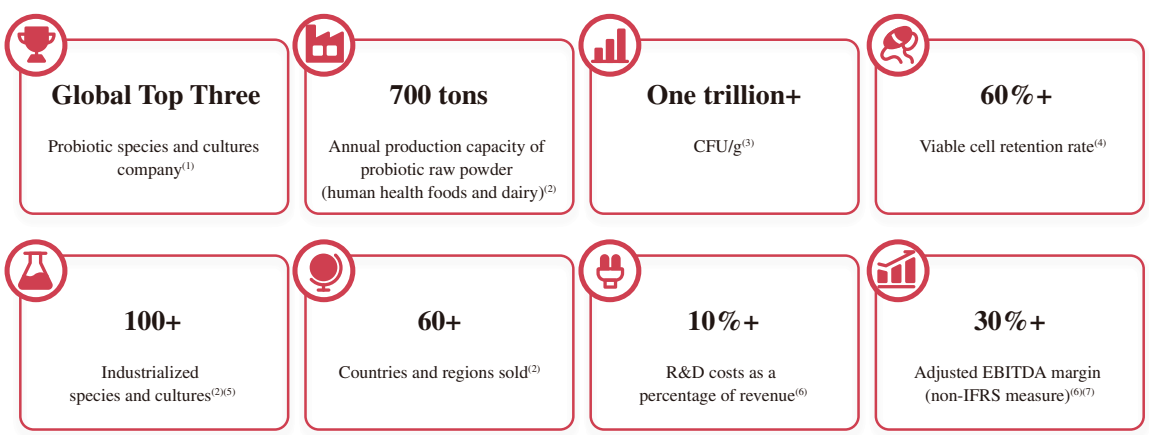
OVERVIEW

We are a global leading biomanufacturing company, primarily engaged in the R&D, production and sales of probiotic species and cultures. We ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder, according to Frost & Sullivan. We are committed to providing high-viability, high-stability and functional probiotic powder, probiotic formula, and dairy cultures to companies in human health (namely functional foods and dietary supplements), dairy and agricultural industries through our proprietary probiotic strain resources and advanced fermentation and production processes. The strain-specific functional characteristics of our core probiotic strains across multiple applications have been validated in human studies and other clinical validation activities. High-standard industrialization of probiotic species involves substantial process and technological barriers. According to Frost & Sullivan, we are one of the few companies globally that have achieved both R&D capacities and high-standard industrialization of functional probiotic species and cultures.

We have established production bases with intelligent production systems in Suzhou, Jiangsu Province and Luohe, Henan Province. We operate high-density fermentation systems, and we have developed proprietary multi-layer encapsulation and emulsification systems that improve strain viability and stability in applications. We have achieved scaled production of probiotic raw powder with viable cells over one trillion (10^{12} CFU/g) for multiple strains, and certain core strains maintained viable cell retention rates of over 60% after 24 months of storage under ambient conditions. Our production bases are equipped with large-scale vacuum freeze-drying workshops for probiotic raw powder. As of Latest Practicable Date, we had an annual production capacity of 700 tons of probiotic raw powder for human health foods and dairy applications, over 5,000 tons of probiotic formula for human health foods and 1,000 tons of agricultural beneficial microbial raw powder.

Key Operating Metrics



Notes:

(1) According to Frost & Sullivan, we ranked third among global probiotic species and cultures companies in 2025 by the production volume of probiotic raw powder.

(2) As of the Latest Practicable Date.

(3) CFU/g refers to colony-forming units per gram, representing the number of viable cells that can reproduce in each gram of sample. As of the Latest Practicable Date, we had over 20 strains with viable cells over one trillion CFU/g.

(4) We had more than 20 strains with viable cell retention rates of over 60% after 24 months of storage under ambient conditions as of the Latest Practicable Date.

(5) According to Frost & Sullivan, industrialized species refer to microbial strains that have been successfully developed and applied in industrial-scale production, characterized by high yield, genetic stability and robust performance under industrial fermentation.

(6) Each year during the Track Record Period.

(7) Adjusted net profit (non-IFRS measure) is calculated as profit for the year excluding share-based payment expenses, **[REDACTED]** expenses and fair value change on other financial instruments. Adjusted EBITDA (non-IFRS measure) is calculated as adjusted net profit (non-IFRS measure) for the year adding back income tax expenses, finance costs, and depreciation and amortization, and less finance income. Adjusted EBITDA margin (non-IFRS measure) is calculated as adjusted EBITDA (non-IFRS measure) divided by revenue for the same year and multiplied by 100%. See "Financial Information — Non-IFRS Measure" for details.

Our Business

We have developed an industry-leading product portfolio covering a broad range of downstream sectors and established a business model spanning strain R&D, clinical validation, scaled production and commercialization. Supported by our proprietary probiotic strain resources and production technologies, our products and services are applied across multiple industry sectors, including functional foods, dietary supplements, dairy, and agriculture, and we continue to drive innovative applications of probiotic strains and cultures across diversified scenarios. We are committed to providing global customers with high-quality probiotic powder and formula products. We also provide technical services in relation to industrialization solutions for functional probiotic species and cultures to our customers.

We have a significant advantage in the reserve of key functional strains. Our WecLac® core strains that we have independently developed and industrialized include *Bifidobacterium animalis subsp. lactis* BLa80 (動物雙歧桿菌乳亞種BLa80) ("**BLa80**"), *Lacticaseibacillus rhamnosus* LRa05 (鼠李糖乳酪桿菌LRa05) ("**LRa05**"), *Weizmannia (Bacillus) coagulans* BC99 (凝結魏茨曼氏菌BC99) ("**BC99**"), *Bifidobacterium longum subsp. longum* BL21 (長雙歧桿菌長亞種BL21) ("**BL21**"), and *Akkermansia muciniphila* Akk11 (嗜黏蛋白阿克曼氏菌Akk11) ("**Akk11**"), among others. These strains have undergone stringent process development, clinical validation and evaluation testing, supporting a broad range of functional endpoints including gastrointestinal health, metabolic parameters, immune-related indicators, and sleep and mood. This enables us to deliver probiotic solutions tailored to the health needs of different population groups. Based on our robust strain bank and formulation R&D capabilities, we also apply WecPro® compound formulation technology to combine strains and develop compound formulas with functions such as immune modulation and gastrointestinal health, further expanding the application of probiotics in nutrition and health management.

We primarily generate revenue from the sales of probiotic powder, and we also process probiotic powder into probiotic formula upon customer request, providing customers with high-quality and customizable probiotic formula products. As of the Latest Practicable Date, our products had been sold in over 60 countries and regions, covering major markets including China, North America, and Europe. We have also established four overseas offices and are gradually building a broad and rapid-response international marketing and service network, laying a solid foundation for our continued global expansion.

Our R&D Capabilities

R&D is the core driving force of our development and we have built a full-chain R&D system spanning strain discovery, functional validation and industrial development. This system not only supports our current product development but also provides a solid foundation for sustained innovation and long-term competitiveness. We had established a large-scale and highly diverse probiotic strain bank with over 40,000 strains as of the Latest Practicable Date, among which more than 100 candidate strains have clear functional characteristics and have completed industrial feasibility assessments. Based on advanced microbiomics and metabolomics, we continue to identify new strains with specific health or application functions through systematic high-throughput screening and mining coupled with comprehensive process optimization. On this basis, we have established industry-leading high-density fermentation process, centrifugation process, encapsulation and emulsification technologies and freeze-drying processes, enabling efficient conversion from lab-scale strains to scaled and stable industrial products, while improving production efficiency and ensuring high product viability and stability.

We have established three core R&D centers comprising the Microbial Strain Technology Center, the Intelligent Biomanufacturing Process Center and the Application Technology Center, with a strong focus on key areas such as lactic acid bacteria strain resource development, probiotic fermentation processes, microbiome and health research, strains for fermented foods, probiotic formula technologies, forming a R&D network covering basic research, application development and commercialization. We remain committed to R&D-driven growth, and our R&D costs as a percentage of our revenue exceeded 10% each year during the Track Record Period. As of December 31, 2025, we had a professional R&D team of 175 employees, with more than 65% holding a master's degree or above, which has accumulated deep technical expertise and interdisciplinary innovation capability. Our core team includes five academician advisers from globally renowned academic institutions, who continue to provide cutting-edge scientific insights and strategic guidance. We also have 16 researchers with doctoral degrees from domestic and international institutions, as well as a number of senior experts in fermentation engineering and process development. We have established a national postdoctoral research workstation focusing on frontier technologies, key process development and translation of R&D achievements into industrial applications. We advocate an open, collaborative and rigorous culture of innovation, and through ongoing investment and innovation mechanism, we stimulate the creativity of our team and build a solid foundation of talent and technology for our long-term development.

Our Financial Performance

We have rapid growth in our financial performance. In 2023, 2024 and 2025, we recorded total revenue of RMB495.9 million, RMB544.1 million and RMB701.5 million, respectively. In 2025, revenue from the Greater China market accounted for 59.8% of our total revenue, while revenue from overseas markets accounted for 40.2% of our total revenue, reflecting our international presence. In terms of downstream application scenarios, we achieved steady growth across human health, dairy and agriculture sectors, reflecting the effectiveness of our product penetration across multiple scenarios and customer expansion.

In 2023, 2024 and 2025, we recorded gross profit of RMB246.6 million, RMB264.8 million and RMB332.9 million, respectively, and adjusted net profit (non-IFRS measure) of RMB96.0 million, RMB83.7 million and RMB106.9 million, respectively. In each year during the same period, our adjusted EBITDA (non-IFRS measure) amounted to RMB166.0 million, RMB170.8 million and RMB219.8 million, respectively, with an adjusted EBITDA margin (non-IFRS measure) of 33.5%, 31.4% and 31.3%, respectively, reflecting healthy profitability of our core business.

In 2023, 2024 and 2025, net cashflows generated from operating activities amounted to RMB198.6 million, RMB101.3 million and RMB216.8 million, respectively. Our ample cashflows provide strong support for the continued increase in our R&D investments, expansion of production capacity and advancement of market expansion.

Our Market Opportunities

According to Frost & Sullivan, the global probiotic raw powder market size is expected to increase from US$3,263.6 million in 2025 to US$4,820.6 million in 2030, representing a CAGR of 8.1%. In the meantime, the growth rate of China's probiotic raw powder market is expected to be higher than the global level and is expected to increase from US$482.9 million in 2025 to US$794.2 million in 2030, representing a CAGR of 10.5%. This growth primarily benefits from rising consumer health awareness, accelerated population aging, expansion of application scenarios, and continued implementation of supportive industrial policies.

Biomanufacturing has been explicitly included in the "15th Five-Year Plan" and incorporated into the future industrial development agenda by the PRC government. Biomanufacturing has broad applications and innovation potential in areas such as human health, dairy and agriculture and therefore continues to receive policy attention and support. As we are deeply engaged in the R&D and biomanufacturing of probiotic species and cultures, and with our solid technological accumulation, integrated value chain and scaled production capacity, we expect to benefit from a more favorable growth environment and development opportunities driven by both policy and market forces.

We have achieved steady growth during the Track Record Period, leveraging our technological leadership, capacity efficiency and cost advantages. In particular, our revenue generated from overseas markets grew at a CAGR of 31.4% during the same period. This growth reflects the competitive advantages of our products in terms of viability, stability and functionality, enabling us to gain acceptance and trust among the established international biomanufacturers in the probiotic industry.

STRENGTHS

Our world-class production bases with capacity ranked third globally and first in Asia, supporting high-standard industrialization of functional probiotic strains and cultures

According to Frost & Sullivan, we ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder. As of the Latest Practicable Date, we had an annual production capacity of 700 tons of probiotic raw powder for human health foods and dairy applications, over 5,000 tons of probiotic formula for human health foods and 1,000 tons of agricultural beneficial microbial raw powder.

We have established a multi-base production network covering human health, dairy and agricultural applications. As of the Latest Practicable Date, we had three production bases in China, with one production base in Suzhou, Jiangsu Province and two production bases in Luohe, Henan Province. Each production base has clear functions and complements one another, forming industry-leading production capabilities. Our Luohe Production Base I is the first probiotic production facility in China that achieved scaled production of probiotic raw powder at the hundred-ton level, according to Frost & Sullivan. Such large-scale and centralized production enables us to achieve cost advantages through economies of scale in procurement, production and management.

Our production follows a "fermentation — centrifugation — encapsulation and emulsification — freeze-drying" process. Each stage is equipped with industry-advanced dedicated facilities and technologies, enabling end-to-end efficiency and quality control from strains to finished products:

- ***Intelligent high-density fermentation system:*** We operate high-density fermentation tank systems. The systems are equipped with high-precision digital detection equipment, including optical density meters, turbidity meters and other digital instruments. Building on a data-driven fermentation platform, we have developed a full-cycle process parameter optimization program enabling high-density cultivation of microorganisms.

- ***High-efficiency centrifugation system:*** We adopt an advanced disc-stack centrifugation system. By controlling centrifuge rotational speed, feed flow rate and temperature, the system efficiently harvests biomass while minimizing mechanical shear damage, ensuring a viable cell retention rate of above 90% at the collection stage, thereby obtaining highly viable probiotic biomass.

- ***Multi-layer encapsulation and emulsification protection system:*** For the production of probiotic raw powder, we own proprietary intellectual property in our patented encapsulation technology. By controlling key process parameters such as emulsion particle size, material ratios and encapsulation rate, this system provides multi-layer protection for microorganisms, significantly improving freeze-drying survival rates, and enhancing resistance to gastric acid and bile salts as well as room-temperature storage capabilities.

- ***Large-scale freeze-drying system:*** We operate large-scale vacuum freeze-drying workshops designed to support production at scale. By optimizing freeze-drying curve parameters such as sublimation temperature, vacuum level and drying time, we ensure that the final probiotic powder moisture content remains below 3%, and water activity below 0.1, maintaining ultra-high viability over time. It controls viability loss during downstream processing and storage and achieves a viable cell retention rate of above 90%, which is a critical technological step in achieving outstanding product stability.

We have established a high-standard testing center and obtained CNAS accreditation, implementing end-to-end quality inspection standards. We disclose the viable cell count at ex-factory and the viable cell retention rate at the end of shelf life and advocate such a dual quality disclosure mechanism. In doing so, we convert our process advantages into a verifiable and comparable quality commitment, supporting the establishment of more transparent and standardized industry norms.

We not only provide our proprietary high-performance patented strains but also leverage our world-class production processes and ample capacity to provide a one-stop industrialization solution for strains developed by our collaborating partners, covering process scale-up, scaled production and end-to-end quality control. As of the Latest Practicable Date, we were the only company in the probiotic industry that has a pilot-scale biomanufacturing platform among the lists published by the MIIT, and we have established dedicated pilot-scale platform for this purpose. The pilot-scale platform is a critical link connecting laboratory R&D and large-scale industrial production, significantly improving the success rate of converting R&D achievements into industrial products.

As of December 31, 2025, we successfully assisted more than 30 companies in completing functional validation, process development and industrialization for over 100 probiotic strains, effectively addressing customers' needs for strain autonomy and exclusivity. This model not only helps customers develop strain products with proprietary intellectual property, but also ensures stable and high-quality product supply, thereby strengthening long-term customer relationships and increasing barriers to switching.

Our advanced and proprietary R&D system with integrated capacities from strain discovery to industrialization.

We have independently built and maintained industry-leading probiotic strain bank covering resources from human beings, fermented foods and diverse natural environments. As of the Latest Practicable Date, our strain bank had over 40,000 strains. This proprietary strain bank allows us to fully control the starting point of R&D, ensuring full autonomy and coherence across the entire process from research direction setting to ultimate product commercialization, and creating substantial barriers based on time and data accumulation.

In our continuous R&D process, we have developed a systematic "strain — function — method" patent strategy. This strategy not only protects core strains but also extends to specific functional claims derived from such strains, as well as the key process methods for realizing such functions and achieving scaled production. As of the Latest Practicable Date, we had filed more than 400 patent applications in respect of more than 80 strains, and obtained 232 invention patents in China.

We have systematically conducted clinical studies on functional strains in collaboration with multiple hospitals and research institutions globally and have completed over 70 clinical studies on functional strains, with approximately 20 ongoing clinical trials as of the Latest Practicable Date. We have advanced our international regulatory registration efforts and have initiated over 50 market access registration projects in more than 20 countries and regions, including North America, Europe, South Korea, Turkey and Southeast Asia. This combination of scientific validation and market access provides internationally recognized evidence-based support for our product efficacy and lays a compliant foundation for our global market expansion.

We have established a comprehensive intellectual property portfolio around our core strains, covering functional directions, preparation methods and other dimensions. We have laid out patents in areas such as high-throughput screening of probiotics, optimization strategies for probiotic fermentation processes, vacuum freeze-drying, electrostatic spray drying and microencapsulation technologies. These patents support our market position, technology collaborations and intellectual property protection.

We have always regarded R&D as a core strategic priority, and our R&D costs as a percentage of revenue remained above 10% each year during the Track Record Period. In 2023, 2024 and 2025, our R&D costs were RMB57.2 million, RMB74.9 million and RMB88.8 million, representing 11.5%, 13.8% and 12.7% of our revenue for the same years, respectively. Our R&D resources are primarily invested in key areas such as expansion of our strain bank, process optimization, functional research and international registrations, supporting our continued competitiveness across the value chain.

Our global leading position in probiotic biomanufacturing enabling us to capture broad market opportunities.

We are a global leading biomanufacturing company, primarily engaged in research, development, production and sales of probiotic species and cultures. According to Frost & Sullivan, we ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder. We have built an end-to-end service system spanning strain screening, process development, scaled production and commercial application. Leveraging our leading R&D capabilities, production capabilities and deep understanding of downstream demand, we are well positioned to continue expanding and deepening our presence in global markets.

The global probiotic end product market has experienced robust expansion in recent years, with the total market size increased from US$58.7 billion in 2020 to US$86.7 billion in 2025, representing a CAGR of 8.1%. The global probiotic raw powder market size increased from US$2,323.0 million in 2020 to US$3,263.6 million in 2025, representing a CAGR of 7.0%, and is expected to further increase to US$4,820.6 million in 2030, representing a CAGR of 8.1% from 2025 to 2030. As the fastest-growing major region globally, the China probiotic raw product market increased from US$316.3 million in 2020 to US$482.9 million in 2025, representing a CAGR of 8.8%.

We have established an integrated industrial value chain spanning strain development, process optimization, scaled production, quality testing and customized solutions. We maintain a strain bank of over 40,000 strains. We have developed and commercialized multiple core strains with clear functional orientations, including:

- ***BLa80:*** focuses on infant and children's health, supports early development and basic immune maturation in infants and young children and gastrointestinal and emotional health;
- ***LRa05:*** focuses on maternal and infant health, adjusts female mucosal microecology, maintains hormonal and metabolic homeostasis, and supports the gastrointestinal health of infants and children;
- ***BC99:*** promotes protein digestion and absorption, alleviates muscle damage, and protects gastrointestinal, liver and immune health;
- ***BL21:*** protect the health of the elderly, adjusts glucose and lipid metabolism, and alleviates radiation-induced intestinal damage; and
- ***Akk11:*** promotes metabolic health, helps achieve weight loss, and adjust mood.

These strains have all undergone systematic functional validation and clinical studies on functional strains, and have clear, traceable and specific health benefits. We are able to conduct customized blending and application development to meet customer needs. For example, in the metabolic health field, we have developed a blended formulation based on BLa80 and LRa05 and expanded it into a combination solution comprising BC99, BL21 and other strains to synergistically support metabolic homeostasis and weight management. We offer our customers customized solutions spanning strain screening to commercial production. Our testing center has obtained CNAS accreditation and has comprehensive in-house testing capabilities, ensuring that our products continuously meet international standards in terms of viability, stability and safety. Such integrated capabilities enable us to respond quickly to customer needs globally and provide products and solutions with high viability, high stability and cost competitiveness.

We actively contribute to industry standard-setting and have led or participated in the formulation international, national, industry and group standards, including the implemented Food Safety National Standard GB31639-2023 and the key standard General Technical Requirements for Probiotics and Their Products, among others. We maintain a comprehensive qualification and certification system. We are one of the few companies in China to obtain both U.S. FDA GRAS certification, and hold international certifications such as cGMP, HACCP, ISO 22000, HALAL, KOSHER and NOP, ensuring that our products fully meet the quality standards of major markets. Leveraging our product competitiveness, we have successfully exported our products to over 60 countries and regions. Our revenue generated from overseas sales of probiotic powder products grew at a CAGR of 31.4% during the Track Record Period.

Our solutions platform covering multiple application scenarios and creating diversified revenue streams.

We focus on human health as our core business, primarily providing functional raw probiotic powder and customized solutions for functional foods, health foods, dietary supplements and dairy products. China has stringent market access management for probiotics added to infant formula foods. Our core strain BLa80 was approved in the PRC in July 2025 for use in foods for infants and toddlers under the age of three, and was the first probiotic strain approved in Chinese mainland and listed on the List of Species and Cultures Available in Infant and Toddler Food published by NHC, according to Frost & Sullivan. We are leveraging our production scale and process advantages to continuously expand our business in this broad and high value-added market.

We also extend our core technologies to adjacent markets, including fermented foods such as yoghurt, agriculture, animal feed, and pet food. These downstream application markets are in an early stage of rapid growth:

- In the fermented food segment, we not only supply dedicated probiotic species and cultures for dairy and traditional fermented food companies, but also provide solutions spanning strain customization, process optimization and product upgrades by leveraging our fermentation technologies, and we contribute to the upgrading and domestic substitution of China's fermented dairy industry.

- In the agriculture and animal feed segment, we provide agricultural beneficial microbial products for animal health and plant health. We have served well-known domestic and overseas companies.

- In the pet health segment, we have collected and screened various probiotic strains from dogs and cats, supporting the development of more pet probiotic products and solutions. We are also the chair entity of the Suzhou Pet Association.

Our deep relationships with global high-quality customers, underpinning our strong overseas presence.

Our customer base spans China, North America, Europe and other markets, covering leading domestic and overseas dietary supplement and functional food brands, dairy companies, agriculture and animal feed companies and pharmaceutical companies, such as BYHEALTH, CLASSY • KISS, BAYER, SPH Sine and others. We maintain long-term and stable cooperations with our core customers, and our customer base is broad and diversified. During the Track Record Period, revenue generated from our top five customers accounted for less than 20% of our total revenue each year, reflecting a diversified customer base across regions and sectors and our resilient business foundation. This model, driven by global market demand and supported by our responsive technology and production capacity, continues to consolidate our competitive position in the global industry chain.

Our international efforts have achieved notable results. In 2025, revenue from overseas business accounted for 40.2% of our total revenue. We continue to expand in North America and Europe and increase our overseas market share. Our overseas expansion focuses on the following regions:

- North America is our largest single overseas market, contributing 23.3% of our revenue and 58.0% of our overseas sales in 2025. The probiotics market in North America is large and grows steadily, and consumers' awareness of gastrointestinal health and immune support continues to improve, which continues to drive market growth.

- Europe, as the birthplace and a major market of the global probiotics industry, contributed 11.5% of our revenue and 28.6% of our overseas sales in 2025. We have deeply integrated into the local industry chain by participating in industry exhibitions and technical forums and establishing direct sales cooperation with local brands and raw material suppliers.

We are active in various global industry summits, academic seminars and professional exhibitions, engaging in in-depth technical exchanges and idea sharing with customers and experts. This approach not only effectively shapes our professional and reliable brand image but also enables us to directly reach and influence decision-makers across the industry chain, thereby establishing a sustainable business growth path driven by value.

Our experienced and visionary management team and institutional shareholders

Our founder, chairman and chief scientist, Dr. Fang, has over 20 years of R&D and industrial experience in the probiotics field and is a well-recognized expert in this area. Dr. Fang is a leading talent under the national "Ten Thousand Talents Plan" and an Innovation and Entrepreneurship Leading Talent of the Ministry of Science and Technology. Dr. Fang has been conferred the title of industry professor by the government departments of Hubei Province. He has also been designated as an industrial professor (graduate advisor category) by the government departments of Jiangsu Province. He has also been appointed as a visiting professor and doctoral advisor at universities. He is the principal inventor of over 200 probiotic-related patents of our Group and has led or participated in multiple major national and provincial-level scientific research projects, continuously promoting the integration of scientific research and industrialization. Under Dr. Fang's leadership, we have pursued a development path centered on R&D driven growth, domestic substitution and global expansion.

Our development has been supported by our institutional shareholders in the healthcare and consumer sectors. The participation of these shareholders provides us with capital support and brings valuable resources in industrial connections and strategic collaboration, further enhancing our industry credibility and long-term development potential.

STRATEGIES

Further expand production capacity to consolidate our position as a global leading biomanufacturer of probiotic species and cultures.

To capture the rapid growth opportunities in the global probiotics market and further consolidate our industry position, we plan to further expand our production capacity. Leveraging our advanced production processes and extensive experience, we will expand production bases that meet international standards to enhance our production capacity.

Specifically, we expect to increase the annual production capacity of our probiotic raw powder by 200 tons upon completion of upgrading of the production lines at our Suzhou Production Base in the second half of 2026. We also plan to expand the production capacity of our existing Suzhou Production Base by constructing a plant with advanced production process supported by high-efficiency

fermentation, centrifugation and emulsification, and freeze-drying equipment, so as to increase the annual capacity of probiotic raw powder by 600 tons, thereby further enhancing our supply assurance capabilities in the probiotic raw powder market. We are conducting the feasibility studies, and expect to commence construction upon obtaining all necessary approvals from relevant PRC regulatory authorities in 2026. We plan to utilize the designed capacity of the new production lines in phases to meet the needs of our business expansion. For details, see "Future Plans and Use of **[REDACTED]**".

Strengthen and enhance our R&D capabilities, and broaden our portfolio of core strains and product applications.

We will continue to increase our investment in R&D and plan to further strengthen our R&D capabilities along two key directions. First, we will continue to expand our reserve of core strains and continue functional development and validation of our existing strains. Second, we will convert our R&D achievements into application solutions, focusing on areas such as infant and toddler nutrition and deepening cooperation with dairy and agriculture companies.

On strain development, we plan to rely on our strain bank, combined with intelligent screening technologies, evaluate gastrointestinal tolerance, colonization capabilities and health function correlations, efficiently identifying strains with functional potential, thereby significantly shortening the screening and validation cycle for new strains. Within the next three years, we plan to expand our strain bank to 100,000 to 150,000 strains, to support future expansion into applications including dairy products, agriculture and animal feed, pets and live biotherapeutic drugs, and to continue identifying candidate core strains for specific health needs of particular populations, such as metabolic health and mood management.

At the product application level, based on our core strain BLa80, we will continue to advance application for the use of our existing core strains in infant formula milk powder. We plan to deepen cooperation with infant formula companies and jointly pursue application for our core strain BLa80 for use in infant formula milk powder in China, thereby entering this market currently dominated by overseas companies. We will also continue to advance application for the use of our core strain BC99 in functional food and health food products. We plan to deepen cooperation with food manufacturers and jointly pursue expanded application for BC99 in functional food products, thereby expanding our commercial footprint in the functional food market.

Continuously optimize production processes to improve product quality, including viability and stability.

We will continue to optimize our core production processes. On the one hand, we will focus on improving the quality of probiotics strains from scaled production to end applications, particularly enhancing the viability and stability of our probiotic powder products. On the other hand, we will improve overall production efficiency, and enhance the scalability and standardization of our production systems.

We plan to focus our investments on the following areas: (i) through ongoing process breakthroughs, improving cell culture density and metabolic activity and strengthening the viability of probiotic powder; (ii) developing new protective agent systems and efficient microencapsulation technologies to improve the retention rate of viability during processing, storage and use; and (iii) developing globally leading intelligent biomanufacturing equipment to achieve real-time monitoring of key parameters and quality indicators during production. Meanwhile, we will further utilize our pilot-scale biomanufacturing platform in our diversified sectors, connecting laboratory R&D and industrial-scale industrial production, to improve the rate of converting R&D achievements into industrial

products. We will continuously offer platform services such as strain resource screening, safety assessment, pilot-scale validation, testing services, incubation and technical guidance, collaborative development of equipment and instruments, and support for market access and registrations.

Deepen our international brand influence and expand our professional customer base to accelerate global market penetration.

Our core objective in global market expansion is to enhance our professional brand image among target customer groups. To this end, we will continue to present our R&D innovation capabilities through publishing academic papers, advancing clinical studies on functional strains and participating as speakers at industry conferences. At the same time, we will further expand overseas markets by establishing overseas offices, forming local overseas promotion teams and actively participating in major industry forums and exhibitions in key overseas markets, deepening our regional presence and professional networks. These initiatives are expected to support our expansion into professional customer groups such as large dietary supplement and functional food brands, large dairy companies, agriculture and animal feed companies and pharmaceutical companies.

In addition, we will systematically demonstrate to customers our solid capabilities in large-scale intelligent production, high-standard quality control and stable supply in the industries with stringent technical and supply-chain requirements by continuing strengthening our technical support capabilities in international markets and obtaining internationally recognized quality certifications.

Expand application scenarios leveraging our large strain bank

We plan to leverage our future expanded strain bank of 100,000 to 150,000 strains, and our advanced production technology platform, to expand our business in dairy sector, as well as agriculture, animal feed, and pet health applications.

In the dairy sector, we plan to establish a full product portfolio covering base fermentation, functional enhancement and flavor innovation. We will focus on developing starter culture products with differentiated functional characteristics, including base starter cultures that enhance fermentation efficiency and stability, and specialty flavor starter cultures that cater to regional consumption preferences. We will establish deep strategic cooperation with leading domestic and international dairy companies, and through cooperation models such as co-establishing joint laboratories, technology sharing and patent licensing, provide customers with end-to-end solutions spanning strain screening, process optimization and scaled production, and promote our dairy business to transform from raw material supply to technology partnership.

In the agriculture and animal feed sector, we plan to develop high-efficiency and specialized feed probiotics, soil improvement microbial agents and microbial preparations for plant growth and disease resistance to provide comprehensive microecology solutions for modern animal farming, green planting and ecological agriculture. We plan to focus on building an agricultural microbiome strain bank, deepening cooperation with agricultural research institutions, scaled farming and planting companies, building multi-tier distribution channels covering feed companies, animal feed groups, cooperatives and end farmers, and providing supporting technical guidance and performance tracking services to ensure effective implementation of the solutions.

In the pet health sector, based on the strain research, efficacy validation and scaled production experience accumulated in our human health business, we plan to further develop dedicated probiotic formula for pets, targeting functions such as pet gut health, immune modulation and oral care. We will

cooperate with pet food companies, veterinary pharmaceutical companies and professional pet medical institutions, and jointly expand the fast-growing pet health market through product customization, technology empowerment and joint promotion.

Live biotherapeutic drugs are a new type of biological preparation that uses live microorganisms with clear therapeutic functions as active ingredients and treats specific diseases by modulating the human microecology and immune system, among other mechanisms. Such drugs demonstrate significant potential in areas such as tumor immunotherapy, metabolic diseases and neurodegenerative diseases, and are becoming a new sector with substantial potential in the global pharmaceutical industry. Following the development of the global live biotherapeutics market, we have commenced preliminary work in this field. We have commenced preliminary development planning for live biotherapeutic drugs based on probiotic chassis microorganisms.

OUR BUSINESS MODEL

We primarily engage in the production and sales of probiotic powder, and we further process such probiotic powder into probiotic formula in accordance with customer orders. We also provide technical services in relation to industrialization solutions for functional probiotic strains to our customers. Our products are applied across multiple application areas, including human health, dairy and agriculture. We have established an integrated value chain covering probiotic strains development, process optimization, industrialized production, quality testing and solutions on the application of probiotic species and cultures. We are committed to providing global customers with high-quality probiotic powder and formula products. Our customers include well-known companies and brands across the dietary supplements and functional foods, dairy, agriculture and animal feed and pharmaceutical industries.

OUR PRODUCTS AND SERVICES

Our probiotic powder and formula products are widely used in downstream application areas including primarily human health, dairy, agriculture and others. The following table sets forth a breakdown of our revenue by product category and downstream application for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Human health:						
Probiotic powder	218,788	44.1	250,399	46.0	352,264	50.2
Probiotic formula	224,303	45.3	245,826	45.2	294,651	42.0
	443,091	**89.4**	**496,225**	**91.2**	**646,915**	**92.2**
Dairy	13,592	2.7	11,182	2.0	17,739	2.5
Agriculture	1,178	0.2	7,674	1.4	9,808	1.4
Others[(1)]	29,205	5.9	21,562	4.0	22,879	3.3
Technical services	8,786	1.8	7,427	1.4	4,140	0.6
Total	**495,852**	**100.0**	**544,070**	**100.0**	**701,481**	**100.0**

Notes:

(1) Primarily included revenue from product sales to end customers and sales of by-products.

Probiotic Powder

Our probiotic powder products are processed from probiotic raw powder through processing steps such as formulation and dilution. Our probiotic raw powder features two core advantages: high viability (with multiple strains exceeding one trillion CFU/g) and high stability (with retention rates of over 60% throughout the shelf life for multiple core strains). Our probiotic powder products are primarily sold to corporate customers as a key ingredient for their downstream probiotic products.

Our probiotic powder product offering comprises both single-strain and multi-strain products. Our single-strain probiotic powder products are primarily based on core strains independently developed and industrialized by us under our WecLac® strain portfolio, including BLa80, LRa05, BC99, BL21 and Akk11, among others. These probiotic strains have undergone process development and evaluation testing and have been studied for a range of functions.

Leveraging our extensive strain bank and strong R&D capabilities on formulation, we are able to combine multiple probiotic strains through our WecPro® compound formulation technology in a scientifically designed manner based on strain-specific functional properties, compatibility and stability performance. We have developed compound formulation products targeting gastrointestinal health, immune health, metabolic health, female health, infant and children's health, emotional health and oral health. This further expands the application of probiotics in precision nutrition solutions and health management.

Probiotic Formula

We also process our probiotic powder into probiotic formula in accordance with customer orders. Our probiotic formula products are typically offered in the form of sachets, capsules and tablets. Leveraging our specialized production lines, we use our in-house developed probiotic powder as raw materials to produce probiotic formula products through customized processing tailored to our customers' specific requirements. The key processing steps include blending, granulation and filling. Our probiotic formula products can be used by our customers for direct sales to end consumers.

Technical Services

We also provide technical services to customers. During the Track Record Period, our technical services primarily included industrialization solutions for functional probiotic strains, covering strain development, strain pilot-scale production and strain application. We provide functional probiotic strains for human health probiotics, agriculture and animal feed strains and offer function design and product design services, assisting customers in developing probiotic products tailored to their intended functions, target consumer groups and application scenarios. We also provide platform services such as strain resource screening, safety assessment, pilot-scale validation, testing services, incubation and technical guidance, collaborative development of equipment and instruments, and support for market access and registrations.

As an international company with a global footprint, we have been continuously advancing our global registration efforts. As of the Latest Practicable Date, our products were sold in over 60 countries and regions, covering major markets such as the PRC, North America and Europe. Our domestic business accounted for over 59% of our total revenue throughout the Track Record Period. Meanwhile, our overseas business also represents a significant portion of our revenue, with sales in North America

and Europe accounting for over 14% and 11% of our total revenue in each year of the Track Record Period, respectively. The following table sets forth a breakdown of our revenue by geographical region for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Greater China	**335,174**	**67.6**	**342,366**	**62.9**	**419,778**	**59.8**
Overseas sales	**160,678**	**32.4**	**201,704**	**37.1**	**281,703**	**40.2**
— North America	73,831	14.9	96,063	17.7	163,417	23.3
— Europe	69,421	14.0	77,371	14.2	80,522	11.5
— Others[(1)]	17,426	3.5	28,270	5.2	37,764	5.4
Total	**495,852**	**100.0**	**544,070**	**100.0**	**701,481**	**100.0**

Note:

(1) Primarily included Asia (excluding Greater China), Oceania and Africa.

Major Application Areas of Our Products

Our products are widely applied across a number of downstream application areas, primarily including human health foods, dairy and agriculture. The following table sets forth the different downstream application areas of our products:

Human Health Foods

Functions: Probiotic dietary supplements and functional foods

Key probiotic strains:
BLa80, LRa05, BC99, BL21, Akk11,
Lactiplantibacillus plantarum Lp90 (植物乳植杆菌Lp90) and
Lactobacillus acidophilus LA85 (嗜酸乳杆菌LA85).

Key customers: Companies specialized in dietary supplements and functional foods.

Potency standard of powder and formula products: 100 billion to one trillion CFU/g.

Dairy

Functions:
For use in yogurt and fermented beverages, and starter cultures for fermented dairy products.

Key probiotic strains and cultures:
BLa80, BC99, Yo-cul982 dairy culture, and Yo-cul973 dairy culture.

Key customers: Dairy companies.

Potency standard of powder products: 100 billion to one trillion CFU/g.

Agriculture

Functions: Microbial inoculants for soil improvement and plant growth and disease resistance, as well as animal feed

Key probiotic strains:
Bacillus velezensis BV872 (貝萊斯BV872),
Paenibacillus polymyxa FangSG106 (多黏類芽孢杆菌FangSG106),
Weizmannia (Bacillus) coagulans BC66 (凝結魏茨曼氏菌BC66), and
Weizmannia (Bacillus) coagulans FangSG007 (凝結魏茨曼氏菌FangSG007).

Key customers: Agriculture and animal feed companies.

Potency standard of powder products: ten billion to one trillion CFU/g.

In addition, we have expanded into diversified application scenarios and launched other probiotic products. Postbiotics can be applied to oral care products such as toothpaste and mouthwash, as well as feminine care products, while probiotic lysates can be applied to skincare products. We are also advancing the R&D and validation of probiotic strains for use in infant formula milk powder and probiotic drops. Our core strain BLa80 was approved in the PRC in July 2025 for use in foods for infants and toddlers under the age of three, and was the first probiotic strain approved in Chinese mainland and listed on the List of Species and Cultures Available in Infant and Toddler Food published by NHC, according to Frost & Sullivan.

Below are pictures of our probiotic powder and probiotic formula products.

Probiotic powder

Probiotic formula

Sales Volume and Average Sales Price

The following table sets forth a breakdown of our sales volumes and ASPs by product category and downstream application for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	ton	RMB'000/ ton[(1)]	ton	RMB'000/ ton[(1)]	ton	RMB'000/ ton[(1)]
Human health:						
Probiotic powder	197	1,112	236	1,063	348	1,013
Probiotic formula	855	262	1,001	246	1,128	261
Dairy	122	111	136	82	179	99

Note:

(1) ASP represents the revenue for the year divided by the sales volume of the respective product category for the same year. The decreases in the ASPs of our products in 2024 were primarily attributable to the change in our product mix and our promotional activities.

ASP is not presented for our agriculture products and other products as (i) our agriculture products comprise multiple types of probiotic powder and probiotic formula products with different specifications and materially different unit prices, and (ii) our other products comprise a wide range of product types with materially different unit prices. As a result, an ASP for such products calculated on an aggregated basis would not be meaningful.

PROBIOTIC STRAIN BANK AND CORE PROBIOTIC STRAINS

Leveraging over 10 years of experience and dedicated R&D efforts, we have established a leading-scale and highly diverse probiotic strain bank. As of the Latest Practicable Date, we had maintained over 40,000 probiotic strains, among which more than 100 candidate strains have demonstrated defined functional characteristics and have completed industrial feasibility assessments. According to Frost & Sullivan, our strain bank is industry leading in scale and diversity, covering strains sourced from different geographical regions and populations, traditional fermented foods and natural environments.

Our proprietary strain bank enables us to fully control the starting point of our R&D, ensuring end-to-end autonomy and continuity from the formulation of research directions to the commercialization of our final products. It has also established a solid data foundation that supports our innovation capabilities and creates barriers to entry. Based on advanced microbiomics and metabolomics, we conduct systematic strain screening to continuously identify new strains with specific health benefits or application efficacy.

Core Probiotic Strains

We have developed and achieved scaled industrialization of multiple core probiotic strains with defined functional benefits for human health validated by clinical studies, including:

Probiotic Strains	Functional Benefits
BLa80 ● *The first probiotic strain approved in Chinese mainland and listed on the List of Species and Cultures Available in Infant and Toddler Food published by NHC;* ● *U.S.: FDA GRAS and self-affirmed GRAS* ● *the European Union: QPS status*	High-viability strain: one trillion CFU/g ● Infant and children's health: diarrhea, immune modulation, growth and development; ● Gastrointestinal health: constipation, IBS-C symptoms and microbiota modulation; ● Metabolic health: blood glucose and lipid metabolism and liver health; ● Emotional health: sleep and stress management.
LRa05 ● *U.S.: FDA GRAS and self-affirmed GRAS*	High-viability strain: one trillion CFU/g ● Female health: vaginal inflammation, urogenital health and gestational diabetes; ● Gastrointestinal health: digestive health, gastric health and gut microbiota balance; ● Metabolic health: metabolic parameters, including blood glucose and uric acid indicators; ● Infant and children's health: eczema; ● Immune modulation: allergic rhinitis.
BC99 ● *The first industrialized production base for Weizmannia (Bacillus) coagulans in China* ● *NutraIngredients Awards (Europe) 2025 and NutraIngredients Asia Awards 2025* ● *U.S.: FDA GRAS and self-affirmed GRAS* ● *the European Union: QPS status*	High-viability spore-forming strain: ≥300 billion CFU/g ● Gastrointestinal health: constipation and diarrhea, microbiota modulation; ● Metabolic health: protein utilization, body weight management and liver health; ● Immune health: allergic rhinitis; ● Emotional health; sleep and stress management.

Probiotic Strains	Functional Benefits
BL21 • *the European Union: QPS status*	High-viability strain: ≥ 300 billion CFU/g • Intestinal health: radiation-induced intestinal injury and repair of the intestinal barrier; • Metabolic health and aging: effects on blood lipids, weight management, blood glucose stability and antioxidant-related parameters; • Gastrointestinal health: diarrhea and constipation relief; • Bone health; • Reproductive health.
Akk11 • *U.S.: FDA self-affirmed GRAS*	High-viability strain: 600 billion AFU/g; Inactivated strain: one trillion TFU/g • Metabolic health: weight and metabolic-related indicators, and GLP-1 and PYY-related levels; • Emotional health: effects on sleep and mood-related indicators in overweight and obese populations.

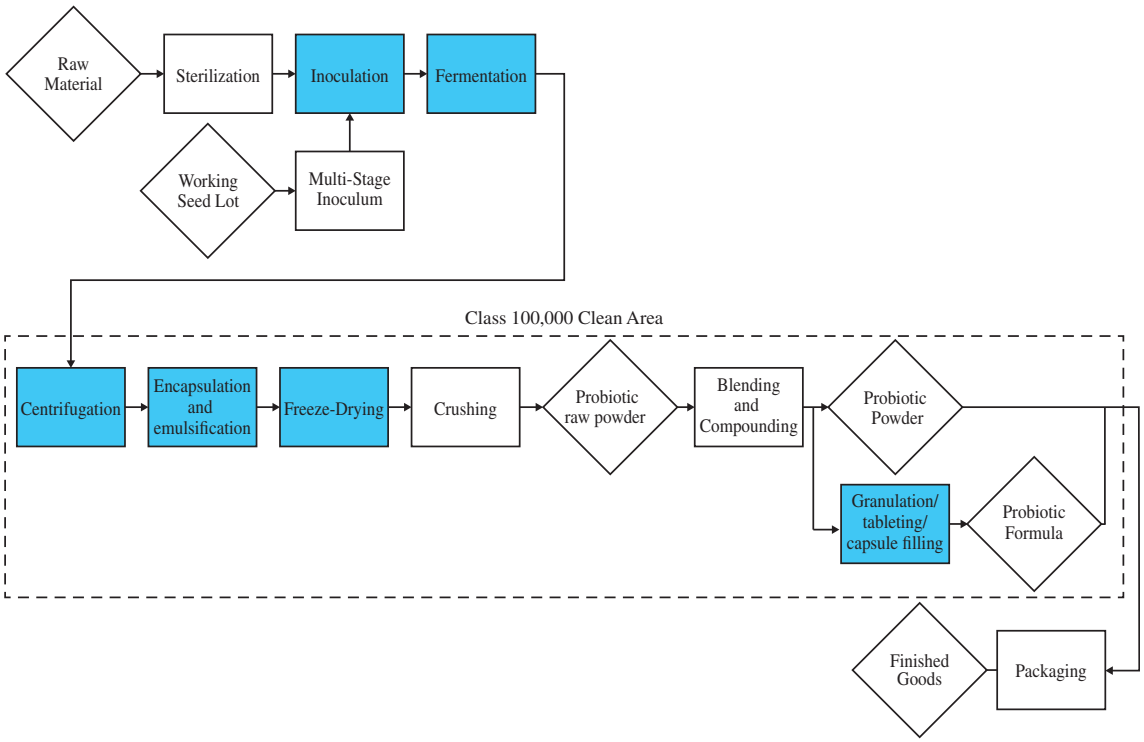
PRODUCTION

As of the Latest Practicable Date, we had one production base in Suzhou, Jiangsu Province and two production bases in Luohe, Henan Province. As of the same date, we had an annual production capacity of 700 tons of probiotic raw powder for human health foods and dairy applications, an annual production capacity of over 5,000 tons of probiotic formula for human health foods and an annual production capacity of 1,000 tons of agricultural beneficial microbial raw powder, making us a world-leading fermentation base for the R&D, production and sales of probiotic species and cultures, according to Frost & Sullivan. We are among the few companies globally that have achieved high-standard industrialization of functional probiotic strains. According to Frost & Sullivan, we ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder.

We primarily adopt an order-based production model. We formulate our production plans based on market demand and safety inventory levels in order to minimize finished goods inventory without affecting sales and to enhance operational efficiency. Our production department prepares production plans based on customer orders secured by our sales department and the marketing plans prepared based on market forecasts, taking into account our existing inventory, production lead time and safety inventory requirements. Such plans are adjusted timely based on actual sales and inventory conditions to ensure normal product supply.

Production Workflow

The chart below sets forth the major workflow for the production of our probiotic powder and formula products. In particular, inoculation, fermentation, centrifugation, encapsulation and emulsification, freeze-drying, granulation/tableting/capsule filling are the key steps of the production process.



Key Process Advantages

Our production process follows a precise workflow of "fermentation, centrifugation, encapsulation and emulsification, and freeze-drying". Each step is supported by advanced dedicated facilities and technologies, enabling efficient end-to-end production from probiotic strains to finished products with consistent quality control.

- *Intelligent high-density fermentation system:* We operate high-density fermentation tank systems. The systems are equipped with high-precision digital detection equipment, including optical density meters, turbidity meters and other digital instruments. Building on a data-driven high-density fermentation platform, we have developed a full-cycle process parameter optimization program enabling high-density cultivation of microorganisms.

- *High-efficiency centrifugation system:* We adopt an advanced disc-stack centrifugation system. By precisely controlling centrifuge rotational speed, feed flow rate and temperature, the system efficiently harvests biomass while minimizing mechanical shear damage, ensuring a viable cell retention rate of above 90% at the collection stage, thereby obtaining highly viable probiotic biomass.

- *Multi-layer encapsulation and emulsification protection system:* For the production of probiotic raw powder, we own proprietary intellectual property in our patented encapsulation technology. By controlling key process parameters such as emulsion particle size, material

ratios and encapsulation rate, this system provides multi-layer protection for microorganisms, significantly improving freeze-drying survival rates, and enhancing resistance to gastric acid and bile salts as well as room-temperature storage capabilities.

- *Large-scale freeze-drying system:* We operate large-scale vacuum freeze-drying workshops designed to support production at scale. By optimizing freeze-drying curve parameters such as sublimation temperature, vacuum level and drying time, we ensure that the final probiotic powder moisture content remains below 3%, and water activity below 0.1, maintaining ultra-high viability over time. It controls viability loss during downstream processing and storage and achieves a retention rate of above 90%, which is a critical technological step in achieving outstanding product stability.

In terms of key performance indicators, our production process has achieved industry-leading performance and established new benchmarks:

- *High viability:* We have achieved scaled production of probiotic raw powder with viable cell counts exceeding one trillion CFU/g. In addition, through process optimization, we have successfully controlled viability loss during downstream processing and storage and achieves a retention rate of above 90%.

- *High stability:* Our probiotic powder products of core strains have achieved a viable cell retention rate of up to 60% after 24 months of storage under ambient conditions, maintaining a leading position in stability in the industry, according to Frost & Sullivan.

Our Production Bases

As of the Latest Practicable Date, we had three production bases in China, with one production base in Suzhou, Jiangsu Province and two production bases Luohe, Henan Province. We have established a multi-base production network covering human health, dairy and agricultural applications. Each production base has a clear functional positioning and operates in a complementary and coordinated manner, underpinning our industry leading scaled production capabilities. Such large-scale and centralized production enables us to benefit from economies of scale in procurement, production and management, thereby reducing fixed costs and providing us with a significant unit cost advantage, which in turn creates substantial barriers to entry:

- *Suzhou Production Base:* As our core production base, it had an annual production capacity of 400 tons of probiotic raw powder for human health foods and dairy applications, and an annual production capacity of over 5,000 tons of probiotic formula for human health foods application, as of the Latest Practicable Date.

- *Luohe Production Base I:* It is the first probiotic production facility in China to achieve scaled production of probiotic raw powder at the hundred-ton level, according to Frost & Sullivan. It had an annual production capacity of 300 tons of probiotic raw powder for human health foods and dairy applications as of the Latest Practicable Date.

- *Luohe Production Base II:* It focuses on agricultural beneficial microbial raw powder, with an annual production capacity of 1,000 tons as of the Latest Practicable Date.

The following table sets forth the production capacity, production volume and utilization rate of our products for the years indicated:

	For the year ended December 31,								
	2023			2024			2025		
Product Category	Production capacity[1]	Production volume[2]	Utilization rate[3]	Production capacity[1]	Production volume[2]	Utilization rate[3]	Production capacity[1]	Production volume[2]	Utilization rate[3]
	(tons)		(%)	(tons)		(%)	(tons)		(%)
Probiotic raw powder[4]	220	184	83.6	420	248	77.5	700	328	65.6
Probiotic formula	2,904	919	31.6	3,984	995	27.7	5,484	1,158	21.1
Agricultural beneficial microbial raw powder[5]	—	—	—	—	—	—	85	3	3.5

Notes:

(1) The production capacity refers to the maximum achievable annual production capacity in practice. The production capacity of powder products is calculated based on the throughput of our freeze-drying system and the production capacity of formula products is calculated based on our packaging capacity.

(2) The production volume refers to the actual production volume in each year.

(3) The utilization rate equals production volume divided by the annualized production capacity in the respective year.

(4) Probiotic raw powder is a concentrated and fermented intermediate used to produce probiotic powder and formula products for human health and dairy applications. The production volume of probiotic powder products is affected by, among others, product specifications, dilution ratios, customers' formulation requirements and packaging formats and may vary and fluctuate depending on order specifications.

(5) In 2023 and 2024, our agricultural beneficial microbial powder products were produced in small volumes. We had not yet commenced operation of a dedicated production line for such products, and the relevant production was carried out on our probiotic raw powder production lines. Our Luohe Production Base II, which is dedicated to the production of agricultural beneficial microbial raw powder, commenced pilot production in December 2025.

Production Expansion Plan

We intend to further increase our overall production capacity in line with our growth strategy and to satisfy market demand by expanding our existing production bases. As of the Latest Practicable Date, we were upgrading the production lines at our Suzhou Production Base and the annual production capacity of our probiotic raw powder is expected to increase by 200 tons upon completion in the second half of 2026.

In addition, we plan to expand the existing production facilities in our Suzhou Production Base. We expect to commence construction upon obtaining all necessary approvals from relevant PRC regulatory authorities in 2026. Upon completion of such expansion project, the annual production capacity of our probiotic raw powder is expected to increase by 600 tons. As of the Latest Practicable Date, such expansion project was under planning. We believe that our expansion projects will further strengthen our production capacity, enable us to maintain our leading position and realize our market potential. For details, see "Future Plans and Use of **[REDACTED]**".

Major Production Equipment

Our production bases are equipped with advanced equipment supplied through reputable equipment manufacturers, predominantly located in China. The equipment is customized based on our production techniques and requirements. Set forth below are our key production equipment and their functions.

Equipment name	Function
Fermentation tanks	Providing controlled culture conditions, such as temperature and pH, for probiotic strains, enabling scaled cultivation and fermentation-based biomass proliferation.
Centrifuges	Separating solids from liquids in the post-fermentation broth through high-speed centrifugation, enabling the concentration and preliminary purification of probiotic biomass.
Freeze-dryers	Removing moisture from probiotic biomass through vacuum freeze-drying to produce stable probiotic powder while preserving strain viability.

Maintenance and Repair

We have formulated and implemented internal standards and procedures for equipment management, pursuant to which we carry out regular maintenance of our equipment. Our equipment department is primarily responsible for the overall management of our equipment throughout its lifecycle, from selection, installation and testing to inspection, maintenance and repair. We also designate responsible personnel for specific equipment to ensure safe and proper operation, carry out routine maintenance, assist in repair works and promptly escalate any unresolved equipment malfunctions to the workshop manager.

QUALITY CONTROL

We believe that product quality is fundamental to our sustainable development. Our products comply with the regulations and standards published by the NHC, the FDA and the EFSA, and we maintain industry leading production qualifications and certifications for probiotic strains in both the PRC and overseas. We have obtained production permits covering various products and multiple international certifications, including cGMP, HACCP, ISO 22000, KOSHER, HALAL and NOP.

We have established a stringent quality control system. Our in-house testing center obtained CNAS accreditation in December 2025. We conduct quality inspections throughout the production cycle and have implemented standard operating procedures across key stages of production and quality management, including controls over raw materials, production environment and hygiene, process controls at critical steps, testing of finished products, and equipment management, to ensure consistent product quality. In particular, we carry out cleaning, sterilization and disinfection procedures between production batches to maintain hygienic production conditions and prevent cross-contamination. We disclose both labeled viable cell count at ex-factory and the viable cell retention rate at the end of shelf life and advocate such dual quality disclosure mechanism. Through this mechanism, we convert our process advantages into quality commitments that are verifiable and comparable and contribute to the development of more transparent industry practices. In addition, we have established a comprehensive batch traceability system that enables end-to-end traceability from end consumers to raw material suppliers.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any investigation regarding any of our product quality or production facilities by any regulatory authority, nor had we encountered any material product safety incident. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product recalls or returns, product liability claims, or customer complaints.

RESEARCH AND DEVELOPMENT

We are committed to continuous R&D, which is key to the innovation, technological leadership and competitiveness of our products. Leveraging our robust R&D capabilities and scientific foundation, we have published over 100 research papers in leading domestic and international journals and undertaken around five national key R&D projects and received various national and provincial awards. For details, see "— Awards and Recognition".

Building on our R&D efforts, we have developed probiotic raw powder with potency of one trillion CFU/g and certain core strains maintained viable cell retention rates of over 60% after 24 months of storage under ambient conditions, which provide significant competitive advantages in terms of high viability and high stability. As of December 31, 2025, our R&D team comprised 175 employees, among which over 65% held a master's degree, providing a solid talent base for continued technological innovation.

R&D Framework

We have established the Wecare Probiotics R&D Centers (微康益生菌研究院) and set up three technology centers, namely the Microbial Strain Technology Center, the Intelligent Biomanufacturing Process Center and the Application Technology Center. Each center focuses on different key areas and operates in a coordinated manner, forming the cornerstone for the high-quality development of our products.

- *Microbial Strain Technology Center:* Focusing on the three major application area of human health, agricultural and pharmaceutical applications, it primarily engages in upstream fundamental research, including strain development, the construction of a global strain bank and genetic databases, and mining of functional strains, providing source strain support for product innovation.

- *Intelligent Biomanufacturing Process Center:* It is responsible for key procedures including process optimization, industrial scale-up and the development of biomanufacturing equipment. It comprises functional departments such as the equipment department, contract manufacturing department and pilot-scale department. In November 2025, it was approved as one of the first batch of pilot-scale biomanufacturing platforms by the MIIT. It is a core component of our R&D function, enabling scaled and high-quality industrialization of species and cultures and strengthening our competitive position.

- *Application Technology Center:* It covers the full-chain workstreams including product development for both domestic and overseas markets, application technical support, clinical research, regulatory compliance and product registrations. It ensures efficient conversion of our R&D achievements into end products that meet market needs and applicable regulatory requirements.

We have established an R&D project selection and approval framework that combines a market-driven approach with long-term strategic planning. We identify and launch projects primarily based on industry trends and the customized needs of our strategic customers, thereby translating relevant

research results into commercial applications efficiently. We also carry out fundamental research and build technology reserves in areas encouraged by national policies, which we believe strengthens our core competitiveness over the long run.

Leveraging the three technology centers under the Wecare Probiotics R&D Centers, we have established an integrated R&D conversion platform covering the strain bank development, functional strains discovery, process optimization, industrial scale up and product solutions. Depending on project requirements, we can commence and advance development work from different stages of the value chain. This integrated platform supports our ability to respond promptly to market needs, facilitates the commercialization of new products and shortens time to market.

Core Technological Advantages

Strain Bank Development

The strain bank we have established represents a core achievement of our long term technological accumulation. As of the Latest Practicable Date, our strain bank had over 40,000 strains, with samples sourced from fermented products and natural environments. We are able to screen and identify strains that meet specific requirements using big data analytics and technologies and apply such strains in production and downstream applications. We plan to expand our strain bank to between 100,000 and 150,000 strains over the next three years, further strengthening our strain reserves.

Process Development

We have established competitive strengths in terms of strain viability and stability, with key performance indicators at an industry leading level. High viability is a key development trend in the probiotic industry, and we are conducting a series of clinical studies to substantiate the application value of high viability microbes for human supplementation.

Across our production processes, we built capabilities in line with international standards across key production steps, including fermentation, centrifugation, encapsulation and emulsification and freeze-drying. Fermentation is critical to strains viability and yield, and we manage key performance indicators through precise process control. For critical steps such as centrifugation and freeze-drying, we are able to control viability loss during downstream processing and storage and achieves a retention rate of above 90%. Strain stability is affected by multiple factors, including encapsulation materials, strains characteristics and process parameters. In particular, encapsulation materials are a key factor, and we have developed targeted technical solutions. Driven by ongoing technological advancement, we have achieved coordinated improvements in viable cell concentration and scaled production, providing a solid foundation for the scaled production of products with high viability and high stability.

Clinical Studies and Global Registration Strategy

In connection with the functional evaluation, application validation and safety assessment of our probiotic powder and formula products, we cooperate with qualified independent third-party institutions, primarily including universities, hospitals and CROs, to conduct animal studies and clinical studies involving human subjects based on our R&D needs. We had completed over 70 clinical studies in China and overseas, and we had over 20 ongoing clinical studies as of the Latest Practicable Date.

Such studies are often carried out in specific populations and commonly adopt study designs such as randomized controlled trials (RCTs). They assess performance across multiple endpoints by reference to biomarkers, functional indicators and subjective scales, including in areas such as gastrointestinal health, metabolic parameters, immune-related indicators, and sleep and mood. The study results are

primarily used to support product safety assessments, substantiate functional claims and facilitate product development, and to provide scientific evidence for global market access applications and commercialization. According to Frost & Sullivan, such studies are generally conducted on a voluntary basis and are not a prerequisite regulatory procedure for the production or sale of probiotic products.

We typically participate in the preliminary assessment of study protocols and the determination of key evaluation indicators and are responsible for tracking study progress and reviewing results. We do not participate in the conduct of the trials. The ownership of, and arrangements for the use of, trial data are set out in the relevant contractual arrangements. In selecting third-party institutions, we consider, among others, their project management capability, relevant research experience and quality management systems. All animal studies and clinical studies are subject to approval by an independent ethics committee and are conducted in accordance with applicable laws, regulations and technical standards in China and the relevant jurisdictions.

We have a global registration strategy, under which we have initiated more than 50 market access and registration applications in over 20 countries and regions, including the U.S., Europe, Australia, Korea, Turkey and Southeast Asia. This framework, which integrates scientific validation with regulatory market access, provides internationally recognized, evidence-based support for the efficacy of our products and lays a solid foundation for compliance and our global market expansion.

Intellectual Property

We believe that independent innovation and IP protection are critical to our long-term development. Through our sustained R&D efforts, we have established a comprehensive and competitive IP portfolio. Our patent portfolio primarily focuses on the functional properties of probiotic strains and probiotic process development. We have adopted a patent strategy that features "strain, function and method", under which our patent protection covers our core strains and extends to specific functional claims derived from such strains, as well as the key process methods for achieving such functions and scaled production. As of the Latest Practicable Date, we had filed more than 400 patent applications in respect of more than 80 strains, and obtained 232 invention patents in China.

We have built four core patent portfolios covering key areas such as strains screening, functional validation, fermentation process optimization and high-precision viable cell detection and freeze-drying technologies. We believe these portfolios support our ongoing technological innovation and product iteration. Our IP portfolio helps strengthen barriers to entry in probiotic strains, processes and applications, and supports our product R&D, registration submissions and commercialization.

We focus on IP filing, maintenance and enforcement, and implemented various internal policies and procedures on IP protection and management. In addition, we have also established patent early-warning mechanisms through cross functional coordination among R&D, legal, IP and marketing departments. We conduct freedom-to-operate analyzes for key technologies and products, monitor the patent filing and grants status in the probiotics industry, and share relevant information regularly, thereby mitigating potential IP risks and enhancing our ability to capture market opportunities.

PROCUREMENT

We have established a comprehensive procurement system. Our procurement department is responsible for the selection, assessment and management of suppliers. Ensuring food safety is our primary principle for raw material procurement. We have formulated a series of internal policies and procedures governing raw material procurement and maintain an approved supplier list and conduct regular on-site audits and evaluations of our suppliers. In addition, we implement a batch-based sampling and inspection regime for raw and auxiliary materials.

We adopt a production-based procurement model, under which our planning department and procurement department are responsible for raw material procurement. We generally formulate an annual procurement plan for the following year at the end of each year and enter into annual framework agreements with our major suppliers. Our planning department prepares and issues procurement requests on a monthly basis based on production plans, raw material market conditions, inventory levels, supplier quotations and lead times. The procurement department then places orders with approved suppliers accordingly. After delivery and warehousing, our R&D department and quality department are responsible for conducting quality inspections on the raw materials.

Supplier Selection Process

We have established an approved supplier management system under which we conduct due diligence and screening of suppliers, including their qualifications, product quality, service level, technical capability and reputation, and maintain a list of approved suppliers. Such list is subject to dynamic optimization and periodic updates. We regularly organize cross-functional reviews and onsite audits of suppliers included in such list by our procurement, quality and internal control departments, with a view to standardizing our procurement processes, ensuring high quality raw materials, maintaining reasonable procurement prices and cooperating with suppliers with strong credit profiles.

The table below sets out salient terms of the agreements with our suppliers during the Track Record Period:

- ***Duration:*** Agreements are usually entered into on an annual basis, with renewal subject to mutual agreement.
- ***Pricing policy:*** Prices are either fixed or adjusted with reference to prevailing market conditions as agreed by the parties.
- ***Delivery:*** Suppliers are responsible for delivering goods directly to our designated warehouses specified in separate purchase orders, with risks transferred upon delivery and acceptance.
- ***Payment:*** Payments are typically settled by bank transfer within an agreed credit period upon the receipt of invoice.
- ***Quality:*** Suppliers are required to comply with agreed product specifications and quality standards, and to ensure compliance with applicable regulatory and food safety requirements. In the event of quality deficiencies in the supplied products that result in penalties imposed by regulatory authorities or cause personal injury or property damage to consumers, suppliers are responsible for bearing the relevant liabilities.
- ***Inspection and acceptance:*** We conduct inspection upon receipt and reserve the right to reject or return non-conforming products at the supplier's cost.
- ***Termination:*** Agreements may be terminated by either party in case of material breach or upon mutual consent.

Inventory Management

We adopt a local warehousing model, under which each production base maintains its own warehouse and manages inventory based on its production arrangements and order pipeline. We have implemented stringent inventory management measures to maintain a stable and optimal level of stock of our raw materials, work in process and finished goods. For raw materials, we determine inventory levels with reference to monthly consumption, order-specific requirements and procurement lead time, taking into account safety stock considerations.

Our inventory management strategy is designed to align production with sales, ensuring that we meet customer demand without the risk of overstocking. In determining and maintaining an optimal inventory level, we also consider our storage capacity and utilization. We review inventory levels on a regular basis and make adjustments based on, among others, production plans, order fulfilment schedules and changes in procurement lead times. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB55.8 million, RMB84.1 million and RMB89.1 million, respectively. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories."

Major Suppliers

The principal raw materials used in the production of our probiotic powder include fermentation-related raw materials such as peptone, yeast extract, yeast powder, glucose and inorganic salts. The principal raw materials used in the production of our probiotic formula include probiotic powder, prebiotics, fruit powder, medicinal and vitamins and minerals. During the Track Record Period, we sourced the majority of our raw materials and packaging materials in China. During the Track Record Period, we did not experience any material difficulty in the timely procurement of materials at prices acceptable to us.

In 2023, 2024 and 2025, the aggregate purchases from our top five suppliers in each year during the Track Record Period amounted to RMB51.4 million, RMB76.5 million and RMB75.8 million, respectively, which accounted for 24.6%, 28.0% and 23.3% of our total purchases for the same years, respectively. In 2023, 2024 and 2025, purchases from our largest supplier in each year during the Track Record Period amounted to RMB17.6 million, RMB36.3 million and RMB40.1 million, respectively, which accounted for 8.4%, 13.3% and 12.4% of our total purchases for the same years, respectively.

The following tables set out details of our five largest suppliers in each year during the Track Record Period:

For the year ended December 31, 2025

Supplier	Background	Products/ Services Provided	Credit Term	Commencement of Business Relationship	Purchase Amount	% of the Total Purchase
					(RMB'000)	
Supplier A	A public company listed on the Shanghai Stock Exchange and based in the PRC, primarily engaged in R&D, production and sales of yeast and yeast-related products.	Raw materials	30 days	2015	40,142	12.4
Supplier B	A biotechnology company based in the PRC, primarily engaged in the R&D of bio-based materials, the production and sales of food additives.	Raw materials	45 days	2013	9,431	2.9
Supplier C	A biotechnology company based in the PRC, primarily engaged in the R&D, production and sales of prebiotic products such as xylo-oligosaccharides.	Raw materials	30 days	2024	9,193	2.8
Supplier D	A packaging solution provider based in the PRC, primarily engaged in the R&D and production of flexible plastic packaging, packaging decoration printing and medical packaging materials.	Packaging materials	30 days	2017	8,890	2.7
Supplier E	A chemical trading company based in the PRC, primarily engaged in the sales and R&D of chemical products, food additives, new catalytic materials and packaging materials.	Raw materials	Prepayment of 70% of the procurement price, with a credit term of 30 days for the remaining 30%	2022	8,102	2.5
Total					**75,758**	**23.3**

For the year ended December 31, 2024

Supplier	Background	Products/ Services Provided	Credit Term	Commencement of Business Relationship	Purchase Amount	% of the Total Purchase
					(RMB'000)	
Supplier A	A public company listed on the Shanghai Stock Exchange and based in the PRC, primarily engaged in R&D, production and sales of yeast and yeast-related products.	Raw materials	30 days	2015	36,338	13.3
Supplier F	A biotechnology company based in the PRC, primarily engaged in the R&D and promotion of food additives, chemical products and related biotechnology.	Raw materials	7 days	2020	11,753	4.3
Supplier G	A logistics agency company based in the PRC, primarily engaged in international and domestic freight forwarding agency.	Services	60 days	2020	11,263	4.1
Supplier C	A biotechnology company based in the PRC, primarily engaged in the R&D, production and sales of prebiotic products such as xylo-oligosaccharides.	Raw materials	30 days	2024	10,035	3.7
Supplier E	A chemical trading company based in the PRC, primarily engaged in the sales and R&D of chemical products, food additives, new catalytic materials and packaging materials.	Raw materials	Prepayment for 70% of the procurement price; credit term of 30 days for the remaining 30%	2022	7,133	2.6
Total					**76,522**	**28.0**

For the year ended December 31, 2023

Supplier	Background	Products/ Services Provided	Credit Term	Commencement of Business Relationship	Purchase Amount	% of the Total Purchase
					(RMB'000)	
Supplier A	A public company listed on the Shanghai Stock Exchange and based in the PRC, primarily engaged in R&D, production and sales of yeast and yeast-related products.	Raw materials	30 days	2015	17,610	8.4
Supplier H	A biotechnology company based in the PRC, primarily engaged in the R&D, production and sales of biogenics and functional foods such as xylo-oligosaccharides.	Raw materials	30 days	2019	12,644	6.1
Supplier G	A logistics agency company based in the PRC, primarily engaged in international and domestic freight forwarding agency.	Services	60 days	2020	8,194	3.9
Supplier E	A chemical trading company based in the PRC, primarily engaged in the sales and R&D of chemical products, food additives, new catalytic materials and packaging materials.	Raw materials	Prepayment for 70% of the procurement price; credit term of 30 days for the remaining 30%	2022	6,647	3.2
Supplier I	A printing company based in the PRC, primarily engaged in packaging boxes, manuals and intelligent printing solutions.	Packaging materials	90 days	2014	6,280	3.0
Total					**51,375**	**24.6**

As of the Latest Practicable Date, to the best of our knowledge, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our five largest suppliers. None of our five largest suppliers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

DELIVERY AND LOGISTICS

We are responsible for arranging the delivery of our products to locations designated by our customers. During the Track Record Period, we generally engaged third-party logistics service providers for product delivery and the related costs were borne by us. Pursuant to our agreements with such logistics service providers, they are responsible for any direct loss caused during the transportation of our products. Our overseas sales are primarily delivered by air freight, and we may procure insurance depending on customers' requirements. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption or damage in connection with the delivery of our products.

SALES AND MARKETING

Our probiotic powder and formula products are sold to customers worldwide. We have established an extensive and growing overseas sales network. As of the Latest Practicable Date, our products had been sold to customers in over 60 countries and regions, covering major markets including China, North America and Europe. We have also established four overseas offices gradually building a broad and responsive international sales and service network, which provides a solid foundation for the continued expansion of our global business.

As of December 31, 2025, we had a sales and marketing team of 140 employees responsible for business development, customer engagement and services and brand building. Our sales and marketing personnel work closely with both existing and prospective customers to introduce our product offerings, gather market insights and coordinate with our production and quality control teams to support effective execution and a high level of customer satisfaction. We also maintain dedicated sales coverage across domestic and international markets as well as key application areas, allowing commercial activities to be aligned with differing regulatory environments, application requirements and customer development cycles. Close coordination between sales teams and internal R&D, production and quality functions further supports timely responses to customer needs, product customization efforts and the provision of localized customer service.

Sales Channels

We have an extensive sales network with direct sales as our primary sales channel. To a lesser extent, we also sell to distributors as part of our phased overseas market expansion strategy. The table below sets forth our revenue breakdown by sales channels for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands except for percentage)					
Direct sales	401,134	80.9	438,235	80.5	603,480	86.0
Sales to distributors	94,718	19.1	105,835	19.5	98,001	14.0
	495,852	**100.0**	**544,070**	**100.0**	**701,481**	**100.0**

Direct Sales

We primarily sell probiotic powder and formula products directly to corporate customers. In 2023, 2024 and 2025, we directly sold our products to 1,150, 1,573 and 1,937 domestic customers and 251, 382 and 498 overseas customers, respectively.

Customers of our probiotic powder products are mainly corporate customers in both domestic and overseas markets, covering industries such as dietary supplement and functional foods, dairy products, agriculture and animal feed and pharmaceuticals. In connection with the sale of probiotic powder products, we typically enter into product sales agreements and/or accept purchase orders with our customers. The salient terms of our standard sales agreement used during the Track Record Period are set out below:

- ***Duration:*** Agreements are usually entered into on an annual basis, with renewal subject to mutual agreement.

- ***Product requirements:*** We supply products according to the agreed product types, specifications, quantities and packaging requirements.
- ***Pricing:*** The sales agreement specifies the unit price for each product specification.
- ***Payment:*** Some customers are required to make payment before shipment while others are granted credit terms that vary by customers.
- ***Transportation and logistics:*** We generally bear the logistics costs and the risks of loss or damage, with such risks transferred to our customers upon delivery.
- ***Return of products:*** We generally do not allow our customers to return products except for product quality issues, which is in line with customary industry practice.
- ***Termination:*** The breaching party is liable for losses and penalties as stipulated in the agreement. In the event of a material breach, the non-breaching party has the right to terminate the agreement.

We can also meet customers' customized production requirements by further processing probiotic powder into probiotic formula. Customers of probiotic formula are mainly dietary supplement and functional food companies and pharmaceutical companies. In connection with the sale of our probiotic formula, we typically enter into standard contract manufacturing agreements with our customers. In addition to the terms commonly included in the sales agreements, such agreements further set out arrangements relating to the following key aspects:

- ***Principal obligations of parties:*** We manufacture probiotic formula products in accordance with the agreed specifications, quantities, and quality standards approved by the customer.
- ***Pricing:*** The contract manufacturing agreements specify the unit processing price, which shall be subject to adjustment in accordance with the actual quantities of products delivered.
- ***Payment:*** We typically require our customers to make a 50% prepayment before shipment. We may grant credit terms, which vary with customers, to selected customers.

Sales to Distributors

During the early stages of our market expansion and the Track Record Period, we engaged distributors to support market entry and promote the sale of our products. We maintain a buyer-seller relationship with our distributors, and do not have any control over their operations, marketing activities or inventories after the products are delivered. We recognize revenue when the control of the products is transferred to the distributors in accordance with the agreements with the distributors and the performance obligations in such agreements are satisfied. We generally confirm the coverage regions of our distributors and their end-customer channels on an annual basis. According to Frost & Sullivan, our distribution model is in line with the industry practice. During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, except for one of our distributors, which is our associate, all of our distributors were Independent Third Parties, and none were controlled by our current or former employees. The terms of the distribution agreement entered into with such distributor were consistent with normal commercial terms and were in line with our framework distribution agreements. Such distributor did not make any material contribution to our total revenue during the Track Record Period.

The following table sets forth the change in the numbers of our distributors in the years indicated:

	For the year ended/As of December 31,		
	2023	2024	2025
At the beginning of the year	89	83	67
(+) Increase[1]	15	5	8
(–) Decrease[2]	(21)	(21)	(14)
At the end of the year	**83**	**67**	**61**

Notes:

(1) The increase in distributors represents the number of distributors who entered into an agreement with us and/or created new accounts in our system during a particular period.

(2) The decrease in distributors represents the number of distributors that no longer enter into an agreement with us and/or closed their accounts in our system during a particular period.

During the Track Record Period, the decrease in the number of our distributors primarily reflected our increasing emphasis on direct sales.

Our Arrangements with Distributors

We typically enter into framework distributor agreements with our distributors, the salient terms of which are substantially consistent with the standard sales agreements with our direct sale customers. The salient terms of our framework distribution agreements used during the Track Record Period are set out below:

- ***Duration:*** Order-by-order basis.
- ***Authorized sales territories:*** We specify the authorized sales territories of distributors in our distribution agreements, and distributors are required to operate within their respective authorized territories.
- ***Payment and credit term:*** Some distributors are required to make payment before shipment while others are granted credit terms that vary by distributors.
- ***Minimum purchase amount and sales target:*** We generally do not set minimum purchase amounts or annual sales targets for distributors.
- ***Selling price to end-customers:*** We generally do not mandate selling price to end-customers.
- ***Transportation and logistics:*** We generally bear the logistics costs and the risks of loss or damage, with such risks transferred to distributors upon delivery.
- ***Return of products:*** We generally do not allow our distributors to return products other than due to product quality issues, product recalls or other specified circumstances, which is in line with customary industry practice.

Our dedicated sales and marketing team manage our global sales and distribution network in accordance with our distributor management policies. We monitor our distributors' compliance with contractual requirements on an ongoing basis.

The products we sell to distributors primarily comprise probiotic powder, which requires cold-chain storage and delivery. Given the cold-chain requirements and the nature of our products with probiotic viability declining over time, distributors have limited practical ability or incentive to stockpile our products. This arrangement, together with our return policy, effectively mitigates the risk of channel stuffing.

Sales and Marketing Strategies

We adopt a comprehensive marketing strategy that integrates product innovation, online promotion, offline engagement, overseas market development and brand building. We place a strong emphasis on direct engagement with the market, with our founder, Dr. Fang, leading the team in active participation in major international industry forums, academic conferences and professional exhibitions, where we engage directly with customers and industry experts on technical topics and industry developments. Such engagement has supported the development of a professional and reliable brand profile and has strengthened our direct access to key decision-makers across the industry value chain. In parallel, we actively pursue online promotion initiatives focused on our technological capabilities, technical expertise, product quality and compliance with applicable standards, enhancing the clarity and reach of our communications and enabling customers to better understand our business and offerings. Through diverse marketing and campaign activities, we continue to build a strong brand presence and expand our reach in the global probiotic raw powder market.

We documents queries, feedback and complaints from our customers. We engage and coordinate with customers promptly when handling customer complaints. For complaints related to product quality, we conduct traceability analysis based on our product batch traceability system that enables end-to-end traceability from end consumers to raw material suppliers. Subsequently, we convey our responses and/or solutions to the customers who raised the complaints.

Pricing

We price our products based on various factors, primarily including the price of raw materials, production costs, purchase volume, market demand and competition. In addition, our pricing is subject to adjustments in response to customer negotiations, evolving market conditions and, where applicable, fluctuations in foreign exchange rates. The pricing mechanisms are typically set out in our agreements with customers, providing us with the flexibility to maintain a competitive pricing strategy that aligns with our commitment to delivering high quality standards and value to our customers. Pricing for our probiotic formula products is generally determined based on volume of probiotic raw powder included in such products, and further adjusted based on the degree of customization required in production.

CUSTOMERS

During the Track Record Period, our customers were primarily corporate customers in both domestic and overseas markets, covering industries such as dietary supplement and functional foods, dairy products, agriculture and animal feed and pharmaceuticals. See "— Sales and Marketing." In 2023, 2024 and 2025, the aggregate sales to our five largest customers in each year during the Track Record Period amounted to RMB87.7 million, RMB98.0 million and RMB85.0 million, respectively, accounting for 17.7%, 18.0% and 12.1% of our total revenue for the same years, respectively. In 2023, 2024 and 2025, the sales to our largest customer in each year during the Track Record Period amounted to RMB28.6 million, RMB27.5 million and RMB17.7 million, respectively, accounting for 5.8%, 5.1% and 2.5% of our total revenue in the same years, respectively.

The following table sets forth details of our five largest customers in each year during the Track Record Period:

For the year ended December 31, 2025

Customer	Background	Products Purchased	Credit Term (day)	Year of commencement of business relationship	Revenue Amount (RMB'000)	% of the Total Revenue
Customer A	A company based in the PRC, primarily engaged in R&D, production and sales of healthcare food and nursery products.	Probiotic formula	10 days	2022	17,665	2.5
Customer B	A trading company registered in Hong Kong, primarily engaged in the import, export and wholesale of health food and healthcare products.	Probiotic formula	30 days	2025	17,450	2.5
Customer C	A company based in New Jersey, the U.S., primarily engaged in wholesale of food and nutraceuticals.	Probiotic powder	180 days	2016	17,407	2.5
Customer D	A trading company based in the PRC, primarily engaged in the import, export, and wholesale of food additives, food ingredients and health food products.	Probiotic powder	60 days	2024	16,392	2.3
Customer E	A company based in the PRC, primarily engaged in R&D, production and sales of dairy products and healthcare food.	Probiotic formula	90 days	2021	16,090	2.3
Total					**85,004**	**12.1**

For the year ended December 31, 2024

Customer	Background	Products Purchased	Credit Term (day)	Year of commencement of business relationship	Revenue Amount (RMB'000)	% of the Total Revenue
Customer F	A brand management company based in the PRC, primarily engaged in wholesale and goods sales.	Probiotic formula	N/A	2022	27,494	5.1
Customer E	A company based in the PRC, primarily engaged in R&D, production and sales of dairy products and healthcare food.	Probiotic formula	90 days	2021	25,635	4.7
Customer C	A company based in New Jersey, the U.S., primarily engaged in wholesale of food and nutraceuticals.	Probiotic powder	180 days	2016	16,298	3.0
Customer G	A company based in Greven, Germany, primarily engaged in distribution of pharmaceuticals and nutraceuticals.	Probiotic powder	30 days	2018	14,319	2.6
Customer A	A company based in the PRC, primarily engaged in R&D, production and sales of healthcare food and nursery products.	Probiotic formula	10 days	2022	14,245	2.6
Total					**97,991**	**18.0**

For the year ended December 31, 2023

Customer	Background	Products Purchased	Credit Term	Year of commencement of business relationship	Revenue Amount	% of the Total Revenue
			(day)		(RMB'000)	
Customer F	A brand management company based in the PRC, primarily engaged in wholesale and goods sales.	Probiotic formula	N/A	2022	28,638	5.8
Customer H	A Chinese subsidiary of a company headquartered in Leverkusen, Germany, primarily engaged in pharmaceutical.	Probiotic formula	40 days	2019	22,259	4.5
Customer E	A company based in the PRC, primarily engaged in the production and sales of dairy products and health care products.	Probiotic formula	60 days	2021	14,434	2.9
Customer I	A company based in Madrid, Spain, primarily engaged in R&D, production and sales of food supplements.	Probiotic powder	45 days	2017	11,884	2.4
Customer J	A company based in the PRC, primarily engaged in wholesale and sales of medical and health care products.	Probiotic formula	N/A	2019	10,510	2.1
Total					**87,725**	**17.7**

As of the Latest Practicable Date, to the best of our knowledge, (i) none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owned more than 5% of our share capital had any interest in any of our top five customers; and (ii) none of our five largest customers, including their shareholders, directors, senior management or any of their respective associates, have any past or present relationship (family, employment, trust, financing or otherwise) with us, our subsidiaries, our Shareholders, Directors, senior management or any of their respective associates.

Overlapping of Major Suppliers and Customers

During the Track Record Period, one supplier among our five largest suppliers was also our customer. Supplier A, is primarily engaged in the R&D, production and sales of yeast and yeast-related products. During the Track Record Period, we primarily procured yeast fermentation extracts from Supplier A. Our aggregate procurement from Supplier A amounted to RMB17.6 million, RMB36.3 million and RMB40.1 million in 2023, 2024 and 2025, respectively, accounting for 8.4%, 13.3% and 12.4% of our total purchases for the same years, respectively. In addition, we also sold dairy cultures and probiotic powder to Supplier A. Our aggregate sales to Supplier A amounted to RMB2.5 million, RMB1.7 million and RMB2.2 million in 2023, 2024 and 2025, respectively, representing 0.5%, 0.3% and 0.3% of our total revenue for the respective years.

Negotiations of the terms of our sales to and purchases from Supplier A were conducted on a transaction-by-transaction basis, and we have established solid business relationships with Supplier A. Our sales to and purchases from Supplier A were not related to or inter-conditional upon each other. According to Frost & Sullivan, such customer-supplier arrangements are in line with the market practice. Our Directors confirmed that all of our sales to and purchases from Supplier A were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

Save as disclosed above, there were no five largest customers in each year during the Track Record Period who were also our suppliers during the Track Record Period, or vice versa.

Third-Party Settlement Arrangements

Background and Reasons for the Arrangements

Historically, certain of our customers (individually or collectively, the "**Relevant Customer(s)**") settled transactions through the accounts of third parties other than the contractual counterparties under the corresponding sales agreements (the "**Arrangements**"). In 2023, 2024 and 2025, the number of Relevant Customers was 49, 40 and 58, respectively, and the aggregate amount of payment made under the Arrangements was RMB17.4 million, RMB18.3 million and RMB9.3 million, respectively, representing 3.5%, 3.4% and 1.3% of the total revenue for the same years, respectively. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period.

During the Track Record Period, the third-party payers designated by Relevant Customers under the Arrangements primarily consisted of the following: persons affiliated with the Relevant Customers, such as controlling shareholders, actual controllers, employees and affiliated entities of the Relevant Customers. Our Directors have confirmed that, to the best of their knowledge, none of the designated third-party payers of any Relevant Customer during the Track Record Period is a connected person or an employee of our Group and such third-party payers are independent from each of our Directors, senior management and Shareholders.

The Arrangements occurred primarily due to business convenience, settlement efficiency, and/or centralized payment arrangements. According to Frost & Sullivan, it is a common commercial practice in the probiotic industry to settle transactions by such Arrangements for convenience and flexibility.

During the Track Record Period, (i) we had not proactively initiated any Arrangements or participated in other forms in any of such Arrangements; (ii) we had not provided any discount, commission, rebate or other benefit to any of the Relevant Customers to facilitate or incentivize the Arrangements; and (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with those of the customers not involved in the Arrangements. During the Track Record Period and up to the Latest Practicable Date, we had not received any material claims against us in relation to the Arrangements, nor had we encountered any material refund, actual or pending dispute or disagreement due to the Arrangements.

As of the Latest Practicable Date, we had ceased all the Arrangements and all payments made thereunder had been fully settled. Our Directors are of the view that the cessation of the Arrangements did not have, nor will have, any material adverse effect on the business operations and financial results of our Group as (i) the payments under the Arrangements constituted an immaterial portion of our total revenue; and (ii) substantially all the Relevant Customers cooperated with our rectification process, which did not affect the payment settlement from the Relevant Customers to us.

Implications of the Arrangements

The Arrangements, to the best of our knowledge, had been recorded completely and accurately in our accounting books and records in all material respects and we have in place certain measures to manage the Arrangements during the Track Record Period. We have conducted periodic review over our transactions with customers to prevent fraud or money laundering activities, based on which we have no grounds to believe that the Relevant Customers are involved in fraud or money laundering, nor would we have any reason to believe that the relevant settlement involves proceeds or gains from fraud or money laundering. We have checked the authenticity of the payer accounts and payment information against the system records of orders to ensure the Arrangements are supported by genuine transactions.

Furthermore, during the Track Record Period and up to the Latest Practicable Date, (i) we were not the subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Arrangements, and (ii) we had not encountered any actual or pending dispute or disagreement due to the Arrangements. In addition, based on the credit reference reports issued in relation to our Company, no administrative penalties were imposed by tax management authorities for violation of tax laws, regulations and rules due to the Arrangements during the Track Record Period.

To the best of our knowledge, all payments under the Arrangements are based on bona fide transactions and we have no intention nor incentive to, and did not, cover up or conceal the source and nature of funds used for the Arrangements, and the receipt of payment was performed solely as the settlement of sales of goods or services and not related to any criminal or illegal proceeds or gains. As advised by our PRC Legal Adviser, based on the abovementioned confirmation, (i) the likelihood that the Arrangements would be deemed as constituting the crime of money laundering and subject to the relevant criminal liability pursuant to the relevant PRC law and regulations is remote; (ii) the Arrangements in the PRC we accepted during the Track Record Period did not contravene with imperative provisions of PRC laws and regulations.

Enhanced Internal Control Measures

Since the Latest Practicable Date, we have implemented enhanced internal control measures against re-occurrence of and risks arising from the Arrangements, including but not limited to the following:

- We have established comprehensive internal guidelines, clearly stipulating the identification and approval procedures, documentation requirements, and regular review mechanisms.
- We only allow payments directly from the payment accounts of the customers. Our finance team is required to verify the payer's identity and bank account details against system records. Payments inconsistent with the system records shall be rejected and escalated to management.
- To ensure the accuracy and completeness of our accounting books and records, we further strengthened our KYC procedures to gain a comprehensive understanding of our customers and verify payment details against our internal records.
- We have notified the above policies and measures to all the Relevant Customers and require new customers to comply with the same requirements. We have provided internal training to ensure that our employees are fully informed and compliant with the updated internal control policies and procedures.

We intend to continuously monitor the effectiveness of our internal control measures to prevent third-party payments and promptly address any identified deficiencies.

Based on the review on the implementation of internal control measures, our Directors are of the view that the above measures are effective and adequate in preventing risks associated with the Arrangements, and our Directors will oversee the effectiveness of the aforementioned enhanced internal control measures on the Arrangements in the future.

SEASONALITY

We boast geographically diverse customer base and varied end-use applications. We serve customers both within China and internationally. These factors mitigate our exposure to significant seasonality. As a result, our business did not exhibit any significant seasonal fluctuations during the Track Record Period.

COMPETITION

Driven by rising consumer health awareness, the continuous expansion of end-use application scenarios and supportive industry policies, the global probiotic raw powder market is expected to maintain robust growth. In particular, the corresponding China market is expected to record a growth rate exceeding the global average, underpinned by advantages such as a large downstream application base, a rapidly evolving health and nutrition industry and a supportive regulatory and policy environment. In addition, market participants compete across factors including brand recognition, product quality, sales and distribution networks and supply chain systems.

According to Frost & Sullivan, we ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder. Building on our leading market position, we believe that we are well positioned to compete effectively, supported by our established competitive strengths and development strategies. For more information on our industry and the competitive landscape, see "Industry Overview."

DATA SECURITY AND PRIVACY

During the ordinary course of our business, we mainly collect and maintain certain customer and supplier information to the extent necessary for the sales and delivery of our products, provision of services and operation of business in conformity with the relevant laws and regulations, primarily including contact information, transaction records, business licenses and payment information of customers and suppliers.

We highly value the protection of the privacy and information of our customers, and also treat and process customers' information with high prudence. We have established comprehensive internal policies to protect data integrity and prevent data manipulation. We have established and implemented a data classification and grading management system, and have implemented strict access controls and monitoring mechanisms to prevent unauthorized access to data. Furthermore, we have adopted technical data security protection measures including encryption and de-identification of data in storage and transit, regular vulnerability scanning and intrusion detection, as well as the deployment of firewalls and antivirus software. We have also provided employees with training on information security regulations to ensure the safety of relevant business information.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material cybersecurity and/or information security incidents, and we had not been subject to any material complaint, investigation, claims, lawsuits, penalties, administrative actions or legal proceedings relating to non-compliance with applicable laws and regulations for data privacy and protection. Based on the foregoing and as advised by our PRC Legal Adviser, we had complied with the applicable laws and regulations with respect to data privacy and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects.

SOCIAL, HEALTH, WORKPLACE SAFETY AND ENVIRONMENTAL MATTERS

We have deeply integrated the philosophy of ESG into all dimensions of our development strategy and business management. Following the official **[REDACTED]**, we will strictly comply with the relevant requirements set out in Appendix C2 to the Listing Rules and formally disclose the ESG report on an annual basis, subjecting ourselves to the supervision of all parties through standardized and transparent information disclosure.

Governance Framework for ESG Matters

We have established a three-tier ESG governance system comprising the Board, the strategy committee, the senior management and the ESG working group, with clearly defined rights, responsibilities and coordination logic at each level to drive the effective implementation of ESG management. As the supreme decision-making and supervisory body for ESG matters, the Board of Directors assumes ultimate responsibility for our overall ESG performance. The Strategy Committee, a specialized subsidiary body of the Board of Directors, focuses on providing professional support including ESG strategy review, implementation supervision and performance evaluation. The senior management takes the lead in executing all resolutions of the Board of Directors, and the ESG Working Group, composed of core personnel from various functional departments, is responsible for the overall coordination of specific affairs such as daily operations, data management and cross-departmental collaboration.

Our Board embeds ESG risks and opportunities throughout the entire chain of major transaction decision-making, and systematically identifies potential risks across the three dimensions of environment, society and governance. For the environmental dimension, the focus is on project compliance, pollutant discharge, resource consumption and the impacts of climate change; for the social dimension, attention is paid to employee rights and interests, community relations, supply chain responsibilities and product safety; for the governance dimension, the review covers the governance structure, compliance records and anti-bribery and anti-corruption mechanisms of business partners.

Our Board has promoted the establishment of a full-process ESG risk management and control system, setting a four-tier risk classification standard that fully covers all-dimensional risks in the environment, society and governance, with a key focus on climate-related physical risks such as the impacts of extreme weather and transition risks such as updates to laws and regulations and technological iteration. Material ESG risks are incorporated into our overall risk management system. Meanwhile, the Board approves the core ESG Key Performance Indicators (KPIs) system, directly linking ESG performance to the compensation, promotion, rewards and penalties of senior management and core teams, and establishing an accountability mechanism with matching rights and responsibilities.

ESG Risk Identification and Assessment

Centering on ESG-related risks, development opportunities and potential impacts, we have identified the potential risks and development opportunities corresponding to each matter, as well as various risk mitigation measures that we have implemented or plan to advance. The table below sets out the key ESG matters following assessment.

ESG Matter	Potential Risks	Mitigation Measures
Greenhouse Gas (GHG) Emissions	Business expansion driven by the commissioning of the new factory and production capacity ramp-up has led to a continuous rise in carbon emissions and emission intensity; Scope 3 data is not yet complete; inadequate carbon emission management may also undermine brand competitiveness.	Gradually establish a standardized carbon emission management system; complete the collection and accounting of Scope 3 data in phases and formulate emission reduction targets; build a full-chain emission reduction management and control system.

ESG Matter	Potential Risks	Mitigation Measures
Waste Management	Improper inactivation of viable bacterial waste from probiotic production and mixed disposal of various types of waste may cause environmental pollution; non-compliant disposal of hazardous waste or missing ledgers may result in regulatory penalties; improper handling of sudden environmental incidents may lead to secondary pollution.	Implement classified management and control of various types of waste; entrust qualified institutions to conduct harmless treatment of hazardous waste with full traceability of ledgers; formulate emergency rescue plans and conduct regular drills; respond to and handle sudden accidents in a timely manner and report to the relevant authorities.
Product Safety	Failure to meet product quality indicators and defects in packaging or sensory properties may harm consumers' rights and interests; non-standard processes for handling quality complaints, product recalls and returns may easily trigger food safety incidents and regulatory penalties, and erode brand credibility.	Establish a graded response process for handling quality complaints; build a three-tier product recall system and conduct regular drills; standardize the storage, inspection and disposal of recalled and returned products; uphold the bottom line of product safety through full-chain compliance management and control.

Energy and Resources

We attach great importance to the efficient and sustainable utilization of energy and resources, actively manage energy and water consumption in line with the scale of our business development, and drive the continuous improvement of resource utilization efficiency. In terms of energy consumption, our energy use includes purchased heat, purchased electricity, natural gas, gasoline, diesel and other types, among which purchased electricity and natural gas are the core energy sources consumed. From 2023 to 2025, energy consumption showed a phased growth trend, mainly due to the official commissioning of the newly built Suzhou No.2 Factory around June 2024 and its gradual production capacity ramp-up, which drove a reasonable increase in the demand for various types of energy.

In terms of water resource utilization, our water consumption comprises primarily municipal water for production and operation, which is aligned with the scale of our business development. We have strengthened the management and control of water use processes and continuously tapped water-saving potential by establishing water consumption ledgers and optimizing production water processes to ensure the rational and efficient utilization of water resources.

The following table sets out our energy consumption during the Track Record Period.

Indicator	Unit	2023	2024	2025
Purchased Heat	Ton	18,937	20,895	22,991
Purchased Electricity	KWH	18,404,464	27,672,873	38,143,301
Natural Gas Consumption	Cubic meter	615,817	1,562,319	2,213,292
Gasoline Consumption	Liter	11,766	21,482	30,404
Diesel Consumption	Liter	2,200	1,050	660
Total Water Consumption	Cubic meter	14,719	36,387	73,869

Greenhouse Gas Emissions

In accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, we categorize greenhouse gas emissions into Scope 1, Scope 2 and Scope 3 emissions. Scope 1 emissions include direct emissions from the consumption of gasoline and diesel by our vehicles, and natural gas consumption. Scope 2 emissions include indirect emissions from purchased electricity. Scope 3 emissions include other indirect emissions from employees' business travel and daily commuting.

The following table sets forth our greenhouse gas emissions during the Track Record Period.

Indicator	Unit	2023	2024	2025
Scope 1 Emissions	Tons of CO_2	1,408	3,451	5,006
Scope 2 Emissions	Tons of CO_2	15,292	20,825	27,043
Scope 3 Emissions	Tons of CO_2	464	618	830
Total GHG Emissions[(1)]	Tons of CO_2	17,163	24,895	32,879
Total GHG Emission Intensity	Tons of CO_2/ RMB1 million	34.6	45.6	46.9

Note:

(1) The annual growth in greenhouse gas emissions from 2023 to 2025 is attributable to the expansion of business scale, which has driven an increase in various types of energy consumption as well as employees' business travel and commuting activities.

We implement quantitative emission reduction targets in phases: (i) in the first phase, we plan to complete the collection and accounting of emission data for key categories of Scope 3 greenhouse gas emissions by the end of 2027; (ii) in the second phase, within six months after the improvement of the data system for Scope 1, 2 and 3 emissions, we will determine the base year for emissions and formulate specific emission reduction targets accordingly.

Waste Management

We have established a standardized waste management system. Hazardous waste is classified into 6 categories of waste with clear 8-digit codes such as waste filter membranes and waste oil, as well as waste sludge and printing ink; general waste is divided into recyclable waste and domestic waste.

In the collection and handover link, we have signed contracts with professionally qualified waste disposal suppliers to entrust them with the incineration and harmless treatment of various types of hazardous waste. Recyclable waste is given priority for internal comprehensive utilization, and any that cannot be utilized internally is entrusted to qualified recyclers for disposal.

We have also formulated an emergency rescue plan for hazardous waste accidents and conduct regular drills, specifying that operators must wear necessary safety protective equipment. In the event of a pollution accident or sudden incident, the emergency response will be activated immediately to eliminate environmental hazards and report to the relevant departments, effectively preventing secondary pollution and safeguarding the safety of the ecological environment.

The following table sets forth our waste discharge during the Track Record Period.

Indicator	Unit	2023	2024	2025
General Waste	Ton	176	182	192
Hazardous Waste	Ton	1.87	7.24	3.16

Climate-Related Risks

Adhering to the development philosophy of ecological priority, we integrate climate responsibilities into corporate operations and always prioritize product safety, customer trust and employee rights and interests in climate response work. We ensure the stability and reliability of product supply by proactively predicting extreme climate and weather conditions. We prioritize the selection of green and compliant raw material suppliers and logistics partners to drive the upstream and downstream to jointly fulfill green responsibilities, and at the same time explore green and low-carbon production processes to promote the low carbonization of the entire product life cycle.

Employee Rights and Benefits

We have established a standardized and compliant full-cycle employment management system. In the recruitment phase, the authenticity of candidates' information is verified through background checks and intellectual property background verification to ensure no criminal records or non-compete restrictions conflicts. After onboarding, labor contracts are signed with employees in accordance with the law, clarifying core matters such as job responsibilities, confidentiality obligations, integrity requirements and ownership of intellectual property rights. In terms of compensation and benefits, we implement a standard working hour system, pay salaries in two installments and enforce a strict salary confidentiality system. Attendance management is standardized, with clear penalty standards for late arrival, early departure and absenteeism. The training system covers online course package learning for new employees, offline centralized face-to-face training, as well as daily morning meetings, weekly meetings and monthly/annual reports.

Employee Health and Safety

We have always regarded occupational health and safety of employees as a core responsibility. In response to chemical hazards such as sodium hydroxide and protein dust, and physical hazards such as noise and high temperature existing in processes such as batching and mixing for probiotic production, we have built a full-process protection system. Mechanized and automated processes are adopted to reduce the risk of manual contact, and supporting facilities such as bag-type dust collectors and vibration and noise reduction equipment are equipped to ensure that hazardous factors in the workplace meet the standards. Compliance protective equipment is provided for posts exposed to hazards, and professional institutions are entrusted to conduct occupational health examinations. An occupational health management organization is set up, the management system and training system are improved, and emergency rescue plans are formulated and regularly drilled. In response to problems such as incomplete information in employees' occupational health records and failure to follow up with specialist examinations for individual employees with abnormal conditions, an improvement plan has been formulated to refine record management and establish a closed-loop follow-up mechanism for employees with abnormal conditions, continuously consolidating the defense line of occupational health and safety.

Community Contributions

We actively fulfill corporate social responsibilities. Since 2023, we have carried out a number of donation initiatives in three major areas: public welfare and charity, education support and public health. In the field of public welfare and charity, we have successively donated RMB57,000 to Luohe Charity Federation, RMB10,000 to Henan Foundation for Justice and Courage, RMB1.05 million to Heilongjiang Charity Federation, and two donations totaling RMB10.18 million to Suzhou Wujiang Charity Federation, supporting the development of social welfare undertakings through capital injection. In charitable giving, we have provided financial support to multiple local charity federations and public welfare foundations to promote the development of social welfare undertakings. For education support, we have contributed to the education development foundations of several universities, backing talent development and academic research innovation. In public health, we have donated epidemic prevention and control supplies to support pandemic response and help safeguard public health and safety.

Information Security

We classify the confidentiality level of documents in accordance with the *Measures for the Graded Management of Information Security*. Documents provided to external parties must be protected with watermarks and passwords and transmitted only through our official email. We prohibit employees from lending account passwords, recording, videoing or taking photos without authorization, disclosing confidential information of our Company to third parties and publishing sensitive information on social platforms, and exercise strict control over visitors and external collaborators.

Clinical Trial Ethics

We attach great importance to the ethical compliance of clinical trials and the protection of the rights and interests of research subjects. Prior to the commencement of research, all trial protocols are submitted to the corresponding medical ethics committee for review. The research is initiated only after obtaining an official ethical approval through compliant procedures such as meeting review or expedited review, and the approval clearly specifies the validity period and follow-up review requirements.

In terms of the protection of research subjects, the research strictly implements the informed consent system, designs the informed consent form in a standardized manner, and fully safeguards the right to know and the right to choose of research subjects and their legal guardians. An adverse event reporting mechanism is established to report serious or unexpected adverse events to the ethics committee in a timely manner.

The entire research process is subject to the follow-up supervision of the ethics committee, with research progress reports submitted regularly as required, and a final report submitted promptly upon completion of the research. In addition, the rights and responsibilities of all parties involved in the research, the ownership of intellectual property rights and liability for breach of contract are clearly defined through standardized contract agreements, effectively safeguarding the unification of the rights and interests of research subjects and the scientificity and ethicality of the research.

Supply Chain Management

We regularly review the supply chain system and continuously enhance its adaptability under the impacts of climate change. In terms of advancing sustainable procurement practices, we are planning to implement a sustainable procurement policy that will incorporate environmental and social criteria to evaluate suppliers, prioritizing the selection of partners with low packaging material usage, low greenhouse gas emissions, low water and energy consumption, or those that have complied with specifications such as ISO 14001 and ISO 50001.

Anti-Corruption and Anti-Bribery

We adhere to the bottom line of honest and clean operation and strictly comply with the *Anti-Unfair Competition Law* and other relevant laws and regulations, clarifying the management requirements for anti-corruption and anti-bribery through the signing of the *Anti-Unfair Benefits Agreement*. Employees are strictly prohibited from taking advantage of their positions to solicit or accept improper benefits such as cash, kickbacks, gifts and valuables from suppliers, or providing such benefits to customers to seek competitive advantages. At the same time, it is forbidden to conduct benefit transfer through banquets, travel and other consumption methods or other disguised means. For acts in violation of anti-corruption and anti-bribery provisions, we will terminate the labor contract in accordance with the law and require the relevant personnel to fully compensate us for any resulting losses, thereby reinforcing our commitment to integrity in business operations and upholding a fair and competitive market environment.

INTELLECTUAL PROPERTY

We put a premium on intellectual property protection and strictly comply with applicable laws and regulations relating to intellectual property. As of the Latest Practicable Date, we maintained intellectual property rights, including 232 invention patents, 532 trademarks and 11 copyrights in China, which we believe are material to our business operations. See "Appendix V — Statutory and General Information — Further Information About Our Business — Our Material Intellectual Property Rights" for our material intellectual property rights.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any claims or any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to intellectual property infringement or claims, which could adversely affect our business, financial condition and results of operations."

INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. In addition, we maintain commercial insurance coverage to mitigate potential losses arising from transportation incidents, workplace injuries, product defects, property damage and third-party claims. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry practices. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. For details, see "Risk Factors — Risks Related to Our Business and Industry — Our insurance coverage may be insufficient to cover our potential liabilities or losses." During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to us.

EMPLOYEES

As of December 31, 2025, we had 790 full-time employees, all of whom were based in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025:

Function	Number of Employees	% of Total
Production	400	50.6
R&D	175	22.2
Sales	140	17.7
General administration	57	7.2
Finance	18	2.3
Total	**790**	**100.0**

We generally recruit our employees based on a number of factors, including work experience, educational background and our position requirements. We recruit primarily through on-campus recruiting programs, job fairs, job postings and internal referrals. We place great emphasis on talent development and retention. New employees undergo induction trainings to familiarize with our corporate culture, workplace safety standards, product knowledge, quality control procedures, staff conduct policies, and relevant laws and regulations. To support skill development at all levels, we offer a range of specialized training programs, designed to equip employees with the capabilities needed for their roles and future career progression. We also provide targeted training in areas such as sales, supply chain, and functional operations to ensure employees acquire the skills essential for professional growth. By leveraging these initiatives, we aim to enhance workforce capability and build a high-performing talent pool.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial governments, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

We believe that we maintain a good working relationship with our employees and have established labor unions to protect the legitimate rights and interests of our employees. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material labor disputes or any difficulty in recruiting staff for our operations.

PROPERTIES

Owned Properties

We are headquartered in Suzhou, China. As of the Latest Practicable Date, our owned properties, including land, buildings, and projects under construction, were mainly used as our production bases, R&D centers, offices, employee dormitories and warehouses to support our business operations.

As of the Latest Practicable Date, we owned one land parcel with a total site area of 53,283 sq.m., 14 buildings with a total gross floor area of 85,400.08 sq.m. in the PRC. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Except for the property interests described in the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited,, our Group has no other owned single property interest that forms part of our non-

property activities that has a carrying amount of 15% or more of total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. For details, please refer to the valuation report in Appendix III to this document. See "Risk Factors — Risks Relating to Our Industry and Business — Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results."

Our PRC Legal Adviser confirmed that, as of the Latest Practicable Date, we had obtained the real property title certificate of our owned one land parcel and the buildings with a gross floor area of 73,422.09 sq.m. erected thereon. In addition, on such land, there are other buildings with an aggregate construction scale of 11,977.99 sq.m. as recorded in the construction work planning permit, and such buildings have been completed and passed the inspection acceptance but have not yet obtained the real property title certificate.

Leased Properties

As of the Latest Practicable Date, we leased nine properties with an aggregate gross floor area of approximately 41,591.68 sq.m. in the PRC for primary use as production bases, offices, warehouses and employee dormitories, with relevant lease agreements expire between June 2026 to June 2032.

As of the Latest Practicable Date, these lease agreements had not been registered with the relevant land and real estate administration bureaus in the PRC because the relevant lessors failed to provide necessary documents for us to register the leases with the local government authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Adviser, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. Our PRC Legal Adviser advises that, if the lease registration can be completed in accordance with relevant laws and regulations within the prescribed time limit ordered by the competent governmental authorities, the risk of governmental authorities imposing a material penalty on us with respect to these leased properties is remote.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operation in China. Our Directors confirmed that we had complied with all material applicable laws and regulations for our operations in China, Singapore, Australia and the United States, except for non-compliance which would not have a material adverse effect on our business as a whole.

During the Track Record Period and up to the Latest Practicable Date, we were not a party to any actual or threatened legal or administrative proceedings that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operation. We are committed to maintaining the standards of compliance with the laws and regulations applicable to our business. However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business.

LICENSES, PERMITS AND CERTIFICATES

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had obtained the material approvals, authorizations and permits necessary for carrying out our principal business activities in the PRC, and such licenses, permits and certificates are valid and subsisting.

We had not experienced any material difficulty in renewing such licenses, permits and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulty in renewing them when they expire, if applicable.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We have established risk management and internal control systems tailored to our business needs, incorporating policies and procedures aimed at ensuring legal compliance, intellectual property protection, information technology security, human resource management, financial reporting accuracy, and overall internal governance. These systems are subject to ongoing refinement to align with our operational demands. Our Directors oversee the establishment and the periodic review of these systems, while our senior management monitors their effective daily execution across subsidiaries and functional departments. The head of each functional department, business unit and subsidiary are responsible for the related risk control in their responsible segments.

To monitor the continuous implementation of risk management and internal control after the **[REDACTED]**, we have adopted or will continue to adopt, among other things, the following risk management measures:

- Established an Audit Committee to review and supervise our financial reporting and internal control systems. For the qualifications and experiences of these members, see "Directors and Senior Management";
- Adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- Provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks; and
- Arrange our Directors and senior management to attend training seminars on Listing Rules requirements and the responsibilities as directors of a Hong Kong-**[REDACTED]** company.

To ensure the above compliance culture is embedded into everyday workflows and set the expectations for individual behavior across the organization, we will regularly conduct internal compliance checks, adopt strict accountability internally and conduct compliance training.

Legal and Compliance Risk Management

To manage compliance and legal risks, we have adopted internal procedures, to ensure that our operations align with applicable laws and regulations. Our in-house legal team reviews and updates the form of contracts that we enter into with clients, suppliers, and business partners. Our in-house legal team's responsibilities encompass legal assistance for major projects, disputes resolution, intellectual

property protection, corporate governance compliance, overseas regulatory landscape navigation, and support for subsidiaries' compliance. Their daily tasks include reviewing business processes and contracts and analyzing daily legal queries. In addition, our legal team is responsible for obtaining and maintaining the requisite administrative certificates and approvals for our business operation. We also continuously improve our internal policies according to changes in laws, regulations, and industry standards, and update internal templates for legal documents.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, expenses management policies and treasury management policies. We have various procedures in place to implement accounting policies, and our finance management department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department staff to ensure that they understand the financial management and accounting policies and implement them in our daily operations.

Human Resource Management

We have established human resources policies covering recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new joiners and provide induction training and periodic trainings in relation to various compliance aspects. In addition, we provide regular and specialized training tailored to the needs of our employees in different departments. Our human resource department regularly organizes internal training sessions conducted by senior employees or outside consultants on topics of interest. Through these trainings, we ensure that our staff's skill sets remain up to date, enabling them to better discover and meet consumers' needs.

We have in place employee handbooks and codes of conduct which set out internal rules and standards regarding work ethics, fraud prevention mechanisms, negligence, anti-bribery and anti-corruption. We also have in place anti-corruption policies to safeguard against any corruption activities. Under our firm-wide whistle-blowing policy, we make our internal reporting channel open and available for our employees to report any non-compliance incidents and acts, including bribery and corruption. Reported incidents and persons will be investigated and appropriate measures will be taken in response to the findings. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption and bribery. We conduct periodic performance reviews for our employees. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential non-compliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognition we received.

Awards or Recognition	Year Granted	Granting Authority
National Specialized, Refined, Featured and Innovative "Little Giant" Enterprise (國家專精特新小巨人企業)	2020	Department of Small and Medium Enterprises, Ministry of Industry and Information Technology, Bureau of Small and Medium Enterprises
National Green Factory (國家綠色工廠)	2019	Ministry of Industry and Information Technology of China
High and New Technology Enterprise (高新技術企業)	2016	Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Tax Service of the State Administration of Taxation
List of the First Batch of Pilot-Scale Biomanufacturing Capacity Building Platforms of the Ministry of Industry and Information Technology (國家工信部生物製造中試能力建構平台(第一批)公示名單)	2025	Ministry of Industry and Information Technology of China
One of the Key Laboratories for the Development and Utilization of Agricultural Probiotics of the Ministry of Agriculture and Rural Affairs (農業農村部農業益生菌開發利用重點實驗室)	2026	General Office of the Ministry of Agriculture and Rural Affairs of China