanding shares were excluded when calculating the weighted average number of ordinary shares for basic earnings per share.

The computation of diluted earnings per share does not assume the vesting of the Company’s restricted shares granted and conversion of the convertible bonds into ordinary shares since their inclusion would result in an increase in earnings per share. Accordingly, diluted earnings per share during the Track Record Period is the same as basic earnings per share.

The weighted average number of ordinary shares for the purpose of calculating earnings per share for the Track Record Period has been determined on the assumption that capitalisation issue of shares as described in Note 14 had been effective since January 1, 2023.

14. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the Track Record Period as follows:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Dividend for shareholders of the Company	63,174	198,497

During the year ended December 31, 2023, the Company recognised cash dividend in respect of the year ended December 31, 2022 of RMB0.35 per share, in aggregate of RMB63,174,000 to shareholders of the Company.

During the year ended December 31, 2024, the Company recognised cash dividend in respect of the year ended December 31, 2023 of RMB1.10 per share, in aggregate of RMB198,497,000 to shareholders of the Company.

Subsequent to the end of the Track Record Period, the Company declared cash dividend in respect of the year ended December 31, 2024 of RMB0.65 per share, in an aggregate amount of RMB153,393,000, which was accompanied by a capitalisation issue of 3 additional shares for every 10 shares held from share premium. This has been approval by the shareholders in the general meeting on May 8, 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building	Leasehold improvements	Machinery	Transportation equipment	Furniture, fixtures and equipment	Construction in progress (“CIP”)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST							
As at January 1, 2023	890,276	27,160	922,251	8,648	43,287	69,280	1,960,902
Additions	37,857	77,390	77,269	1,256	14,315	193,265	401,352
Transfers from CIP	70,426	10,350	51,864	—	8,008	(140,648)	—
Acquired on acquisition of Best Formulations (Note 37)	—	66,065	109,104	13	11,859	71,012	258,053
Exchange rate realignment	3,866	2,027	12,390	69	659	1,687	20,698
CIP transfer to other intangible assets	—	—	—	—	—	(6,324)	(6,324)
CIP transfer to right-of-use assets	—	—	—	—	—	(1,216)	(1,216)
Disposals	(1,931)	(1,399)	(17,985)	(578)	(391)	(116)	(22,400)
As at December 31, 2023	1,000,494	181,593	1,154,893	9,408	77,737	186,940	2,611,065
Additions	27,629	67,451	102,928	3,405	6,101	209,962	417,476
Transfers from CIP	56,363	34,492	71,091	—	965	(162,911)	—
Exchange rate realignment	(3,466)	2,422	(3,768)	(57)	90	(2,780)	(7,559)
Disposals	(13,743)	(441)	(10,849)	(569)	(2,637)	—	(28,239)
Transfers to CIP	—	—	(18,893)	—	—	18,893	—
CIP transfer to other intangible assets	—	—	—	—	—	(11,706)	(11,706)
As at December 31, 2024	1,067,277	285,517	1,295,402	12,187	82,256	238,398	2,981,037
ACCUMULATED DEPRECIATION							
As at January 1, 2023	172,397	14,955	415,876	7,433	33,611	—	644,272
Provided for the year	47,847	3,681	119,516	828	11,524	—	183,396
Exchange rate realignment	2,467	213	8,032	34	463	—	11,209
Eliminated on disposals	(1,724)	—	(14,638)	(549)	(360)	—	(17,271)
As at December 31, 2023	220,987	18,849	528,786	7,746	45,238	—	821,606
Provided for the year	38,978	47,857	116,532	828	5,152	—	209,347
Exchange rate realignment	(1,993)	275	(3,856)	(32)	(58)	—	(5,664)
Eliminated on disposals	(8,913)	—	(7,357)	(540)	(2,547)	—	(19,357)
Transfers to CIP	—	—	(4,420)	—	—	—	(4,420)
As at December 31, 2024	249,059	66,981	629,685	8,002	47,785	—	1,001,512
CARRYING VALUES							
As at December 31, 2023	<u>779,507</u>	<u>162,744</u>	<u>626,107</u>	<u>1,662</u>	<u>32,499</u>	<u>186,940</u>	<u>1,789,459</u>
As at December 31, 2024	<u>818,218</u>	<u>218,536</u>	<u>665,717</u>	<u>4,185</u>	<u>34,471</u>	<u>238,398</u>	<u>1,979,525</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Building	Machinery	Transportation equipment	Furniture, fixtures and equipment	CIP	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST						
As at January 1, 2023	194,670	320,268	5,873	32,548	29,236	582,595
Additions	—	21,496	—	878	101,799	124,173
Transfers from CIP	41,979	10,688	—	4,908	(57,575)	—
CIP transfer to other intangible assets	—	—	—	—	(6,061)	(6,061)
Disposals	—	(24,049)	(578)	(560)	(116)	(25,303)
As at December 31, 2023	236,649	328,403	5,295	37,774	67,283	675,404
Additions	102	18,292	3,159	3,535	119,751	144,839
Transfers from CIP	1,252	39,712	—	947	(41,911)	—
Disposals	(11,559)	(25,483)	(1,998)	(2,554)	—	(41,594)
CIP transfer to other intangible assets	—	—	—	—	(11,327)	(11,327)
As at December 31, 2024	226,444	360,924	6,456	39,702	133,796	767,322
ACCUMULATED DEPRECIATION						
As at January 1, 2023	67,851	183,096	5,133	25,104	—	281,184
Provided for the year	10,150	24,948	251	4,711	—	40,060
Eliminated on disposals	—	(20,790)	(549)	(396)	—	(21,735)
As at December 31, 2023	78,001	187,254	4,835	29,419	—	299,509
Provided for the year	11,722	31,084	369	3,503	—	46,678
Eliminated on disposals	(7,921)	(15,961)	(1,899)	(1,958)	—	(27,739)
As at December 31, 2024	81,802	202,377	3,305	30,964	—	318,448
CARRYING VALUES						
As at December 31, 2023	<u>158,648</u>	<u>141,149</u>	<u>460</u>	<u>8,355</u>	<u>67,283</u>	<u>375,895</u>
As at December 31, 2024	<u>144,642</u>	<u>158,547</u>	<u>3,151</u>	<u>8,738</u>	<u>133,796</u>	<u>448,874</u>

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis after taking into account of the residual value as follows:

Building	2.38%–10.00% per annum
Machinery	6.00%–33.33% per annum
Transportation equipment	9.50%–33.33% per annum
Furniture, fixtures and equipment	6.00%–33.33% per annum
Leasehold improvements	6.67%–33.33% per annum

APPENDIX I

ACCOUNTANTS’ REPORT

16. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB’000	RMB’000	RMB’000
CARRYING AMOUNT			
As at December 31, 2023	117,150	286,012	403,162
As at December 31, 2024	114,293	332,466	446,759
For the year ended December 31, 2023			
Depreciation charge	2,844	36,226	39,070
For the year ended December 31, 2024			
Depreciation charge	2,857	34,934	37,791
		Year ended December 31,	
		2023	2024
		RMB’000	RMB’000
Expense relating to short-term leases		1,065	820
Total cash outflow for leases		34,954	38,312
Additions to right-of-use assets		22,650	77,812

The Company

	Leasehold lands	Leased properties	Total
	RMB’000	RMB’000	RMB’000
CARRYING AMOUNT			
As at December 31, 2023	54,075	6,069	60,144
As at December 31, 2024	52,730	1,679	54,409
For the year ended December 31, 2023			
Depreciation charge	1,345	4,366	5,711
For the year ended December 31, 2024			
Depreciation charge	1,345	5,064	6,409
		Year ended December 31,	
		2024	2023
		RMB’000	RMB’000
Expense relating to short-term leases		455	395
Total cash outflow for leases		5,344	6,158
Additions to right-of-use assets		2,523	757

APPENDIX I

ACCOUNTANTS’ REPORT

The Group and Company regularly entered into short-term leases for offices. As at December 31, 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.

During the Track Record Period, the Group and Company lease various properties for its operations. Lease contracts are entered into for fixed term of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension or termination options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group and Company apply the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group has made lump sum payments upfront to government for these leasehold lands and obtained the land use right certificates for all such leasehold lands. Lease contracts for these lands are entered into for fixed term of 50 years.

Restrictions or covenants on leases

In addition, lease liabilities of the Group amounting of RMB298,951,000 and RMB355,479,000 are recognized with related right-of-use assets of RMB286,012,000 and RMB332,466,000 as at December 31, 2023 and 2024, respectively. Lease liabilities of the Company amounting of RMB6,563,000 and RMB1,769,000 are recognised with related right-of-use assets of RMB6,069,000 and RMB1,679,000 as at December 31, 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.

17. GOODWILL

The Group

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
COST AND CARRYING VALUES		
At the beginning of year	163,053	420,728
Exchange rate realignment	16,243	(3,623)
Arising on acquisition of Best Formulations (<i>Note 37</i>)	241,432	—
At the end of year	420,728	417,105

The goodwill was mainly arising from the Group’s acquisition of Sirio Europe GmbH & Co.KG, Ayanda Verwaltungs GmbH, Sirio Pharma Germany GmbH and Sirio Europe Verwaltungs GmbH (all together hereinafter referred to as “Germany Ayanda”) during the year ended December 31, 2016 and the Group’s acquisition of Best Formulations during the year ended December 31, 2023. Please refer to Note 37 for details of the acquisition of Best Formulations.

APPENDIX I

ACCOUNTANTS’ REPORT

Impairment test

For the purpose of impairment testing, the goodwill have been allocated to two individual CGUs, comprising Germany Ayanda and Sirio America (including Best Formulations, Sirio Nutrition Co., Ltd and Sirio Healthcare Holdings LLC). The carrying amounts of goodwill allocated to these units are as follows:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
GOODWILL		
Germany Ayanda		
At the beginning of year	163,053	172,637
Exchange rate realignment	9,584	(7,325)
At the end of year	172,637	165,312
Sirio America		
At the beginning of year	—	248,019
Exchange rate realignment	6,659	3,702
Arising on acquisition of Best Formulations (<i>Note 37</i>)	241,432	—
At the end of year	248,091	251,793
Total	420,728	417,105

Impairment review on the goodwill of the Group has been conducted by the management of the Company with reference to reports prepared by independent qualified professional valuers, a reputable international firm and Valuelink Asia (Beijing) Enterprise Management Consulting Co., Ltd. (“ValueLink”) as at December 31, 2023 and 2024 for Germany Ayanda and Sirio America, respectively. The address of ValueLink is Room 511, Jasheng Center, No.A19, Dongsanhuan Road, Chaoyang District, Beijing, the PRC. For the purpose of impairment review, the recoverable amount of the group of CGUs is determined based on value-in-use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period.

The following table sets out the key assumptions for the value in use calculation of Germany Ayanda and Sirio America.

	Germany Ayanda	Sirio America
Pre tax-discount rate (<i>Note i</i>)		
December 31, 2023	15.5%	18.7%
December 31, 2024	16.4%	18.1%
Expected annual growth rate (<i>Note ii</i>)		
December 31, 2023	1%~14.5%	8%~72%
December 31, 2024	1%~13.8%	8%~23%
Expected profit rate		
December 31, 2023	7.5%~8.9%	4.9%~10.2%
December 31, 2024	6.6%~8.7%	(0.7)%~8.7%

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- i. Discount rate reflects the current market assessment of the time value of money and risks specific to Germany Ayanda and Sirio America, separately.
- ii. The estimation of expected annual growth rate is based on the revenue backlog and management’s expectation for the market development.

The revenue growth rate used beyond 5-year period for Germany Ayanda is 1% as at December 31, 2023 and 2024, and for Sirio America is 2.1% as at December 31, 2023 and 2024, respectively which is considered appropriate by the management of the Group by reference to the relevant industry growth forecast.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of Germany Ayanda and Sirio America exceeded their carrying amount as at December 31, 2023 and 2024. Thus, no impairment is noted.

APPENDIX I

ACCOUNTANTS’ REPORT

18. OTHER INTANGIBLE ASSETS

The Group

	Trademark	Proprietary technology	Customer relationship	Patent	Software and others	Health food approval certificate	Development cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
As at January 1, 2023	—	—	—	16,724	61,209	38,788	38,596	155,317
Additions	—	—	—	7,280	—	5	1,881	9,166
Acquired on acquisition of Best Formulations (Note 37)	106,146	133,716	135,784	—	—	—	—	375,646
Transfer from CIP	—	—	—	—	6,324	—	—	6,324
Transfer from development cost	—	—	—	535	—	7,031	(7,566)	—
Expensed development costs recognised in profit or loss	—	—	—	—	—	—	(170)	(170)
Disposals	—	—	—	—	—	(8)	—	(8)
Exchange rate realignment	2,928	3,688	3,745	492	—	17	(25)	10,845
As at December 31, 2023	109,074	137,404	139,529	25,031	67,533	45,833	32,716	557,120
Additions	—	—	—	779	3,977	—	2,055	6,811
Transfer from CIP	—	—	—	—	11,706	—	—	11,706
Transfer from development cost	—	—	—	1,089	—	1,416	(2,505)	—
Disposals	—	—	—	(3,774)	(279)	—	—	(4,053)
Exchange rate realignment	1,629	2,051	2,082	(844)	21	127	87	5,153
As at December 31, 2024	110,703	139,455	141,611	22,281	82,958	47,376	32,353	576,737
ACCUMULATED AMORTISATION								
As at January 1, 2023	—	—	—	16,451	15,661	25,058	—	57,170
Charge for the year	5,454	13,740	9,302	208	5,463	4,006	—	38,173
Eliminated on disposals	—	—	—	—	—	(8)	—	(8)
Exchange rate realignment	26	66	45	1,072	—	169	—	1,378
As at December 31, 2023	5,480	13,806	9,347	17,731	21,124	29,225	—	96,713
Charge for the year	5,475	13,800	9,342	359	7,708	3,302	—	39,986
Eliminated on disposals	—	—	—	(3,750)	(104)	—	—	(3,854)
Exchange rate realignment	140	351	237	(854)	20	20	—	(86)
As at December 31, 2024	11,095	27,957	18,926	13,486	28,748	32,547	—	132,759
CARRYING VALUES								
As at December 31, 2023	103,594	123,598	130,182	7,300	46,409	16,608	32,716	460,407
As at December 31, 2024	99,608	111,498	122,685	8,795	54,210	14,829	32,353	443,978

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Patent	Software	Health food approval certificate	Development cost	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST					
As at January 1, 2023	907	54,719	38,134	31,688	125,448
Additions	—	—	5	1,503	1,508
Transfer from CIP	—	6,061	—	—	6,061
Transfer from development cost	519	—	7,030	(7,549)	—
Expensed development costs recognised in profit or loss	—	—	—	(97)	(97)
Disposals	—	—	(8)	(24)	(32)
As at December 31, 2023	1,426	60,780	45,161	25,521	132,888
Additions	36	—	—	1,677	1,713
Transfer from CIP	—	11,327	—	—	11,327
Transfer from development cost	905	—	1,416	(2,321)	—
Disposals	(29)	(279)	—	—	(308)
As at December 31, 2024	2,338	71,828	46,577	24,877	145,620
ACCUMULATED AMORTISATION					
As at January 1, 2023	511	10,838	24,846	—	36,195
Charge for the year	89	5,232	3,842	—	9,163
Eliminated on disposals	—	—	(8)	—	(8)
As at December 31, 2023	600	16,070	28,680	—	45,350
Charge for the year	173	5,916	3,244	—	9,333
Eliminated on disposals	(5)	(104)	—	—	(109)
As at December 31, 2024	768	21,882	31,924	—	54,574
CARRYING VALUES					
As at December 31, 2023	826	44,710	16,481	25,521	87,538
As at December 31, 2024	1,570	49,946	14,653	24,877	91,046

Development costs are internally generated.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

	Useful lives
Trademark	20 years
Proprietary technology	10 years
Customer relationship	15 years
Patent	10 years
Health Food Approval Certificate	10 years
Software and others	10 years

APPENDIX I

ACCOUNTANTS’ REPORT

19. INVESTMENTS IN SUBSIDIARIES

The Company

	At December 31,	
	2023	2024
	RMB’000	RMB’000
Cost of investments in subsidiaries, unlisted	1,004,019	1,896,438

20. DEFERRED TAX ASSETS/LIABILITIES

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Deferred tax assets	32,477	81,362
Deferred tax liabilities	(28,081)	(15,149)
	4,396	66,213

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Impairment loss on assets	Unrealised profit on intra-group transactions	Unused tax losses	Share-based payment	Lease liabilities	Fair value uplift on assets acquired in a business combination	Fair value loss on written call options over non- controlling interests of Best Formulations	Interests of convertible bonds	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Deferred tax assets										
At January 1, 2023 . . .	4,094	310	7,953	—	4,731	—	—	—	1,291	18,379
Credit (charge) to profit or loss	101	1,753	15,954	260	(690)	4,400	14,891	—	904	37,573
Exchange rate realignment	4	—	(35)	—	—	75	253	—	—	297
At December 31, 2023 .	4,199	2,063	23,872	260	4,041	4,475	15,144	—	2,195	56,249
Credit (charge) to profit or loss	462	3,428	25,330	792	(1,077)	7,055	5,838	27,798	(405)	69,221
Exchange rate realignment	8	—	296	—	—	172	312	—	—	788
Effect of tax rate change	82	—	446	—	—	—	—	—	—	528
At December 31, 2024 .	4,751	5,491	49,944	1,052	2,964	11,702	21,294	27,798	1,790	126,786

APPENDIX I

ACCOUNTANTS’ REPORT

	Depreciation of property, plant and equipment	Revaluation of financial assets at FVTPL	Right-of-use assets	Gain on gross obligation of the written put options over non- controlling interests of Best Formulations	Interest capitalisation of convertible bonds	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax liabilities							
At January 1, 2023	20,293	124	4,628	—	2,278	—	27,323
Charge (credit) to profit or loss	9,919	(25)	(755)	14,766	376	—	24,281
Exchange rate realignment	—	—	—	249	—	—	249
At December 31, 2023	30,212	99	3,873	15,015	2,654	—	51,853
Charge (credit) to profit or loss	3,630	(7)	(420)	5,654	(1,023)	579	8,413
Exchange rate realignment	—	—	—	307	—	—	307
At December 31, 2024	33,842	92	3,453	20,976	1,631	579	60,573

As at December 31, 2023 and 2024, a gross amount of deferred tax asset of RMB56,249,000 and RMB126,786,000 in relation to unused tax losses and deductible temporary differences for the Company and certain operating subsidiaries has been recognised in the consolidated statements of financial position.

As at December 31, 2023 and 2024, the Group had unused tax losses of RMB106,397,000, and RMB216,422,000 available to offset against future profit. A deferred tax asset has been recognised in respect of such losses amounting to RMB93,917,000 and RMB216,422,000 as at December 31, 2023 and 2024, respectively. No deferred tax asset has been recognised in respect of the remaining balance of RMB12,480,000 and nil as at December 31, 2023 and 2024, respectively, due to the unpredictability of future profit streams.

The unrecognised tax losses of the Group will be carried forward and expire in years as follows:

	As at December 31,	
	2023	2024
	RMB'000	RMB'000
2026	212	—
2027	536	—
2028	7,698	—
2029	4,034	—
	<u>12,480</u>	<u>—</u>

As at December 31, 2023 and 2024, the Group has deductible temporary differences of RMB146,432,000 and RMB418,734,000, respectively. A deferred tax asset has been recognised in respect of such deductible temporary differences amounting to RMB146,251,000 and RMB418,734,000 as at December 31, 2023 and 2024, respectively. No deferred tax asset has been recognised in respect of the remaining balance of RMB181,000 and nil as at December 31, 2023 and 2024, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Deferred tax assets	—	12,456
Deferred tax liabilities	(13,192)	—
	(13,192)	12,456

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

	Impairment loss on assets	Share-based payment	Interests of convertible bonds	Unused tax losses	Lease liabilities	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Deferred tax assets							
As at January 1, 2023	1,282	—	—	6,146	95	714	8,237
Credit (charge) to profit or loss	5	260	—	(6,146)	1,079	557	(4,245)
As at December 31, 2023	1,287	260	—	—	1,174	1,271	3,992
Credit (charge) to profit or loss	552	792	27,798	—	(909)	(919)	27,314
As at December 31, 2024	1,839	1,052	27,798	—	265	352	31,306
			Depreciation of property, plant and equipment	Revaluation of financial assets at FVTPL	Right-of-use assets	Others	Total
			RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Deferred tax liabilities							
As at January 1, 2023			13,418	103	—	—	13,521
Charge (credit) to profit or loss			2,830	(77)	910	—	3,663
As at December 31, 2023			16,248	26	910	—	17,184
Charge (credit) to profit or loss			1,953	36	(661)	338	1,666
As at December 31, 2024			18,201	62	249	338	18,850

As at December 31, 2023 and 2024, deferred tax asset has been recognised in respect of all deductible temporary differences.

APPENDIX I

ACCOUNTANTS’ REPORT

21. INVENTORIES

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Raw materials and consumables	221,908	258,826
Work in progress	29,892	29,634
Finished goods	229,259	193,205
	<u>481,059</u>	<u>481,665</u>

Inventories are net of a write-down of approximately RMB5,602,000 and RMB10,712,000 as at December 31, 2023 and 2024, respectively.

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Raw materials and consumables	43,623	33,785
Work in progress	5,751	5,641
Finished goods	85,920	57,207
	<u>135,294</u>	<u>96,633</u>

Inventories are net of a write-down of approximately RMB1,556,000 and RMB5,725,000 as at December 31, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

22. TRADE, BILLS AND OTHER RECEIVABLES

The Group

Details of trade, bills and other receivables are as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Trade receivables	633,879	696,375
Less: Allowance for credit losses (<i>Note 43</i>)	(21,128)	(21,360)
	<u>612,751</u>	<u>675,015</u>
Bill receivables	<u>8,522</u>	<u>12,190</u>
Total trade and bill receivables	<u>621,273</u>	<u>687,205</u>
Other receivables	836	1,021
Deposits	11,306	25,053
Less: Allowance for credit losses (<i>Note 43</i>)	(253)	(843)
	<u>11,889</u>	<u>25,231</u>
Prepayments to suppliers	18,550	28,142
VAT recoverable	10,801	10,717
Others	<u>6,280</u>	<u>8,652</u>
	<u>668,793</u>	<u>759,947</u>
Analysed as:		
Non-current	14,174	11,320
Current	<u>654,619</u>	<u>748,627</u>
	<u>668,793</u>	<u>759,947</u>

As at January 1, 2023, trade receivables from contracts with customers amounting to RMB459,805,000.

The Group normally grants a credit period of 30–120 days effective from the date when the goods and services have been completed and accepted by customers.

APPENDIX I

ACCOUNTANTS’ REPORT

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods and services at the end of each reporting period:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within 1 year	612,192	666,924
1 year to 2 years	559	8,091
	<u>612,751</u>	<u>675,015</u>

As at December 31, 2023, total bills received amounting to RMB8,522,000 are held by the Group, of which certain bills amounting to RMB1,934,000 were further endorsed by the Group. As at December 31, 2024, total bills received amounting to RMB12,190,000 are held by the Group, of which certain bills amounting to RMB5,152,000 were further endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in Note 25. All bills received by the Group are with a maturity period of less than one year.

As at December 31, 2023, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of RMB106,260,000 which are past due as at the reporting date. Out of the past due balances, RMB8,454,000 has been past due 90 days or more and is not considered as in default, as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Group. As at December 31, 2024, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of RMB115,479,000 which are past due as at the reporting date. Out of the past due balances, RMB18,891,000 has been past due 90 days or more and is not considered as in default, as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Group.

The Group does not hold any collateral over these balances.

Trade and other receivables denominated in currencies other than the functional currency of the respective group entities balances at the end of each reporting period are mainly as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
United States Dollar (“USD”)	174,845	69,367
Euro (“EUR”)	2,641	9,096
Australian Dollar (“AUD”)	1,823	266
Great British Pound (“GBP”)	194	17
	<u>179,503</u>	<u>78,746</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

Details of trade, bills and other receivables are as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Trade receivables		
— Third parties	195,684	180,880
Less: allowance for credit losses (<i>Note 43</i>).	(6,900)	(6,407)
— Subsidiaries	86,969	202,939
	<u>275,753</u>	<u>377,412</u>
Bill receivables		
— Subsidiaries	2,012	6,248
Total trade and bill receivables	<u>277,765</u>	<u>383,660</u>
Other receivables		
— Subsidiaries	1,384,179	327,337
Deposits		
— Third parties	5,044	2,582
Less: allowance for credit losses (<i>Note 43</i>).	(124)	(129)
	<u>1,389,099</u>	<u>329,790</u>
Prepayments to suppliers	5,233	9,049
Dividend receivable (<i>Note</i>)	—	130,000
VAT recoverable	—	787
Others	4,080	345
	<u>1,676,177</u>	<u>853,631</u>
Analysed as:		
Non-current	248,114	2,346
Current	<u>1,428,063</u>	<u>851,285</u>
	<u>1,676,177</u>	<u>853,631</u>

As at January 1, 2023, trade receivables from contract with customers amounting to RMB240,617,000.

The Company normally grants a credit period of 30–120 days effective from the date when the goods and services have been completed and accepted by customers.

Note: During the year ended December 31, 2023 and 2024, the Company’s subsidiary Sirio Healthcare (Anhui) Co., Ltd. declared cash dividend amounting to nil and RMB130,000,000, respectively to the Company.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods and services at the end of each reporting period:

APPENDIX I

ACCOUNTANTS’ REPORT

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within 1 year	275,631	375,207
1 year to 2 years	122	2,205
	<u>275,753</u>	<u>377,412</u>

As at December 31, 2023, total bills received amounting to RMB2,012,000 are held by the Company, of which certain bills amounting to RMB1,934,000 were further endorsed by the Company. As at December 31, 2024, total bills received amounting to RMB6,248,000 are held by the Company, of which certain bills amounting to RMB4,760,000 were further endorsed by the Company. The Company continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in Note 25. All bills received by the Company are with a maturity period of less than one year.

As at December 31, 2023, included in the Company’s trade receivables balance are debtors with aggregate carrying amount of RMB22,389,000 which are past due as at the reporting date. Out of the past due balances, RMB1,727,000 has been past due 90 days or more and is not considered as in default, as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Company. As at December 31, 2024, included in the Company’s trade receivables balance are debtors with aggregate carrying amount of RMB40,808,000 which are past due as at the reporting date. Out of the past due balances, RMB6,635,000 has been past due 90 days or more and is not considered as in default, as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Company.

The Company does not hold any collateral over these balances.

Details of the assessment on the provision of ECL of trade, bills and other receivables of the Group and of the Company as at December 31, 2023 and 2024 are set out in Note 43.

Trade and other receivables denominated in currencies other than the functional currency of the Company at the end of each reporting period are mainly as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
USD	<u>20,120</u>	<u>2,126</u>

APPENDIX I

ACCOUNTANTS’ REPORT

23. FINANCIAL INSTRUMENTS AT FVTPL

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Financial assets mandatorily measured at FVTPL:		
Structured deposits (<i>Note</i>)	200,657	115,199
Derivative financial assets-forward exchange contracts	—	411
Financial assets at FVTPL as current assets	200,657	115,610
Written call options over the non-controlling interests of Best Formulations (<i>Note 37</i>)	23,381	—
	<u>224,038</u>	<u>115,610</u>
Financial liabilities mandatorily measured at FVTPL:		
Derivative financial liabilities — forward exchange contracts	<u>3,389</u>	<u>2,101</u>

Note: The structured deposits are deposits embedded with financial derivatives, with returns linked to fluctuations in underlying indicators such as interest rates, exchange rates etc. The weighted average annual return rate ranges from 1.00% to 4.21% and from 0.85% to 2.75% for the year ended December 31, 2023 and 2024, respectively.

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Financial assets mandatorily measured at FVTPL:		
Structured deposits (<i>Note</i>)	100,172	—
Derivative financial assets — forward exchange contracts	—	411
	<u>100,172</u>	<u>411</u>
Financial liabilities mandatorily measured at FVTPL:		
Derivative financial liabilities — forward exchange contracts	<u>3,389</u>	<u>835</u>

Note: The structured deposits are deposits embedded with financial derivatives, with returns linked to fluctuations in underlying indicators such as interest rates, exchange rates etc. The weighted average annual return rate for the year ended December 31, 2023 ranges from 1.29% to 4.21%.

APPENDIX I

ACCOUNTANTS’ REPORT

24. BILLS RECEIVABLES MEASURED AT FVTOCI

As at December 31, 2023 and 2024, certain bills held by the Group and the Company were measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

All the bills receivables were with a maturity period of less than one year. Details of impairment assessment are set out in Note 43.

25. TRANSFERS OF FINANCIAL ASSETS

(i) Transferred financial assets that were derecognised in their entirety

The bills accepted by banks with high credit quality were derecognised when they were endorsed to certain suppliers for settlement of trade payables or discounted to the banks. In the opinion of the directors of the Company, the Group and Company has transferred the significant risks and rewards relating to these bills receivables, and the risk of the default in payment of the endorsed bills receivable is low because all endorsed or discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised on the consolidated statements of financial position of the Group and the statements of financial position of the Company. As at December 31, 2023 and 2024, the Group had derecognised bills discounted to banks or endorsed to certain suppliers but not expired amounting to RMB38,875,000 and RMB65,676,000, respectively. As at December 31, 2023 and 2024, the Company had derecognised bills discounted to banks or endorsed to certain suppliers but not expired amounting to RMB20,840,000 and RMB64,278,000, respectively.

(ii) Transferred financial assets that were not derecognised in their entirety

As at December 31, 2023 and 2024, bills receivables of Group with a total carrying amount of RMB1,934,000 and RMB5,152,000 were endorsed to certain suppliers for settlement of trade payables. As at December 31, 2023 and 2024, bills receivable of Company with a total carrying amount of RMB1,934,000 and RMB4,760,000 were endorsed to certain suppliers for settlement of trade payables. If the bills are not paid on maturity, the suppliers have the right to request the Group and Company to pay the unsettled balance. As the Group and Company has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse.

26. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS/TERM DEPOSITS

The Group and the Company

The Group’s and the Company’s cash and cash equivalents comprise demand deposits and short-term deposits for the purpose of meeting the Group’s and the Company’s short term cash commitments, which carries interest at market rates ranging from 0.01% to 4.35% and 0.01% to 5.00% as at December 31, 2023 and 2024, respectively. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group’s and the Company’s restricted bank deposits consist primarily of restricted bank balances for customs bond and letter of credit bond. The Group’s and the Company’s restricted bank deposits carried interest at market rates ranging from 0.05% to 1.6% and 0.05% to 1.05% as at December 31, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s and the Company’s term deposits carrying at fixed interest rate of 2.60% to 3.36% and 1.75% to 3.00% as at December 31, 2023 and 2024, respectively.

Details regarding the assessment of the expected credit loss of the cash and cash equivalents, pledged bank deposits and term deposits of the Group and the Company as at December 31, 2023 and 2024 are set out in Note 43.

Cash and cash equivalents, restricted bank deposits and term deposits that are denominated in currencies other than the functional currency of the respective group entities at the end of each reporting period are mainly as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
The Group		
USD	40,023	46,252
EUR	5,573	29,462
GBP	268	1,197
HKD	559	801
AUD	—	9,569
RMB	—	989
	<u>46,423</u>	<u>88,270</u>
	As at December 31,	
	2023	2024
	RMB’000	RMB’000
The Company		
USD	7,542	14,070
EUR	2,506	23,816
GBP	268	83
HKD	541	759
AUD	—	1,339
	<u>10,857</u>	<u>40,067</u>

APPENDIX I

ACCOUNTANTS’ REPORT

27. TRADE, BILLS AND OTHER PAYABLES

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Trade payables	391,745	392,427
— Third parties	388,949	390,010
— Fellow subsidiary	2,796	2,417
Bills payables	6,380	1,004
Total trade and bills payables	398,125	393,431
Salary and other benefits payables	85,343	80,279
Other tax payables	23,877	18,358
Accrued expenses	89,839	99,345
Deposits	8,451	7,772
Repurchase obligations under share-based payment arrangement	13,536	14,396
Dividends payable	—	1,364
	619,171	614,945

The average credit period on purchases of goods and services of the Group is 30–90 days.

The following is an age analysis of trade payables presented based on invoice dates at the end of each reporting period:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within one year	391,745	392,427

The following is an analysis of bills payables based on the bill maturity dates at the end of each reporting period.

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within 180 days	6,380	1,004

At the end of each reporting period, the Group’s bills payables were issued by banks. These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statements of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

APPENDIX I

ACCOUNTANTS’ REPORT

Trade and other payables denominated in currencies other than the functional currency of the respective group entities balances at the end of each reporting period are mainly as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
USD	3,055	994
EUR	2,440	—
	<u>5,495</u>	<u>994</u>

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Trade payables	222,511	214,025
— Third parties	179,321	180,610
— Subsidiaries	41,197	31,741
— Fellow subsidiary	1,993	1,674
Bills payables	<u>6,380</u>	<u>—</u>
Total trade and bills payables	<u>228,891</u>	<u>214,025</u>
Salary and other benefits payables	27,745	26,191
Other tax payables	3,918	3,606
Accrued expenses	26,109	16,665
Deposits	7,356	6,115
Repurchase obligations under share-based payment arrangement	13,536	14,396
Dividend payable	<u>—</u>	<u>1,364</u>
	<u>307,555</u>	<u>282,362</u>

The average credit period on purchases of goods and services of the Company is 30–90 days.

The following is an age analysis of trade payables presented based on invoice dates at the end of each reporting period:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within one year	<u>222,511</u>	<u>214,025</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The following is an analysis of bills payables based on the bill maturity dates at the end of each reporting period.

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Within 180 days	6,380	—

At the end of each reporting period, the Company’s bills payables were issued by banks. These relate to trade payables in which the Company has issued bills to the relevant suppliers for settlement of trade payables. The Company continues to recognise these trade payables as the Company are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

Trade and other payables denominated in currencies other than the functional currency of the Company at the end of each reporting period are mainly as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
EUR	859	3,199

28. BORROWINGS

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Bank borrowings:		
Unsecured and unguaranteed	104,116	158,077
Unsecured and guaranteed (<i>Note</i>)	—	68,894
	104,116	226,971

Note: As at December 31, 2024, these bank borrowings of the Group are guaranteed by pledged assets further disclosed in Note 40.

APPENDIX I

ACCOUNTANTS’ REPORT

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
The carrying amounts of the borrowings are payable:		
Within one year	21,248	95,416
Within a period of more than one year but not exceeding two years . .	21,248	99,857
Within a period of more than two years but not exceeding five years . .	61,620	31,698
	104,116	226,971
Less: Amounts due within one year shown under current liabilities . . .	(21,248)	(95,416)
Amounts shown under non-current liabilities	82,868	131,555

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Effective interest rate:		
Fixed-rate borrowings	6.10%	4.58%–6.10%

29. LEASE LIABILITIES

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Lease liabilities payable:		
Within one year	42,796	27,090
Within a period of more than one year but not exceeding two years	112,484	138,526
Within a period of more than two years but not exceeding five years	143,671	189,863
	298,951	355,479
Less: Amount due for settlement within 12 months shown under current liabilities	(42,796)	(27,090)
Amount due for settlement after 12 months shown under non-current liabilities	256,155	328,389

The incremental borrowing rates applied to lease liabilities is 3.70% to 5.60% and 3.70% to 5.60% per annum for the years ended December 31, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Lease liabilities payable:		
Within one year	4,912	1,769
Within a period of more than one year but not exceeding two years	1,651	—
	<u>6,563</u>	<u>1,769</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(4,912)</u>	<u>(1,769)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>1,651</u>	<u>—</u>

The incremental borrowing rates applied to lease liabilities is 4.75% and 4.75% per annum for the years ended December 31, 2023 and 2024, respectively.

30. CONTRACT LIABILITIES

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Sales of nutritious food	<u>53,133</u>	<u>36,916</u>

The Group may require certain customers to pay deposits in advance and to fully settle the remaining balance upon delivery.

Contract liabilities represented the trade deposits received from customers, which will be recognised as the Group’s revenue when the control of the goods or services transfer to customers. Revenue of RMB25,826,000 and RMB53,133,000 of the Group was recognised during the year ended December 31, 2023 and 2024, respectively, that was included in the contract liabilities at the beginning of the relevant year.

Contract liabilities that were expected to be settled within the Group’s normal operating cycle are classified as current liabilities.

As at January 1, 2023, contract liabilities of the Group were RMB25,826,000.

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Sales of nutritious food	<u>10,438</u>	<u>10,234</u>

The Company may require certain customers to pay deposits in advance and to fully settle the remaining balance before or upon delivery.

APPENDIX I

ACCOUNTANTS’ REPORT

Contract liabilities represented the trade deposits received from customers, which will be recognised as the Company’s revenue when the control of the goods transfer to customers. Revenue of RMB17,110,000 and RMB10,438,000 of the Company was recognised during the year ended December 31, 2023 and 2024, respectively, that was included in the contract liabilities at the beginning of the relevant year.

Contract liabilities that were expected to be settled within the Company’s normal operating cycle are classified as current liabilities.

As at January 1, 2023, contract liabilities of the Company were RMB17,110,000.

31. CONVERTIBLE BONDS

The Group and the Company

The Company issued 10,248,929 convertible bonds at a par value RMB100 each on April 19, 2021. The convertible bonds are denominated in RMB.

The notes entitle the holders to convert them into ordinary shares of the Company at any time between the first trading day after six months from the date of issuance and the maturity date of the bonds, which is April 18, 2027. The original conversion price is RMB85.98 per convertible loan note. When holders elect to convert the bonds into shares during the conversion period, the number of shares to be issued is calculated by dividing the principal amount of the bonds to be converted by the prevailing conversion price on the conversion date. The result is rounded down to the nearest whole number.

The convertible bonds issued by the Group contain both debt and conversion option components, which are separated upon initial recognition. The portion of the convertible bonds with debt characteristics, net of transaction costs, is recognized under convertible bonds. At the date of issue, the fair value of the debt component is calculated by discounting the principal repayment amount using the market interest rate. The debt component is subsequently measured at amortized cost using the effective interest method until the convertible bonds are either converted or redeemed.

At initial recognition, the equity component of the convertible loan notes was separated from the debt component. The equity element is presented in equity heading “convertible bonds equity reserve”. The effective interest rate of the debt component is 6.88%.

The movement of the debt components of convertible bonds for the reporting period is set out as below:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Carrying amount at the beginning of the year	908,357	966,178
Interest charge (<i>Note 9</i>)	63,970	68,125
Interest paid	(6,149)	(10,249)
Conversion of convertible bonds into shares	—	(2)
Carrying amount at the end of the year	<u>966,178</u>	<u>1,024,052</u>

APPENDIX I

ACCOUNTANTS’ REPORT

32. OTHER FINANCIAL LIABILITIES

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Gross obligation of the written put options over non-controlling interests of Best Formulations (Note 37)	477,345	461,438

33. DEFERRED INCOME

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Subsidies related to property, plant and equipment (Note)	64,058	59,011
Others	1,620	693
	65,678	59,704

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Subsidies related to property, plant and equipment (Note)	3,843	1,995

Note: The Group and the Company received government subsidies for capital expenditure incurred for purchasing equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

34. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital RMB’000
Ordinary shares of RMB1 each authorised, issued and fully paid		
As at January 1, 2023	180,497,320	180,497
Grant of restricted shares (Note 36)	1,065,000	1,065
As at December 31, 2023	181,562,320	181,562
Grant of restricted shares (Note 36)	244,000	244
Conversion of share premium to share capital	54,156,226	54,156
Repurchase of restricted shares granted (note)	(89,700)	(90)
Conversion of convertible bonds into shares	34	1
As at December 31, 2024	235,872,880	235,873

Note: During the year ended December 31, 2024, the Company repurchased 89,700 restricted shares granted but not vested to 4 eligible grantees who have resigned during this year.

APPENDIX I

ACCOUNTANTS’ REPORT

35. RESERVES OF THE COMPANY

	Share premium	Convertible bonds equity reserve	Foreign currency translation reserve	Share-based payments reserve	Statutory surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2023 . . .	1,053,974	201,633	(61)	—	71,082	860,902	2,187,530
Profit for the year	—	—	—	—	—	112,172	112,172
Other comprehensive expense for the year . .	—	—	(20)	—	—	—	(20)
Total comprehensive (expense) income for the year	—	—	(20)	—	—	112,172	112,152
Dividends recognised as distribution (<i>Note 14</i>) . .	—	—	—	—	—	(63,174)	(63,174)
Appropriation to statutory reserve	—	—	—	—	11,217	(11,217)	—
Recognition of equity settled share-based payments (<i>Note 36</i>) . . .	—	—	—	1,733	—	—	1,733
Grant of restricted shares (<i>Note 36</i>)	12,471	—	—	—	—	—	12,471
As at December 31, 2023 .	1,066,445	201,633	(81)	1,733	82,299	898,683	2,250,712
Profit for the year	—	—	—	—	—	253,357	253,357
Other comprehensive income for the year . . .	—	—	82	—	—	—	82
Total comprehensive income for the year . . .	—	—	82	—	—	253,357	253,439
Dividends recognised as distribution (<i>Note 14</i>) . .	—	—	—	—	—	(198,497)	(198,497)
Appropriation to statutory reserve	—	—	—	—	25,336	(25,336)	—
Recognition of equity settled share-based payments (<i>Note 36</i>) . . .	—	—	—	5,282	—	—	5,282
Grant of restricted shares (<i>Note 36</i>)	2,857	—	—	—	—	—	2,857
Repurchase of restricted shares granted	(787)	—	—	—	—	—	(787)
Conversion of share premium to share capital	(54,156)	—	—	—	—	—	(54,156)
Conversion of convertible bonds into shares	2	—	—	—	—	—	2
As at December 31, 2024 .	<u>1,014,361</u>	<u>201,633</u>	<u>1</u>	<u>7,015</u>	<u>107,635</u>	<u>928,207</u>	<u>2,258,852</u>

APPENDIX I

ACCOUNTANTS’ REPORT

36. SHARE-BASED PAYMENT TRANSACTIONS

On October 16, 2023, the Company established a restricted share award scheme (“Share Incentive Scheme 2023”) for the primary purpose of providing incentives to directors and eligible employees. The Company granted first batch of 1,065,000 shares during the year ended December 31, 2023 and second batch of 244,000 shares during the year ended December 31, 2024 under the Share Incentive Scheme 2023. Restricted shares granted under Share Incentive Scheme 2023 shall be vested 30%, 30% and 40% in instalments upon 12 months, 24 months and 36 months from the date of grant and with the performance conditions are satisfied, respectively.

The Group recognises share-based payment expenses over the vesting period on a straight-line basis from the date the restricted shares are granted to the eligible grantees. During each of the year ended December 31, 2023 and 2024, equity-settled share-based payment compensation expenses of RMB1,733,000 and RMB5,282,000 respectively, in relation to the above-mentioned share-based payment arrangements were charged to profit or loss.

Set out below are details of the movements of the restricted shares granted under Share Incentive Scheme 2023 during the Track Record Period:

	Number of shares	Weighted average fair value per share at grant date RMB
	Employees	
Share Incentive Scheme 2023		
As at January 1, 2023	—	
Granted	<u>1,065,000</u>	20.09
As at December 31, 2023	1,065,000	
Granted	244,000	26.91
Increases from conversion of share premium to share capital	392,700	
Forfeited	<u>(553,400)</u>	
As at December 31, 2024	<u><u>1,148,300</u></u>	

The fair value of the restricted shares granted under Share Incentive Scheme 2023 was determined based on the market value of the Company’s shares at grant date and minus the subscription price of the restricted shares. The closing prices of the Company’s shares immediately before the dates of grant were RMB32.80 and RMB39.62, respectively.

37. ACQUISITION OF A SUBSIDIARY

On January 6, 2023, when all acquisition conditions were met, the Group acquired a 71.41% equity interest in Best Formulations pursuant to share purchase agreements entered by the Company and its subsidiary, Sirio Healthcare Holdings LLC, with the then shareholders of Best Formulations on January 6, 2022 and December 8, 2022. Best Formulations is principally engaged in the sales of nutritious and healthy products and was acquired with the objective of expanding the Group’s relevant business in USA market. The acquisition has been accounted for as acquisition of business using the acquisition method.

The acquisition agreements also include provisions granting the non-controlling shareholders of Best Formulations after acquisition put options for their remaining equity interest and Sirio Healthcare Holdings LLC. call options to acquire the remaining equity interest of non-controlling shareholders, each exercisable upon meeting specified conditions. The Group accounted the gross obligations arising from these written put options in “other financial liabilities” (Note 32) and with the remeasure gain or loss recorded in “other gains and losses” under the name “gains on remeasurement of other financial liabilities” (Note 8). The Group accounted these written call options in “financial assets at FVTPL” with the

APPENDIX I

ACCOUNTANTS’ REPORT

name as “written call options over the non-controlling interests of Best Formulations”(Note 23) and with the fair value changes recorded in “other gains and losses” under the name “Fair value (losses) gains arising from call options over the non-controlling interests of Best Formulations”(Note 8).

The total consideration paid by the Group amounted to RMB847,436,000. Following the required assessment and allocation, the total consideration has been allocated as follows: the cost of the business combination was RMB769,596,000, the initial cost recognised for the call option asset was RMB75,415,000 and the initial cost recognised for the put option liability was RMB2,425,000.

Assets acquired and liabilities recognised at the date of acquisition	RMB’000
Cash and cash equivalents	62,052
Trade and other receivables	72,936
Inventories	188,845
Property, plant and equipment	258,053
Other intangible assets	375,646
Right-of-use assets	269,130
Prepayment for purchase of non-current assets	4,687
Trade and other payables	(188,656)
Contract liabilities	(24,982)
Borrowings	(6,893)
Lease liabilities	(269,130)
Provisions	(2,067)
Total identified net assets at fair value	<u>739,621</u>

Non-controlling interests

The non-controlling interests (28.59%) in Best Formulations recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Best Formulations and amounted to RMB211,457,000.

Goodwill arising on acquisition

	RMB’000
Consideration transferred	769,596
Plus: non-controlling interests (28.59% in Best Formulations)	211,457
Less: recognised amounts of net assets acquired	<u>(739,621)</u>
Goodwill arising on acquisition	<u>241,432</u>

Goodwill arose on the acquisition of Best Formulations primarily due to the inclusion of a control premium in the purchase price. The consideration also reflected expected benefit such as revenue growth, future market opportunities and the assembled value of Best Formulations’s assembled workforce. These benefits were not recognised separately from goodwill because they do not meet the recognition as separate identifiable intangible assets.

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes.

APPENDIX I

ACCOUNTANTS’ REPORT

Net cash outflow on acquisition of Best Formulations

	RMB’000
Cash consideration paid	769,596
Less: cash and cash equivalents balances acquired	<u>(62,052)</u>
	<u>707,544</u>

Impact of acquisition on the results of the Group

The revenue and loss included in the consolidated statements of profit or loss from the acquisition date to December 31, 2023 contributed and incurred by Best Formulations after eliminating the intra-group sales were RMB684,506,000 and RMB142,535,000 respectively.

Had the acquisition of Best Formulations been completed on January 1, 2023, revenue for the year ended December 31, 2023 of the Group would have been RMB3,587,943,000, and profit for the year ended December 31, 2023 would have been RMB122,397,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

In determining the “pro-forma” revenue and profit of the Group had Best Formulations been acquired at the beginning of the year ended December 31, 2023, the directors of the Company have calculated depreciation of property, plant and equipment and right-of-use assets, and amortisation of other intangible assets based on the recognised amounts at the date of acquisition for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements, respectively.

Pre-acquisition financial information

The pre-acquisition financial information of Best Formulations is for the period from January 1, 2023 to January 6, 2023 (the “Pre-acquisition Period”), has been prepared in accordance with the accounting policies set out in Note 4 above, which conform with IFRS Accounting Standard as issued by IASB.

Statement of Profit or Loss and Other Comprehensive Income

	NOTES	Pre-acquisition period ended <u>January 6, 2023</u> RMB’000
Revenue	(i)	5,921
Cost of sales		<u>(11,269)</u>
Gross loss		(5,348)
Other expense	(ii)	(25,268)
Selling and marketing expenses		(214)
Administrative expenses		(86,378)
Research and development expenses		(207)
Finance costs		<u>(476)</u>
Loss before tax	(iii)	(117,891)
Income tax expense		<u>—</u>
Loss and total comprehensive expense for the period		<u>(117,891)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Statement of Financial Position

	NOTES	As at January 6, 2023 RMB’000
Non-current assets		
Property, plant and equipment	(iv)	194,371
Right-of-use assets	(v)	269,130
Other intangible assets		21
Prepayment for purchase of non-current assets		4,687
Other receivables	(vi)	3,409
		<u>471,618</u>
Current assets		
Inventories	(vii)	166,084
Trade and other receivables	(vi)	69,527
Cash and cash equivalents	(viii)	62,052
		<u>297,663</u>
Current liabilities		
Trade and other payables	(ix)	188,656
Lease liabilities	(x)	28,763
Contract liabilities	(xi)	24,982
		<u>242,401</u>
Net current assets		<u>55,262</u>
Total assets less current liabilities		<u>526,880</u>
Non-current liability		
Lease liabilities	(x)	240,367
Borrowings		6,893
Provisions		2,067
		<u>249,327</u>
Net assets		<u>277,553</u>
Capital and reserves		
Share capital		296,081
Reserves		(18,528)
Total equity		<u>277,553</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Statement of Changes in Equity

	<u>Share capital</u>	<u>Reserves</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
As at January 1, 2023	<u>296,081</u>	<u>99,363</u>	<u>395,444</u>
Total comprehensive expense for the period	<u>—</u>	<u>(117,891)</u>	<u>(117,891)</u>
As at January 6, 2023	<u>296,081</u>	<u>(18,528)</u>	<u>277,553</u>

Statement of Cash Flows

	<u>Pre-acquisition period ended January 6, 2023</u>
	<u>RMB’000</u>
OPERATING ACTIVITIES	
Loss before tax	(117,891)
<i>Adjustments for:</i>	
Finance costs	<u>476</u>
Operating cash flows before movements in working capital	(117,415)
Decrease in inventories	10,711
Increase in trade and other receivables	(9,554)
Increase in trade and other payables	83,695
Increase in contract liabilities	<u>41</u>
Cash used in operations	(32,522)
Interest received	<u>28</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(32,494)</u>
INVESTING ACTIVITIES	
Settlement of loans to shareholders	<u>5,783</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>5,783</u>
FINANCING ACTIVITIES	
Repayment of bank borrowings	(255,750)
New bank borrowings raised	138
Interest paid	(524)
Capital injection by shareholders	<u>344,630</u>
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>88,494</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,783
Cash and cash equivalents at the beginning of period	269
Cash and cash equivalents at the end of the period	<u>62,052</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *Revenue*

	Pre-acquisition period ended January 6, 2023
	RMB’000
Types of goods	
Sales of goods	
Softgels	3,860
Tablets	227
Liquids	179
Capsules	1,654
Others	<u>1</u>
Total	<u>5,921</u>
Timing of revenue recognition	
At a point in time	<u>5,921</u>
Type of business model	
Sales of products from CDMO solutions	<u>5,921</u>
	<u>5,921</u>

(a) **Performance obligations for contracts with customers and revenue recognition policies**

Sales of goods

Best Formulations sells nutritious food and other goods to customers. Revenue is recognised at a point in time when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or delivered to the designated locations. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. Best Formulations normally grants a credit period of 30–90 days to its customers.

Certain customers are required to make a percentage of total consideration as prepayments before Best Formulations deliver the products. Contract liabilities are recognised when consideration is received in which revenue has yet not been recognised.

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

Based on management’s estimate as at January 6, 2023, all the performance obligation is expected to be recognised as revenue for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) *Other expense*

	Pre-acquisition period ended January 6, 2023
	RMB’000
Transaction expense	25,268

(iii) *Loss before tax*

Loss before tax has been arrived at after charging:

	Pre-acquisition period ended January 6, 2023
	RMB’000
Staff cost (including directors’ emoluments)	
Directors and supervisors’ remuneration	81,437
Other employee benefits expenses	1,322
	82,759
Capitalised in inventories	(1,322)
Total staff cost charged in profit or loss	81,437
Cost of inventories recognised as cost of sales (including provision of write-down of inventories amounting to RMB5,384,000 for the period ended January 6, 2023)	9,863

(iv) *Property, plant and equipment*

	Leasehold improvements	Machinery	Transportation equipment	Furniture, fixtures and equipment	CIP	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
COST						
As at January 1, 2023	90,328	158,660	1,261	18,079	65,700	334,028
Disposals	—	—	(1,186)	—	—	(1,186)
As at January 6, 2023	90,328	158,660	75	18,079	65,700	332,842
ACCUMULATED DEPRECIATION						
As at January 1, 2023	33,360	96,200	1,261	8,836	—	139,657
Eliminated on disposals	—	—	(1,186)	—	—	(1,186)
As at January 6, 2023	33,360	96,200	75	8,836	—	138,471
CARRYING VALUES						
As at January 1, 2023	56,968	62,460	—	9,243	65,700	194,371
As at January 6, 2023	56,968	62,460	—	9,243	65,700	194,371

APPENDIX I

ACCOUNTANTS’ REPORT

(v) *Right-of-use assets*

	Properties
	RMB’000
CARRYING AMOUNT	
As at January 1, 2023	269,130
As at January 6, 2023	269,130
For the period ended January 6, 2023	
Depreciation charge	—

(vi) *Trade and other receivables*

	As at January 6, 2023
	RMB’000
Trade receivables	63,812
Less: Allowance for credit losses	—
	63,812
Prepayments	5,305
Deposits	3,819
	72,936
Analysed as:	
Non-current	3,409
Current	69,527
	72,936

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods and services at the end of each reporting period:

	As at January 6, 2023
	RMB’000
Within 1 year	63,812

(vii) *Inventories*

	As at January 6, 2023
	RMB’000
Raw materials and consumables	89,397
Work in progress	3,122
Finished goods	73,565
	166,084

APPENDIX I

ACCOUNTANTS’ REPORT

(viii) *Cash and cash equivalents*

	As at January 6, 2023
	RMB’000
USD	62,052

(ix) *Trade and other payables*

	As at January 6, 2023
	RMB’000
Trade payables	
— Third parties	76,191
Salary and other benefits payables	92,175
Accrued expenses	20,283
Deposits	7
	188,656

The following is an age analysis of trade payables presented based on invoice dates at the end of each reporting period:

	As at January 6, 2023
	RMB’000
Within 1 year	76,191

(x) *Lease liabilities*

	As at January 6, 2023
	RMB’000
Lease liabilities payable:	
Within one year	28,763
Within a period of more than one year but not exceeding two years	22,249
Within a period of more than two years but not exceeding five years	57,167
Exceeding five years	160,951
	269,130
Less: Amount due for settlement within 12 months shown under current liabilities	(28,763)
Amount due for settlement after 12 months shown under non-current liabilities	240,367

APPENDIX I

ACCOUNTANTS’ REPORT

(xi) *Contract liabilities*

	As at January 6, 2023
	RMB’000
Sales of nutritious food	<u>24,982</u>

Contract liabilities that were expected to be settled within Best Formulations’s normal operating cycle are classified as current liabilities.

38. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group entered into new lease agreements for the use of leased properties. For year ended December 31, 2023, the Group recognised right-of-use assets and lease liabilities of RMB21,434,000 and RMB21,434,000, respectively on the lease commencement. For year ended December 31, 2024, the Group recognised right-of-use assets and lease liabilities of RMB77,812,000 and RMB77,812,000, respectively on the lease commencement.

39. RELATED PARTY TRANSACTIONS

(a) **Related party transactions**

Save for disclosed in elsewhere of the Historical Financial Information, the Group and the Company has the following material transactions and balances with the related parties during the Track Record Period.

The Group

<u>Relationship</u>	<u>Nature of balances/transactions</u>	<u>As at/Year ended December 31,</u>	
		<u>2023</u>	<u>2024</u>
		RMB’000	RMB’000
A company controlled by collateral relatives of the ultimate controlling party	Purchase of materials	11,612	9,974
	Amount due to fellow subsidiary (included in trade and other payables)	2,796	2,417

The Company

<u>Relationship</u>	<u>Nature of balances/transactions</u>	<u>As at/Year ended December 31,</u>	
		<u>2023</u>	<u>2024</u>
		RMB’000	RMB’000
A company controlled by collateral relatives of the ultimate controlling party	Purchase of materials	8,020	6,717
	Amount due to fellow subsidiary (included in trade and other payables)	1,993	1,674

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Compensation of key management personnel

The remuneration of the directors, supervisors and other key management personnel of the Group during the Track Record Period were as follows:

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Salaries and other benefits	6,672	7,309
Performance-related bonus (<i>Note</i>)	3,840	3,654
Retirement benefit scheme contributions	442	553
Directors’ fee	480	612
Share-based payments	84	575
	<u>11,518</u>	<u>12,703</u>

Note: Performance-related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

40. PLEDGE OF ASSETS

The Group’s unsecured and guaranteed borrowings, customs bond and letter of credit have been secured by the pledge of the Group’s assets and the carrying amounts of the respective assets are as follows:

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Property, plant and equipment	73,732	—
Other intangible assets	5,019	—
Bills receivables measured at FVTOCI	4,161	—
Restricted bank deposits	12,550	3,452
All assets of the subsidiary Best Formulations PC LLC	—	356,330
	<u>95,462</u>	<u>359,782</u>

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings, lease liabilities and convertible bonds disclosed in notes 28, 29 and 31 respectively, net of cash and cash equivalents, restricted bank deposits, term deposits and equity of the Group, comprising issued share capital, share premium, retained profits, other reserves and non-controlling interests.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, the new shares issues, the issue of new debts and redemption of existing debts.

APPENDIX I

ACCOUNTANTS’ REPORT

42. CAPITAL COMMITMENTS

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	91,395	81,760

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Financial assets		
Amortised cost	1,258,379	1,424,909
Financial assets at FVTPL	224,038	115,199
Derivative financial instruments	—	411
Bills receivables measured at FVTOCI	31,586	15,322
Financial liabilities		
Amortised cost	1,091,412	1,204,717
Convertible bonds	966,178	1,024,052
Derivative financial instruments	3,389	2,101

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Financial assets		
Amortised cost	1,896,465	1,158,608
Financial assets at FVTPL	100,172	—
Derivative financial instruments	—	411
Bills receivables measured at FVTOCI	23,255	2,411
Financial liabilities		
Amortised cost	275,892	252,565
Convertible bonds	966,178	1,024,052
Derivative financial instruments	3,389	835

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Financial risk management objectives and policies

The Group’s major financial assets and liabilities include trade, bills and other receivables, financial assets at FVTPL, bills receivables measured at FVTOCI, cash and cash equivalents, restricted bank deposits, term deposits, trade, bills and other payables, borrowings, financial liabilities at FVTPL, convertible bonds and other financial liabilities. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group’s activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group’s manner in which it manages and measures the risks.

(i) *Currency risk*

Cash and cash equivalents, trade, bills and other receivables and trade, bills and other payables are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The management will adopt favourable currencies and settlement methods, as well as actively utilise derivative financial instruments related to exchange rates to manage and mitigate risks, ensuring that risks are controlled within an acceptable range.

The carrying amounts of the Group’s and the Company’s foreign currency denominated monetary assets and liabilities balances at the end of each reporting period are mainly as follows:

The Group

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Assets		
USD	214,868	115,619
EUR	8,214	38,558
RMB	—	989
HKD	559	801
GBP	462	1,214
AUD	1,823	9,835
Liabilities		
USD	3,055	994
EUR	2,440	—

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Assets		
USD	27,662	16,196
EUR	2,506	23,816
HKD	541	759
GBP	268	83
AUD	—	1,339
Liabilities		
EUR	859	3,199

Sensitivity analysis

The following table details the Group’s and the Company’s sensitivity to a 5% increase and decrease in foreign currencies against respective entities’ functional currencies, with which the Group and the Company may have a material exposure. 5% represents management’s assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit for the year where foreign currencies strengthen 5% against functional currencies. For a 5% weakening of foreign currencies against functional currencies, there would be an equal and opposite impact on profit for the year.

The Group

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
<i>Impact on profit or loss</i>	9,295	7,079

The Company

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
<i>Impact on profit or loss</i>	1,280	1,657

(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to restricted bank deposits, term deposits, fixed-rate bank borrowings, convertible bonds and lease liabilities. The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

APPENDIX I

ACCOUNTANTS’ REPORT

Credit risk

The carrying amounts of trade, bills and other receivables, bills receivables measured at FVTOCI, cash and cash equivalents, restricted bank deposits and term deposits included in the consolidated statements of financial position represent the Group’s maximum exposure to credit risk in relation to its financial assets.

Trade receivables

For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company performs impairment assessment under ECL model on trade receivables credit-impaired individually. Except for the credit-impaired trade receivables, which are assessed for impairment individually, the ECL of the remaining trade receivables are assessed collectively, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on annual basis. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Trade receivables are mainly amounts due from public companies and reputable and sizeable brand owners in the nutritious food industry. In this regard, the management considers that the Group’s credit risk is significantly reduced.

The Group has concentration of credit risk of the trade receivables amounting to RMB171,695,000 and RMB184,144,000 was due from the five largest debtors, representing 28.02% and 27.28% of total trade receivables as at December 31, 2023 and 2024, respectively.

Other receivables

For other receivables, the management believes that there are no significant increase in credit risk of these amounts since initial recognition hence the Group and the Company has applied 12 month ECL in accordance to IFRS 9 to measure the loss allowance. The ECL on other receivables are grouped and collectively assessed for impairment, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each year.

Bills receivables measured at FVTOCI

Bills receivables measured at FVTOCI are primarily bank acceptance bills. The credit risk on bills receivables measured at FVTOCI is limited because the counterparties are with good credit standing and are highly likely to be paid, so management of the Group believes that the Group’s credit risk in bills receivables measured at FVTOCI are insignificant.

Term deposits/restricted bank deposits/bank balances

The credit risk on bank balances, restricted bank deposits and term deposits are limited because the counterparties are reputable financial institutions. The management of the Group believes that the Group’s credit risk in term deposits, restricted bank deposits and bank balances are insignificant.

APPENDIX I

ACCOUNTANTS’ REPORT

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets, which are subject to ECL assessment:

The Group

	<u>Internal Credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> RMB’000	<u>Impairment loss allowance</u> RMB’000
As at December 31, 2023				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	90,731	—
Cash and cash equivalent	Low risk	12m ECL	521,936	—
Restricted bank deposits	Low risk	12m ECL	12,550	—
Trade receivables (<i>Note</i>)	N/A	Lifetime ECL (collective assessment)	633,879	21,128
Other receivables and deposits	Low risk	12m ECL	12,142	253
Bills receivables	Low risk	12m ECL	<u>8,522</u>	<u>—</u>
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	<u>31,586</u>	<u>—</u>
			<u>1,311,346</u>	<u>21,381</u>

	<u>Internal Credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> RMB’000	<u>Impairment loss allowance</u> RMB’000
As at December 31, 2024				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	76,443	—
Cash and cash equivalent	Low risk	12m ECL	632,578	—
Restricted bank deposits	Low risk	12m ECL	3,452	—
Trade receivables (<i>Note</i>)	N/A	Lifetime ECL (collective assessment)	688,782	20,386
Trade receivables (<i>Note</i>)	N/A	Lifetime ECL (individual assessment)	7,593	974
Other receivables and deposits	Low risk	12m ECL	26,074	843
Bills receivables	Low risk	12m ECL	<u>12,190</u>	<u>—</u>
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	<u>15,322</u>	<u>—</u>
			<u>1,462,434</u>	<u>22,203</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	<u>Internal Credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> RMB’000	<u>Impairment loss allowance</u> RMB’000
As at December 31, 2023				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	90,731	—
Cash and cash equivalent	Low risk	12m ECL	126,419	—
Restricted bank deposits	Low risk	12m ECL	12,451	—
Trade receivables (<i>Note</i>)	N/A	Lifetime ECL (collective assessment)	282,653	6,900
Other receivables and deposits	Low risk	12m ECL	1,389,223	124
Bills receivables	Low risk	12m ECL	<u>2,012</u>	<u>—</u>
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	<u>23,255</u>	<u>—</u>
			<u>1,926,744</u>	<u>7,024</u>
	<u>Internal Credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> RMB’000	<u>Impairment loss allowance</u> RMB’000
As at December 31, 2024				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	76,443	—
Cash and cash equivalent	Low risk	12m ECL	237,915	—
Restricted bank deposits	Low risk	12m ECL	800	—
Trade receivables (<i>Note</i>)	N/A	Lifetime ECL (collective assessment)	383,819	6,407
Other receivables and deposits	Low risk	12m ECL	329,919	129
Bills receivables	Low risk	12m ECL	6,248	—
Dividends receivable	Low risk	12m ECL	<u>130,000</u>	<u>—</u>
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	<u>2,411</u>	<u>—</u>
			<u>1,167,555</u>	<u>6,536</u>

Note: For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for the credit-impaired trade receivables, which are assessed for impairment individually, the Group and the Company determines the ECL on trade receivables on a collective basis.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows the movement in ECL that has been recognised for trade and other receivables.

The Group

	Trade receivables (Lifetime ECL)		Other receivables and deposits (12m ECL)	Other receivables (Lifetime ECL) (credit- impaired)	Total
	(not credit- impaired)	(credit- impaired)			
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2023	15,976	—	234	433	16,643
Impairment losses recognised, net of reversal	5,055	—	19	103	5,177
Write-off	—	—	—	(536)	(536)
Exchange rate realignment . .	97	—	—	—	97
As at December 31, 2023	21,128	—	253	—	21,381
Impairment losses recognised, net of reversal	(650)	974	590	—	914
Write-off	(64)	—	—	—	(64)
Exchange rate realignment . .	(28)	—	—	—	(28)
As at December 31, 2024	20,386	974	843	—	22,203

The Company

	Trade receivables (Lifetime ECL) (not credit- impaired)	Other receivables and deposits (12m ECL)	Total
	RMB’000	RMB’000	RMB’000
As at January 1, 2023	6,772	122	6,894
Impairment losses recognised, net of reversal	128	2	130
As at December 31, 2023	6,900	124	7,024
Impairment losses recognised, net of reversal	(493)	5	(488)
As at December 31, 2024	6,407	129	6,536

APPENDIX I

ACCOUNTANTS’ REPORT

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level 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. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group/Company can be required to pay. The table includes both interest and principal cash flows.

In addition, the following table details the Group’s and the Company’s liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group’s and the Company’s derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group and the Company considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

The Group

	Weighted average effective interest rate	Within 1 year or on demand	1 to 5 years	over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023						
Trade, bills and other						
payables	N/A	509,951	—	—	509,951	509,951
Borrowings	6.10	21,963	95,122	—	117,085	104,116
Lease liabilities	3.70–5.60	42,796	164,421	210,008	417,225	298,951
Other financial liabilities .	6.00	—	515,354	—	515,354	477,345
Financial liabilities at						
FVTPL	N/A	3,389	—	—	3,389	3,389
Convertible bonds	7.09	10,249	1,194,000	—	1,204,249	966,178
		<u>588,348</u>	<u>1,968,897</u>	<u>210,008</u>	<u>2,767,253</u>	<u>2,359,930</u>
As at December 31, 2024						
Trade, bills and other						
payables	N/A	516,308	—	—	516,308	516,308
Borrowings	4.58–6.10	99,434	144,680	—	244,114	226,971
Lease liabilities	3.70–5.60	40,459	188,078	257,779	486,316	355,479
Other financial liabilities .	6.00	—	503,585	—	503,585	461,438
Financial liabilities at						
FVTPL	N/A	2,101	—	—	2,101	2,101
Convertible bonds	7.09	15,373	1,178,627	—	1,194,000	1,024,052
		<u>673,675</u>	<u>2,014,970</u>	<u>257,779</u>	<u>2,946,424</u>	<u>2,586,349</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Weighted average effective interest rate	Within 1 year or on demand	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023					
Trade, bills and other payables	N/A	275,892	—	275,892	275,892
Lease liabilities	4.75	4,912	2,413	7,325	6,563
Financial liabilities at FVTPL	N/A	3,389	—	3,389	3,389
Convertible bonds	7.09	10,249	1,194,000	1,204,249	966,178
		<u>294,442</u>	<u>1,196,413</u>	<u>1,490,855</u>	<u>1,252,022</u>
As at December 31, 2024					
Trade, bills and other payables	N/A	252,565	—	252,565	252,565
Lease liabilities	4.75	1,769	—	1,769	1,769
Financial liabilities at FVTPL	N/A	835	—	835	835
Convertible bonds	7.09	15,373	1,178,627	1,194,000	1,024,052
		<u>270,542</u>	<u>1,178,627</u>	<u>1,449,169</u>	<u>1,279,221</u>

(c) Fair value measurements of financial instruments

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. The Group’s financial department determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For certain instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers, ValueLink, whose address is disclosed in Note 17 to the Historical Financial Information, to perform the valuation. The financial department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The financial department reports to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *Fair value of the Group’s and the Company’s financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group’s the Company’s financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

The Group

Financial assets/ (liabilities)	Notes	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2024	2023				
		RMB’000	RMB’000				
Financial assets at FVTPL — Written call options over the non-controlling shareholdings of Best Formulations	23	—	23,381	Level 3	Monte Carlo Simulation — Based on the target company’s discount rate	Discount rate	The higher the discount rate of the target enterprise, the lower the fair value.
Financial assets at FVTPL — Structured deposits	23	115,199	200,657	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A	N/A
Financial assets at FVTPL — derivative financial assets-forward exchange contracts . . .	23	411	—	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial liability at FVTPL — derivative financial liabilities-forward exchange contracts . . .	23	(2,101)	(3,389)	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Bills receivables measured at FVTOCI	24	15,322	31,586	Level 3	Discounted cash flow — Future cash flows are estimated based on discount rates that reflects the Group’s current discount rate to banks.	Discount rate	The higher the discount rate, the lower the fair value.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

Financial assets/ (liabilities)	Notes	Fair value as at December 31,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2024	2023				
		RMB’000	RMB’000				
Financial assets at FVTPL — Structured deposits	23	—	100,172	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A	N/A
Financial assets at FVTPL — derivative financial assets-forward exchange contracts . . .	23	411	—	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Financial liability at FVTPL — derivative financial liabilities-forward exchange contracts . . .	23	(835)	(3,389)	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Bills receivables measured at FVTOCI	24	2,411	23,255	Level 3	Discounted cash flow — Future cash flows are estimated based on discount rates that reflect the Company’s current discount rate to banks.	Discount rate	The higher the discount rate, the lower the fair value.

There were no transfers between Level 1 and 2 during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) *Reconciliation of Level 3 fair value measurements*

The following table presents the reconciliation of Level 3 measurements of financial assets during the Track Record Period:

	Financial assets at FVTPL RMB’000	Bills receivables measured at FVTOCI RMB’000
As at January 1, 2023	—	17,159
Purchase of financial assets	75,416	366,913
Disposal of financial assets	—	(352,376)
Fair value changes		
— recognised in profit or loss	(54,115)	—
— recognised in other comprehensive income	—	(110)
Exchange rate realignment	<u>2,080</u>	<u>—</u>
As at December 31, 2023	23,381	31,586
Purchase of financial assets	—	193,181
Disposal of financial assets	—	(209,194)
Fair value changes		
— recognised in profit or loss	(23,727)	(351)
— recognised in other comprehensive income	—	100
Exchange rate realignment	<u>346</u>	<u>—</u>
As at December 31, 2024	<u>—</u>	<u>15,322</u>

Of the total gains or losses for the period included in profit or loss, RMB54,115,000 loss and RMB23,727,000 loss relates to financial assets at FVTPL held at the end of the current reporting period during the year ended December 31, 2023 and 2024, respectively. Fair value gains or losses on financial assets at FVTPL are included in ‘other gains and losses’.

(iii) *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	As at December 31, 2023			As at December 31, 2024		
	Carrying amount	Fair value	Fair value Hierarchy	Carrying amount	Fair value	Fair value Hierarchy
	RMB’000	RMB’000		RMB’000	RMB’000	
Convertible						
bonds	966,178	1,107,843	Level 1	1,024,052	1,158,775	Level 1

The fair value of convertible bonds is calculated by multiplying the closing market price of the convertible bonds at the end of the year by the remaining number of convertible bonds.

APPENDIX I

ACCOUNTANTS’ REPORT

44. 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.

	<u>Lease liabilities</u>	<u>Borrowings</u>	<u>Convertible bonds</u>	<u>Dividends payable</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
As at January 1, 2023	28,392	156	908,357	—	936,905
Financing cash flows	(33,889)	94,576	(6,149)	(63,174)	(8,636)
Acquisition of a subsidiary (Note 37)	269,130	6,893	—	—	276,023
New lease entered	21,434	—	—	—	21,434
Lease modified	(2,739)	—	—	—	(2,739)
Dividends declared	—	—	—	63,174	63,174
Interest expenses	16,623	2,491	63,970	—	83,084
As at December 31, 2023	298,951	104,116	966,178	—	1,369,245
Financing cash flows	(37,492)	111,277	(10,249)	(197,133)	(133,597)
New lease entered	77,812	—	—	—	77,812
Lease modified	(83)	—	—	—	(83)
Dividends declared	—	—	—	198,497	198,497
Conversion of convertible bonds into shares	—	—	(2)	—	(2)
Interest expenses	16,291	11,578	68,125	—	95,994
As at December 31, 2024	<u>355,479</u>	<u>226,971</u>	<u>1,024,052</u>	<u>1,364</u>	<u>1,607,866</u>

45. RETIREMENT BENEFIT PLANS

The employees of the Company and Group’s subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The Company and PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to profit or loss in respect of retirement benefit plans amounted to approximately RMB35,022,000 and RMB71,300,000 for the year ended December 31, 2023 and 2024, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

46.1 General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company during the Track Record Period and as at the date of this report are set out below:

Name of subsidiaries	Place/country and date of establishment/ incorporations	Paid up capital/share capital		Equity interest attributable to the Company		Principal activities	
		As at December 31,		As at December 31			As at the date of this report
		2023	2024	2023	2024		
				%	%		%
Directly held:							
Wewow Health Co., Ltd. 維樂維健康產業有限公司 (“Wewow”) (Note i)	Guangzhou, China, September 22, 2016	RMB50,000,000.00	RMB50,000,000.00	100	100	[100] Sales of nutritional and healthcare foods	
QianBai (Note i)	Guangzhou, China, March 11, 2016	RMB60,000,000.00	RMB60,000,000.00	100	100	[100] Sales of nutritional and healthcare foods	
Sirio Health Technology (Shanghai) Co., Ltd 仙樂(上海)健康科技有限公司 (“SHT”) (Note iii)	Shanghai, China, December 18, 2023	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Sales of nutritional and healthcare foods	
Sirio Healthcare (Anhui) Co., Ltd. 仙樂健康科技(安徽)有限公司 (“SHAH”) (Note iv)	Ma’anshan, China, August15, 2014	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Production and sales of nutritional and healthcare foods	
SPGD (Note ix)	Shantou, China, June 29, 2023	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Production and sales of nutritional and health foods	
HB (Note i)	Shantou, China, January 13, 2021	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Raw material processing	
SLT (Note iv)	Shanghai, China, September 15, 2021	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Technical consulting, development, services, and transfer in nutrition technology, health technology, beauty technology, etc.	
Sirio Biological Technology (Shanghai) Co., Ltd. 仙樂生物科技(上海)有限公司 (“SBT”) (Note iv)	Shanghai, China, August 15, 2014	RMB5,000,000.00	RMB5,000,000.00	100	100	[100] Sales of nutritional and healthcare foods	
VPaw (Guangdong) Health Technology Co., Ltd. 得龍(廣東)健康科技有限公司 (“VPHT”) (Note i)	Shantou, China, November 26, 2024	N/A	RMB10,000,000.00	N/A	100	[100] Production and sales of pet food	
JM (Note ii)	Shantou, China, June 6, 2022	RMB200,000,000.00	RMB200,000,000.00	100	100	[100] Investment	
Sirio Holdings Limited 仙樂控股有限公司 (“SH”) (Note vi)	Hong Kong, China, August 29, 2016	USD100,000.00	USD100,000.00	100	100	[100] Investment	
Guangzhou Xianle Yijian Health Industry Investment Partnership Enterprise (Limited Partnership) 廣州仙樂易簡健康產業投資合夥企業(有限合夥) (Note x)	Guangzhou, China, March 19, 2020	N/A	N/A	N/A	N/A	N/A Investment	
Indirectly held:							
SPZH (Note i)	Zhuhai, China, November 16, 2022	RMB10,000,000.00	RMB10,000,000.00	100	100	[100] Production and sales of nutritional and healthcare foods	
Sirio Americas Holdings, Inc. 仙樂美國控股公司 (“SAH”) (Note i)(Note viii)	United States, June 7, 2022	USD7,600,000.00	N/A	100	N/A	N/A Investment	
Sirio Healthcare Holdings LLC. 仙樂健康控股有限公司 (“SHH”) (Note i)	United States, August 29, 2016	USD7,600,000.00	USD7,600,000.00	100	100	[100] Investment	
BF (Note vii)	United States, September 23, 1986	USD100,000,000.00	USD100,000,000.00	71.41	71.41	[71.41] Production and sales of nutritional and health foods	
Best Formulations PC LLC 百世個人護理品有限公司 (“BFPC”) (Note vii)	United States, March 20, 2024	N/A	Nil	N/A	71.41	[71.41] Production and sales of personal care products	
WeHealth (Shanghai) Enterprise Management Co., Ltd. 維見(上海)企業管理有限公司 (“WeHealth”) (Note i)	Shanghai, China, August 1, 2024	N/A	RMB50,000,000.00	N/A	100	[100] Investment	
Sirio Holdings (Asia) Pte. Ltd. 仙樂控股(亞洲)有限公司 (“SHAS”) (Note i)	Singapore, August 26, 2024	N/A	USD100.00	N/A	100	[100] Investment	
Sirio Healthcare (Thailand) Co., Ltd. 仙樂健康科技(泰國)有限公司 (“SHTL”) (Note i)	Thailand, November 29, 2024	N/A	Thai Baht (“THB”) 5,000,000.00	N/A	100	[100] Production and sales of nutritional and health foods	

APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiaries	Place/country and date of establishment/ incorporations	Paid up capital/share capital		Equity interest attributable to the Company			Principal activities
		As at December 31,		As at December 31		As at the date of this report	
		2023	2024	2023	2024		
				%	%	%	
Sirio (UK) Healthcare Co., Ltd. 仙樂(英國)健康科技有限公司 ("SUK") (Note i)	United Kingdom, August 30, 2024	N/A	GBP100,000.00	N/A	100		[100] Production and sales of nutritional and health foods
Xeed Life Healthcare LLC. 極致健康有限公司("Xeed") (Note i)	United States, November 18, 2024	N/A	USD1,000,000.00	N/A	100		[100] Investment
Xtrapower Life Nutrition LLC. 源力健康有限公司 ("Xtrapower") (Note i)	United States, November 13, 2024	N/A	USD1,000,000.00	N/A	100		[100] Production and sales of nutritional and health foods
Sirio Nutrition Co., Ltd 仙樂營養品有限公司 ("SN") (Note i)	United States, February 5, 2010	USD594,042.00	USD594,042.00	100	100		[100] Sales of nutritional and healthcare foods
Sirio International Limited 仙樂國際有限公司 ("SI") (Note vi)	Hong Kong, China, October 27, 2016	USD100,000.00	USD100,000.00	100	100		[100] Investment
Sirio Europe GmbH & Co. KG 仙樂歐洲有限兩合公司 ("SE") (Note v)	Germany, January 5, 2015	EUR6,312,000	EUR6,312,000	100	100		[100] Investment, and sales of nutritional and healthcare foods
Sirio Europe Verwaltungs GmbH 仙樂歐洲管理有限公司 ("SEV") (Note i)	Germany, February 12, 2016	EUR25,000.00	EUR25,000.00	100	100		[100] Investment
Ayanda Verwaltungs GmbH Ayanda 管理有限公司 ("AYV") (Note i)	Germany, November 25, 2008	EUR25,000.00	EUR25,000.00	100	100		[100] Investment
Sirio Pharma Germany GmbH 仙樂健康德國有限公司 ("SPG") (Note v)	Germany, March 23, 1992	EUR100,000.00	EUR100,000.00	100	100		[100] Production and sales of nutritional and healthcare foods

All of the subsidiaries adopted December 31 as financial year end.

None of the subsidiaries has issued any debt securities as at December 31, 2023 and 2024.

Notes:

- (i) No audited statutory financial statements have been prepared for these subsidiaries for the years ended December 31, 2023 and 2024, as applicable, as there is no statutory audit requirement.
- (ii) The statutory financial statements of JM for the year ended December 31, 2023 were prepared in accordance with CASBE and were audited by Guangdong Huaqian Certified Public Accountants (General Partnership), certified public accountants registered in the PRC. No audited statutory financial statements have been prepared for the year ended December 31, 2024, as there is no statutory audit requirement for that year.
- (iii) No audited statutory report was issued for the year ended December 31, 2023 as there was no statutory requirement. The statutory financial statements for the year ended December 31, 2024 were prepared in accordance with CASBE and were audited by Anhui Hualin Certified Public Accountants (General Partnership) certified public accountants registered in the PRC.
- (iv) The statutory financial statements of SHAH, SBT, SLT for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by Anhui Hualin Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.
- (v) The statutory financial statements of SE and SPG for the year ended December 31, 2023 were prepared in accordance with German Accounting Standards and were audited by Deloitte GmbH, certified public accountants registered in Germany. No audited statutory report has been issued for the year ended December 31, 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

- (vi) The statutory financial statements of SH and SI for the year ended December 31, 2023 were prepared in accordance with HKFRS Accounting Standards and were audited by Hengda Certified Public Accountants, certified public accountants registered in Hong Kong. The statutory financial statements for the year ended December 31, 2024 were prepared in accordance with HKFRS Accounting Standards and were audited by U&I CPA Limited, certified public accountants registered in Hong Kong.
- (vii) The statutory financial statements of BF and BFPC for the years ended December 31, 2023 and 2024 were prepared on a consolidated basis and issued as a consolidated audit report. These financial statements were prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and were audited by Deloitte & Touche LLP, certified public accountants registered in the United States.
- (viii) SAH was deregistered during the year ended December 31, 2024.
- (ix) The statutory financial statements of SPGD for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by Guangdong Huaqian Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.
- (x) No audited statutory financial statements have been prepared for the subsidiary for the years ended December 31, 2023 and 2024 because this subsidiary was deregistered on December 21, 2023.

46.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests held by non-controlling interests as at		Loss allocated to non-controlling interests as at		Accumulated non-controlling interests as at	
		December 31,		December 31,		December 31,	
		2023	2024	2023	2024	2023	2024
		%	%	RMB’000	RMB’000	RMB’000	RMB’000
Best Formulations .	United States	28.59	28.59	(40,751)	(43,044)	176,136	135,364

Summarized financial information in respect of Best Formulations is set out below. The summarized information below represents amounts before intragroup eliminations.

Best Formulations

	As at December 31,	
	2023	2024
	RMB’000	RMB’000
Current assets	334,957	393,230
Non-current assets	1,006,996	1,096,656
Current liabilities	191,545	241,113
Non-current liabilities	534,330	775,306
Equity attributable to owners of Best Formulations	439,941	338,103
Non-controlling interests	176,137	135,364

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended December 31,	
	2023	2024
	RMB’000	RMB’000
Revenue	684,506	957,722
Expenses	(131,029)	(173,940)
Loss attributable to owners of Best Formulations	(101,784)	(107,512)
Loss attributable to the non-controlling interests	(40,751)	(43,044)
Loss for the year	(142,535)	(150,556)
Other comprehensive income attributable to owners of Best Formulations . . .	13,562	5,674
Other comprehensive income attributable to the non-controlling interests . . .	5,430	2,272
Other comprehensive income for the year	18,992	7,946
Total comprehensive expense attributable to owners of Best Formulations . . .	(88,222)	(101,838)
Total comprehensive expense attributable to the non-controlling interests . . .	(35,321)	(40,772)
Total comprehensive expense for the year	(123,543)	(142,610)
Net cash outflow from operating activities	(178,602)	(78,107)

47. SUBSEQUENT EVENTS

Restricted shares granted

At the seventh meeting of the fourth board of directors held on February 24, 2025, the board of directors of the Company approved the *Proposal on the First Grant of Restricted Shares under the Share Incentive Scheme 2025*. The directors of the Company determined that the grant conditions specified in the *Sirio Pharma Co., Ltd. Share Incentive Scheme 2025* had been satisfied. Accordingly, February 24, 2025 was designated as the grant date for the initial award, with a grant price of RMB13.27 per share. A total of 1,511,000 restricted shares, each with a par value of RMB1, were initially granted to 78 eligible participants.

During the subscription period following the grant date, one grantee elected to partially forfeit his allotted shares, and 6 grantees forfeited their entire allotted shares, amounting to an aggregate of 110,000 restricted shares. As a result, the number of grantees under the initial grant was adjusted from 78 to 72, and the number of restricted shares initially granted was reduced from 1,511,000 to 1,401,000. The remaining 110,000 shares were cancelled and will not be re-granted in the future.

After this, as at March 12, 2025, the Company’s registered capital increased by RMB1,401,000, resulting in a total registered capital of RMB237,273,880.

48. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2024.]

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is the text of a report set out on pages IA-1 to IA-27, received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of inclusion in this document.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF SIRIO PHARMA CO., LTD.

(incorporated in People’s Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Sirio Pharma Co., Ltd.* (仙樂健康科技股份有限公司) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages IA-3 to IA-27, which comprise the condensed consolidated statement of financial position as of September 30, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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 the application of the initial listing 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 International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. 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 International 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 is for identification purpose

APPENDIX IA

**REPORT ON REVIEW OF 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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	3,291,174	3,048,456
Cost of sales		(2,255,294)	(2,121,480)
Gross profit		1,035,880	926,976
Other income	4	36,765	21,371
Other gains and losses	5	4,479	488
Selling expenses		(273,179)	(232,824)
Administrative expenses		(355,565)	(298,529)
Research and development expenses		(100,482)	(98,627)
Share of results of an associate		(5,027)	—
Impairment loss recognised in respect of assets classified as held for sale	14	(210,194)	—
Impairment losses (including reversals of impairment losses) on financial assets		(3,225)	146
Other expenses		(5,561)	(3,659)
Finance costs	6	(75,662)	(73,391)
Profit before tax	7	48,229	241,951
Income tax credit (expense)	8	7,306	(29,225)
Profit for the period		55,535	212,726
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		28,170	(9,241)
Fair value gain on debt instruments measured at fair value through other comprehensive income ("FVTOCI")		120	50
Other comprehensive income (expense) for the period, net of income tax		28,290	(9,191)
Total comprehensive income for the period . . .		83,825	203,535

APPENDIX IA

**REPORT ON REVIEW OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

		Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		153,385	239,802
Non-controlling interests		(97,850)	(27,076)
		<u>55,535</u>	<u>212,726</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		182,981	232,425
Non-controlling interests		(99,156)	(28,890)
		<u>83,825</u>	<u>203,535</u>
Earnings per share			
	10		
Basic (RMB)		0.50	0.78
Diluted (RMB)		<u>0.50</u>	<u>0.78</u>

APPENDIX IA

**REPORT ON REVIEW OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<u>At September 30,</u>	<u>At December 31,</u>
	<i>NOTES</i>	2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-Current Assets			
Property, plant and equipment	11	2,043,653	1,979,525
Right-of-use assets	11	335,747	446,759
Goodwill		431,980	417,105
Other intangible assets	11	384,591	443,978
Financial assets at fair value through profit or loss (“FVTPL”)		21,868	—
Prepayment for purchase of non-current assets . .		59,337	30,592
Investment in an associate	12	96,541	—
Term deposits		—	52,443
Deferred tax assets		126,647	81,362
Other receivables	13	25,351	11,320
		<u>3,525,715</u>	<u>3,463,084</u>
Current Assets			
Inventories		505,761	481,665
Trade, bills and other receivables	13	882,013	748,627
Tax recoverable		207	1,684
Financial assets at FVTPL		52,489	115,610
Bills receivables measured at FVTOCI		11,404	15,322
Term deposits		53,423	24,000
Restricted bank deposits		2,449	3,452
Cash and cash equivalents		535,716	632,578
		<u>2,043,462</u>	<u>2,022,938</u>
Assets classified as held for sale	14	112,989	—
		<u>2,156,451</u>	<u>2,022,938</u>
Current Liabilities			
Trade, bills and other payables	15	773,375	614,945
Tax liabilities		53,534	48,069
Borrowings	16	190,099	95,416
Financial liabilities at FVTPL		—	2,101
Lease liabilities		13,379	27,090
Contract liabilities		39,732	36,916
Other financial liabilities	17	456,117	—
		<u>1,526,236</u>	<u>824,537</u>
Liabilities directly associated with assets classified as held for sale	14	112,989	—
		<u>1,639,225</u>	<u>824,537</u>
Net current assets		<u>517,226</u>	<u>1,198,401</u>
Total assets less current liabilities		<u>4,042,941</u>	<u>4,661,485</u>

APPENDIX IA

**REPORT ON REVIEW OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

		<u>At September 30,</u>	<u>At December 31,</u>
	<i>NOTES</i>	<u>2025</u>	<u>2024</u>
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-Current Liabilities			
Deferred tax liabilities		15,873	15,149
Borrowings	16	109,870	131,555
Convertible bonds		1,062,116	1,024,052
Other financial liabilities	17	—	461,438
Lease liabilities		230,093	328,389
Deferred income		<u>72,194</u>	<u>59,704</u>
		<u>1,490,146</u>	<u>2,020,287</u>
Net assets		<u>2,552,795</u>	<u>2,641,198</u>
Capital and Reserves			
Share capital	18	307,319	235,873
Treasury shares		(66,156)	(54,312)
Reserves		<u>2,275,424</u>	<u>2,324,273</u>
Equity attributable to owners of the Company . . .		2,516,587	2,505,834
Non-controlling interests		<u>36,208</u>	<u>135,364</u>
Total Equity		<u>2,552,795</u>	<u>2,641,198</u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury shares	Convertible bonds equity reserve	FVTOCI reserve	Foreign currency translation reserve	Share-based payments reserve	Statutory surplus reserve	Retained profits	Subtotal	Non-controlling interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025 (audited) . . .	235,873	493,684	(54,312)	201,633	(118)	(640)	7,015	107,635	1,515,064	2,505,834	135,364
Profit (Loss) and total comprehensive income (expense) for the period . . .	—	—	—	—	120	29,476	—	—	153,385	182,981	(99,156)
Dividends recognised as distribution (Note 9)	—	—	—	—	—	—	—	—	(152,527)	(152,527)	—
Deferred taxation of convertible bonds	—	—	—	(30,589)	—	—	—	—	—	(30,589)	—
Recognition of equity-settled share-based payments (Note 19)	—	—	—	—	—	—	9,783	—	—	9,783	—
Grant of restricted shares (Note 19)	1,401	17,190	(18,591)	—	—	—	—	—	—	—	—
Repurchase of restricted shares granted (Note 18)	(752)	(4,902)	6,747	—	—	—	—	—	—	1,093	—
Conversion of share premium to share capital	70,797	(70,797)	—	—	—	—	—	—	—	—	—
Conversion of convertible bonds into shares (Note 18)	*	12	—	*	—	—	—	—	—	12	—
At September 30, 2025 (unaudited)	<u>307,319</u>	<u>435,187</u>	<u>(66,156)</u>	<u>171,044</u>	<u>2</u>	<u>28,836</u>	<u>16,798</u>	<u>107,635</u>	<u>1,515,922</u>	<u>2,516,587</u>	<u>36,208</u>
At January 1, 2024 (audited) . . .	181,562	545,768	(44,533)	201,633	(203)	7,938	1,733	82,299	1,413,835	2,390,032	176,136
Profit (Loss) and total comprehensive income (expense) for the period . . .	—	—	—	—	50	(7,427)	—	—	239,802	232,425	(28,890)
Dividends recognised as distribution (Note 9)	—	—	—	—	—	—	—	—	(198,497)	(198,497)	—
Recognition of equity-settled share-based payments (Note 19)	—	—	—	—	—	—	9,785	—	—	9,785	—
Repurchase of shares (Note) . . .	—	—	(8,919)	—	—	—	—	—	—	(8,919)	—
Repurchase of restricted shares granted (Note 18)	(90)	(787)	2,241	—	—	—	—	—	—	1,364	—
Grant of restricted shares (Note 19)	244	2,857	(3,101)	—	—	—	—	—	—	—	—
Conversion of share premium to share capital	54,156	(54,156)	—	—	—	—	—	—	—	—	—
Conversion of convertible bonds into shares (Note 18)	<u>1</u>	<u>2</u>	<u>—</u>	<u>*</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3</u>	<u>—</u>
At September 30, 2024 (unaudited)	<u>235,873</u>	<u>493,684</u>	<u>(54,312)</u>	<u>201,633</u>	<u>(153)</u>	<u>511</u>	<u>11,518</u>	<u>82,299</u>	<u>1,455,140</u>	<u>2,426,193</u>	<u>147,246</u>

Note: During the nine months ended September 30, 2024, the Company repurchased 286,400 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of RMB8,919,000 paid.

* Amount is less than RMB1,000.

APPENDIX IA

**REPORT ON REVIEW OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATION		
ACTIVITIES	<u>322,092</u>	<u>271,684</u>
INVESTING ACTIVITIES		
Placement of term deposits	—	(14,000)
Withdrawal of term deposits	23,020	40,000
Purchase of financial assets at FVTPL	(218,955)	(170,000)
Redemption of financial assets at FVTPL	342,366	288,132
Interest from term deposits	72	189
Refund of rental deposit	—	2,477
Purchase of property, plant and equipment	(324,262)	(267,643)
Purchase of other intangible assets	(24,086)	(3,568)
Sales proceed of property, plant and equipment	678	31
Withdrawal of restricted bank deposits	1,005	10,852
Acquisition of investment in an associate	<u>(93,170)</u>	<u>—</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(293,332)</u>	<u>(113,530)</u>
FINANCING ACTIVITIES		
Interest paid	(23,350)	(17,455)
Dividends paid	(151,434)	(197,133)
New bank borrowings raised	114,730	125,065
Repayment of bank borrowings	(153,912)	(22,189)
Repayment of lease liabilities	(13,008)	(16,916)
Payments on repurchase of shares	—	(8,919)
Proceeds from bills receivables discounted to banks	88,000	9,503
Payments on repurchase of restricted shares granted	(5,654)	(877)
Proceeds from grant of restricted shares	<u>18,591</u>	<u>3,101</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(126,037)</u>	<u>(125,820)</u>
NET (DECREASE) INCREASE IN CASH AND CASH		
EQUIVALENTS	(97,277)	32,334
CASH AND CASH EQUIVALENTS AT BEGINNING OF		
THE PERIOD	632,578	521,936
Effects of exchange rate changes	<u>3,798</u>	<u>(125)</u>
CASH AND CASH EQUIVALENTS AT END OF		
THE PERIOD	<u>539,099</u>	<u>554,145</u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated and registered in the People’s Republic of China (the “**PRC**”) on August 16, 1993 as a limited liability company. In April 2015, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. In September 2019, the Company was listed on the Shenzhen Stock Exchange (stock code: 300791). The address of the registered office and the principal place of business of the Company is No.83 Taishan Road, Shantou, Guangdong, the PRC.

The Group is primarily engaged in offering comprehensive solutions which includes market insights, concept creation and formulation design, research and development, procurement solutions, manufacturing, packaging and branding and marketing for nutrition and health products in the nutraceutical industry.

The Group is directly controlled by Glory Investment Limited Company* (“廣東光輝投資有限公司”), and is ultimately controlled by Mr. Peiqing Lin and his spouse Ms. Qiong Chen, who are the founders of the Company.

The condensed consolidated financial statements are presented in Renminbi (“**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 (“**IAS 34**”) “Interim Financial Reporting” issued by the International Accounting Standards Board as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2025 are the same as those presented in the Group’s historical financial information for the two years ended December 31, 2024 (the “**Historical Financial Information**”) included in the accountants’ report as set out in Appendix I to this document.

* *English name is for identification purpose*

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of goods or service		
Sales of goods		
Softgels	1,581,231	1,385,529
Tablets	274,996	212,075
Powders	147,676	185,561
Gummies	828,570	760,133
Liquids	176,518	197,319
Capsules	164,817	159,848
Others	94,338	133,615
	3,268,146	3,034,080
Other services	23,028	14,376
Total	3,291,174	3,048,456
Geographical markets		
Mainland China and Hong Kong, SAR	1,277,861	1,219,929
America	1,288,168	1,189,980
Europe	561,095	437,782
Others	164,050	200,765
Total	3,291,174	3,048,456
Timing of revenue recognition		
A point in time	3,291,174	3,048,456

Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Entity-wide disclosures

Geographical information

The Group’s operations are located on Mainland China and overseas. Information about the Group’s non-current assets is presented based on the geographical location of the assets. Non-current assets excluded financial instruments, assets classified as held for sale and deferred tax assets.

	Non-current assets	
	As at September 30, 2025	As at December 31, 2024
	RMB’000 (Unaudited)	RMB’000 (Audited)
PRC	2,156,178	1,794,474
United States of America (“USA”)	864,485	1,188,593
Germany	356,537	346,212
TOTAL	3,377,200	3,329,279

Information about major customers

No customer contributing over 10% of the total revenue of the Group during the nine months ended September 30, 2024 and 2025.

4. OTHER INCOME

	Nine months ended September 30,	
	2025	2024
	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Government grants related to income (<i>note</i>)	20,972	3,096
Government grants related to assets	4,185	3,540
Addition deduction of Value-added Tax (“VAT”)	3,804	6,982
Interest income from bank deposits	7,804	7,753
	<u>36,765</u>	<u>21,371</u>

Note: The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for the Group’s operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognised when payments were received.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER GAINS AND LOSSES

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net foreign exchange gains	1,533	4,032
Losses on disposal of property, plant and equipment	(300)	(4,048)
Fair value (losses) gains arising from		
— structured deposits	(327)	1,636
— derivative financial instruments	1,155	(3,991)
— financial instruments embedded in the investment in an associate (note 12)	59,566	—
Impairment loss recognised in respect of investment in an associate (note 12)	(56,547)	—
Others	(601)	2,859
	<u>4,479</u>	<u>488</u>

6. FINANCE COSTS

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Effective interest expense on convertible bonds	53,450	50,697
Interest expenses on borrowings	10,430	10,538
Interest expenses on lease liabilities	11,782	12,156
	<u>75,662</u>	<u>73,391</u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Depreciation of property, plant and equipment	146,654	164,640
Depreciation of right-of-use assets	21,719	29,491
Amortization of other intangible assets	23,870	28,801
Total depreciation and amortisation	192,243	222,932
Capitalised in inventories	(148,632)	(175,679)
Total depreciation and amortization charged in profit or loss	43,611	47,253
Staff cost (including directors' and supervisors' emoluments):		
Directors and supervisors' remuneration	10,716	6,118
Other employee benefits expenses:		
— Salaries, bonus and other benefits	745,560	694,283
— Retirement benefit scheme contributions	71,016	56,638
— Equity-settled share-based payment expenses	9,206	9,785
	836,498	766,824
Capitalised in inventories	(411,247)	(413,390)
Total staff cost charged in profit or loss	425,251	353,434
Cost of inventories recognised as cost of sales (including provision of write-down of inventories amounting to RMB2,232,000 for the nine months ended September 30, 2024 and provision of write-down of inventories amounting to RMB4,216,000 for the nine months ended September 30, 2025)	2,181,924	2,057,074
Research and development costs recognised as an expense	100,482	98,627
Auditor's remuneration	1,240	1,120
Other expenses		
— Donations	2,043	2,620
— Other taxes and late payment fee	3,518	1,039
	5,561	3,659
Impairment loss recognised in respect of investment in an associate included in other gains and losses	56,547	—
Impairment loss recognised in respect of assets classified as held for sale	210,194	—

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (CREDIT) EXPENSE

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Income tax (credit) expenses comprise:		
Current tax:		
PRC Enterprise Income Tax (“EIT”)	56,728	37,992
USA	7,913	9,509
Others	3,202	1,064
	<u>67,843</u>	<u>48,565</u>
Deferred tax	(75,149)	(19,340)
	<u>(7,306)</u>	<u>29,225</u>

Pursuant to Caishui [2023] No. 12 “Announcement of the Ministry of Finance and the State Taxation Administration on the Further Implementation of Preferential Income Tax Policies for Small Meagre-profit Enterprises and Individually-owned Business” (財政部、國家稅務總局關於進一步支援小微企業和個體工商戶發展有關稅費政策的公告), during the period from January 1, 2023 to December 31, 2027, the portion of not more than RMB1,000,000 of the annual taxable income for Small Meagre-profit Enterprises will be included in the taxable income at a reduced rate of 25%, subject to enterprise income tax at the rate of 20%, and for the portion exceeding RMB1,000,000 but not exceeding RMB3,000,000. The Company’s PRC subsidiaries Guangdong Qianbai Health Co., Ltd.* (廣東仟佰大健康產業有限公司) (“QianBai”), Guangdong Health Biotechnology Co., Ltd.* (廣東合世生物科技有限公司) (“HB”), Sirio Life Technology (Shanghai) Co., Ltd.* (仙樂(上海)生命技術有限公司) (“SLT”), Sirio Pharma (Zhuhai) Co., Ltd.* (仙樂健康科技(珠海)有限公司) (“SPZH”), Jamet (GuangDong) Management Co., Ltd.* (嘉美(廣東)管理有限公司) (“JM”) and Sirio Pharma (Guangdong) Co., Ltd.* (仙樂健康科技(廣東)有限公司) (“SPGD”) continue to apply to the Preferential Tax Policy during the nine months ended September 30, 2025.

The tax policy for other entities have not changed.

* English name is for identification purpose

9. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the nine months ended September 30, 2024 and September 30, 2025 as follows:

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Dividend for ordinary shareholders of the Company	<u>152,527</u>	<u>198,497</u>

During the nine months ended September 30, 2024, the Company declared cash dividend in respect of the year ended December 31, 2023 of RMB1.10 per share, in aggregate of RMB198,497,000 to shareholders of the Company. This was accompanied by a capitalization issue of 3 additional shares for every 10 shares held from share premium.

During the nine months ended September 30, 2025, the Company declared cash dividend in respect of the year ended December 31, 2024 of RMB0.65 per share, in aggregate of RMB153,393,000 to shareholders of the Company. This was accompanied by a capitalization issue of 3 additional shares for every 10 shares held from share premium.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit for the year attributable to owners of the Company		
for the purpose of calculating basic and		
diluted earnings per share	153,385	239,802
	Nine months ended September 30,	
	2025	2024
	'000 (Unaudited)	'000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of		
basic and diluted earnings per share	306,670	306,145

The treasury shares and restricted shares granted but not vested which are not treated as outstanding shares were excluded when calculating the weighted average number of ordinary shares for basic earnings per share.

The computation of diluted earnings per share does not assume the vesting of the Company's restricted shares granted and conversion of the convertible bonds into ordinary shares since their inclusion would result in an increase in earnings per share. Accordingly, diluted earnings per share for the nine months ended September 30, 2024 and 2025 is the same as basic earnings per share.

The weighted average number of ordinary shares for the purpose of calculating earnings per share for the nine months ended September 30, 2024 and 2025 has been determined on the assumption that capitalization issue of shares as described in Note 9 had been effective since January 1, 2024.

11. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/OTHER INTANGIBLE ASSETS

The Group purchased property, plant and equipment of RMB308,044,000 and RMB266,087,000 during the nine months ended September 30, 2025 and 2024, respectively. The Group purchased other intangible assets of RMB24,086,000 and RMB3,568,000 during nine months ended September 30, 2025 and 2024, respectively. The Group recognised right-of-use assets of RMB3,318,000 and nil during nine months ended September 30, 2025 and 2024, respectively, from independent third parties.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. INVESTMENT IN AN ASSOCIATE

	<u>At September 30,</u> <u>2025</u>	<u>At December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u> <u>(Audited)</u>
Investment in an associate under equity method	96,541	—

In January 2025, WeHealth (Shanghai) Enterprise Management Co., Ltd. (“**WeHealth**”), a wholly-owned subsidiary of the Company, entered into share purchase agreements with three third-party individuals, pursuant to which WeHealth acquired 25% of the equity interests of Hubei Yibenhui Brand Management Co., Ltd. (“**Yibenhui**”) on January 26, 2025 in order to extend the e-commerce business of nutritious foods.

The share purchase agreements also include provisions grants WeHealth certain rights which includes call options for the additional share interests from the sellers, put options over the share interests it held back to sellers and performance compensations to be paid/received by sellers, each exercisable/triggered upon certain conditions as stipulated in the share purchase agreement. The Group accounted these rights collectively as financial assets at FVTPL with the fair value changes recorded in “Other gains and losses” under the name “Fair value gains arising from financial instruments embedded in the investment in an associate”.

The total consideration of this transaction was RMB162,500,000. Following the required assessment and allocation, the total consideration has been allocated as follows: the cost of the investment of the associate was RMB158,115,000, the initial cost recognised for the financial assets measured at FVTPL was RMB4,385,000. The Group has paid RMB97,555,000 in cash (RMB93,170,000 for investment in an associate and RMB4,385,000 for financial assets measured at FVTPL, respectively) and with remaining unpaid RMB64,945,000 recorded in “Trade, bills and other payables” under the name as “Payables for the investment in an associate”, which are to be paid upon the conditions as stipulated in the share purchase agreements been met.

Details of the Group’s material associate at the end of the reporting period are as follows:

<u>Name of entity</u>	<u>Principal place of business and place of incorporation</u>	<u>Proportion of ownership interest held by the Group</u>	<u>Proportion of voting rights held by the Group</u>	<u>Principal activity</u>
		<u>At September 30, 2025</u>	<u>At September 30, 2025</u>	
Yibenhui	The PRC	25%	25%	E-commerce of nutritious foods

Note: The Group is able to exercise significant influence over Yibenhui, because it has the right to appoint one out of the three directors of Board under the articles of association of Yibenhui.

Summarised financial information of Yibenhui

The summarised financial information below represents amounts in Yibenhui’s financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Yibenhui is accounted for using the equity method in these condensed consolidated financial statements.

	At September 30, 2025
	RMB'000 (Unaudited)
Current assets	223,978
Non-current assets	198,994
Current liabilities	84,634
Net assets	338,338
	For the period from January 26, 2025 to September 30, 2025
	RMB'000 (Unaudited)
Revenue	371,758
Loss for the period from January 26, 2025 to September 30, 2025	(20,107)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	At September 30, 2025
	RMB'000 (Unaudited)
Net assets of Yibenhui	338,338
Proportion of the Group's ownership interest in Yibenhui	25%
The Group's share of net assets of Yibenhui	84,585
Goodwill	68,503
Impairment loss recognised in respect of equity interest in Yibenhui (<i>note</i>)	(56,547)
Carrying amount of the Group's equity interest in Yibenhui	96,541

Note: As at September 30, 2025, due to the intense competition in the industry, the financial performance of Yibenhui is below forecast, the management of the Group concluded there was indication for impairment for the equity interest in Yibenhui and conducted impairment assessment on September 30, 2025 for this equity interest. The recoverable amounts of this equity interest have been determined based on value in use calculation of Yibenhui. This calculation used cash flow projections based on financial budgets approved by the management of Yibenhui covering a 5-year period. The revenue growth rate used beyond 5-year period is 2%. The Group estimates the value in use using a pre-tax discount rate of 19.5%. The relevant equity interest were impaired to its recoverable amount of RMB96,541,000 at September 30, 2025 and the impairment of RMB56,547,000 has been recognised in profit or loss which were included the “Other gains and losses” line item.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE, BILLS AND OTHER RECEIVABLES

	<u>At September 30,</u>	<u>At December 31,</u>
	<u>2025</u>	<u>2024</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	844,703	696,375
Less: Allowance for credit losses	<u>(25,347)</u>	<u>(21,360)</u>
	<u>819,356</u>	<u>675,015</u>
Bill receivables	<u>8,197</u>	<u>12,190</u>
Total trade and bill receivables	<u>827,553</u>	<u>687,205</u>
Other receivables	7,664	1,021
Deposits	5,328	25,053
Less: Allowance for credit losses	<u>(241)</u>	<u>(843)</u>
	<u>12,751</u>	<u>25,231</u>
Prepayments	41,459	28,142
VAT recoverable	13,434	10,717
Others	<u>12,167</u>	<u>8,652</u>
	<u>907,364</u>	<u>759,947</u>
Analysed as:		
Non-current	25,351	11,320
Current	<u>882,013</u>	<u>748,627</u>
	<u>907,364</u>	<u>759,947</u>

The Group normally grants a credit period of 30–120 days effective from the date when the goods and services have been completed and accepted by customers.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods and services at the end of each reporting period:

	<u>At September 30,</u>	<u>At December 31,</u>
	<u>2025</u>	<u>2024</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	818,604	666,924
1 year to 2 years	<u>752</u>	<u>8,091</u>
	<u>819,356</u>	<u>675,015</u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2025, total bills received amounting to RMB8,197,000 are held by the Group, of which certain bills amounting to RMB8,167,000 were further endorsed by the Group. As at December 31, 2024, total bills received amounting to RMB12,190,000 are held by the Group, of which certain bills amounting to RMB5,152,000 were further endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than one year.

The Group does not hold any collateral over these balances.

14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In August 2025, the directors of the Company resolved and announced publicly the plan to dispose the subsidiary Best Formulations PC LLC (“BF PC”) which is engaged in personal care products manufacturing business. Negotiations with several interested parties have subsequently taken place. The assets and liabilities of BF PC, which are expected to be sold within twelve months as at September 30, 2025, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position. The fair value less costs to sell of the disposal group is expected to be less than the net carrying amount of the disposal group and accordingly, RMB210,194,000 impairment loss has been recognised in profit or loss which were included in the “Impairment loss recognised in respect of assets classified as held for sale” line item.

The major classes of assets and liabilities of BF PC classified as held for sale are as follows:

	At September 30, 2025
	RMB’000 (Unaudited)
Cash and cash equivalents	3,383
Trade and other receivables	13,775
Inventories	42,809
Property, plant and equipment	113,179
Other intangible assets	59,511
Right-of-use assets	90,526
Impairment loss recognised in assets classified as held for sale	(210,194)
Total assets classified as held for sale	<u>112,989</u>
Trade and other payables	12,234
Lease liabilities	<u>100,755</u>
Total liabilities directly associated with assets classified as held for sale	<u><u>112,989</u></u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. TRADE, BILLS AND OTHER PAYABLES

	<u>At September 30,</u>	<u>At December 31,</u>
	<u>2025</u>	<u>2024</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables	456,057	392,427
— Third parties	454,655	390,010
— Fellow subsidiary	1,402	2,417
Bills payables	—	1,004
	<u>456,057</u>	<u>393,431</u>
Total trade and bills payables	<u>456,057</u>	<u>393,431</u>
Salary and other benefits payables	94,482	80,279
Other tax payables	16,772	18,358
Accrued expenses	105,763	99,345
Payables for the investment in an associate (<i>Note 12</i>)	64,945	—
Deposits	6,658	7,772
Repurchase obligations under share-based payment arrangement	26,241	14,396
Dividends payable	2,457	1,364
	<u>773,375</u>	<u>614,945</u>

The average credit period on purchases of goods and services of the Group is 30–90 days.

The following is an age analysis of trade payables presented based on invoice dates at the end of each reporting period:

	<u>At September 30,</u>	<u>At December 31,</u>
	<u>2025</u>	<u>2024</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	<u>456,057</u>	<u>392,427</u>

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an analysis of bills payables based on the bill maturity dates at the end of each reporting period.

	<u>At September 30,</u> <u>2025</u>	<u>At December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000 (Audited)
Within 180 days	—	1,004

16. BORROWINGS

The Group obtained new bank loans amounting to RMB202,730,000 and RMB134,568,000 during the nine months ended September 30, 2025 and September 30, 2024, respectively. The loans carry fixed interest rates ranging from 2.93% to 6.10% per annum or variable interest rate of overnight secured overnight financing rate (“O/N **Sofr**”) + 2.5% per annum and are repayable in instalments over a period within 1 month to 10 years as at September 30, 2025.

17. OTHER FINANCIAL LIABILITIES

	<u>At September 30,</u> <u>2025</u>	<u>At December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000 (Audited)
Current		
Other financial liabilities	456,117	—
Non-Current		
Other financial liabilities	—	461,438

Other financial liabilities represent the obligation arising from the acquisition of the remaining minority interest in Best Formulations LLC upon meeting specific conditions. This liability has been reclassified from non-current liabilities to current liabilities at September 30, 2025 due to passage of time.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital RMB'000
Ordinary shares of RMB1 each authorised, issued and fully paid		
As at January 1, 2024 (audited)	181,562,320	181,562
Grant of restricted shares (<i>Note 18</i>)	244,000	244
Conversion of share premium to share capital	54,156,226	54,156
Repurchase of restricted shares granted (<i>note</i>)	(89,700)	(90)
Conversion of convertible bonds into shares	34	1
	<u>235,872,880</u>	<u>235,873</u>
As at September 30, 2024 (unaudited)		
As at January 1, 2025 (audited)	235,872,880	235,873
Grant of restricted shares (<i>Note 18</i>)	1,401,000	1,401
Conversion of share premium to share capital	70,796,555	70,797
Repurchase of restricted shares granted (<i>note</i>)	(751,475)	(752)
Conversion of convertible bonds into shares	237	*
	<u>307,319,197</u>	<u>307,319</u>
As at September 30, 2025 (unaudited)		

Note: During the nine months ended September 30, 2024, the Company repurchased 89,700 restricted shares granted but not vested to 4 eligible grantees who have resigned during this period. During the nine months ended September 30, 2025, the Company repurchased 751,475 restricted shares granted but not vested to 6 eligible grantees who have resigned during this period.

* Amount is less than RMB1,000.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS

The Group recognises share-based payment expenses over the vesting period on a straight-line basis from the date the restricted shares are granted to the eligible grantees. During the nine months ended September 30, 2024 and 2025, equity-settled share-based payment compensation expenses of RMB9,785,000 and RMB9,783,000 respectively, in relation to the above-mentioned share-based payment arrangements were charged to profit or loss.

Set out below are details of the movements of the restricted shares granted under Share Incentive Scheme 2023 and Share Incentive Scheme 2025 during the nine months ended September 30, 2025 and 2024:

	Number of shares	Weighted average fair value per share at grant date
	Employees	RMB
Share Incentive Scheme 2023		
As at January 1, 2024 (audited)	1,065,000	
Granted	244,000	26.91
Increases from conversion of share premium to share capital	392,700	
Forfeited	<u>(89,700)</u>	
As at September 30, 2024 (unaudited)	<u>1,612,000</u>	
As at January 1, 2025 (audited)	1,148,300	
Increases from conversion of share premium to share capital	<u>344,490</u>	
As at September 30, 2025 (unaudited)	<u>1,492,790</u>	
	Number of shares	Weighted average fair value per share at grant date
	Employees	RMB
Share Incentive Scheme 2025		
As at January 1, 2025 (audited)	—	
Granted	1,401,000	13.77
Increases from conversion of share premium to share capital	<u>420,300</u>	
As at September 30, 2025 (unaudited)	<u>1,821,300</u>	

The fair value of the restricted shares granted under Share Incentive Scheme 2023 and Share Incentive Scheme 2025 was determined based on the market value of the Company’s shares at grant date and minus the subscription price of the restricted shares. The closing prices of the Company’s shares immediately before the dates of grant were RMB39.62 and RMB27.04, respectively.

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. The Group’s financial department determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For certain instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The financial department works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The financial department reports to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

Except for financial assets at FVTPL and bills receivables measured at FVTOCI, the Group does not hold any other financial instruments measured at fair value as at September 30, 2025.

- (i) Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis:

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	September 30, 2025	December 31, 2024				
	RMB’000 (Unaudited)	RMB’000 (Audited)				
Financial assets						
Financial assets at FVTPL — Structured deposits .	10,406	115,199	Level 2	Discounted cash flow — Future cash flows are estimated based on expected return	N/A	N/A
Financial assets at FVTPL — financial instruments embedded in the investment in an associate	63,951	—	Level 3	Monte Carlo Simulation — Based on the target company’s discount rate	Discount rate	The higher the discount rate of the target enterprise, the lower the fair value.
Derivative financial instruments	—	411	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	September 30, 2025	December 31, 2024				
	RMB'000 (Unaudited)	RMB'000 (Audited)				
Bills receivables measured at FVTOCI	11,404	15,322	Level 3	Discounted cash flow — Future cash flows are estimated based on discount rates range that reflects the Group's current discount rate to banks.	Discount rate.	The higher the discount rate, the lower the fair value.
Financial liabilities						
Derivative financial instruments	—	2,101	Level 2	Discounted cash flow — Future cash flows are estimated based on forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2024 and 2025.

(ii) Reconciliation of Level 3 fair value measurements of financial assets

The following table presents the reconciliation of Level 3 measurements of financial assets during the nine months ended September 30, 2024 and 2025:

	Financial assets at FVTPL RMB'000	Bills receivables measured at FVTOCI RMB'000
As at January 1, 2024 (Audited)	23,381	31,586
Purchase of financial assets	—	138,530
Disposal of financial assets	—	(146,334)
Fair value changes		
— recognised in profit or loss	(1,480)	(273)
— recognised in other comprehensive income	—	50
Exchange rate realignment	1,256	—
As at September 30, 2024 (Unaudited)	23,157	23,559
As at January 1, 2025 (Audited)	—	15,322
Purchase of financial assets	4,385	180,683
Disposal of financial assets	—	(184,211)
Fair value changes		
— recognised in profit or loss	59,566	(510)
— recognised in other comprehensive income	—	120
As at September 30, 2025 (Unaudited)	63,951	11,404

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Of the total gains or losses for the period included in profit or loss, RMB1,480,000 loss and RMB59,566,000 gain relate to financial assets at FVTPL held at the end of the reporting period for the nine months ended September 30, 2024 and 2025, respectively. Fair value gains or losses on financial assets at FVTPL are included in ‘other gains and losses’.

- (iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

	As at September 30, 2025			As at December 31, 2024		
	(Unaudited)			(Audited)		
	Carrying amount	Fair value	Fair value Hierarchy	Carrying amount	Fair value	Fair value Hierarchy
	RMB'000	RMB'000		RMB'000	RMB'000	
Convertible bonds	1,062,116	1,207,883	Level 1	1,024,052	1,158,775	Level 1

The fair value of convertible bonds is calculated by multiplying the closing market price of the convertible bonds at the end of the period/year by the remaining number of convertible bonds.

21. CAPITAL COMMITMENTS

	At September 30,	At December 31,
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	85,242	81,760

22. RELATED PARTY DISCLOSURES

(a) Related party transactions

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions with a related party:

Relationship	Nature of transactions	Nine months ended September 30,	Nine months ended September 30,
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
A company controlled by collateral relatives of the ultimate controlling party	Purchase of materials	6,755	7,113

APPENDIX IA

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(b) Compensation of key management personnel

The remuneration of the directors, supervisors and other key management personnel of the Group during the nine months ended September 30, 2024 and 2025 were as follows:

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Salaries and other benefits	8,459	5,430
Performance related bonus (<i>Note</i>)	3,346	3,043
Retirement benefit scheme contributions	626	399
Directors' fee	426	460
Share-based payments	970	431
	<u>13,827</u>	<u>9,763</u>

Note: Performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

23. EVENTS AFTER REPORTING PERIOD

[There were no material events taken place subsequent to September 30, 2025.]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix contains a summary of the principal provisions of the Articles of Association of the Company which will be effective from the date of [REDACTED] of H Shares on the Hong Kong Stock Exchange. As the information contained in this section is only a summary, it may not contain all the information that is important to potential investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in a fair and equal manner, and each share shall rank *pari passu* with other shares of the same class. Shares of the same class issued at the same time shall be issued with the same conditions and price per share; subscribers shall pay the same price per share for the subscription of shares.

All the shares issued by the Company are denominated in Renminbi.

The A shares listed on Shenzhen Stock Exchange of the Company shall be registered and deposited at the domestic securities registration and settlement institution in a centralized manner. The H shares listed on [HKSCC] issued by the Company may be principally kept by trustee escrow companies under Hong Kong Securities Clearing Company Limited in accordance with applicable Hong Kong laws and the practice of securities registration and depository.

SHARE ADDITIONS, REPURCHASES AND TRANSFERS

Share increase or decrease

The Company may, pursuant to a resolution passed by a shareholders’ meeting, adopt any of the following methods to increase its capital according to its operation and development needs and in compliance with the provisions of laws and regulations:

- (1) an issue of shares to unspecified persons;
- (2) an issue of shares to specified persons;
- (3) offering of bonus shares to existing shareholders;
- (4) the conversion of provident funds into share capital; and
- (5) any other methods stipulated by laws and administrative regulations and approved by the CSRC and the securities regulatory authorities in the place where the shares of the Company are listed.

The Company may reduce its registered capital and shall comply with the procedures stipulated in the Company Law, other relevant regulations as well as procedures stipulated in the Articles of Association.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Share repurchases

The Company shall not acquire its own shares except under any of the following circumstances:

- (1) to reduce the registered capital of the Company;
- (2) to merge with other companies which hold shares of the Company;
- (3) to use shares in employee shareholding plans or equity incentives;
- (4) the shareholder requests the Company to purchase its shares due to objection to the resolution on the merger or division of the Company made by the shareholders’ meeting;
- (5) to convert shares into corporate bonds issued by the Company that can be converted into share certificates;
- (6) where it is necessary for the Company to safeguard the Company’s value and shareholders’ interests.

Where the Company repurchases its shares, it shall be conducted through public and centralized trading or other methods recognized by laws, administrative regulations, the CSRC and the securities regulatory authorities in the place where the shares of the Company are listed.

Where the Company intends to repurchase its shares under the circumstances set out in (3), (5) or (6) above, the repurchase shall be conducted through public and centralized trading. If the Company intends to repurchase its shares for reasons set out in (1) and (2) above, it shall be approved by a resolution at a general meeting.

If the Company intends to repurchase its shares for reasons set out in (3), (5) and (6) above, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting.

After the Company has repurchased its shares in accordance with the provisions above, the shares repurchased under the circumstance set out in (1) above shall be canceled within 10 days from the date of repurchase, the shares repurchased under the circumstances set out in (2) and (4) above shall be transferred or canceled within six months, and for the shares repurchased under the circumstances set out in (3), (5) and (6) above, the total number of the Company’s shares held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares so acquired shall be transferred or canceled within three years. Where it is otherwise provided in the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed in respect of matters relating to share repurchases, such provisions shall prevail.

SHARE TRANSFER

The shares of the Company shall be transferred according to law.

The Company shall not accept any of its own shares as the subject of pledge.

APPENDIX III**SUMMARY OF THE ARTICLES OF ASSOCIATION**

The shares held by the promoters of the Company shall not be transferred within one year from the date of the Company’s establishment. The shares issued prior to the public issuance of the Company’s A Shares shall not be transferred within one year from the date on which the Company’s A Shares are listed and traded.

The directors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein. During their terms of office as determined upon appointment, directors and senior management members of the Company shall not transfer annually during their terms of office more than 25% of the total number of shares of the same class held by them; 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 listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their departure from the Company.

When any shareholder, holding more than 5% of the Company’s shares, of the Company or any director, senior management of the Company disposes of his/her/its shares or other securities with an equity nature in the Company within six months of purchase, or purchases shares in the Company again within six months after disposal, the proceeds derived therefrom shall be retained for the benefit of the Company and be revoked by the Board of Directors of the Company. However, the disposals by brokerage companies holding more than 5% of the shares in the Company due to the fact that their underwritten shares remain unsubscribed, a clearing house or its nominee (including Hong Kong Securities Clearing Company (Nominees) Limited or its nominee) holding more than 5% of the shares in the Company, and other circumstances stipulated by the CSRC shall not be subject to the restriction.

The shares or other securities with an equity nature held by any director, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents and children, and those held through others’ accounts.

If the Board of Directors of the Company fails to comply with the aforesaid provisions, the shareholders shall have the rights to request the Board of Directors to implement the related provisions within 30 days. If the Board of Directors of the Company fails to implement the requirements within the specified time, the shareholders may directly institute a lawsuit in the People’s Court in their own name for the benefit of the Company. If the Board of Directors of the Company fails to act in accordance with the aforesaid provisions, the responsible directors shall be jointly and severally liable in accordance with the law.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

SHAREHOLDERS AND SHAREHOLDERS’ MEETINGS

General Provisions on Shareholders

The Company shall establish a register of shareholders in accordance with the certificates issued by the share registrar and clearing house. The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. Shareholders shall enjoy rights and assume obligations in accordance with the category of shares they hold; shareholders holding the same category of shares shall enjoy equal rights and assume equal obligations.

When the Company convenes a general meeting, distributes dividends, commences liquidation or engages in other acts requiring the confirmation of shareholding, the Board of Directors or the convener of a general meeting shall decide the date of record. The shareholders whose names appear on the register of members at the close of trading on the date of record are entitled to the relevant rights of shareholders.

The shareholders of the Company shall be entitled to the following rights:

- (1) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;
- (2) the right to propose, hold, convene and preside over, to attend or appoint a proxy to attend general meetings and exercise the corresponding voting rights in accordance with the laws;
- (3) to supervise and manage the business activities of the Company and to put forward proposals or raise inquiries;
- (4) to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) to review and copy the Articles of Association, the register of members, minutes of general meeting, resolutions of the Board of Directors and financial and accounting reports, and to review the Company’s accounting books and accounting documents (for shareholders who meet the requirements);
- (6) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;
- (7) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;
- (8) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

If any resolution of the general meeting or the Board of Directors violates the laws or administrative regulations, the shareholders shall have the right to submit to the People’s Court to nullify such resolution.

If the convening procedures or voting methods for the general meeting or the board meeting violate the laws, administrative regulations or the Articles of Association, or any content of the resolution thereof violates the Articles of Association, the shareholders shall have the right to submit to the People’s Court within 60 days after such a resolution is made to revoke it. However, this does not apply if such procedures for convening the general meeting and the board meeting, or the voting thereat, have only minor flaws that have no substantial impact on the resolution.

Where the directors and senior management personnel (other than members of the Audit Committee) violate laws, administrative regulations or the provisions in the Articles of Association in time of performing their duty hereof and has caused damage to the Company, the shareholder who holds more than one percent of the shares separately or aggregately in a continuous 180 days can submit a written request to the Audit Committee to institute litigation at a People’s Court. Where members of the Audit Committee violate laws, administrative regulations or the provisions in the Articles of Association in time of performing their duty hereof and has caused damage to the Company, the aforementioned shareholders can submit a written request to the Board of Directors to institute litigation at a People’s Court.

On the conditions that the Audit Committee or the Board of Directors refuse to prosecute an action after receiving the written request in the former Article, or do not take an action within 30 days, or if urgent situation, without an immediate proceeding the Company interests will be irreparably damaged, the shareholders in the former Article shall have the right to sue to the People’s Court in their own name.

Where others infringe the Company’s legitimate rights and interests and have caused damages to the Company, the shareholder who holds more than 1% of the shares separately or aggregately in a continuous 180 days can sue to the People’s Court in accordance with the aforesaid provisions.

Shareholders of the Company shall assume the following obligations:

- (1) Complying with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association;
- (2) Paying subscription moneys for the shares subscribed in accordance with the agreed manner of payment;
- (3) No withdrawal of their share capital contribution except for the circumstances set out in the laws and regulations;
- (4) No abuse of shareholder’s rights to damage the interests of the Company or other shareholders; no abuse of the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (5) Other obligations that should be assumed under laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

If any shareholder of the Company abuses the shareholder’s rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation. If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall be jointly and severally liable for the debts of the Company.

General requirements of shareholders’ meetings

The shareholders’ meeting of the Company shall be composed of all shareholders and serve as the Company’s authority body. It shall exercise the following powers pursuant to the law:

- (1) electing and replacing directors, and deciding the remuneration matters of the directors;
- (2) deliberating and approving the reports of the Board;
- (3) deliberating and approving the profit distribution plan and loss recovery plan of the Company;
- (4) making resolution on increasing or decreasing the registered capital of the Company;
- (5) making resolution on the issuance of corporate bonds;
- (6) making resolution on the merger, division, dissolution, liquidation or change in the form of the Company;
- (7) amending the Articles of Association;
- (8) making resolution on engagement and dismissal of the accountant firm that undertakes the auditing of the Company;
- (9) deliberating and approving the guarantees under Article 48 of the Articles of Association;
- (10) deliberating and approving the transactions under Article 49 of the Articles of Association;
- (11) deliberating and approving the Related-Party transactions under Article 50 of the Articles of Association;
- (12) deliberating purchases and sales of significant assets within a year exceeding 30% of the most recently audited total assets of the Company;
- (13) deliberating and approving the changes of the use of proceeds;
- (14) deliberating equity incentive plans and employee stock ownership plans;
- (15) deliberating the changes of the profit distribution policy; and

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

- (16) deliberating other matters which shall be decided by the shareholders' meeting as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Company may issue shares or corporate bonds convertible into shares by resolution of the shareholders' meeting or, if authorized by the shareholders' meeting, by resolution of the board of directors. The implementation thereof shall comply with applicable laws, administrative regulations, and the securities regulatory rules of the place where the Company's shares are listed.

Convening of shareholders' meetings

The Board shall convene shareholders' meetings in a timely manner within the prescribed period.

With the consent of more than half of all independent directors, the independent directors shall have the right to propose to the Board to convene an extraordinary general meeting. With regard to the proposal made by the independent directors for convening an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations, other securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide a written response indicating whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders' meeting shall be issued within 5 days after the resolution of the Board is made. Where the Board does not agree to convene the extraordinary general meeting, it shall provide reasons and make an announcement.

The audit committee shall propose to the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the laws, administrative regulations, and the Articles of Association, provide a written response indicating whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the proposal.

Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders' meeting shall be issued within 5 days after the resolution of the Board is made, and any changes to the original proposal in the notice shall be agreed with the audit committee.

Where the Board does not agree to convene the extraordinary general meeting, or fails to give feedback within 10 days after receiving the proposal, the Board shall be deemed to be unable to perform or fail to perform its duties of convening the shareholders' meeting, and the audit committee may convene and preside over the meeting by itself.

Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to request the Board to convene an extraordinary general meeting in writing. The Board shall, in accordance with the provisions of laws, administrative regulations, and the Articles of Association, provide a written response indicating whether it agrees or disagrees to convene the extraordinary general meeting within 10 days upon receipt of the request.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the Board agrees to convene the extraordinary general meeting, a notice of convening the shareholders’ meeting shall be issued within 5 days after the resolution of the Board is made, and any changes to the original request in the notice shall be agreed with relevant shareholders.

Where the Board does not agree to convene the extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders individually or collectively holding more than 10% of the Company’s shares have the right to propose to the audit committee to convene an extraordinary general meeting in writing.

Where the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the shareholders’ meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be agreed with relevant shareholders.

Where the audit committee fails to issue a notice of the shareholders’ meeting within the prescribed period, the audit committee shall be deemed to not convene or preside over the shareholders’ meeting, and the shareholders who individually or collectively hold more than 10% of the Company’s shares for more than 90 consecutive days may convene and preside over the meeting on their own.

Notice of shareholders’ meeting

The convener shall notify all shareholders by way of an announcement 20 days before the annual shareholders’ meeting and 15 days before an extraordinary general meeting. When calculating the aforementioned periods of “20 days” and “15 days”, the Company shall not include the date of the meeting, but shall include the date of the issuance of the notice.

A notice of a shareholders’ meeting shall be in writing and shall include the following:

- (1) time, place and duration of the meeting;
- (2) matters and proposals submitted to the meeting for consideration;
- (3) a clear statement that all shareholders have the right to attend the shareholders’ meeting and may appoint a proxy in writing to attend the meeting and participate in voting. The shareholder’s proxy does not have to be a shareholder of the Company;
- (4) the record date for determining the eligibility of shareholders to attend the meeting;
- (5) the name and telephone number of the contact person for the meeting;
- (6) the voting time and voting procedures for online or other methods of voting (if applicable).

All specific contents of all proposals shall be fully and completely disclosed in the shareholder meeting notice and supplementary notice.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Proposals of shareholders’ meeting

The content of the proposal should fall within the scope of functions and powers of the shareholders’ meeting, have clear topics and specific resolution matters, and comply with the relevant provisions of laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed and Articles of Association.

When the Company convenes a shareholders’ meeting, the Board, the audit committee and shareholders individually or collectively holding more than 1% of the Company’s shares have the right to submit proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company’s shares may make a provisional proposal and submit it in writing to the Board 10 days before the shareholders’ meeting. The Board shall issue a supplementary notice of the shareholders’ meeting within 2 days of receipt of the proposal, announcing the content of the provisional proposal, and the provisional proposal shall be submitted to the shareholders’ meeting for deliberation, unless the provisional proposal is in violation of any law, administrative regulation, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association, or that does not fall within the scope of powers of the shareholders’ meeting.

Save for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of shareholders’ meeting or add new proposals after issuing the notice of shareholders’ meeting.

Proposals that are not listed in the notice of the shareholders’ meeting or do not comply with the provisions of the Articles of Association shall not be voted on and resolutions made by the shareholders’ meeting.

DIRECTORS AND THE BOARD

Directors

Directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting. The term of office of a director shall be three years, which is renewable upon re-election.

The tenure of a director shall be from the date of appointment to the expiry of tenure of the current board of directors. If a director’s tenure expires but a re-elected director is not elected in time, then before the re-elected director holding office, the original director shall still perform the duties as director, in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Directors may be concurrently held by senior management members, but the total number of directors concurrently serving as senior management members and directors who are employee representatives shall not exceed one half of the total number of directors of the Company.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Directors shall observe the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association with the obligations of loyalty to the Company, take measures to avoid conflicts between their own interests and the Company’s interests, and must not abuse their authority to seek improper benefits. The Directors shall fulfill the following obligations of loyalty to the Company:

- (1) not to misappropriate the Company’s properties or divert the funds of the Company;
- (2) not to deposit any funds of the Company in an account opened in their names or in the names of others;
- (3) not to abuse their authority in bribes or accepting other unlawful income;
- (4) not to enter into any contract or conduct any transaction, directly and indirectly, with the Company without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the Board of Directors or the general meeting as stipulated in the Articles of Association;
- (5) not to take advantage of their positions to seek any business opportunities that are due to the Company for themselves or others prior to obtaining approval from the general meeting, unless such business opportunities are not available to the Company upon reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting or as required in laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed or the Articles of Association;
- (6) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting;
- (7) not to take any commission for any transaction between other parties and the Company as their own;
- (8) not to disclose any secret of the Company;
- (9) not to use his or her connected relationships to harm the interests of the Company;
- (10) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Directors’ income derived from violation of the above-mentioned provision shall belong to the Company; and directors shall be liable to compensate any loss incurred to the Company.

APPENDIX III**SUMMARY OF THE ARTICLES OF ASSOCIATION**

Directors shall observe laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association to perform their obligations of diligence to the Company. They shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company. Directors fulfill the following obligations of diligence to the Company:

- (1) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;
- (2) to treat all shareholders impartially;
- (3) to keep informed of the operation and management conditions of the Company;
- (4) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;
- (5) to honestly provide the Audit Committee with relevant information and data, and not to prevent the Audit Committee from performing its duties and powers;
- (6) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

A director who fails to attend the meeting of the Board of Directors in person for two consecutive times and does not appoint other directors to attend the meeting shall be deemed unable to perform his or her duties and the Board of Directors shall recommend the general meeting to replace him or her.

A director may resign prior to expiry of his/her tenure. A resigning director shall submit a written resignation report to the Company, and the resignation shall become effective on the date the Company receives the resignation report. The Company shall disclose the relevant information as soon as practicable (but shall not more than two trading days). If the number of members of the Board of Directors of the Company shall fall below the statutory quorum as a result of the resignation of a director, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until a new director is elected. If the resignation of an independent director would result in the proportion of independent directors on the Board of Directors or its special committees not in compliance with the provisions of the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, or if there is a lack of accounting professionals among the

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

independent directors, the resigning independent director shall continue to perform his/her duties until a new independent director is appointed. The Company shall complete the by-election within sixty days from the date on which the resignation is tendered.

When a director’s resignation comes into effect or his/her term of service expires, the director shall complete all transfer procedures with the Board of Directors. His/her fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his/her term of service and will be still in effective for a reasonable period specified by the Articles of Association. Responsibilities that should be undertaken by a director in connection with his/her performance of duties during his/her term of office shall not be waived or terminated as a result of such departure.

If a director causes damages to others in performing duties for the Company, the Company shall be liable for compensation; and if such damages are out of the intent or gross negligence of the director, he/she shall also be liable for compensation. A director that violates laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association and causes losses to the Company in performing duties of the Company shall be liable for compensation.

Board of Directors

The Company shall have a Board of Directors. The Board of Directors consists of nine directors, with one chairman and one employee representative director. The chairman shall be elected by the board of directors by an affirmative vote of more than half of all the directors.

The Board of Directors shall exercise the following powers and duties:

- (1) to be responsible for convening the general meeting and reporting its work to the general meeting;
- (2) to implement the resolutions adopted by the general meeting;
- (3) to determine the Company’s business plans and investment plans;
- (4) to formulate the Company’s profit distribution plans and plans to cover losses;
- (5) to formulate the plans for the increase or reduction of the Company’s registered capital and the plans for the issuance of the Company’s bonds or other securities and listing plans;
- (6) to draft the plans for major acquisitions, repurchases of the Company’s shares or merger, division, dissolution or change of the corporate form of the Company;
- (7) to determine, within the scope authorized by the general meeting, such matters as the Company’s external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions and external donations;
- (8) to decide on the establishment of the Company’s internal management organizations;

APPENDIX III**SUMMARY OF THE ARTICLES OF ASSOCIATION**

- (9) to decide to appoint or remove the Company's general manager and the secretary of the Board of Directors, and decide on matters relating to their remuneration and rewards; and according to the nomination of the general manager, to decide to appoint or remove the senior management members of the Company, such as the deputy general manager and chief financial officer and decide on matters relating to their remuneration and disciplinary matters;
- (10) to formulate the basic management systems of the Company;
- (11) to formulate a plan for amending these Articles of Association;
- (12) to manage the information disclosure of the Company;
- (13) to propose to the general meeting the appointment or replacement of an accounting firm that performs audits for the Company;
- (14) to listen to the work report of the general manager of the Company and inspect the work of the general manager;
- (15) adopt a resolution on the Company's repurchase of its own shares under the Article 25, Paragraph 1, Items (3), (5) and (6) of these Articles of Association;
- (16) other powers and duties conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or general meeting.

The Board shall meet at least 4 times a year. Board meetings shall be convened by the chairman. Notices of regular meetings of the Board shall be sent by the convener in writing to all directors 14 days prior to the meeting.

Shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, the audit committee, the chairman of the board, more than 1/2 of the independent directors, or the general manager may propose to convene an extraordinary meeting of the Board. The chairman of the Board shall convene and preside over the Board meeting within 10 days after receiving the proposal.

A notice of an extraordinary Board meeting shall be sent in writing to all directors 3 days before the meeting. In cases of emergency where an extraordinary meeting of the Board needs to be convened as soon as possible, the time limit and form of delivery of the meeting notice may not be subject to the time limit stipulated in the preceding paragraph.

Board meetings should be attended by more than half of the directors. Unless otherwise provided for in the Articles of Association, resolutions made by the Board should be approved by more than half of 2/3 directors.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Independent Directors

The independent directors, as members of the Board of Directors, shall have fiduciary obligations and diligent obligations towards the Company and all shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making process of the Board of Directors and offer clear opinions on the matters under deliberation;
- (2) to supervise matters relating to potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors and senior management, and to protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective advice on the Company’s operations and development, and to help improve the decision-making standards of the Board of Directors;
- (4) to perform any other duties as required by the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The independent directors shall exercise the following special functions and powers:

- (1) independently engaging intermediaries to audit, consult or verify specific matters of the Company;
- (2) proposing to the Board of Directors the convening of an extraordinary general meeting;
- (3) proposing to convene a meeting of the Board of Directors;
- (4) to openly solicit shareholders’ rights from shareholders in accordance with the law;
- (5) expressing independent opinions on matters that may jeopardize the interests of the Company or minority shareholders;
- (6) other powers and functions prescribed by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

The exercise of the powers and functions listed in (1) to (3) of the preceding paragraphs by an independent director shall be approved by a majority of all independent directors.

Special committees of the Board

The Board of the Company has an audit committee in place to exercise the functions and powers of the Board of Supervisors as stipulated in the Company Law and the powers and functions stipulated under the securities regulatory rules of the place where the Company’s shares are listed.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Board of the Company sets up other special committees, such as the remuneration and appraisal committee and the nomination committee, to perform their duties in accordance with the Articles of Association and the authorization of the Board, and the proposals of the special committees shall be submitted to the Board for consideration and decision. The Board shall be responsible for formulating the working procedures of the special committees.

Senior management members

The company has one general manager, who is appointed or dismissed by the board of directors.

The company has several deputy general managers, who are appointed or dismissed by the board of directors.

The general manager is responsible to the Board and exercises the following functions and powers:

- (1) preside over the Company’s production, operation and management work, organize the implementation of Board resolutions, and report work to the Board;
- (2) organize and implement the Company’s annual business plan and investment plan;
- (3) formulate a plan for the establishment of the Company’s internal management organization;
- (4) formulate the Company’s basic management system;
- (5) formulate specific regulations of the Company;
- (6) propose to the Board to appoint or dismiss the Financial Manager and deputy general manager;
- (7) decide on the appointment or removal of responsible management personnel other than those whose appointment or removal falls within the authority of the Board of Directors; and
- (8) other powers granted by the Articles of Association or by the Board.

The general manager shall attend Board meetings as a non-voting participant.

DISTRIBUTION OF PROFITS, FINANCIAL, ACCOUNTING AND AUDIT SYSTEMS

Financial Accounting System

The Company shall formulate its financial accounting systems in accordance with laws, administrative regulations, and relevant departmental rules of the State.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company shall submit and disclose the annual report to the local branch of CSRC and the stock exchanges within four months after the end of each accounting year, and submit and disclose the interim report to the local branch of CSRC and the stock exchanges within two months after the end of the first half of each accounting year. The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, the CSRC and regulations of the securities regulatory authorities and stock exchanges in the places where the shares of the Company are listed.

The Company shall not establish accounts books other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company’s statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company’s registered capital, the Company needs not to make any further allocations to that fund.

Where the Company’s statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year’s profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a shareholders’ meeting, after allocation has been made to the Company’s statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits. Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed to shareholders in proportion to their shareholdings.

If the general meeting distributes profits to shareholders in violation of the provisions of the Company Law, shareholders shall refund to the Company the profits distributed in violation of the provisions; if losses are caused to the Company, the shareholders, the responsible Directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. The discretionary reserve and the statutory reserve shall first be used in making up the losses of the Company, and for any losses left to be set off, the capital reserve may be utilized in accordance with the provisions. When the registered capital is increased by ways of conversion of the statutory reserve fund, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Principle of profit distribution: The Company’s profit distribution shall emphasise reasonable investment returns to public shareholders, aim at sustainable development and protection of shareholders’ rights and interests, and shall maintain the continuity and stability of the profit distribution policy in compliance with the relevant provisions of laws and regulations.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

Method of profit distribution: The Company may distribute profits in the form of cash, shares or a combination of both. In principle, profit distribution shall be made on an annual basis if the conditions for profit distribution are met, and the Company may make interim profit distribution if conditions are met. Where the conditions for cash dividend are met, the Company shall adopt cash dividend for profit distribution.

Internal Audit

The Company shall implement its internal audit system, which specifies the leadership system, duties and responsibilities, staffing, financial protection, the use of audit results and accountability for internal audit. The Company’s internal audit system is implemented after approval by the Board of Directors and is disclosed to the public. The internal audit department of the Company conducts supervision and inspection of the business activities, risk management, internal control, financial information and other matters of the Company.

Appointment of an Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed. The appointment or dismissal of accounting firm by the Company shall be subject to the approval of the general meeting. The Board of Directors shall not appoint accounting firm before the approval of the general meeting. The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 15 days in advance; when the shareholders cast their votes at the general meeting on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation thereat.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION

Merger

Company mergers may take the form of mergers by absorption or mergers by new establishment.

When a company absorbs other companies, it is called a merger by absorption, and the absorbed company is dissolved. The merger of two or more companies to establish a new company is a merger by new establishment, and the merging parties are dissolved.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

If the Company merges, the merging parties shall sign a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify creditors within 10 days from the date of making the merger resolution, and shall make an announcement within 30 days on the HKEXnews website (www.hkexnews.hk), the cninfo.com website, in newspapers meeting the disclosure requirements prescribed by the CSRC, or the National Enterprise Credit Information Disclosure System. Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if no notice is received.

If the Company merges, the claims and debts of the merging parties shall be inherited by the continuing company or the newly established company after the merger

Division

If the Company is divided, its property will be divided accordingly.

If the Company is divided, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of making the division resolution, and shall make an announcement within 30 days on the HKEXnews website (www.hkexnews.hk), the cninfo.com website, in newspapers meeting the disclosure requirements prescribed by the CSRC, or the National Enterprise Credit Information Disclosure System.

The debts incurred before the Company is divided shall be jointly and severally liable by the companies after the division. However, this shall not be the case unless otherwise agreed upon in a written agreement between the Company and its creditors regarding debt settlement before the division.

Capital Increase and Reduction

If the Company needs to reduce its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify creditors within 10 days from the date of making the resolution to reduce the registered capital, and shall make an announcement within 30 days on the HKEXnews website (www.hkexnews.hk), the cninfo.com website, in newspapers meeting the disclosure requirements prescribed by the CSRC, or the National Enterprise Credit Information Disclosure System. Creditors have the right to require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if no notice is received.

When the Company issues new shares to increase its registered capital, shareholders do not have preemptive rights, unless otherwise stipulated in the Articles of Association or a resolution of the general meeting grants shareholders preemptive rights.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

If the Company is merged or divided and the registered items are changed, the registration of the change shall be carried out with the company registration authority in accordance with the law; if the Company is dissolved, the registration of the cancellation of the Company shall be carried out in accordance with the law; if a new company is established, the registration of the establishment of such company shall be carried out in accordance with the law.

If the Company increases or decreases its registered capital, it shall apply for a registration of the change with the company registration authority in accordance with the law.

DISSOLUTION AND LIQUIDATION

The Company will be dissolved for the following reasons:

- (1) the business period stipulated in the Articles of Association expires or other reasons for dissolution stipulated in the Articles of Association occur;
- (2) the shareholders’ meeting makes a resolution to dissolve;
- (3) dissolution is required due to company merger or division;
- (4) the business license has been revoked, ordered to close, or revoked in accordance with the law; and
- (5) if the Company encounters serious difficulties in its operation and management, and its continued existence will cause heavy losses to the interests of shareholders, and cannot be solved through other means, shareholders holding more than 10% of the voting rights of the Company may request the People’s Court to dissolve the Company.

If the Company encounters the above-mentioned reasons for dissolution, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Disclosure System within 10 days.

The liquidation team shall exercise the following functions and powers during the liquidation period:

- (1) clean up the Company’s properties and prepare a balance sheet and an inventory of assets respectively;
- (2) notify and announce creditors;
- (3) handle the Company’s uncompleted businesses related to liquidation;
- (4) pay the taxes owed and the taxes incurred during the liquidation process;
- (5) clear claims and debts;
- (6) distribute the Company’s remaining property after paying off its debts; and
- (7) participate in civil litigation activities on behalf of the Company.

APPENDIX III

SUMMARY OF THE ARTICLES OF ASSOCIATION

The liquidation team shall notify creditors within 10 days from the date of establishment, and shall publish an announcement within 60 days in newspapers or the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation team within 30 days from the date of receipt of the notice, or within 45 days from the date of announcement if the notice is not received.

When a creditor declares claims, he or she shall explain the relevant matters of the claims and provide supporting materials. The liquidation team shall register the claims. During the period of reporting claims, the liquidation team shall not make settlements with creditors.

After cleaning up the Company’s assets and preparing a balance sheet and an inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the shareholders’ meeting or the People’s Court for confirmation.

The Company’s property shall be distributed in proportion to the shares held by shareholders after it has been used to pay liquidation expenses, employees’ wages, social insurance fees and statutory compensation, taxes owed, and the Company’s debts.

During the liquidation period, the Company continues to exist, but it cannot carry out business activities unrelated to the liquidation. The Company’s property will not be distributed to shareholders before it is settled in accordance with the provisions of the preceding paragraph.

After clearing the Company’s property and preparing a balance sheet and an inventory of assets, if the liquidation team finds that the Company’s property is insufficient to pay off its debts, it shall apply to the People’s Court for bankruptcy liquidation in accordance with the law.

After the People’s Court accepts the bankruptcy application, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator designated by the People’s Court.

After the Company’s liquidation is completed, the liquidation team shall prepare a liquidation report, submit it to the shareholders’ meeting or the People’s Court for confirmation, and submit it to the company registration authority to apply for cancellation of the Company registration.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

- (1) after the Company Law or relevant laws, administrative regulations are revised, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations, securities regulatory rules of the place where the Company’s shares are listed;
- (2) the Company’s situation changes and is inconsistent with the matters recorded in the Articles of Association; and
- (3) the shareholders’ meeting makes a resolution to amend the Articles of Association.

APPENDIX III**SUMMARY OF THE ARTICLES OF ASSOCIATION**

If the amendments to the Articles of Association passed by the resolution of the shareholders’ meeting should be reviewed and approved by the competent authority, they must be submitted to the competent authority for approval; if such amendments involve Company registration matters, the registration of the amendments shall be handled in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders’ meeting to amend the Articles of Association and the approval opinions of the relevant competent authorities.

Amendments to the Articles of Association are the information required to be disclosed in accordance with the provisions of the laws and regulations, and should be announced as required.

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**Incorporation**

Our Company was established under the PRC laws under the name of SHANTOU SEZ XIANLE PHARMACY CO., LTD (汕頭經濟特區仙樂製藥有限公司) on August 16, 1993 and converted into a joint stock company and renamed as Sirio Pharma Co., Ltd. (仙樂健康科技股份有限公司) on April 24, 2015. On September 25, 2019, our Company completed the listing of our A Shares on the Shenzhen Stock Exchange (stock code: 300791.SH). As of the Latest Practicable Date, the total share capital of our Company was RMB307,634,663.00 comprising 307,634,663 A Shares of nominal value of RMB1.00 each.

Our principal place of business in Hong Kong is Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, 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 January 26, 2026. Ms. MAK Sin Ki (麥善琪) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong whose address for service of process is Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As our Company was established in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the Articles of Association is set out in Appendix III to this document.

Changes in Share Capital of our Company

The following sets out the changes in the share capital of our Company within two years immediately preceding the date of this document:

- (a) From January 1, 2024 to June 30, 2024, a total of 34 Shares were converted from Convertible Bonds, increasing our Company’s total Share capital from 181,562,320 Shares to 181,562,354 Shares, and the registered capital rose from RMB181,562,320 to RMB181,562,354.
- (b) On May 23, 2024, under the 2023 Share Incentive Scheme, 244,000 restricted Shares were granted to 22 Participants, resulting in an increase of 244,000 Shares to our Company’s total Share capital, changing it from 181,562,354 Shares to 181,806,354 Shares, and the registered capital rose from RMB181,562,354 to RMB181,806,354.
- (c) On June 21, 2024, our Company distributed 3 additional Shares for every 10 Shares to all Shareholders from the capital reserve, with a total of 54,156,226 Shares issued. Our Company’s total Share capital increased by 54,156,226 Shares as a result of this Share distribution, from 181,806,354 Shares to 235,962,580 Shares, and the registered capital rose from RMB181,806,354 to RMB235,962,580.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (d) On September 18, 2024, our Company repurchased and canceled 89,700 restricted Shares previously granted but not yet unlocked under the 2023 Share Incentive Scheme for Participants who had resigned or experienced changes in position or rank. Our Company’s total share capital decreased by 89,700 Shares because of this repurchase and cancellation, from 235,962,580 Shares to 235,872,880 Shares, and the registered capital decreased from RMB235,962,580 to RMB235,872,880.
- (e) On February 24, 2025, under the 2025 Share Incentive Scheme, 1,401,000 restricted Shares were granted to 72 Participants, with a grant price of RMB13.27 per Share. Our Company’s total Share capital rose by 1,401,000 Shares as a result of this grant, from 235,872,880 Shares to 237,273,880 Shares, and the registered capital rose from RMB235,872,880 to RMB237,273,880.
- (f) From July 1, 2024 to June 30, 2025, a total of 237 Shares were converted from Convertible Bonds, increasing our Company’s total Share capital from 237,273,880 Shares to 237,274,117 Shares, and the registered capital rose from RMB237,273,880 to RMB237,274,117.
- (g) On May 27, 2025, our Company distributed 3 additional Shares for every 10 Shares to all Shareholders from the capital reserve, with a total of 70,796,555 Shares issued. Our Company’s total Share capital increased by 70,796,555 Shares due to this Share distribution, from 237,274,117 Shares to 308,070,672 Shares, and the registered capital rose from RMB237,274,117 to RMB308,070,672.
- (h) On July 3, 2025, our Company completed the repurchase and cancellation of 751,712 restricted Shares previously granted but not yet unlocked under the 2023 Share Incentive Scheme. Our Company’s total Share capital decreased by 751,712 Shares as a result of this repurchase and cancellation, from 308,070,672 Shares to 307,318,960 Shares, and the registered capital decreased from RMB308,070,672 to RMB307,318,960.
- (i) On September 26, 2025, according to the 2025 Share Incentive Scheme, 364,000 restricted Shares were reserved and granted to 23 Participants at a grant price of RMB9.71 per Share. Our Company’s total Share capital increased by 315,700 Shares as a result of this grant, from 307,318,960 Shares to 307,634,660 Shares, and the registered capital rose from RMB307,318,960 to RMB307,634,660.
- (j) From July 1, 2025 to December 10, 2025, a total of 3 Shares were converted from Convertible Bonds, increasing our Company’s total Share capital from 307,634,660 Shares to 307,634,663 Shares, and the registered capital rose from RMB307,634,660 to RMB307,634,663.

Save as disclosed above, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this document.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Resolutions of our Shareholders

At the extraordinary general meeting of the Shareholders held on January 27, 2026, 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 Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares [REDACTED] pursuant to the [REDACTED];
- (c) authorization of the Board or its authorized person to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and the [REDACTED] of H Shares on the Hong Kong Stock Exchange; and
- (d) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

Changes in the Share Capital of Our Major Subsidiaries

We have applied to the Stock Exchange for[, and the Stock Exchange has granted us], a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see “Waivers and Exemptions — Waiver and exemption in respect of particulars of information of our subsidiaries” in this document.

On April 23, 2025, total number of shares authorized to issued by Sirio Nutrition Co., Ltd., one of our Major Subsidiaries, increased from 1,000,000 to 2,000,000.

Save as disclosed above, there has been no alteration in the share capital of other Major Subsidiaries of our Company within two years immediately preceding the date of this document.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of our Group within the two years preceding the date of this document and is or may be material:

- (a) [REDACTED].

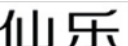
APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Rights holder	Category	Registration number	Expiration date
1		PRC	our Company	5	4307365	November 27, 2027
2		PRC	our Company	5	10728057	September 6, 2033
3		PRC	our Company	5	8338775	October 20, 2031
4		PRC	our Company	30	8336271	May 27, 2031
5		PRC	our Company	31	10800786	July 13, 2033
6		PRC	our Company	32	10800785	July 13, 2033
7		PRC	our Company	42	10800777	July 13, 2033
8		PRC	our Company	5	18476612	January 6, 2027
9		PRC	our Company	30	18477255	January 6, 2027
10		PRC	our Company	32	18477500	January 6, 2027
11	仙乐健康	PRC	our Company	5	22002629	February 13, 2028
12	仙乐健康	PRC	our Company	30	22002942	January 6, 2028
13	仙乐健康	PRC	our Company	32	22002794	January 6, 2028
14	仙乐健康	PRC	our Company	42	21975286	April 20, 2028
15		PRC	our Company	40	36295304	December 20, 2029
16	天灿	PRC	our Company	5	11513141	March 20, 2034
17	素怡	PRC	our Company	5	14223297	May 6, 2035
18	素怡	PRC	our Company	5	14533221	June 27, 2035

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Place of registration	Rights holder	Category	Registration number	Expiration date
19	PLANTEGRITY	PRC	our Company	5	61477539	June 20, 2032
20	萃怡	PRC	our Company	5	27671925	February 13, 2029
21		PRC	our Company	5	60138687	April 13, 2032
22	SIRIO	Australia (Madrid)	our Company	5, 10	1021593	June 16, 2029
23		the U.S.	our Company	5	3991177	July 5, 2031
24		Hong Kong	our Company	5	301696014	August 22, 2030
25		Hong Kong	our Company	5, 30, 32, 40, 42	306409107	November 23, 2033

Copyright

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Copyright owner	Registration number	Date of registration
1	GUMMYPLUS Logo (加勉GUMMYPLUS徽標)	our Company	國作登字-2017-F- 00370200	July 12, 2017
2	WEWOW Logo (維樂維WEWOW徽標)	our Company	國作登字-2017-F- 00370199	July 12, 2017
3	SIRIO Red Bottle Label (SIRIO紅瓶標)	our Company	國作登字-2017-F- 00370205	April 18, 2017
4	VeggieSoft Logo (VeggieSoft素怡徽標)	our Company	國作登字-2017-F- 00370202	April 18, 2017
5	SIRIO Health — Delivering Value for Health (仙樂健康 — 為健康傳遞價值)	our Company	國作登字-2017-I- 0049790	December 8, 2017

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Copyright	Copyright owner	Registration number	Date of registration
6	Spoon Capsule Graphic (勺子膠囊圖)	our Company	國作登字-2018-F-00498734	February 1, 2018
7	Meixian (美現)	our Company	國作登字-2020-F-01115103	September 4, 2020
8	Low Glycemic Index Logo (低血糖生成指數logo)	our Company	國作登字-2021-F-00002578	January 6, 2021
9	Package Illustration (I) (包裝插畫(一))	our Company	國作登字-2021-F-00131272	June 15, 2021
10	Package Illustration (II) (包裝插畫(二))	our Company	國作登字-2021-F-00131284	June 15, 2021
11	wewow Logo (wewow維樂維徽標)	our Company	國作登字-2021-F-00131283	June 15, 2021
12	SIRIO ERP Cross-System Interface Platform V1.0 (仙樂 ERP跨系統介面平台V1.0)	our Company	2018SR669279	May 21, 2018
13	SIRIO Health Mascot (仙樂健康吉祥物)	our Company	國作登字-2023-F-00229306	October 16, 2023
14	Lexi (樂兮)	our Company	國作登字-2023-F-00301822	December 15, 2023
15	Probiotic Precision Prebiotic Analysis Software V1.16 (益生 菌精準益生元分析軟體V1.16)	our Company	2025SR0907319	May 30, 2025
16	Bear Cuddle (4) (熊親親(4))	our Company	國作登字-2022-F-10270181	December 20, 2022
17	Bear Cuddle (2) (熊親親(2))	our Company	國作登字-2022-F-10270182	December 20, 2022
18	Bear Cuddle (1) (熊親親(1))	our Company	國作登字-2022-F-10270183	December 20, 2022
19	Bear Cuddle (3) (熊親親(3))	our Company	國作登字-2022-F-10270198	December 20, 2022

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

<u>No.</u>	<u>Patent Name</u>	<u>Patentee</u>	<u>Place of registration</u>	<u>Patent number</u>	<u>Expiration date</u>
1	Plant-based capsule shell for soft capsules (軟膠囊的植物性囊殼)	our Company	PRC	CN201110031191.4	January 28, 2031
2	Plant enteric soft capsule (一種植物型腸溶軟膠囊)	our Company	PRC	CN201511023661.7	December 29, 2035
3	Preparation method and application of modified starch (一種變性澱粉的製備方法及應用)	our Company	PRC	CN201911394767.6	December 30, 2039
4	Starch film-forming composition and its application in plant soft capsules (一種澱粉成膜組合物及其在植物軟膠囊的應用)	our Company	PRC	CN201911394799.6	December 30, 2039
5	Film-forming composition containing gellan gum and starch and its application in soft capsules (含結冷膠和澱粉的成膜組合物及在軟膠囊中應用)	our Company	PRC	CN201911394755.3	December 30, 2039
6	FILM-FORMING COMPOSITION CONTAINING GELLAN GUM AND STARCH, AND APPLICATION IN SOFT CAPSULE	our Company	Australia	AU2020419402	December 28, 2040
7	Film-forming composition containing gellan gum and starch, and application to soft capsules (ジェランガムとデンプンを含むフィルム形成用組成物、およびソフトカプセルへの適用)	our Company	Japan	JP2022527903	December 28, 2040
8	FILM-FORMING COMPOSITION CONTAINING GELLAN GUM AND STARCH, AND APPLICATION IN SOFT CAPSULE	our Company	Canada	CA3158592	December 28, 2040

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Patentee	Place of registration	Patent number	Expiration date
9	Starch film-forming composition and method for preparing capsule shell (澱粉成膜組合物及其製備膠囊殼的方法)	our Company	PRC	CN202011619863.9	December 31, 2040
10	Starch film-forming composition and method for preparing capsule shell	our Company	Australia	AU2021411017	December 28, 2041
11	STARCH FILM-FORMING COMPOSITIONS AND METHODS OF THEIR USE FOR PREPARING CAPSULE SHELLS	our Company	Canada	CA3164901	December 28, 2041
12	Starch film-forming composition and method for manufacturing capsule shells using the same (デンプンフィルム形成用組成物およびそれを使用したカプセルシエルの製造方法)	our Company	Japan	JP2022533233	December 28, 2041
13	Film-forming composition, soft capsule, and preparation method (成膜組合物、軟膠囊以及製備方法)	our Company	PRC	CN202110661302.3	June 15, 2041
14	Soft capsule shells and soft capsules (軟膠囊囊殼和軟膠囊)	our Company	PRC	CN202110721182.1	June 28, 2041
15	Capsule shell for soft capsules and soft capsules (ソフトカプセルのカプセルシエルおよびソフトカプセル)	our Company	Japan	JP2022532719	December 28, 2041
16	SOFT CAPSULE SHELLS AND SOFT CAPSULES	our Company	Australia	AU2021416461	December 28, 2041
17	SOFT CAPSULE SHELLS AND SOFT CAPSULES	our Company	Canada	CA3167605	December 28, 2041
18	Capsule shell for soft capsules and soft capsules (ソフトカプセルのカプセルシエルおよびソフトカプセル)	our Company	Japan	JP2022533325	December 28, 2041
19	Soft capsule shell and soft capsule (軟膠囊囊殼及軟膠囊)	our Company	PRC	CN202110719246.4	June 28, 2041

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Patentee	Place of registration	Patent number	Expiration date
20	SOFT CAPSULE SHELLS AND SOFT CAPSULES	our Company	Australia	AU2021416460	December 28, 2041
21	SOFT CAPSULE SHELLS AND SOFT CAPSULES	our Company	Europe	EP21918101.3	December 28, 2041
22	SOFT CAPSULE SHELLS AND SOFT CAPSULES	our Company	Canada	CA3167596	December 28, 2041
23	Starch film-forming composition, soft capsule shell, and its application in soft capsules (一種澱粉成膜組合物、軟膠囊囊殼及其在軟膠囊的應用)	our Company	PRC	CN202210446867.4	April 26, 2042
24	Starch film-forming composition and its application in soft capsules (一種澱粉成膜組合物及其在軟膠囊的應用)	our Company	PRC	CN202210447991.2	April 26, 2042
25	Chewable gel candy soft capsule and its preparation method and use (一種凝膠糖果型咀嚼性軟膠囊及其製備方法和用途)	our Company	PRC	CN202211298804.5	October 24, 2042
26	Stable gel composition with high oil content and its preparation method and use (具有高油脂含量的穩定凝膠組合物及其製備方法和用途)	our Company	PRC	CN202010881746.3	August 27, 2040
27	STABLE GEL COMPOSITION HAVING HIGH OIL CONTENT, AND PREPARATION METHOD THEREFOR AND APPLICATION THEREOF	our Company	Canada	CA3146688	August 27, 2040
28	STABLE GEL COMPOSITION HAVING HIGH OIL CONTENT, AND PREPARATION METHOD THEREFOR AND APPLICATION THEREOF	our Company	Australia	AU2020339539	August 27, 2040
29	Stable gel composition with high oil content, its manufacturing method, and use (高油脂含有量の安定したゲル組成物、その製造方法および使用)	our Company	Japan	JP2022513135	August 27, 2040

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Patentee	Place of registration	Patent number	Expiration date
30	Chewable edible water-in-oil gel composition, its preparation method and use (一種可咀嚼食用的水包油型凝膠組合物及其製備方法和用途)	our Company	PRC	CN202010876677.7	August 27, 2040
31	Water-in-oil gel composition (水包油型凝膠組合物)	Guangdong Sirio	PRC	CN202111222148.6	October 20, 2041
32	Gel composition, products containing it, and its application (一種凝膠組合物、含有其的產品及其應用)	Guangdong Sirio	PRC	CN202411855796.9	December 17, 2044
33	Gel composition and its preparation method and application (一種凝膠組合物及其製備方法、應用)	Guangdong Sirio	PRC	CN202410551475.3	May 7, 2044
34	Lychee enzyme, its preparation method and use (荔枝酵素、其製備方法和用途)	our Company	PRC	CN202210565739.1	May 24, 2042
35	Lychee fermentation product for improving fecal occult blood and intestinal barrier, regulating gut microbiota (一種改善便隱血與腸道屏障、調節腸道菌群的荔枝發酵物)	our Company	PRC	CN202310966669.5	August 3, 2043
36	Lychee enzyme, its manufacturing method, and use (ライチ酵素、その製造方法、及び用途)	our Company	Japan	JP2023083939	May 22, 2043
37	A strain of Acetobacter pasteurianus resistant to ethanol, acid, and high acid production (一株耐乙醇、耐酸、高產酸的巴氏醋酸杆菌)	our Company	PRC	CN202311061245.0	August 23, 2043
38	Method for preparing oligomeric proanthocyanidins from lychee peel (一種從荔枝皮中製備低聚原花青素的方法)	our Company	PRC	CN201911406544.7	December 31, 2039
39	Lychee fermented beverage and its preparation method and equipment (一種荔枝發酵型飲料及其製備方法與製備設備)	our Company	PRC	CN201910279343.9	April 9, 2039

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Patentee	Place of registration	Patent number	Expiration date
40	Water-in-oil emulsion composition and its preparation method (水包油型乳液組合物及其製備方法)	our Company and Guangdong Sirio	PRC	CN202111283474.8	November 1, 2041
41	Emulsifier composition and its application in emulsion (一種乳化劑組合物及其在乳液中的應用)	our Company	PRC	CN202210502659.1	May 10, 2042
42	Emulsion composition (乳化組合物)	our Company	PRC	CN202210757525.4	June 30, 2042
43	Composition containing fat-soluble vitamins (一種含脂溶性維生素的組合物)	Anhui Sirio	PRC	CN202311631443.6	December 1, 2043
44	Odorless, high-content DHA gummy and preparation method (一種無腥味、高含量DHA軟糖及其製備方法)	Anhui Sirio	PRC	CN201110333739.0	October 28, 2031
45	Novel functional gummy and preparation method (一種新型功能性軟糖及其製備方法)	Anhui Sirio	PRC	CN201711365854.X	December 18, 2037
46	Low-sugar or sugar-free pectin soft candy and preparation method thereof	Anhui Sirio	Europe	EP21767383.9	March 9, 2041
47	Low-sugar or sugar-free type pectin soft candy and preparation method thereof	Anhui Sirio	US	US17606907	March 27, 2041
48	Low-sugar or sugar-free pectin soft candy and preparation method thereof	Anhui Sirio	Australia	AU2021236009	March 9, 2041
49	Gummy containing oil and its preparation method (一種包含油的軟糖及其製備方法)	Anhui Sirio	PRC	CN202110669184.0	June 15, 2041
50	Plant gum-based gel gummy and its preparation method (一種基於植物膠的凝膠軟糖及其製備方法)	Anhui Sirio	PRC	CN202210794358.0	July 7, 2042

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Domain names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

<u>No.</u>	<u>Domain names</u>	<u>Registered owner</u>	<u>Expiration date</u>
1	siriopharma.com	our Company	March 24, 2030

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.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Service Contracts

We have entered into a contract with each of our Directors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors has entered into any service contracts as a director 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)).

Directors’ Remuneration

Save as disclosed in “Directors and Senior Management” and Note 12 to the Accountants’ Report set out in Appendix I to this Document for the two years ended December 31, 2024 and the nine months ended September 30, 2025, none of our Directors received other remunerations of benefits in kind from us.

Disclosure of interests

A. *Disclosure of Interests of Directors and chief executive*

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds and no changes are made to our issued share capital), the interests and/or short positions of our Directors and chief executive in our Shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is 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

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(I) Interest in Shares of our Company

Shareholder	Nature of Interest	Number and Description of Shares (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds) ⁽¹⁾	Approximate Percentage of Shareholding in the A Shares shortly after the [REDACTED] (including maximum A Shares issuable under the Share Incentive Scheme 2026 and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate Percentage of Shareholding in the Total Issued Share Capital of our Company immediately after the [REDACTED] (including maximum A Shares issuable under the Share Incentive Scheme 2026 and excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Number of Shares held immediately after the [REDACTED] (assuming that the maximum A Shares under the Share Incentive Scheme 2026 are issued and granted and the Convertible Bonds are fully converted at the price of RMB[31.86])	Approximate percentage of shareholding in the total Shares of our Company immediately after the [REDACTED] (assuming that the maximum A Shares under the Share Incentive Scheme 2026 are issued and granted and the Convertible Notes are fully converted at the price of RMB[31.86])
			(%)	(%)		(%)
Mr. Lin	Beneficial owner	28,035,072 A Shares	9.05	[REDACTED]	[28,035,072] A Shares	[REDACTED]
	Interest in controlled corporation ⁽²⁾⁽⁴⁾⁽⁵⁾	132,700,000 A shares	42.83	[REDACTED]	[132,700,000] A shares	[REDACTED]
	Interest of spouse ⁽²⁾⁽³⁾	22,778,496 A Shares	7.35	[REDACTED]	[22,778,496] A Shares	[REDACTED]
Ms. Chen	Beneficial owner	17,083,872 A Shares	5.51	[REDACTED]	[17,083,872] A Shares	[REDACTED]
	Interest held jointly with other persons ⁽²⁾⁽³⁾	5,694,624 A shares	1.84	[REDACTED]	[5,694,624] A shares	[REDACTED]
	Interest of spouse ⁽²⁾	160,735,072 A Shares	51.88	[REDACTED]	[160,735,072] A Shares	[REDACTED]
Mr. Yao Zhuangmin . .	Beneficial owner ⁽⁶⁾	7,866,893 A Shares	2.54	[REDACTED]	[7,867,866] A Shares	[REDACTED]
	Interest of spouse ⁽⁷⁾	6,100,809 A Shares	1.97	[REDACTED]	[6,100,809] A Shares	[REDACTED]
Ms. Lin Peichun	Interest held jointly with other ⁽⁸⁾	6,100,809 A Shares	1.97	[REDACTED]	[6,100,809] A Shares	[REDACTED]
	Interest of spouse ⁽⁷⁾	7,866,893 A Shares	2.54	[REDACTED]	[7,867,866] A Shares	[REDACTED]
Mr. Yang Rui	Beneficial owner	9,925,961 A Shares	3.20	[REDACTED]	[9,925,961] A Shares	[REDACTED]
Ms. Zhao Youyou . . .	Beneficial owner	80,392 A Shares	0.03	[REDACTED]	[80,392] A Shares	[REDACTED]

Notes:

- (1) All interests are long positions.
- (2) As of the Latest Practicable Date, Glory Investment was held as to 59% by Mr. Lin and 11% by Ms. Chen, who is the spouse of Mr. Lin. Therefore, each of Mr. Lin and Ms. Chen is deemed to be interested in the entire Shares held by Glory Investment under the SFO. As of the Latest Practicable Date, Glory Investment held 131,414,400 A Shares of our Company.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (3) As of the Latest Practicable Date, Ms. Chen and Abama Yuexiang Hongli No. 96 are parties acting in concert in respect of their shareholding interests in our Company. Therefore, each of Ms. Chen and Abama Yuexiang Hongli No. 96 is deemed to be interested in the interest of each other under the SFO. As of the Latest Practicable Date, Abama Yuexiang Hongli No. 96 held 5,694,624 A Shares of our Company.
- (4) Mr. Lin held equity interests in Glory Investment and Shares of us previously owned by the late Lin Qixiong through a testamentary trust arrangement named Lin Gao Fu You Testamentary Trust (林高福佑遺囑信託).
- (5) As of the Latest Practicable Date, there were 1,285,600 A Shares repurchased and held in our Company's stock repurchase account. As of the Latest Practicable Date, Mr. Lin and Ms. Chen, directly and indirectly through Glory Investment and Abama Yuexiang Hongli, controlled more than one-third of the voting power at the general meetings of our Company and would be taken to have an interest in such repurchased A Shares held by our Company.
- (6) As of the Latest Practicable Date, 715,000 A Shares, representing approximately 0.23% of the total issued Shares of the Company held by Yao Zhuangmin was pledged to financial institutions.
- (7) As of the Latest Practicable Date, Mr. Yao Zhuangmin and Ms. Lin Peichun are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.
- (8) As of the Latest Practicable Date, Ms. Lin Peichun and Xuanyuan Private Fund Management (Guangdong) Co., Ltd. — Xuanyuan Kexin No. 273 Private Securities Investment Fund are parties acting in concert in respect of their shareholding interests in our Company. Therefore, each of Ms. Lin Peichun and Xuanyuan Private Fund Management (Guangdong) Co., Ltd. — Xuanyuan Kexin No. 273 Private Securities Investment Fund is deemed to be interested in the interest of each other under the SFO. As of the Latest Practicable Date, Xuanyuan Private Fund Management (Guangdong) Co., Ltd. — Xuanyuan Kexin No. 273 Private Securities Investment Fund held 6,100,809 A Shares of our Company.

(II) *Interest in our Associated Corporation*

<u>Name</u>	<u>Associated Corporation</u>	<u>Nature of Interest</u>	<u>Approximate % of Shareholding</u>
Mr. Lin	Glory Investment	Beneficial owner Interest of spouse ⁽¹⁾	59% 11%
Mr. Chen	Glory Investment	Beneficial owner Interest of spouse ⁽¹⁾	11% 59%
Mr. Yao Zhuangmin (姚壯民)	Glory Investment	Beneficial owner Interest of spouse ⁽²⁾	10% 10%
Ms. Yang Rui (楊睿) .	Glory Investment	Beneficial owner	3.33%

Notes:

- (1) Mr. Lin and Mr. Chen are spouses.
- (2) Mr. Yao Zhuangmin is the husband of Ms. Lin Peichun (林培春) and Ms. Lin Peichun held 10% share interest in Glory Investment as of the Latest Practicable Date.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Save as disclosed above, none of the Directors or the chief executive of our Company will, immediately following completion of the [REDACTED], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company or our Company’s associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Substantial Shareholders

For information on the persons who will, immediately following the completion of the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, see the section headed “Substantial Shareholders” in this document.

So far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the [REDACTED], be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

<u>Name of members of our Group</u>	<u>Name of Shareholder</u>	<u>Approximate percentage of shareholding</u>
Best Formulations LLC	Dragon Holdco Inc.	28.59%

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [REDACTED] (including any additional H Shares issued 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 the Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Share Incentive Schemes

A. *Share Incentive Scheme 2023*

The following is a summary of the principal terms of the Share Incentive Scheme 2023 of our Company approved by the Shareholders on November 2, 2023. The terms of the Share Incentive Scheme 2023 are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. The terms of the Share Incentive Scheme 2023 are summarized below.

(i) *Purpose*

The purpose of the Share Incentive Scheme 2023 is to improve our Group’s corporate governance structure and encourage our Group’s management and key employees to achieve a sustained and long-term development of our Group. The Share Incentive Scheme 2023 is implemented to attract, retain and motivate management and key employees of our Group, to fully mobilize their enthusiasm and creativity to enhance the Group’s competitiveness effectively, to ensure the Group’s long-term development strategy and business objectives by combing the interests of the Group, Shareholders and employees.

(ii) *Administration*

Share Incentive Scheme 2023 is implemented by the Board subject to the approval of the Shareholders. Following the approval of the Share Incentive Scheme 2023 by the Shareholders at a general meeting, the Board shall, within 60 days, consider and approve the initial grant under the Share Incentive Scheme 2023 and our Company shall complete the relevant registration procedures in respect thereof. Any reserved grant under the Share Incentive Scheme 2023 shall be considered and approved by the Board within 12 months from the date of Board’s approval, and our Company shall complete the relevant registration procedures accordingly.

(iii) *Eligibility and Participation*

The initial grant under the Share Incentive Scheme 2023 covers a total of 76 participants, including senior management, managers, and core technical or business personnel who are employed by the Group, excluding independent Directors or supervisors, at the time our Company announces Share Incentive Scheme 2023.

The reserved participants (together with the 76 participants above, “**Participants**”) refer to those who had not yet been determined at the time the general meeting approved Share Incentive Scheme 2023 but were included in the Share Incentive Scheme 2023 during its validity period. They shall be identified within 12 months after the Share Incentive Scheme 2023 was approved by the general meeting. The criteria for determining the reserved Participants shall be consistent with the criteria for the initial grant.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(iv) *Source and Maximum Number of Shares*

The Shares underlying the Share Incentive Scheme 2023 shall be A Shares issued by our Company to the Participants. Each award granted represents the entitlement to the corresponding portion of A Shares underlying the Share Incentive Scheme 2023 (“**Awards**”). The initial maximum number of Shares in respect of the Awards that can be granted under the Share Incentive Scheme 2023 is 1,546,250, changed to 2,010,125 after a round of capitalization of the capital reserve in May 2025.

(v) *Term of the Scheme*

The term of the Share Incentive Scheme 2023 shall be no more than 60 months from the date of grant of the restricted shares to the date when all the restricted shares granted to the Participants are vested or become void.

(vi) *Performance Targets and Lock-up*

Subject to fulfillment of the performance targets at Company level and Participant level, if the restricted A Shares are granted before the disclosure of the third quarter report in 2024, the Awards held by the Participants shall be unlocked in three installments in the proportion of 30%, 30% and 40%, commencing from 12 months, 24 months and 36 months, respectively; if the restricted A Shares are granted after the disclosure of the third quarter report in 2024, the Awards held by the Participants shall be unlocked in three installments in the proportion of 50% and 50%, commencing from 12 months and 24 months respectively. Restricted A Shares granted underlying the Share Incentive Scheme 2023 shall not be transferred, used as collateral, or used to repay debts during the lock-up period.

(vii) *Details of the Awards granted*

The aggregate number of restricted A Shares granted underlying the Share Incentive Scheme 2023 was initially 1,309,000. Due to the unlocking of the Awards and the sale of the underlying A Shares for the relevant Participants, the number of A Shares held by Share Incentive Scheme 2023 has decreased accordingly. As of the Latest Practicable Date, the aggregate number of A Shares held by the Share Incentive Scheme 2023 was 1,343,888, representing approximately 0.44% of the issued share capital of our Company as of the Latest Practicable Date and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] are not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]).

There was no outstanding Awards granted to Participants under the Share Incentive Scheme 2023 as of the Latest Practicable Date.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

B. *Share Incentive Scheme 2025*

The following is a summary of the principal terms of the Share Incentive Scheme 2025 of our Company approved by the Shareholders on February 7, 2025. The terms of the Share Incentive Scheme 2025 are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. The terms of the Share Incentive Scheme 2025 are summarized below.

(i) *Purpose*

The purpose of the Share Incentive Scheme 2025 is to improve our Group’s corporate governance structure and encourage our Group’s management and key employees to achieve a sustained and long-term development of our Group. The Share Incentive Scheme 2025 is implemented to attract, retain and motivate management and key employees of our Group, to fully mobilize their enthusiasm and creativity to enhance the Group’s competitiveness effectively, to ensure the Group’s long-term development strategy and business objectives by combing the interests of the Group, Shareholders and employees.

(ii) *Administration*

Share Incentive Scheme 2025 is implemented by the Board subject to the approval of the Shareholders. Following the approval of the Share Incentive Scheme 2025 by the Shareholders at a general meeting, the Board shall, within 60 days, consider and approve the initial grant under the Share Incentive Scheme 2025 and our Company shall complete the relevant registration procedures in respect thereof. Any reserved grant under the Share Incentive Scheme 2025 shall be considered and approved by the Board within 12 months from the date of Shareholders’ approval, and our Company shall complete the relevant registration procedures accordingly.

(iii) *Eligibility and Participation*

The initial grant under the Share Incentive Scheme 2025 covers a total of 78 participants, including senior management, managers, and core technical or business personnel who are employed by the Group, excluding independent Directors or supervisors, at the time our Company announces Share Incentive Scheme 2025.

The reserved participants (together with the 78 participants above, “**Participants**”) refer to those who had not yet been determined at the time the general meeting approved Share Incentive Scheme 2025 but were included in the Share Incentive Scheme 2025 during its validity period. They shall be identified within 12 months after the Share Incentive Scheme 2025 was approved by the general meeting. The criteria for determining the reserved Participants shall be consistent with the criteria for the initial grant.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(iv) *Source and Maximum Number of Shares*

The Shares underlying the Share Incentive Scheme 2025 shall be A Shares issued by our Company to the Participants or A Shares repurchased by our Company from the secondary market and granted to the Participants. Each award granted represents the entitlement to the corresponding portion of A Shares underlying the Share Incentive Scheme 2025 (“**Awards**”). The initial maximum number of Shares in respect of the Awards that can be granted under the Share Incentive Scheme 2025 is 1,888,600, changed to 2,455,180 after a round of capitalization of the capital reserve in May 2025.

(v) *Term of the Scheme*

The term of the Share Incentive Scheme 2025 shall be no more than 60 months from the date of grant of the restricted shares to the date when all the restricted shares granted to the Participants are vested or become void.

(vi) *Performance Targets and Lock-up*

Subject to fulfillment of the performance targets at Company level and Participant level, the Awards held by the Participants shall be unlocked in three installments in the proportion of 30%, 30% and 40%, commencing from 12 months, 24 months and 36 months, respectively. Restricted A Shares granted underlying the Share Incentive Scheme 2025 shall not be transferred, used as collateral, or used to repay debts during the lock-up period.

(vii) *Details of the Awards granted*

As of the Latest Practicable Date, the aggregate number of A Shares granted underlying the Share Incentive Scheme 2025 was 2,137,000, representing approximately 0.69% of the issued share capital of our Company as of the Latest Practicable Date and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised, excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds) and no changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]).

There was no outstanding Awards granted to Participants under the Share Incentive Scheme 2025 as of the Latest Practicable Date.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

C. *Share Incentive Scheme 2026*

The following is a summary of the principal terms of the Share Incentive Scheme 2026 of our Company approved by the Board and the Shareholders’ meeting. The terms of the Share Incentive Scheme 2026 are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. The terms of the Share Incentive Scheme 2026 are summarized below.

(i) *Purpose*

The purpose of the Share Incentive Scheme 2026 is to improve our Group’s corporate governance structure and encourage our Group’s management and key employees to achieve a sustained and long-term development of our Group. The Share Incentive Scheme 2026 is implemented to attract, retain and motivate management and key employees of our Group, to fully mobilize their enthusiasm and creativity to enhance the Group’s competitiveness effectively, to ensure the Group’s long-term development strategy and business objectives by combing the interests of the Group, Shareholders and employees.

(ii) *Administration*

Share Incentive Scheme 2026 is implemented by the Board subject to the approval of the Shareholders. Following the approval of the Share Incentive Scheme 2026 by the Shareholders at a general meeting, the Board shall, within 60 days, consider and approve the initial grant under the Share Incentive Scheme 2026 and our Company shall complete the relevant registration procedures in respect thereof. Any reserved grant under the Share Incentive Scheme 2026 shall be considered and approved by the Board within 12 months from the date of Shareholders’ approval, and our Company shall complete the relevant registration procedures accordingly.

(iii) *Eligibility and Participation*

The initial grant under the Share Incentive Scheme 2026 covers a total of 85 participants, composed of managers and core technical or business personnel, at the time our Company announces Share Incentive Scheme 2026.

The reserved participants (together with the 85 participants above, “**Participants**”) refer to those who had not yet been determined at the time the general meeting approved Share Incentive Scheme 2026 but were included in the Share Incentive Scheme 2026 during its validity period. They shall be identified within 12 months after the Share Incentive Scheme 2026 was approved by the general meeting. The criteria for determining the reserved Participants shall be consistent with the criteria for the initial grant.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

(iv) *Source and Maximum Number of Shares*

The Shares underlying the Share Incentive Scheme 2026 shall be A Shares issued by our Company to the Participants or A Shares repurchased by our Company from the secondary market and granted to the Participants. Each award granted represents the entitlement to the corresponding portion of A Shares underlying the Share Incentive Scheme 2026 (“Awards”). The initial maximum number of Shares in respect of the Awards that can be granted under the Share Incentive Scheme 2026 is 2,202,500.

(v) *Term of the Scheme*

The term of the Share Incentive Scheme 2026 shall be no more than 60 months from the date of grant of the restricted shares to the date when all the restricted shares granted to the Participants are vested or become void.

(vi) *Performance Targets and Lock-up*

Subject to fulfillment of the performance targets at Company level and Participant level, the Awards held by the Participants, granted under the initial grant or before the publication of the 2026 third quarter report, shall be unlocked in three installments in the proportion of 30%, 30% and 40%, commencing from 12 months, 24 months and 36 months, respectively; the Awards granted after the publication of the 2026 third quarter report shall be unlocked in two installments in the proportion of 50% and 50%. Restricted A Shares granted underlying the Share Incentive Scheme 2026 shall not be transferred, used as collateral, or used to repay debts during the lock-up period.

(vii) *Details of the Awards granted*

As of the Latest Practicable Date, no restricted A Shares has been granted underlying the Share Incentive Scheme 2026; the aggregate number of restricted A Shares expected to be granted underlying the Share Incentive Scheme 2026 before the [REDACTED] is 2,202,500, representing approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming that the [REDACTED] are not exercised and no other changes are made to our issued share capital between the Latest Practicable Date and the [REDACTED]).

Employee Stock Ownership Plan 2026

(i) *Purpose and administration*

As approved by the Board and the Shareholders’ meeting, our Company established the Employee Stock Ownership Plan 2026. The purpose of this plan is to establish and improve a mechanism for shared interests between employees and Shareholders, enhance corporate governance, strengthen employee cohesion and corporate competitiveness, motivate employees’ initiative and creativity, and promote our Company’s long-term, sustainable, and healthy development.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

The holders’ meeting is the highest authority of the Employee Stock Ownership Plan 2026. The holders’ meeting elects the management committee, which, under its authorization, is responsible for opening related accounts, overseeing daily operations of the plan, and exercising shareholder rights on behalf of the plan.

(ii) *Participants and Shares Involved*

The aggregate number of participants participated in the Employee Stock Ownership Plan 2026 shall not exceed 12, all of whom were Directors, senior management and core employees who played a critical role in the company’s overall performance and long-term development (“**Participants**”). The number of Shares held by Directors and senior management under the Employee Stock Ownership Plan 2026 shall not exceed 30% of the aggregate number. Participants who meet the above conditions participated in this employee stock ownership plan on a voluntary basis, in compliance with laws and regulations, with a commitment to long-term service, under principles of shared benefits and bearing their own risks. Certain Participant of the Employee Stock Ownership Plan 2026 withdrew from the plan for personal reasons and accordingly the Shares were disposed of by the management committee pursuant to the plan. The aggregate number of Shares to be acquired under this Employee Stock Ownership Plan shall not exceed 1,285,600 shares (including the reserved portion), accounting for 0.42% of the Company’s current total Share capital as of the Latest Practicable Date.

The source of Shares for the Employee Stock Ownership Plan 2026 was A Shares repurchased by the Company on the A Share market.

(iii) *Lock-up Period and Duration of the plan*

Starting from the announcement of the last share transfer, Shares granted under the Employee Stock Ownership Plan 2026 will be subject to a lock-up period of 24 months, and will be unlocked in two installments with an unlocking ratio of 50% and 50% respectively. Actual unlocking will depend on performance assessments.

The plan will remain in effect until the completion of its implementation.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Disclaimers

Save as disclosed in this section and the section headed “Business” in this document:

- (i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed;
- (ii) none of our Directors or any of the experts referred to under the paragraph headed “— Other Information — Qualifications and Consents of Experts” has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (iii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (iv) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (v) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the 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; and
- (vi) save as disclosed in this document, none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [REDACTED] of, and permission to [REDACTED], our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may fall to be [REDACTED] pursuant to the exercise of the [REDACTED]).

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a sponsor fee of US\$500,000 to act as the sponsor of our Company in connection with the proposed [REDACTED] on the Hong Kong Stock Exchange.

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.

<u>Name</u>	<u>Qualification</u>
CITIC Securities (Hong Kong) Limited	A licensed corporation to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu . . .	Certified Public Accountants Registered Public Interest Entity Auditor
King & Wood Mallesons	PRC legal advisor
China Insights Consultancy . . .	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

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 Ordinance so far as applicable.

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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

PROMOTERS

The promoters of our Company are Glory Investment, Ms. Chen, Mr. Lin, Shantou Zhengnuo Investment Partnership (Limited Partnership) (汕頭市正諾投資合夥企業(有限合夥)), GAO Feng, LIN Peichun, YAO Zhuangmin, YANG Rui, LIN Qixiong and LIN Peina.

Save as disclosed in this document, within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document.

PRELIMINARY EXPENSES

Our Company did not incur material preliminary expenses for the purpose of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in our financial or trading position since September 30, 2025.

MISCELLANEOUS

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no 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

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

- (iii) no commissions, discounts, brokerages 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, brokerages 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 for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the [REDACTED], no equity or debt securities of any company within our Group is presently listed on any stock exchange or traded on any trading system nor is any listing 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; 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 V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts”; and
- (b) a copy of each of the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contracts”.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.siriopharma.com> during a period of 14 days from the date of this document:

- 1. the Articles of Association;
- 2. the Accountants’ Report from Deloitte Touche Tohmatsu, the text of which is set forth in Appendix I to this document;
- 3. the audited consolidated financial statements of our Company for the two financial years ended December 31, 2024 and the nine months ended September 30, 2025;
- 4. the report from Deloitte Touche Tohmatsu on the unaudited [REDACTED] financial information of our Group, the text of which is set forth in Appendix II to this document;
- 5. the material contracts in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contracts”;
- 6. the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts”;
- 7. the service contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Directors and Senior Management — Particulars of the Service Contracts”;
- 8. the legal opinions issued by King & Wood Mallesons, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;
- 9. the industry report issued by China Insights Consultancy Limited, the summary of which is set forth in the section headed “Industry Overview” in this document; and
- 10. the PRC Company Law, the Securities Law, the Trial Measures, together with their respective unofficial English translations.