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Application Proof of

Wecare Probiotics Co., Ltd.

(微康益生菌(蘇州)股份有限公司)

(the "**Company**")

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

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Wecare Probiotics Co., Ltd.

微康益生菌(蘇州)股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
[REDACTED]		

Sole Sponsor, [REDACTED]

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[REDACTED]

IMPORTANT

[REDACTED]

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SUMMARY

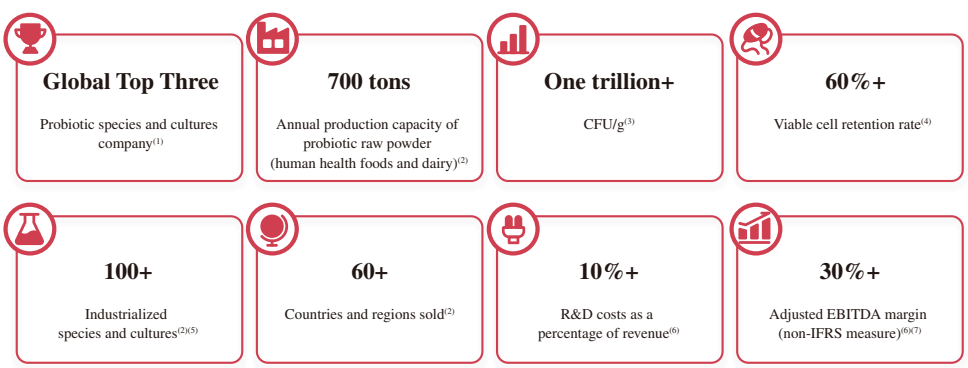
This summary aims to give you an overview of the information contained in this Document. As this is a summary, it does not contain all the information that may be important to you. You should read this Document, including our financial statements and the accompanying notes, in its entirety before you decide to ***[REDACTED]*** *in the* ***[REDACTED]****.*

There are risks associated with any investment. Some of the particular risks in ***[REDACTED]*** *in the* ***[REDACTED]*** *are set forth in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* ***[REDACTED]*** *in the* ***[REDACTED]****.*

OVERVIEW

We are a global leading biomanufacturing company, primarily engaged in the research and development ("**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 in China. 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 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.



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 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.

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.

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.

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

We consider the competitive strengths set out below have been instrumental to our development, positioning us to seize market opportunities and support our long-term, sustainable growth: (i) our world-class production bases with capacity ranked third globally and first in Asia, supporting high-standard industrialization of functional probiotic strains and cultures; (ii) our advanced and proprietary R&D system with integrated capacities from strain discovery to industrialization; (iii) our global leading position in probiotic biomanufacturing enabling us to capture broad market opportunities; (iv) our solutions platform covering multiple application scenarios and creating diversified revenue streams; (v) our deep relationships with global high-quality customers, underpinning our strong overseas presence; and (vi) our experienced and visionary management team and institutional shareholders.

STRATEGIES

We advance our business by executing the following strategies: (i) further expand production capacity to consolidate our position as a global leading biomanufacturer of probiotic species and cultures; (ii) strengthen and enhance our R&D capabilities, and broaden our portfolio of core strains and product applications; (iii) continuously optimize production processes to improve product quality, including viability and stability; (iv) deepen our international brand influence and expand our professional customer base to accelerate global market penetration; and (v) expand application scenarios leveraging our large strain bank.

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.

OUR 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. During the Track Record Period, we sourced the majority of our raw materials and packaging materials in China. 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.

OUR CUSTOMERS

We primarily sell probiotic powder and formula products directly to corporate customers. Customers of our probiotic powder products are mainly corporate customers in both domestic and overseas markets, including dietary supplement and functional foods, dairy products, agriculture and animal feed and pharmaceuticals sectors. Customers of probiotic formula are mainly dietary supplement and functional food companies and pharmaceutical companies. 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 for the same years, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountant's Report in Appendix I to this Document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this Document, including the related notes. Our financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth our consolidated statements of comprehensive profit or loss for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Revenue	495,852	100.0	544,070	100.0	701,481	100.0
Cost of sales	(249,215)	(50.3)	(279,265)	(51.3)	(368,551)	(52.5)
Gross profit	**246,637**	**49.7**	**264,805**	**48.7**	**332,930**	**47.5**
Other income	14,519	2.9	20,483	3.8	18,259	2.6
Other losses, net	(5,608)	(1.1)	(8,279)	(1.5)	(660)	(0.1)
Selling and marketing expenses	(42,566)	(8.6)	(52,960)	(9.7)	(69,079)	(9.8)
General and administrative expenses	(79,557)	(16.0)	(51,251)	(9.4)	(56,863)	(8.1)
Research and development costs	(57,185)	(11.5)	(74,875)	(13.8)	(88,808)	(12.7)
Impairment losses under expected credit loss model, net of reversal	(3,582)	(0.7)	(120)	—	(9,897)	(1.4)
Fair value change on other financial instruments	(28,400)	(5.7)	(1,800)	(0.3)	(37,000)	(5.3)
Operating profit	**44,258**	**8.9**	**96,003**	**17.6**	**88,882**	**12.7**
Finance income	1,125	0.2	1,424	0.3	984	0.1
Finance costs	(3,722)	(0.8)	(5,535)	(1.0)	(7,730)	(1.1)
Finance costs — net	(2,597)	(0.5)	(4,111)	(0.8)	(6,746)	(1.0)
Profit before income tax	**41,661**	**8.4**	**91,892**	**16.9**	**82,136**	**11.7**
Income tax expense	(16,236)	(3.3)	(12,278)	(2.3)	(16,926)	(2.4)
Profit for the year	**25,425**	**5.1**	**79,614**	**14.6**	**65,210**	**9.3**
Other comprehensive (loss)/income for the year						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	(7)	—	22	—	(283)	—
Total comprehensive income for the year attributable to owners of the Company	**25,418**	**5.1**	**79,636**	**14.6**	**64,927**	**9.3**

Non-IFRS Measure

The following table reconciles our adjusted net profit (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) for the years indicated:

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except percentages)		
Profit for the year	25,425	79,614	65,210
Add:			
Share-based payment expenses	42,161	2,246	3,213
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Fair value change on other financial instruments	28,400	1,800	37,000
Adjusted net profit (non-IFRS measure)	**95,986**	**83,660**	**106,874**
Add:			
Income tax expense	16,236	12,278	16,926
Finance costs	3,722	5,535	7,730
Depreciation and amortization[(1)]	51,170	70,734	89,252
Less:			
Finance income	1,125	1,424	984
Adjusted EBITDA (non-IFRS measure)	**165,989**	**170,783**	**219,798**
Adjusted EBITDA margin (non-IFRS measure)	**33.5%**	**31.4%**	**31.3%**

Note:

(1) Depreciation and amortization included depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets.

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	605,325	752,227	908,457
Right-of-use assets	67,480	70,895	52,922
Intangible assets	2,571	5,112	4,068
Deferred tax assets	9,257	11,630	10,953
Prepayments for non-current assets	4,394	66,589	56,752
Investment in an associate	606	638	662
Financial assets at fair value through profit or loss ("**FVPL**")	8,722	1,956	1,610
Total non-current assets	**698,355**	**909,047**	**1,035,424**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current assets			
Inventories	55,755	84,145	89,073
Trade and bills receivables	49,006	73,821	76,609
Prepayments, deposits and other receivables	26,266	40,853	46,512
Income tax recoverable	—	—	107
Financial assets at FVPL	—	114,167	23,000
Restricted bank deposits	16,162	7,500	3,002
Time deposits	—	20,000	3,514
Cash and cash equivalents	89,250	167,427	268,657
Total current assets	**236,439**	**507,913**	**510,474**
Total Assets	**934,794**	**1,416,960**	**1,545,898**
Current liabilities			
Trade and bills payables	50,990	33,743	55,739
Contract liabilities	14,111	18,915	19,696
Other payables and accruals	83,423	105,612	118,388
Borrowings	30,000	16,390	12,781
Lease liabilities	10,084	15,042	9,664
Deferred income	8,218	10,594	10,673
Income tax payable	10,872	6,446	7,226
Total current liabilities	**207,698**	**206,742**	**234,167**
Net current assets	**28,741**	**301,171**	**276,307**
Total assets less current liabilities	**727,096**	**1,210,218**	**1,311,731**
Non-current liabilities			
Borrowings	66,773	208,818	236,448
Lease liabilities	45,687	47,530	38,486
Deferred tax liabilities	1,389	732	513
Deferred income	71,096	67,533	60,967
Other financial instruments	239,100	240,900	277,900
Total non-current liabilities	**424,045**	**565,513**	**614,314**
Net assets	**303,051**	**644,705**	**697,417**

Summary of Consolidated Statements of Cash Flows

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

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cashflows generated from operating activities	198,645	101,309	216,786
Net cashflows used in investing activities	(287,893)	(398,092)	(107,210)
Net cashflows generated from/(used in) financing activities	134,950	374,751	(7,936)
Net increase in cash and cash equivalents	45,702	77,968	101,640
Cash and cash equivalents at the beginning of year	43,552	89,250	167,427
Effects of exchange rate changes on cash and cash equivalents	(4)	209	(410)
Cash and cash equivalents at end of year	**89,250**	**167,427**	**268,657**

KEY FINANCIAL RATIOS

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

	For the Year ended/As of December 31,		
	2023	2024	2025
Current ratio[(1)]	1.1	2.5	2.2
Quick ratio[(2)]	0.9	2.0	1.8
Adjusted net profit margin (non-IFRS measure) [(3)]	19.4%	15.4%	15.2%
Adjusted EBITDA margin (non-IFRS measure)[(4)]	33.5%	31.4%	31.3%
Adjusted return on assets (non-IFRS measure)[(5)]	12.5%	7.1%	7.2%

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories, divided by current liabilities as of the same date.

(3) Adjusted net profit margin (non-IFRS measure) is calculated using the adjusted net profit (non-IFRS measure) divided by revenue for a given year. Please see "Financial Information — Non-IFRS Measure" for details of adjusted net profit (non-IFRS measure).

(4) Adjusted EBITDA margin (non-IFRS measure) is calculated using the adjusted EBITDA (non-IFRS measure) divided by revenue for a given year and multiplied by 100%. Please see "Financial Information — Non-IFRS Measure" for details.

(5) Adjusted return on assets (non-IFRS measure) equals adjusted net profit (non-IFRS measure) for the year divided by the average of the opening and ending balances of total assets for the same year and multiplied by 100%. Please see "Financial Information — Non-IFRS Measure" for details of adjusted net profit (non-IFRS measure).

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 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."

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Dr. Fang, our founder, the chairman of our Board, the chief scientist, an executive Director of our Company, controlled the voting rights of approximately 33.60% of the issued share capital of our Company, comprising (a) 18.03% held directly by Dr. Fang; and (b) 15.57% held indirectly through his Controlled Entities. For details, please see the section headed "Relationship with our Single Largest Group of Shareholders" in this Document. Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Dr. Fang, directly and indirectly through the Controlled Entities, together with Ms. Chen, indirectly through Shanghai Chenkang and Suzhou Chenkang, will control an aggregate of approximately **[REDACTED]**% of the voting rights in our Company. Accordingly, Dr. Fang, Ms. Chen and the Controlled Entities will constitute our Single Largest Group of Shareholders after the **[REDACTED]**.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** (based on an **[REDACTED]** of HK$**[REDACTED]** per H Share), representing approximately **[REDACTED]**% of the estimated gross **[REDACTED]** from the **[REDACTED]** assuming no Shares are issued pursuant to the **[REDACTED]**. The **[REDACTED]** expenses consist of (i) **[REDACTED]** expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]**, and (ii) non-**[REDACTED]** expenses of approximately HK$**[REDACTED]**, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$**[REDACTED]**, and (b) other fees and expenses of approximately HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]**, of which (i) RMB**[REDACTED]** was charged to the consolidated statements of profit or loss, and (ii) RMB**[REDACTED]** was directly attributable to the **[REDACTED]** of our H Shares to the public and is expected to be deducted from equity upon the **[REDACTED]**. Subsequent to the Track Record Period, approximately HK$**[REDACTED]** of the **[REDACTED]** expenses is expected to be charged to profit or loss, and approximately HK$**[REDACTED]** directly attributable to the **[REDACTED]** of the H Shares is expected to be deducted from equity upon the completion of the **[REDACTED]**. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

DIVIDENDS

During the Track Record Period, our Company declared dividends of RMB15.0 million and RMB15.4 million in 2024 and 2025, respectively. As of the Latest Practicable Date, all such dividends declared during the Track Record Period had been settled in full. See "Financial Information — Dividends".

[REDACTED]

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** range of HK$**[REDACTED]** and HK$**[REDACTED]** per H Share), we estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts: (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the expansion of our production capacity, primarily through the expansion of our Suzhou Production Base over the next three years; (ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to strengthen our R&D capabilities over the next three years, including upgrading of high-end laboratory facilities, optimizing pilot-scale production and process validation facilities, expansion of our strain bank, and development of new agricultural beneficial microbial products; (iii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used over the next three years to enhance our international brand recognition and expand our global marketing network in support of our overseas business development; (iv) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used over the next three years to expand diversified application of probiotics in dairy products, live biotherapeutic products and other fields and enhance our technical service capabilities; and (v) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to working capital and general corporate purposes.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the latest reporting date of our historical financial information in the Accountants' Report, and there has been no event since such date that would materially affect the information shown in the Accountant's Report set out in Appendix I to this Document.

RISK FACTORS

Our business and the **[REDACTED]** involve certain risks, including, but not limited to: (i) our business is subject to economic conditions and the level of consumer acceptance and spending in our key markets; (ii) we may experience intense competition and fail to compete effectively; (iii) resources devoted to research and development may not yield new products that achieve commercial success; (iv) our continuing success depends in significant part on our ability to meet evolving customer demands and expectations; and (v) failure to successfully implement our business strategies may cause our future financial results and growth prospects to suffer.

DEFINITIONS

In this Document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Document.

"Accountant's Report"	the accountant's report for our Group, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company adopted on March 25, 2026 with effect upon **[REDACTED]** (as amended from time to time), a summary of which is set out in Appendix IV to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[REDACTED]

"CDMO"	contract development and manufacturing organization, which provides outsourced development and manufacturing services
"China" or "the PRC"	the People's Republic of China, but for the purpose of this Document and for geographical reference only and except where the context requires, references in this Document to "China" or "the PRC" do not apply to the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan, China
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Wecare Probiotics Co., Ltd. (微康益生菌(蘇州)股份有限公司), formerly registered under the name Jiangsu Weikang Biotechnology Co., Ltd (江蘇微康生物科技有限公司) and Jiangsu Zishi Weikang Biotechnology Co., Ltd. (江蘇紫石微康生物科技有限公司), a limited liability company established in the PRC on July 25, 2013 and converted into a joint stock company with limited liability on November 17, 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Conversion"	the conversion of **[REDACTED]** Unlisted Shares into H Shares upon the completion of **[REDACTED]**, as described in further detail in the section headed "Share Capital"
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"COVID-19"	a viral respiratory disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dr. Fang"	Dr. FANG Shuguang (方曙光), our founder, the chairman of our Board, the chief scientist, an executive Director of our Company and a member of our Single Largest Group of Shareholders
"EFSA"	the European Food Safety Authority
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》)

"ESG"	environmental, social and corporate governance
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"FDA"	the U.S. Food and Drug Administration
	[REDACTED]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent market research report commissioned and prepared by Frost & Sullivan for the purpose of this Document
"GDP"	gross domestic product
	[REDACTED]
"Group", "our Group", "our", "we", or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange (as amended or supplemented or otherwise modified from time to time)
	[REDACTED]
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and to be **[REDACTED]** on the Hong Kong Stock Exchange
	[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

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

[REDACTED]

"IASB"	International Accounting Standards Board

"IFRS"	the International Financial Reporting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

[REDACTED]

"Latest Practicable Date"	April 20, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Document prior to its publication

[REDACTED]

"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

[REDACTED]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Luohe Weikang"	Luohe Weikang Probiotics Biotechnology Co., Ltd. (漯河微康益生菌生物科技有限公司), a limited liability company established in the PRC on February 27, 2018, a wholly-owned subsidiary of our Company
"Luohe Weikang Agricultural"	Luohe Weikang Agricultural Biotechnology Co., Ltd. (漯河微康農業生物科技有限公司), a limited liability company established in the PRC on June 2, 2021, a wholly-owned subsidiary of our Company
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"MARA"	Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農村農業部)
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Chen"	Ms. CHEN Huilai (陳慧來), spouse of Dr. Fang
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NHC"	the National Health Commission of the PRC
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

[REDACTED]

"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC GAAP"	generally accepted accounting principles of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Commerce & Finance Law Offices, the PRC legal adviser to our Company

[REDACTED]

[REDACTED]

"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"ROW"	the rest of the world

[REDACTED]

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as the SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shanghai Chenkang"	Shanghai Chenkang Industrial Development Co., Ltd. (上海宸康實業發展有限公司), a limited liability company established in the PRC on November 3, 2022, and a member of our Single Largest Group of Shareholders
"Shanghai Huankang"	Shanghai Huankang Business Management Center (Limited Partnership) (上海浣康企業管理中心(有限合夥)), a limited partnership established in the PRC on November 27, 2017, and a member of our Single Largest Group of Shareholders
"Single Largest Group of Shareholders"	refers collectively to Dr. Fang, Ms. Chen, Shanghai Chenkang, Suzhou Chenkang, Suzhou Zhongkang, Shanghai Huankang and Suzhou Zekang

[REDACTED]

"Sole Sponsor"	Haitong International Capital Limited
	[REDACTED]
"STA"	the State Taxation Administration (中華人民共和國國家税務總局)
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Suzhou Chenkang"	Suzhou Chenkang Biotechnology Co., Ltd. (蘇州宸康生物科技有限公司), a limited liability company established in the PRC on March 3, 2023, and one of our Single Largest Shareholders
"Suzhou Zekang"	Suzhou Zekang Enterprise Management Consulting Partnership (Limited Partnership) (蘇州澤康企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 18, 2020, and a member of our Single Largest Group of Shareholders
"Suzhou Zhongkang"	Suzhou Zhongkang Investment Management Enterprise (Limited Partnership) (蘇州眾康投資管理企業(有限合夥)), a limited partnership established in the PRC on August 12, 2015, and a member of our Single Largest Group of Shareholders
"Takeovers Code" or "Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the financial years ended December 31, 2023, 2024 and 2025

[REDACTED]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Shares"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are unlisted Shares which are currently not listed or traded on any stock exchange
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Wecare America"	Wecare America INC, a company established in the United States on April 2, 2022, a wholly-owned subsidiary of our Company

[REDACTED]

"Wuhan Weikang"	Wuhan Weikang Probiotics Research Institute Co., Ltd. (武漢微康益生菌研究院有限公司), a limited liability company established in the PRC on April 18, 2018, a wholly-owned subsidiary of our Company

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

Certain amounts and percentage figures included in this Document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AFU"	Active Fluorescent Unit, a fluorescence-detection-based unit used to quantify viable and active microbial cells by fluorescent staining
"ASP"	average selling price
"batch traceability system"	a quality control system that traces product batches
"biomarkers"	indicators of normal biological processes, pathogenic processes, or responses to an exposure or intervention, such as medication or environmental toxins
"biomass"	renewable organic matter produced through photosynthesis or chemosynthesis
"CAGR"	compound annual growth rate
"cGMP"	Current Good Manufacturing Practice, regulating design, monitoring and control of product manufacturing and facilities
"centrifugation"	a mechanical process that uses centrifugal force to separate particles from a solution according to density differences
"CFU"	colony-forming unit, a unit which estimates the number of microbial cells by counting colonies formed in a sample that are viable and able to multiply under controlled conditions
"clinical studies"	studies involving human subjects conducted by, or in cooperation with, qualified independent third-party institutions to support functional evaluation, application validation and safety assessment of the probiotic powder and formula products
"CNAS"	China National Accreditation Service for Conformity Assessment, the national accreditation body in China
"CROs"	contract research organizations
"disc-stack centrifuge"	a high-speed separation technology using a rotating bowl with a stack of conical discs to separate solids and liquids based on density differences
"dual quality disclosure mechanism"	a dual mechanism to disclose viable cell count at shipment and minimum viable cell count at the end of shelf life
"emulsification"	a process of mixing an oil-based liquid with a water-based liquid

GLOSSARY OF TECHNICAL TERMS

"encapsulation"	a technique to protect microorganisms by surrounding them with protective materials to enhance stability and viability
"fermentation"	a process in which microorganisms are cultivated under specified conditions to enable microbial growth and biomass formation
"GLP-1"	glucagon-like peptide-1, a natural hormone produced in the gut that plays a major regulatory role in blood sugar control, appetite, digestion, and energy balance
"GRAS"	Generally Recognized As Safe, a status under FDA regulations for substances considered safe for their intended use; self-affirmed GRAS refers to a GRAS determination made by a manufacturer based on expert review, without notification to the FDA
"HACCP"	Hazard Analysis and Critical Control Points
"HALAL"	a certification that products and production processes comply with Islamic law requirements
"IBS-C"	a subtype of Irritable Bowel Syndrome where constipation is the predominant bowel habit, accompanied by typical IBS symptoms such as abdominal discomfort and bloating
"inoculation"	the act of introducing microorganisms into a culture medium to initiate growth and cultivation
"ISO 22000"	ISO 22000 food safety management system, an internationally accepted food safety management system implemented by the International Organization for Standardization
"kg"	kilogram
"KOSHER"	a certification that products and production processes comply with Jewish dietary law requirements
"labeled ex-factory value"	the viable cell count labeled at the time of shipment
"lactic acid bacteria"	a group of gram-positive, non-sporulating, acid-tolerant bacteria that produce lactic acid
"NOP"	the U.S. Department of Agriculture National Organic Program, which establishes and enforces standards for the production, labeling and certification of organic agricultural products
"PCT"	an international patent application filed under the Patent Cooperation Treaty
"postbiotics"	preparations of inanimate microorganisms and/or their components that confer a health benefit on the host

GLOSSARY OF TECHNICAL TERMS

"probiotic formula"	a formulated probiotic preparation, comprising specified probiotic strains and excipients, manufactured in a defined dosage form
"probiotic lysates"	preparations containing cellular contents released after microbial cell membranes have been disrupted
"probiotic powder"	the final product form containing one or more probiotic strains, often in powder form
"probiotic raw powder"	a concentrated intermediate used to produce probiotic powder and formula products
"probiotic species and cultures"	a biological classification unit comprising multiple closely related strains with similar characteristics, for instance, *Bifidobacterium animalis subsp. lactis*, and where the context requires, in particular for dairy applications, microbial cultures used in fermentation, which may comprise one or more microbial strains and are used as starter cultures for yogurt and other fermented dairy products
"probiotic strains"	individuals isolated from bacterial species, possessing unique genetic characteristics and physiological functions, for instance, *Bifidobacterium animalis subsp. lactis* BLa80
"QPS"	Qualified Presumption of Safety, a safety assessment procedure for microorganisms used in the food chain
"R&D"	research and development
"RCT"	randomized controlled trial
"strain bank"	a collection of preserved microbial strains
"TFU"	total fluorescent units
"ton"	a unit of mass equal to 1,000 kilograms

FORWARD-LOOKING STATEMENTS

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

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

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demand and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate;
- developments in technology and our ability to successfully keep up with technological advancement;
- our ability to attract and retain experienced professionals and other qualified employees and key personnel;
- changes in currency exchange rates; and
- the other risk factors discussed in this Document as well as other factors beyond our control.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Document might not occur in the way we expect, or at all. Further, subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise.

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to economic conditions and the level of consumer acceptance and spending in our key markets.

Our success relies significantly on our ability to identify and adapt to the evolving consumer acceptance and market demands of probiotic products, which are shaped by factors such as economic conditions, consumer lifestyles, social trends, historical traditions and cultural customs. Any changes in these factors could lead to narrowed consumer demand for probiotic products, which in turn leads to weaker demand for probiotic species and cultures. While we strive to respond swiftly and effectively, certain challenges may arise out of numerous factors that are beyond our control. We cannot assure that our initiatives will meet consumer expectations to probiotic species and cultures, gain market recognition at favorable profit margins, or effectively distinguish our products from those of competitors. Moreover, there is no guarantee that we will continue to swiftly respond to changes in consumer preferences, and failure to adapt to market changes may lead to a loss of our market share. If any of these risks materialize, our business, financial condition and results of operations could be materially and adversely affected.

We may experience intense competition and fail to compete effectively.

We face competition with international and domestic companies in the probiotic raw powder market. Certain of our competitors may have longer operating histories, stronger capital resources, larger customer bases, greater brand or name recognition and customer loyalty, greater expertise in regional markets, wider distribution networks, greater financial, technical, marketing and public relations resources and a wider range of products than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than we can. Furthermore, our competitors may have more advanced facilities or equipment, develop more advanced or efficient technologies, acquire more customers, have more professional staff or offer more competitive prices.

Our ability to effectively compete will depend on various factors, including the successful implementation of our development strategy and our ability to continuously develop probiotic strains, advance our technologies, expand the applications of our probiotic strains, and enhance our operational efficiency. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales and may have to reduce our prices or make other concessions, thereby materially and adversely affecting our business, financial condition and results of operations.

Resources devoted to research and development may not yield new products that achieve commercial success, and failure to innovate or to introduce new products may reduce our future sales and market share, hinder our business expansion plans and impair our profitability.

We are committed to continuous R&D. Our ability to continue to achieve advancements depends on the success of our in-house research and development efforts and our collaborations with research institutes and other organizations. The research and development process can be expensive and prolonged, and entails considerable uncertainties. Our investments and efforts may not yield any successful or commercially viable results; our products currently under development or that we may develop in the future may not complete the development process; or we may be unable to obtain the relevant licenses and approvals required to market and sell such products. Even if we succeed in introducing new probiotic strains, we can give no assurance that a market will develop for any new products that we launch or that our new product offerings will meet customer requirements. If we fail to innovate or successfully bring new products to market, our business, financial condition and results of operations may be adversely affected and we may not be able to maintain our market position in the probiotic raw powder market.

Our continuing success depends in significant part on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers.

Our continued success is significantly dependent on our ability to innovate in response to fierce market competition and shifting demands in the probiotic raw powder industry, specifically in the domains where we operate. Despite our efforts, we may not fully meet evolving customer needs. Challenges may arise that we are slow to address, due to factors outside our control. Furthermore, not all innovations may successfully integrate with or enhance our current products and operations, and we cannot guarantee that new developments will improve our operational efficiency, competitiveness, or reduce costs as anticipated.

Part of our success also rests on attracting new customers and expanding cooperation with existing ones by offering high-quality products and services. We have expanded our product offerings to the applications in the sectors of human health, dairy, agriculture and others. While we anticipate further growth through increasing market penetration and expanding customer base, the effective and successful execution of our plans is not assured. If our marketing strategies do not yield the expected efficiency, we may face challenges in maintaining reasonable selling and marketing expenses. Moreover, if our products are not perceived as high-quality, we may encounter difficulties in attracting and retaining customers and encouraging their purchase of our products. We may also fail to diversify our service and product offerings, pursue new business opportunities, or achieve further business growth. Any of these potential failures could adversely affect our business, financial condition, and results of operations.

Failure to successfully implement our business strategies may cause our future financial results and growth prospects to suffer.

We are making significant investments and other decisions in connection with our long-term business strategies including expanding our production capacity and investing in research and development. Such initiatives and enhancements may require us to make significant capital expenditures. Additionally, in developing our business strategies, we make certain assumptions including, but not limited to, those related to customer demand and preferences, competition landscape and the economy in China and globally; and actual market, economic and other conditions may be different from our assumptions. If we are not able to successfully implement our business strategies and effectively respond to changes in market dynamics, our future financial results will suffer. We have also incurred, and may continue to incur, increased operating expenses in connection with certain changes to our business strategies. In addition, we make planning and spending decisions, including capacity

expansion, procurement commitments, personnel needs and other resource requirements based on our estimate of customer demand. Failure to meet customer demand in a timely fashion or at all will adversely affect our business, financial condition and results of operations.

Any quality issues related to our products may damage our reputation and sales and we may also face product liability claims as a result.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. Maintaining consistent product quality depends significantly on the effectiveness of our quality control measures. However, we cannot assure you that our quality control measures will prove to be effective at all times, or that our employees and other third parties involved in our operations will fully adhere to our quality control policies and guidelines, or that we will be able to identify any defects in our quality control measures and resolve the issues in a timely manner. If the quality of our products deteriorates or is perceived to be unsatisfactory for any reason, we may face customer complaints, product returns, cancelations of orders and decline in sales. Further, we cannot assure you that we will not experience any material product quality issue in the future. There is also no guarantee that consumers will not experience undesirable outcomes for reasons unrelated to our product quality, such as due to their personal health issues or improper use of our products. These incidents may lead to negative publicity and loss of consumer confidence. Moreover, if any defect or adverse effect of our products results in personal injury, we may face product liability claims or product recalls, resulting in financial losses and reputational damage. Any quality issues related to our products may have a material and adverse effect on our business, financial condition and results of operations.

Disruption of our production operations and supply chain could materially and adversely affect our business, financial condition and results of operations.

Our ability to efficiently manufacture, market and sell products is critical to our success. The manufacture of our products is an exact and complex process, partly due to strict quality and safety requirements. In particular, certain stages of our production process must occur in sterile or temperature-controlled environments to preserve the quality of our probiotic strains as well as to reduce the risk of contamination. Problems may arise during the production process for a variety of reasons, including equipment malfunction, power outages, failure to follow specific protocols and procedures, and quality defects in raw materials, which could compromise the quality of our products. In addition, any natural disasters or other unanticipated catastrophic events could impair our operations or the operations of our suppliers, and impede our ability to manufacture and deliver our products to customers in a timely manner. We rely on the timely supply of our raw materials to carry out our production plans as scheduled. Any delays or disruptions in raw material supplies from our suppliers, may have a material and adverse impact on our ability to meet our contractual obligations to customers. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could materially and adversely affect our business, financial condition and results of operations.

Our results of operations could be adversely affected by our inability to obtain raw materials in a timely and cost-effective manner.

Our production depends on obtaining adequate supplies of quality raw materials on a timely basis. To efficiently manufacture our products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. While we maintain stringent selection processes, we cannot guarantee the consistent availability or cost-effectiveness of these materials. We may experience raw material shortages and price fluctuations of certain raw materials, and the availability and pricing of these raw materials may be beyond our control. Raw material shortages or pricing fluctuations could be material in the future. In the event of a raw material shortage, supply

interruption or material pricing change from suppliers of these raw materials, we may not be able to develop alternate sources in a timely manner in the case of limited sources. Developing alternate sources of supply for these raw materials may be time-consuming, difficult and costly, and we may not be able to source these raw materials on terms that are acceptable to us.

We may face inadequate production capacity issue, which could hinder our capabilities to satisfy market demand and growth prospects.

As of the Latest Practicable Date, we had three production bases in the PRC. See "Business — Production — Our Production Bases." We cannot assure you that our current production capacity will be able to meet the demand for our products in the future. As our business grows, we may need to expand our production capacity by building additional production lines, upgrading existing production lines as well as building new production plants. We cannot assure you that our production expansion plan will be successfully implemented on time or at all, or our production capacity after expansion will be adequate to cope with our potential business growth. We may face various difficulties which could delay our expansion plan or increase the relevant costs, such as: (i) failure to raise sufficient funds to establish the new production plants and maintain working capital for ongoing operation; (ii) failure to obtain regulatory approvals from the relevant government authorities according to our expected timetable or at all; (iii) failure to find suitable sites for establishing new production plants according to our expected timetable; (iv) shortage or delay in supply of building materials, machinery and equipment, or increased costs of such items; (v) shortage of workers and suitable management personnel, or increased wage levels; (vi) unforeseeable factors affecting the construction progress and resulting in delay in completion of the new production plants; and (vii) failure to accurately forecast the market demand, resulting in excessive or insufficient production capacity.

Failure to expand our production capacity could hinder our capabilities to satisfy customer demand and growth prospects. Even if we are able to expand our production capacity, any decrease in customer demand in the future could result in excess in our production capacity and adversely affect our profitability. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to the risks in relation to our distributors.

During the Track Record Period, we sold our products to certain distributors to expand our sales network. As of December 31, 2023, 2024 and 2025, we had a total of 83, 67 and 61 distributors, respectively. Our success therefore partially depends on the performance of our distributors and our ability to maintain long-term relationships with them. However, we cannot assure you that we will be able to maintain our relationships with our key distributors in the future. Should any of the distributors substantially reduce their demand for our products or terminate the business relationship with us, or we fail to maintain favorable relationships or renew agreements with them on commercially acceptable terms, we may experience a decline in our sales. In addition, any significant changes in their business strategies, operational issues or decreased consumer traffic, or any significant underperformance in maintaining or sourcing additional orders may materially and adversely affect our business performance.

Furthermore, while we require our distributors to comply with distribution agreements, we cannot guarantee their strict adherence to these agreements or our prompt detection of their non-compliant activities. Our measures to manage distributors may not be effective, nor can we assure you whether our distributors will at all times comply with our sales policies and maintain sales performance. If our distributors fail to promote and sell our products successfully, or carry out actions which are inconsistent with our business strategies, our brand image and reputation may also be tarnished, and our business, financial condition and results of operations may be materially and adversely affected.

Changes in the international trade environment, ongoing geopolitical conflicts, trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

As of the Latest Practicable Date, our products had been sold to customers in over 60 countries and regions. Revenue generated from overseas sales amounted to RMB160.7 million, RMB201.7 million and RMB281.7 million in 2023, 2024 and 2025, respectively, representing 32.4%, 37.1% and 40.2% of our total revenue in each respective year. We expect that overseas sales will continue to account for a significant percentage of our operations. Accordingly, changes in the international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions, which may have an adverse effect on global economic conditions and the stability of global financial markets, could adversely affect the financial and economic conditions in the jurisdictions where we and our business partners operate.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have comprehensive or broad economic sanctions targeting certain countries, or against industry sectors, groups of companies or persons, and/or organizations within such countries. Our business and reputation could be adversely affected if the United States, the European Union, the United Kingdom, the United Nations, Australia or any governmental authorities were to determine that any of our activities constitute violations of the sanctions they impose. In addition, as sanctions programs evolve over time, new requirements or restrictions may be imposed and increase our associated risks. Furthermore, in the event that any of our customers becomes subject to economic sanctions in the future, we may have to discontinue our business with such customers due to potential economic sanctions liability risks. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions designation of us.

Moreover, the intensifying geopolitical tension among major economies could lead to heightened tariffs or other tightened restrictive measures, which could cause increased costs for our product sales and adversely affect our financial condition and results of operations. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our business.

We are subject to a variety of risks associated with global operations and expansion.

Our success depends upon our ability to expand in overseas markets. As of the Latest Practicable Date, our products had been sold to customers in over 60 countries and regions, covering major markets including the PRC, 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 part of our global strategy, we are further exploring the opportunities in overseas markets. To further promote our brand and generate demand for our products in international markets, we expect to spend significantly more on marketing and promotion than we do in our existing markets. Furthermore, we may fail to anticipate competitive conditions in new markets that are different from those in our existing markets. These competitive conditions may make it challenging or impossible for us to operate effectively in these markets. If our expansion efforts in overseas markets are unsuccessful, our profitability and prospects would be materially and adversely affected. We are exposed to other risks associated with international operations, including, among others: (i) changes in a specific country or region's political and cultural climate or

economic condition; (ii) foreign investment restrictions under applicable local laws; (iii) our ability to develop and maintain relationships with customers, suppliers and other local stakeholders; (iv) our ability to provide sufficient levels of technical support in different locations; (v) economic instability and inflation, recession or interest rate fluctuations; (vi) our ability to effectively manage and coordinate our employees across different geographic locations; (vii) our ability to comply with different regulatory requirements and standards; (viii) variations and changes in laws and regulations applicable to our operations in different jurisdictions, including enforceability of intellectual property and contractual rights; (ix) trade restrictions, sanctions, political changes, disruptions in financial markets, and deterioration of economic conditions; (x) customs regulations and the regulation of import and export of goods; (xi) restrictions on our ability to transmit data internationally; (xii) our ability to obtain and renew licenses and other governmental authorizations that may be needed in international locations to support operations; and (xiii) changes in tariffs, taxes and foreign currency exchange rates.

Our profitability and ability to implement business strategies, maintain market share and compete successfully in all major markets we operate may be compromised if we are unable to manage the foregoing and other risks related to regional or global operations successfully.

We may not be able to adequately protect our intellectual property rights, which could adversely affect our business, financial condition and results of operations.

We rely on a combination of patents, trademarks, domain name registrations and confidentiality agreements to protect our intellectual property rights. We also possess a number of know-how or trade secrets in relation to technologies and production processes, which we believe are material to our operations and which are not covered by patents. We rely on various protective measures to safeguard such unpatented proprietary information, including entering into confidentiality agreements with our relevant employees and third parties. However, we cannot assure you that our protective measures will be sufficient to protect our trade secrets, know-how or other proprietary information against any unauthorized use, misappropriation or disclosure. We also cannot guarantee that we will be successful in enforcing confidentiality provisions or undertaking enforcement proceedings in the event that there is any unauthorized use of our intellectual property. If we fail to effectively protect our intellectual property from inappropriate or unauthorized use by third parties in ways that adversely affect our brand name, our reputation could suffer, which in turn could adversely affect our business, financial condition and results of operations. Furthermore, any litigation to protect our intellectual property would be time-consuming and costly, and may divert the attention of our senior management and key personnel from our business operations.

We may be subject to intellectual property infringement or claims, which could adversely affect our business, financial condition and results of operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may, from time to time, be subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business. There could also be existing patents of which we are not aware that our services or products may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdictions. Further, the application and interpretation of the patent laws and the procedures and standards for granting patents in the jurisdictions where we operate are still evolving and are uncertain, and we cannot assure you that the relevant courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur

licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question.

If we fail to effectively manage our future growth and implement our development plans, our business, financial condition and results of operations may be adversely affected.

We experienced rapid revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB495.9 million, RMB544.1 million and RMB701.5 million, respectively. However, future revenue growth may strain our operational and management resources. Scaling up our product and service capabilities while maintaining consistent product and service quality and brand reputation, requires robust management systems and processes. Failure to efficiently allocate resources, recruit and retain qualified personnel, or maintain operational effectiveness could affect our ability to meet growing customer demand or respond to market dynamics.

Moreover, our historical performance may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget. Any failure to manage our future growth effectively may adversely affect our business operations and prospects.

Furthermore, expansion into new geographic markets and new sales network present operating and marketing challenges that are different from those we currently face in our existing markets and sales network. Customers in new markets and sales network are likely to be unfamiliar with our brands and services and we may need to build or increase our brand awareness in the relevant markets and sales network by increasing investments in advertising and promotional activities. As our markets and sales network expand, our marketing expenditures are expected to grow accordingly, which could affect our profit margin in new markets and thereby impact the overall profitability of our operations. Additionally, our expansion plans and business growth could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management systems on a timely basis and to expand, train, motivate and manage our workforce. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects.

We are subject to risks relating to warehousing issues.

Our raw materials, work in progress and finished products are stored in warehouses before they are used for production or delivered to our customers. The viability and efficacy of our inventories are highly sensitive to storage conditions, particularly temperature control. If our inventories are not properly stored at suitable conditions, their quality and viability may be adversely affected, which may result in inventory obsolescence or defective products, and in turn we may suffer damage to our reputation and face product liability. Any deviation from required temperature ranges during storage may lead to loss of potency and subsequent write-offs. We may sustain loss and damage of inventories due to unpredictable factors, such as theft, fire and flood. We cannot assure you that our warehouses will not face any disruptions. Any inadequate supervision or management of our warehouses could adversely affect our business, financial condition and results of operations.

We are subject to risks relating to third-party service providers.

We cooperate with third parties, including suppliers of raw materials and logistics services and other business partners, to support critical aspects of our operations. Any interruption, discontinuation, or deterioration in these relationships could adversely affect our business, financial condition and results of operations. Such disruptions may arise from various factors, including interruptions to our partners' operations, their inability to support our fast-growing business needs, termination or suspension of agreements, changes in cooperation terms, or disputes with these partners.

Our third-party service providers and business partners may fail to fulfill their commitments and responsibilities on time or in compliance with agreed terms or applicable laws. If we are unable to effectively manage these relationships or if our partners fail to meet their obligations, our business, financial condition and results of operations could be adversely impacted. Additionally, when existing contracts with third parties expire, we may face challenges in renewing them on commercially favorable terms or securing suitable replacements promptly, which could further adversely affect our business, financial condition and results of operations.

Our success depends on our ability to retain our management team and to attract, retain and motivate other key personnel.

Our future success is significantly dependent upon the continued service of our management team and other key personnel with experiences in the research and development, manufacturing and sales of probiotic strains. If we lose the service of any management member or key personnel, we may face difficulties in finding suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key personnel. Competition for talents with required background and experiences is intense, and the availability of suitable and qualified candidates could be limited. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which could materially and adversely affect our business, financial condition and results of operations. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could severely disrupt our business and growth.

Our operations require various approvals, licenses and permits, and any failure to obtain or renew these approvals, licenses and permits may adversely affect our business, financial condition and results of operations.

Pursuant to the relevant laws and regulations, we are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Failure to obtain, maintain or renew any of these in a timely manner may lead to operational disruptions, which could adversely affect our business. In addition, as the regulatory environment governing our operations continues to evolve, compliance requirements may become increasingly onerous. Any non-compliance may expose us to penalties, require us to incur additional costs and management resources to rectify deficiencies, and result in negative publicity. These factors may adversely affect our business, financial condition and results of operations.

Any major changes in relation to food safety regulations and relevant policies may affect our business, financial condition and results of operations.

We are subject to applicable food safety laws and regulations. These food safety laws and regulations set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging as well as requirements for food production and sites, facilities and equipment used for the transportation and sale of food. In particular, the PRC Government has been strengthening the supervision of food safety. The revised Food Safety Law of the PRC (《中華人民共和國食品安全法》) and the Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》) stipulate that businesses engaged in food production should conduct their production and operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety-related risks to ensure the safety of the food produced. Any failure to comply with the food safety-related laws and regulations may result in order of rectification, fines, confiscation of illegal gains, order of suspension of operations, revocation of food production and operating permits and, in more extreme cases, prosecution for criminal liabilities. See "Regulatory Overview — PRC Laws and Regulations — Laws and Regulations on Manufacturing and Sales of Foods" for details. In the event that the government authorities make further changes to food safety regulation, our production costs and cost of sales may increase, which could adversely affect our business, financial condition and results of operations.

Our business depends on market recognition of our brand. Any damage to our reputation or brand may materially and adversely affect our business, financial condition and results of operations.

Our success depends on our ability to maintain, protect, and enhance the recognition of our brand and our overall corporate reputation. Failure to achieve this could undermine our brand value and image, materially and adversely affecting our business, financial condition, and results of operations. Any claims or allegations regarding product safety, quality, effectiveness, or environmental impact, even if false or unfounded, could tarnish the image of our brand. Such incidents may lead consumers to choose alternative products, significantly reducing demand for our products. Customer demand for our products could also significantly diminish if we or our employees, suppliers, distribution partners, service providers or other business partners fail to preserve the quality of our products, act or are perceived to act in an unethical, illegal or socially irresponsible manner, including with respect to the production or sale of our products and treatment of our customers.

The long-term success of our brand also relies on maintaining its relevance and appeal amid evolving market trends, consumer preferences, and competitive pressure. Our established brand image may become less attractive or outdated if we fail to innovate, refresh our brand image, or effectively communicate our value proposition.

We are subject to environmental protection and health and safety laws and regulations.

Our operations are subject to national, provincial and local laws with respect to environmental protection, health and safety. During the Track Record Period, our production lines were primarily used for the manufacturing of probiotic raw powder, probiotic formula and agricultural beneficial microbial raw powder. As such production activities will generate wastewater, chemical contaminant, and waste gas, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at or in the vicinity of our manufacturing facilities during the process of our operations.

As the requirements imposed by environmental protection and health and safety laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations.

Any fraud, bribery, money laundering or other misconduct committed by our employees, customers or other third parties may subject us to financial losses and adverse publicity.

We may be exposed to fraud, bribery, money laundering or other misconduct committed by our employees, customers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Our risk management systems and internal control capabilities are limited by the information and risk management tools or technologies available to us. Our ability to implement and maintain stringent internal control may be affected by our expansion in business scale and business scope. If any such misconduct of our employees, customers or other third parties committed against our interests occurs, we may suffer from negative publicity and reputational damage, or even become subject to litigation and other proceedings, as well as administrative or criminal penalties for such misconduct, thereby adversely affecting our business, financial condition and results of operations.

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

From time to time, we may be involved in legal or administrative proceedings and claims in our ordinary course of business, including matters relating to contracts, employment, intellectual property, antitrust and environmental issues. If we fail in defending ourselves against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, some claims may arise from defective supplies provided by our suppliers, who may not be able to indemnify us in a timely manner or at all. Any of these events may materially and adversely affect our business, financial condition and results of operations.

We may require additional financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We may require additional financing for future growth and development of our business. If our financing is insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity and have a material adverse effect on our business, financial condition and results of operations.

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

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 periods, respectively. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period.

We may be subject to various risks relating to the Arrangements during the Track Record Period, such as (i) possible claims from third-party payers designated by Relevant Customers for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payers designated by Relevant Customers and (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers designated by Relevant Customers. In the event of any claims from third-party payers designated by Relevant Customers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we may need to allocate additional financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold, which could adversely affect our business, financial condition and results of operations. See "Business — Customers — Third-Party Settlement Arrangements" for details.

We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance and housing provident funds. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, employers who fail to make adequate payments as required by the local competent authorities may be ordered to make up the payments within a prescribed time limit and may be further subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. Any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations may lead to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition.

Our legal right to certain leased properties may be challenged.

There might be defects in the leasehold interest of certain of our leased properties. As of the Latest Practicable Date, the registration of all the lease agreements within the prescribed time pursuant to the applicable PRC laws and regulations had not yet been completed. Although we will take steps to request the lessors of the aforementioned and future leased properties to cooperate with us to complete the registration in a timely manner, we cannot assure you that such lessors will agree to cooperate. As advised by our PRC Legal Adviser, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may be imposed with a maximum penalty of RMB10,000 for each non-registered lease if the registration of any of our lease agreements is not

completed after being requested to do so by the competent PRC government authorities. We cannot assure you that we will not be subject to any penalties arising from the non-registration of our lease agreements and any disputes arising out of our leased properties in the future. In addition, there are uncertainties to the continuous operation of some of our leased properties and we may be forced to relocate our affected operations. We cannot assure you that the lessors of such properties are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the properties and the owners decline to ratify relevant agreements, our lease rights may be unenforceable and we may be forced to vacate the relevant properties and relocate our offices. Our business, financial condition and the results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest as of February 28, 2026 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this Document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

Our insurance coverage may be insufficient to cover our potential liabilities or losses.

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. Our insurances may not provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have an adverse effect on our business, financial condition and results of operations.

Security breaches and attacks against our system and network, and any failure to protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

Our internal computer systems and IT infrastructure may be subject to cyberattacks, unauthorized access and disruptions. A successful breach or prolonged system outage could disrupt business operations, and incur additional costs to repair. We manage confidential information, including technological know-how, commercial and financial records, certain information of employees, suppliers and customers and their designated contacts, and the information of other business partners during our daily operations. A significant outage from hacking, phishing, malware, power failures or cyberattacks could undermine our ability to operate, while we continuously assess potential threats and respond to such threats through appropriate measures. Our data redundancy and disaster recovery plans may not be sufficient to prevent losses. In addition, we cannot ensure that our efforts can prevent employees, contractors and IT vendors from misusing, leaking, falsifying, or losing data, intentionally or

accidentally, which may result in breach of confidential information. External parties may also exploit system vulnerabilities or use deceptive tactics to access confidential information, thereby damaging market trust in our brand.

Where the information systems and IT infrastructures that we rely on did not operate normally and we failed to fix such malfunction timely and effectively, it may trigger a material data breach or system failure that might lead to regulatory actions, legal claims or reputational harm. Failure to address these risks could adversely affect our business, financial condition and results of operations.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

We are subject to various PRC cybersecurity, data security and personal information protection laws and regulations, including but not limited to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), and Measures for Cybersecurity Review (《網絡安全審查辦法》). See "Regulatory Overview — PRC Laws and Regulations — Regulations on Cybersecurity, Data Security, and Privacy Protection" for details.

Changes and developments in the enforcement of cybersecurity, data security and personal information protection laws and regulations present challenges in ensuring comprehensive compliance and increasing our operational costs, as we must allocate time and resources to address various compliance requirements. While we have implemented rigorous and comprehensive policies regarding the collection, processing, sharing, authorization and protection of data usage and privacy, and have taken necessary measures to comply with applicable cybersecurity, data security and personal information protection laws and regulations, given the evolving legal and regulatory landscape, we cannot guarantee that these policies and measures implemented by us will continue to comply with all legal and regulatory requirements. Any non-compliance or perceived non-compliance by us with any applicable cybersecurity, data security or personal information protection regulations, any such non compliance by our business partners, or any failure or perceived failure by our employees to adhere to our internal control measures, may result in negative publicity against us, as well as legal proceedings or regulatory actions. Such outcomes could lead to the imposition of fines, revocation of licenses, suspension of relevant operations, or other legal or administrative penalties, which may damage our reputation, deter existing and potential customers, and expose us to fines and damages. Consequently, these matters could have a material adverse effect on our business, financial condition and results of operations.

Negative publicity, including negative internet postings, about us, our brand, management, business partners and product offerings may have a material adverse effect on our business and reputation.

We believe our brand image and corporate reputation are critical to enhancing our competitiveness and maintaining business growth. Many factors, some of which are beyond our control, may adversely affect our brand image and corporate reputation if not properly managed. Any actual or perceived deterioration of our product quality, which is based on an array of factors, could subject us to damages such as loss of important customers. Any negative publicity against us, our products and services, operations, directors, senior management, employees, business partners or our peers could adversely affect customer perception of our brand, cause damages to our corporate reputation and result in decreased demand for our products and services. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our customer base, and our business and growth prospects may be adversely affected.

Any significant reduction of government grants, termination of preferential tax treatment or change in the relevant policies may adversely affect our financial performance and results of operations.

In 2023, 2024 and 2025, we recognized government grants of RMB13.8 million, RMB16.6 million and RMB18.0 million, respectively. Not all of those grants and subsidies are recurring in nature. Meanwhile, during the Track Record Period, certain of our subsidiaries enjoyed preferential EIT tax rate of 15% as they were qualified high and new technology enterprises. See Note 12 to the Accountants' Report included in Appendix I to this Document for details. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee you that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely affect our net income.

In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm's length terms. There can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, or that the relevant regulations or standards governing such arrangement will remain unchanged. If the relevant authorities later find that the transfer prices and terms that we have applied are not in line with arm's length negotiations, they may require us to re-assess the transfer prices, re-allocate the income, or adjust the taxable income. Any such re-allocation or adjustment could result in higher tax liabilities for us and may adversely affect our business results of operations, and financial condition. Furthermore, if we fail to rectify such incident within the limited time frame required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operation may therefore be materially and adversely affected.

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

Our inventories primarily comprised of (i) raw materials; (ii) work in progress; and (iii) finished goods. As of December 31, 2023, 2024 and 2025, we had inventories of RMB55.8 million, RMB84.1 million and RMB89.1 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 84 days, 91 days and 86 days, respectively. It may be difficult for us to accurately forecast demand and determine appropriate levels of inventory we maintain. In the case of overestimation of consumer demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. In the case of underestimation of customer demand, we may not be able to maximize our revenue. In addition, if we are required to lower sale prices in order to reduce inventory level, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, financial condition and results of operations.

Our results of operations and financial condition may be adversely affected by the recoverability of our trade receivables.

Our trade and bills receivables primarily represent the receivables from our sales of products and services. As of December 31, 2023 and 2024 and 2025, our trade and bills receivables were RMB49.0 million, RMB73.8 million and RMB76.6 million, respectively. Our trading terms with some of our customers are on credit. We generally grant a credit period of seven to 90 days to our customers. Trade and bills receivables are generally settled in accordance with the terms of the respective contracts. In

2023, 2024 and 2025, our trade and bills receivables turnover days were 31 days, 41 days and 39 days. Credit risk for trade and bills receivables arises when our customers default on their contractual obligations resulting in our financial losses. We cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in connection with our investment in wealth management products.

During the Track Record Period, we purchased structured deposits issued by banks in Chinese Mainland. Accordingly, we have recorded financial assets at FVPL that were classified as current assets of nil, RMB114.2 million and RMB23.0 million as of December 31, 2023, 2024 and 2025, respectively. We plan to continue to invest in these and other wealth management products when we believe that we have sufficient cash and the potential investment returns are reasonable. We have put in place certain internal control procedures for reducing risks in relation to these investments. However, we cannot assure you that these procedures will be effective and adequate. We cannot assure you that we will not experience losses with respect to these investments in the future or that such losses or other potentially adverse effects will not have a material adverse effect on our business, financial condition and results of operations.

Fair value change on other financial instruments granted to investors and related valuation uncertainty may materially affect our financial condition and results of operations.

Our Company has historically issued ordinary shares with mandatory distribution rights to investors. Such instruments shall cease to be effective and be discontinued upon the **[REDACTED]**. The special rights were recorded as other financial instruments on a fair value basis. We had fair value change on other financial instruments of RMB28.4 million, RMB1.8 million and RMB37.0 million in 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, we recorded other financial instruments of RMB239.1 million, RMB240.9 million and RMB277.9 million, respectively.

The estimated changes in fair value involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. For more details, please refer to Note 3.3 to the Accountants' Report in Appendix I to this Document. The assessment of fair value of our other financial instruments requires the use of unobservable inputs including long-term average growth rate, discount rate and possibilities of **[REDACTED]**. As such, fair-value changes have been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these other financial instruments and result in significant fluctuations in profit or loss from period to period. Changes of these unobservable inputs will change the fair value change on other financial instruments, which leads to uncertainty in our financial results. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our other financial instruments to fluctuate substantially.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes.

Our business is subject to risks related to outbreaks of a widespread health epidemic or pandemic, such as avian influenza, swine influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus, or COVID-19, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. In the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our

operations and may endure lengthy interruptions in our operations, reputational harm, breaches of data security and loss of critical data, any of which could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate may adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a majority of our revenue from our business operation in China. In addition, we operate our businesses in other geographic markets globally. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could adversely affect our business, financial condition and results of operations.

Our operations span across various geographic markets, each with its unique legal system. We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could adversely affect our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations.

Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the industry where we operate and affect our business, financial condition, and results of operations.

Our operations are subject to tax laws and regulations in jurisdictions where we operate.

We are subject to periodic examinations on fulfillment of our tax obligation under the tax laws and regulations by applicable tax authorities. We may be subject to additional tax or duty liabilities as a result of any unfavorable decisions made by such relevant tax authorities, which may materially and adversely affect our business, financial condition and results of operations. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. Although we believe that in the past, we have acted in compliance with the requirements under the relevant tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the IIT Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (GuoShuiHan[2008]No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may adversely affect the value of your **[REDACTED]** in our H Shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your **[REDACTED]** in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the **[REDACTED]**, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial condition and results of operations, may be affected.

Fluctuations in the value of the Renminbi and other currencies may have an adverse effect on your [REDACTED].

During the Track Record Period, a substantial portion of our revenue and expenditures were denominated in Renminbi, while the **[REDACTED]** from the **[REDACTED]** will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the **[REDACTED]** from the **[REDACTED]**. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation

in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

It may be difficult to effect service of process upon us or our directors or officers or to enforce foreign court judgments against them.

We are a company incorporated under the laws of the PRC, and substantially all of our assets and senior management are located in China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgments obtained from foreign countries, it may be difficult for investors outside the PRC to effect service of process upon us or our Directors or senior management within or outside the PRC, or to enforce judgments obtained in jurisdictions outside the PRC against us or them.

Although the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region have entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), it does not apply to certain judgments of civil and commercial matters. Consequently, investors may face difficulties in seeking to enforce judgments against us or our management in China.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which had become effective on March 31, 2023 (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. See "Regulatory Overview — PRC Laws and Regulations — Regulations on Overseas Listing" for details. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

RISKS RELATING TO THE [REDACTED]

There has been no public [REDACTED] market for our H Shares, an active [REDACTED] market for our H Shares may not develop, and their [REDACTED] price may fluctuate significantly.

Prior to the **[REDACTED]**, there was no public market for our H Shares. The **[REDACTED]** for our H Shares to the public will be the result of negotiations, and the **[REDACTED]** may differ significantly from the market price of the H Shares following the **[REDACTED]**. We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of **[REDACTED]**. The price and **[REDACTED]** volume of our H Shares may be volatile, due to general market conditions and the performance of peer companies, and other factors specific to our business. Moreover, shares of other companies **[REDACTED]** on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and our H Shares may be similarly affected.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, cash flows and financial position, and other factors as it may deem relevant at such time. Furthermore, under PRC law and regulations, the payment of dividends may be subject to certain limitations. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution, and subject to approval at our Shareholders' meeting.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. In order to expand our business, we may consider **[REDACTED]** and issuing additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share incentive scheme, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in the dilution of your shareholding.

Prior to the **[REDACTED]**, there has not been a public market for our H Shares. After certain regulatory restrictions lapse or are waived, future sales or conversions by our Shareholders or the perception they may occur, could significantly decrease the market price and our ability to raise additional capital. In addition, future issuances may result in the dilution of our Shareholder's holding or confer rights and privileges that take priority over those H Shares.

Our Single Largest Group of Shareholders may have substantial influence over us and their interests may not be aligned with the interests of other Shareholders.

Our Single Largest Group of Shareholders may have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the **[REDACTED]**, our Single Largest Group of Shareholders will be entitled to exercise approximately **[REDACTED]**% of the voting rights of our Company. This ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. It is possible that our Single Largest Group of Shareholders may take actions or make decisions that conflict with the best interests of our other Shareholders.

We cannot assure you of the accuracy or completeness of certain industry facts, statistics, and forecasts that were obtained from various official publications contained in this Document.

Certain industry facts, forecasts and statistics in this Document are obtained from various government sources. Such information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the

[REDACTED], the **[REDACTED]**, the **[REDACTED]**, any of their respective directors, employees, or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully and not place undue reliance on such facts or statistics.

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

There has been, and there may be press and media coverage regarding us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy, completeness, or reliability of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information. To the extent such statements are inconsistent or conflict with the information contained in this Document, we disclaim responsibility for them. You should rely solely upon the information contained in this Document, the **[REDACTED]** and any formal announcements made by us in making your **[REDACTED]** decision. By applying to purchase our H Shares, you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and all of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) **Authorized representatives:** we have appointed Dr. Fang and Mr. XU Zhichao (徐智超) ("**Mr. Xu**"), as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see "Directors and Senior Management" in this Document;

(b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of his/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(c) **Compliance advisor:** we have appointed Red Solar Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for

the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and

(d) **Hong Kong legal advisor:** we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the **[REDACTED]**.

APPOINTMENT OF JOINT COMPANY SECRETARIES

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

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

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

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

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

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

(d) professional qualifications in other jurisdictions.

We have appointed Mr. Xu, our secretary of the Board, as our joint company secretary. Our Company's principal business activities are outside Hong Kong. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to have as its joint company secretary a person such as Mr. Xu, who is a member of the senior management and an employee of our Company and who has day-to-day knowledge of our Company's affairs. Mr. Xu has the necessary nexus to the Board and close working relationship with the management of our Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. Also, Mr. Xu will be assisted by (1) the compliance advisor of our

Company for the first full financial year starting from the **[REDACTED]**, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding our Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Xu will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange.

Since Mr. Xu does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under the Listing Rules. To support Mr. Xu in performing the duties of company secretary, we [have appointed] Ms. Chan Ching Nga (陳靜雅) ("**Ms. Chan**") of Computershare Hong Kong Investor Services Limited, who is a member of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the **[REDACTED]** so as to enable Mr. Xu to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Xu may be appointed as a joint company secretary of our Company.

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (2) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years on the condition that Ms. Chan will work closely with, and provide assistance to, Mr. Xu in the discharge of his duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. Chan ceases to provide assistance to Mr. Xu during the three-year period after **[REDACTED]**.

Our Company will further ensure that Mr. Xu has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the three-year period, the Company will demonstrate and seek the Stock Exchange's confirmation that Mr. Xu, having had the benefits of Ms. Chan's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For further information regarding the qualifications of Mr. Xu and Ms. Chan, see "Directors and Senior Management" in this Document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Dr. Fang Shuguang (方曙光)	No. 1629 Donghai Huating Village, Zhelin Town Fengxian District Shanghai PRC	Chinese
Dr. Zhu Jianguo (朱建國)	No. 1228 Changjiang North Road Xinbei District Changzhou, Jiangsu Province PRC	Chinese
Mr. He Meng (何萌)	Room 1807, Building 29 Huhong Yayuan Songling Town, Wujiang District Suzhou, Jiangsu Province PRC	Chinese

Non-executive Director

Name	Address	Nationality
Mr. Qiu Xiang (邱翔)	1st Floor, No. 911 Xinzha Road Jing'an District Shanghai PRC	Chinese

Independent non-executive Directors

Name	Address	Nationality
Mr. LIU Kai Yu Kenneth (廖啟宇)	Flat C, 16/F, Block 13 Braemar Hill Mansions North Point Hong Kong	British
Dr. Li Shuang (李霜)	Room 806, Building 14 Boyaju, Zhongshan Garden City Xuanwu District Nanjing, Jiangsu Province PRC	Chinese
Dr. Li Jun (李俊)	Room 402, Unit 1, 4th Floor Building 11, No. 12 Zhongguancun South Street Haidian District Beijing PRC	Chinese

See "Directors and Senior Management" for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Haitong International Capital Limited
Suites 3001–3006 and 3015–3016
One International Finance Centre
No.1 Harbour View Street
Central
Hong Kong

[REDACTED]

Legal advisers to our Company

As to Hong Kong and United States laws:

Herbert Smith Freehills Kramer
23/F, Gloucester Tower
15 Queen's Road
Central
Hong Kong

As to PRC law:

Commerce & Finance Law Offices
12–15th Floor
China World Office 2
No. 1 Jianguomenwai Avenue
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and United States laws:* **Jia Yuan Law Office** Suites 3502-3503, 35/F One Exchange Square 8 Connaught Place Hong Kong *As to PRC law:* **Jia Yuan Law Offices** 32nd Floor, Building S1 BFC Bund Financial Center No. 600 Zhongshan East 2nd Road Huangpu District Shanghai PRC
Auditor and Reporting Accountants	**BDO Limited** *Certified Public Accountants* Registered Public Interest Entity Auditor 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7th Floor, One Taikoo Place 979 King's Road Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square No. 1717 West Nanjing Road Jing'an District Shanghai PRC
Compliance Adviser	**Red Solar Capital Limited** Unit 402B, 4/F, China Insurance Group Building No. 141 Des Voeux Road Central Hong Kong
	[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 999 Guangming Road Wujiang Economic and Technological Development Zone Wujiang District Suzhou Jiangsu Province PRC
Headquarters and Principal Place of Business in the PRC	No. 999 Guangming Road Wujiang Economic and Technological Development Zone Wujiang District Suzhou Jiangsu Province PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company's Website	**https://www.wecare-bio.com** *(the information contained in this website does not form part of this Document)*
Company Secretaries	**Mr. Xu Zhichao (徐智超)** *(holder of PRC Legal Professional Qualification Certificate)* No. 1283 Xingwu Road, Songling Town Suzhou Jiangsu Province PRC **Ms. Chan Ching Nga (陳靜雅)** *(ACG HKACGX)* 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Authorized Representatives	**Dr. Fang Shuguang (方曙光)** No. 1629 Donghai Huating Village, Zhelin Town Fengxian District Shanghai PRC **Mr. Xu Zhichao (徐智超)** No. 1283 Xingwu Road, Songling Town Suzhou Jiangsu Province PRC

CORPORATE INFORMATION

Audit Committee	Mr. Liu Kai Yu Kenneth (廖啟宇) *(chairperson)* Dr. Li Shuang (李霜) Dr. Li Jun (李俊)
Nomination Committee	Dr. Li Jun (李俊) *(chairperson)* Dr. Li Shuang (李霜) Dr. Fang Shuguang (方曙光)
Remuneration Committee	Dr. Li Shuang (李霜) *(chairperson)* Dr. Li Jun (李俊) Mr. He Meng (何萌)
Strategy Committee	Dr. Fang Shuguang (方曙光) *(chairperson)* Mr. He Meng (何萌) Dr. Li Shuang (李霜)

[REDACTED]

Principal Banks	**China CITIC Bank Wujiang Branch** No. 1701, South Zhongshan Road Wujiang District, Suzhou Jiangsu Province PRC **Bank of China Luohe Yancheng Branch** Haihe Road, Yancheng District Luohe Henan Province PRC

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

OVERVIEW OF PROBIOTICS

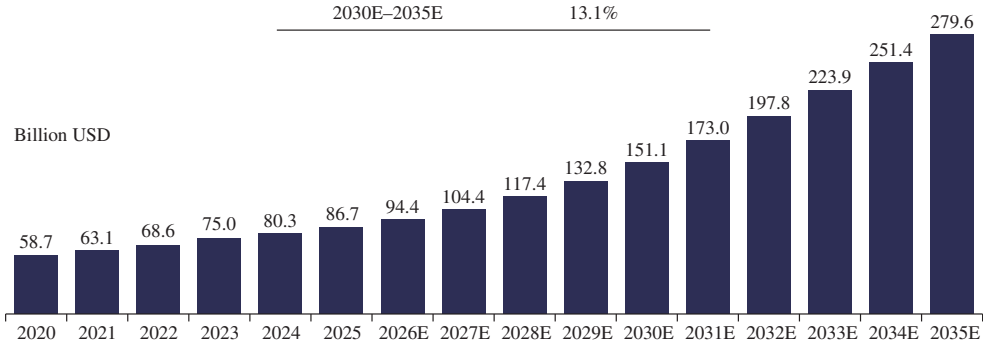
The 2001 Report of a Joint FAO/WHO Expert Consultation on Allergenicity of Foods Derived from Biotechnology defines probiotics as live microorganisms which, when administered in adequate amounts, confer a health benefit on the host.

MARKET SIZE OF PROBIOTICS END PRODUCT

The global probiotic end products market has experienced robust expansion in recent years. 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% from 2020 to 2025. The market is projected to further expand to US$151.1 billion by 2030, with a CAGR of 11.8% from 2025 to 2030, and is expected to reach US$279.6 billion by 2035, reflecting a CAGR of 13.1% from 2030 to 2035.

Global Probiotic End Product Market Size, 2020–2035E

Period	CAGR
2020–2025	8.1%
2025–2030E	11.8%
2030E–2035E	13.1%



Source: Frost & Sullivan Analysis

CONNECTIONS BETWEEN PROBIOTIC STRAINS, PROBIOTIC SPECIES AND CULTURES AND PROBIOTIC RAW POWDER

Probiotic strains are individuals isolated from bacterial species, possessing unique genetic characteristics and physiological functions. The efficacy of probiotics is strain-specific. Probiotic species and cultures denotes a biological classification unit comprising multiple closely related strains with similar characteristics. Probiotic raw powder refers to a high-concentration, high-viability

intermediate obtained through fermentation technology, specifically used in the production of probiotic powder and formula products. It serves as the base material intended for application across the human health, dairy, agriculture and other sectors.

APPLICATIONS OF PROBIOTICS

Probiotics have a wide range of applications in daily life, spanning human health (such as dietary supplements and functional foods), dairy, agriculture (such as beneficial microbial strains), and pharmaceutical products.

In the human health sector, probiotics are frequently incorporated into dietary supplements and functional foods to promote gut microbiota balance and deliver health benefits. In the dairy sector, raw milk is co-fermented with probiotics (such as lactic acid bacteria) to produce acidic dairy products, commonly including fermented milk, yogurt, cheese, and lactic acid bacteria beverages. In the agriculture sector, probiotics are utilized in crop cultivation and livestock farming encompassing bio-feed, silage feed, and pet probiotic products, to enhance the health of both animals and plants. In the pharmaceutical sector, specific probiotic strains are formulated into products targeting conditions like irritable bowel syndrome, enteritis, and constipation, helping to alleviate symptoms and restore microbial balance. Overall, probiotics exhibit distinct mechanisms of action across these diverse applications, demonstrating their extensive market potential and versatility in improving health and well-being.

ANALYSIS OF THE PROBIOTICS INDUSTRY CHAIN

The upstream segment focuses on raw material supply and strain development. Key inputs include fermentation raw materials such as peptone, yeast extract, yeast powder, glucose and inorganic salt, as well as equipment like fermenters and culture devices.

The midstream segment centers on the R&D, probiotics powder production, and sales of probiotic raw materials. This stage begins with strain extraction and cultivation, followed by initial processing of key inputs, including fermentation, centrifugation, emulsification, encapsulation, freezing, and drying, to produce probiotic raw powder as the core intermediate. The probiotic raw powder is further processed into probiotic powder and probiotic formula.

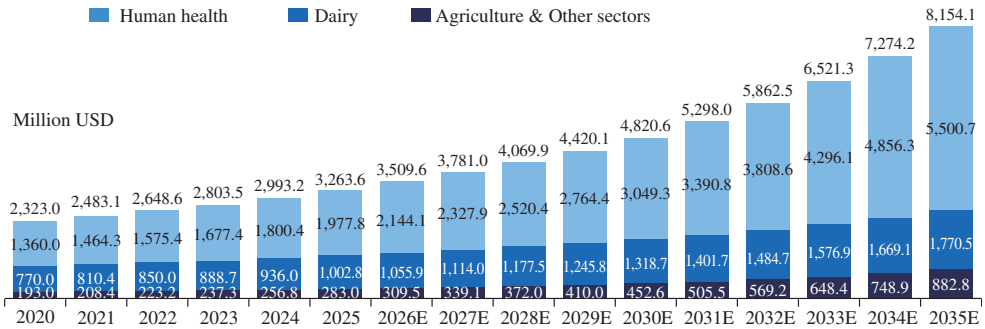
The downstream segment covers the application fields where probiotic raw materials are ultimately utilized, including probiotic foods, dietary supplements and agricultural applications. Downstream customers primarily consist of food and beverage manufacturers, probiotic end-product producers, and pet food producers, etc. End products are delivered to consumers through various channels, addressing health and nutrition needs.

MARKET SIZE OF GLOBAL PROBIOTIC RAW POWDER

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% from 2020 to 2025. The market is projected to further expand to US$4,820.6 million by 2030, with a CAGR of 8.1% from 2025 to 2030, and reach US$8,154.1 million by 2035, reflecting a CAGR of 11.1% from 2030 to 2035. In 2025, the market of probiotic raw powder for human health, dairy, agriculture and other sectors reached US$1,977.8 million, US$1,002.8 million, and US$283.0 million, representing a CAGR of 7.8%, 5.4%, and 8.0% from 2020 to 2025, respectively. By 2030, these segments are projected to reach US$3,049.3 million, US$1,318.7 million, and US$452.6 million, with a CAGR of 9.0%, 5.6%, and 9.8% from 2025 to 2030, respectively. By 2035, they are expected to reach US$5,500.7 million, US$1,770.5 million, and US$882.8 million, reflecting a CAGR of 12.5%, 6.1%, and 14.3% from 2030 to 2035, respectively.

Global Probiotic Raw Powder Market Size, 2020–2035E

	CAGR			
Period	Human health	Dairy	Agriculture & Other sectors	Total
2020–2025	7.8%	5.4%	8.0%	7.0%
2025–2030E	9.0%	5.6%	9.8%	8.1%
2030E–2035E	12.5%	6.1%	14.3%	11.1%



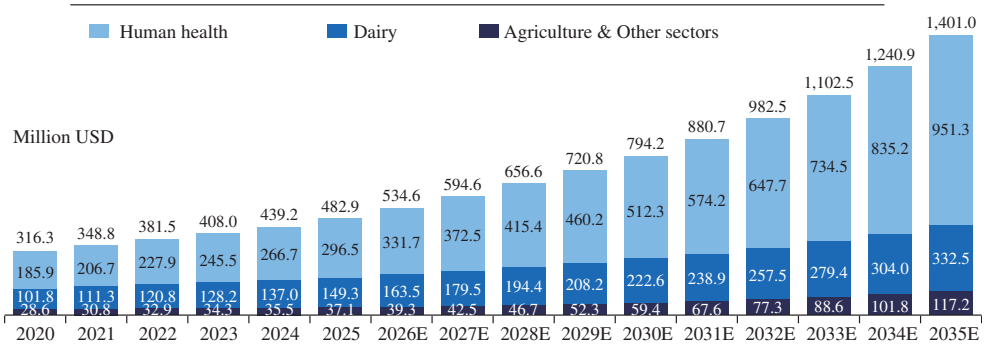
Note: The probiotic raw powder market size is calculated by multiplying the annual production volume of probiotic raw powder by the average selling price per ton among enterprises in the industry. The reason for using raw powder as the market size metric is that probiotic raw powder serves as a core intermediate in the industrial chain. After being diluted with excipients, it is processed into probiotic powder and probiotic formula, positioning it as a fundamental raw material in the upstream segment. Compared with probiotic powder and probiotic formula metrics, this approach more objectively reflects the true scale of the upstream raw material market.

Source: Frost & Sullivan Analysis

The China probiotic raw powder market size increased from US$316.3 million in 2020 to US$482.9 million in 2025, representing a CAGR of 8.8% from 2020 to 2025. The market is projected to further expand to US$794.2 million by 2030, with a CAGR of 10.5% from 2025 to 2030, and reach US$1,401.0 million by 2035, reflecting a CAGR of 12.0% from 2030 to 2035. In 2025, the market for human health, dairy, agriculture and other sectors reached US$296.5 million, US$149.3 million, and US$37.1 million, representing a CAGR of 9.8%, 8.0%, and 5.3% from 2020 to 2025, respectively. By 2030, these segments are projected to reach US$512.3 million, US$222.6 million, and US$59.4 million, with a CAGR of 11.6%, 8.3%, and 9.8% from 2025 to 2030, respectively. By 2035, they are expected to reach US$951.3 million, US$332.5 million, and US$117.2 million, reflecting CAGRs of 13.2%, 8.4%, and 14.6% from 2030 to 2035, respectively.

China Probiotic Raw Powder Market Size, 2020–2035E

	CAGR			
Period	Human Health	Dairy	Agriculture & Other sectors	Total
2020–2025	9.8%	8.0%	5.3%	8.8%
2025–2030E	11.6%	8.3%	9.8%	10.5%
2030E–2035E	13.2%	8.4%	14.6%	12.0%



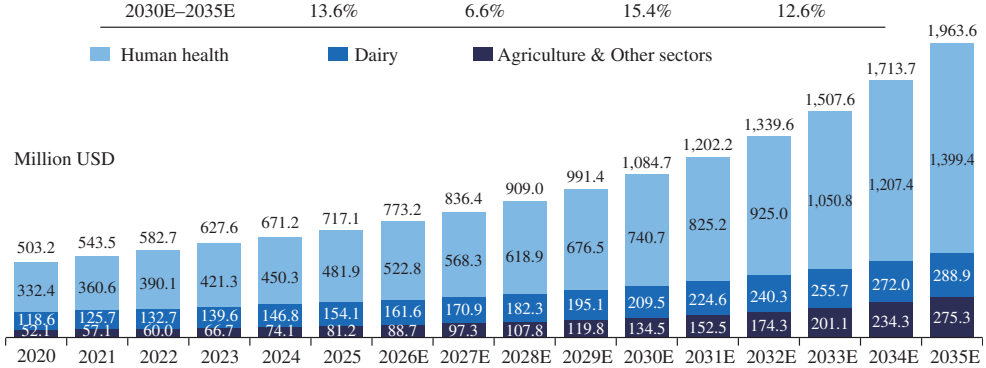
Note: The probiotic raw powder market size is calculated by multiplying the annual production volume of probiotic raw powder by the average selling price per ton among enterprises in the industry. The reason for using raw powder as the market size metric is that probiotic raw powder serves as a core intermediate in the industrial chain. After being diluted with excipients, it is processed into probiotic powder and probiotic formula, positioning it as a fundamental raw material in the upstream segment. Compared with probiotic powder and probiotic formula metrics, this approach more objectively reflects the true scale of the upstream raw material market.

Source: Frost & Sullivan Analysis

The North America probiotic raw powder market size increased to US$717.1 million in 2025, representing a CAGR of 7.3% from 2020 to 2025. The market is projected to further expand to US$1,084.7 million by 2030, with a CAGR of 8.6% from 2025 to 2030, and reach US$1,963.6 million by 2035, reflecting a CAGR of 12.6% from 2030 to 2035. In 2025, the market for human health, dairy, agriculture and other sectors reached US$481.9 million, US$154.1 million, and US$81.2 million, representing a CAGR of 7.7%, 5.4%, and 9.3% from 2020 to 2025, respectively. By 2030, these segments are projected to reach US$740.7 million, US$209.5 million, and US$134.5 million, with a CAGR of 9.0%, 6.3%, and 10.6% from 2025 to 2030, respectively. By 2035, they are expected to reach US$1,399.4 million, US$288.9 million, and US$275.3 million, reflecting a CAGR of 13.6%, 6.6%, and 15.4% from 2030 to 2035, respectively.

North America Probiotic Raw Powder Market Size, 2020–2035E

	CAGR			
Period	Human health	Dairy	Agriculture & Other sectors	Total
2020–2025	7.7%	5.4%	9.3%	7.3%
2025–2030E	9.0%	6.3%	10.6%	8.6%
2030E–2035E	13.6%	6.6%	15.4%	12.6%



Note: The probiotic raw powder market size is calculated by multiplying the annual production volume of probiotic raw powder by the average selling price per ton among enterprises in the industry. The reason for using raw powder as the market size metric is that probiotic raw powder serves as a core intermediate in the industrial chain. After being diluted with excipients, it is processed into probiotic powder and probiotic formula, positioning it as a fundamental raw material in the upstream segment. Compared with probiotic powder and probiotic formula metrics, this approach more objectively reflects the true scale of the upstream raw material market.

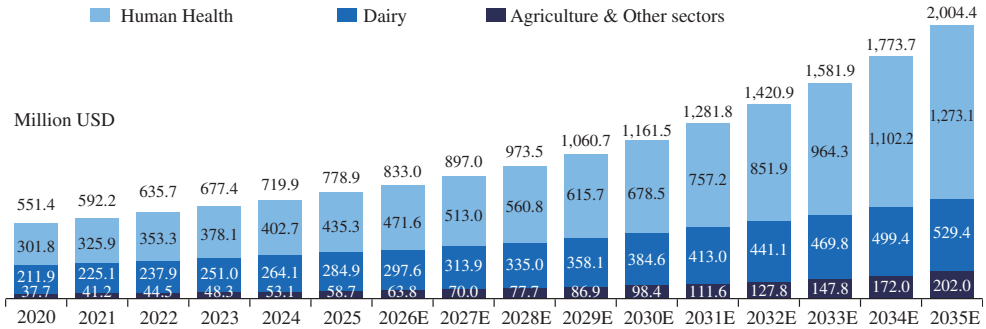
Source: Frost & Sullivan Analysis

The Europe probiotic raw powder market size increased from US$551.4 million in 2020 to US$778.9 million in 2025, representing a CAGR of 7.2% from 2020 to 2025. The market is projected to further expand to US$1,161.5 million by 2030, with a CAGR of 8.3% from 2025 to 2030, and reach US$2,004.4 million by 2035, reflecting a CAGR of 11.5% from 2030 to 2035. In 2025, the market for human health, dairy, agriculture and other sectors reached US$435.3 million, US$284.9 million, and US$58.7 million, representing a CAGR of 7.6%, 6.1%, and 9.3% from 2020 to 2025, respectively. By 2030, these segments are projected to reach US$678.5 million, US$384.6 million, and US$98.4 million,

with a CAGR of 9.3%, 6.2%, and 10.9% from 2025 to 2030, respectively. By 2035, they are expected to reach US$1,273.1 million, US$529.4 million, and US$202.0 million, reflecting a CAGR of 13.4%, 6.6%, and 15.5% from 2030 to 2035, respectively.

Europe Probiotic Raw Powder Market Size, 2020–2035E

	CAGR			
Period	Human health	Dairy	Agriculture & Other sectors	Total
2020–2025	7.6%	6.1%	9.3%	7.2%
2025–2030E	9.3%	6.2%	10.9%	8.3%
2030E–2035E	13.4%	6.6%	15.5%	11.5%



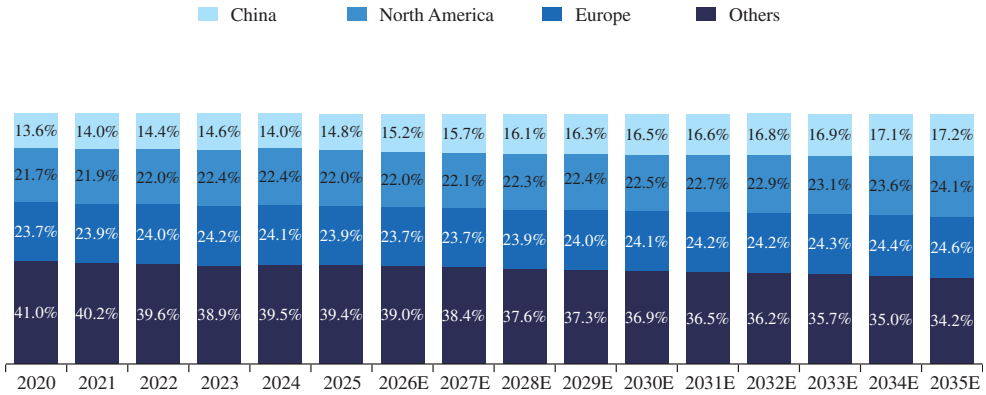
Note: The probiotic raw powder market size is calculated by multiplying the annual production volume of probiotic raw powder by the average selling price per ton among enterprises in the industry. The reason for using raw powder as the market size metric is that probiotic raw powder serves as a core intermediate in the industrial chain. After being diluted with excipients, it is processed into probiotic powder and probiotic formula, positioning it as a fundamental raw material in the upstream segment. Compared with probiotic powder and probiotic formula metrics, this approach more objectively reflects the true scale of the upstream raw material market.

Source: Frost & Sullivan Analysis

GLOBAL PROBIOTIC RAW POWDER MARKET BREAKDOWN BY REGION

The global probiotic raw powder market has demonstrated distinct regional growth trends over the forecast period. In terms of regional share, Europe accounted for the largest proportion of 23.9% in 2025, followed by North America at 22.0% and China at 14.8%. It is expected that by 2030, their proportions will change to 24.1%, 22.5%, and 16.5%, respectively.

Global Probiotic Raw Powder Market Breakdown by Region, 2020–2035E



Source: Frost & Sullivan Analysis

ENTRY BARRIERS IN THE DEVELOPMENT OF THE PROBIOTIC RAW POWDER INDUSTRY

The development of the probiotics industry faces a range of complex challenges including technology, industrialization, raw material supply, and regulatory frameworks.

- **Technical and R&D Challenges.** When benchmarked against internationally leading standards, domestic probiotic strains exhibit gaps in key areas such as clinical validation, mechanism research, and application translation. Furthermore, probiotics demonstrate low survival rates when exposed to harsh human environments like gastric acid and bile, necessitating advanced protective technologies such as microencapsulation, freeze-drying, and coating techniques to enhance their activity under acidic and high-temperature conditions. Achieving these technological breakthroughs requires substantial time, financial investment, and interdisciplinary expertise. Concurrently, domestic enterprises lack sufficient industrial-scale production capacity for probiotic strains, resulting in persistent reliance on imported premium strains for numerous commercial products. This reliance incurs substantial licensing fees and patent royalties, elevating production costs for local firms and compressing profit margins.

- **Industrialization and Product Efficacy Challenges.** The current market suffers from inconsistent quality among probiotic products, with the presence of low-quality products undermining the credibility of the entire industry. Many products still advertise "tens of billions" or "hundreds of billions" of live bacteria as a marketing gimmick, yet such claims often fail to translate into actual health benefits due to poor strain stability or inadequate formulation. More concerning is that the viable count in some products significantly declines within their shelf life due to improper storage, transportation conditions, or lack of proper packaging. Low-dose or poorly protected live bacteria products are often insufficient to overcome the digestive tract's barriers, failing to reach the intestines in adequate numbers to confer the desired effects. This efficacy gap erodes consumer trust and hampers long-term industry growth.

- **Industry Regulation and Standards.** Probiotic policies and regulatory requirements vary significantly across jurisdictions, imposing compliance burdens on multinational corporations seeking global market access. Whilst some countries have established standards for probiotic products, achieving universal harmonization remains challenging due to divergent scientific interpretations, cultural practices, and consumer protection philosophies. In China, the

regulatory framework for probiotics remains in its developmental phase, lacking clear guidance on key aspects such as the definition of probiotic additives in ordinary foods, permissible dosage levels, permissible health claims, and safety assessment protocols.

GROWTH DRIVERS OF PROBIOTIC RAW POWDER MARKET

The growth of the probiotics market is expected to be driven by the following factors:

- **Increasing Demand.** The global aging trend is becoming increasingly pronounced and continues to rise, with the demand for "healthy aging" fostering a rigid market for probiotics. Population aging has become a key driver of the expansion of the probiotics market. It not only generates substantial underlying demand but also propels product development towards greater precision and sophistication. As the size of the elderly population grows worldwide, including in China, age-related health issues such as functional decline caused by gut microbiota imbalance, reduced immune function, and metabolic diseases. This creates a scenario of rigid demand for probiotic products.

- **Technological Innovation.** Scientific and technological innovation permeates all segments of the probiotic industry chain, from strain research and development to dosage form optimization, continuously enhancing product competitiveness. The encapsulation process achieved high survival rates, low moisture content, and low water activity, ensuring long-term stability. Research on the gut microbiota of the Chinese population provides a pivotal point for Chinese probiotic products to substitute foreign strains. Innovations in production technology also meet consumer demands for different usage scenarios. For example, some domestic enterprises have established large-scale strain resource banks, screening indigenous strains adapted to the intestinal environment of the Chinese population. These strains demonstrate unique advantages in regulating intestinal function and enhancing immunity.

- **Favorable Policy.** A favorable policy environment and the refinement of standards have facilitated rapid industry development and promoted healthy market competition. Europe and the U.S. enforce stringent strain approval and labeling systems, with the European Union clearly defining the scope of permitted probiotic function claims. Policies across various countries focus on industry standardization. China has introduced multiple policies to propel the probiotics industry forward, such as Opinion of the State Council on Implementing the Healthy China Initiative《國務院關於實施健康中國行動的意見》, Proposal of the Central Committee of the Communist Party of China on Formulating the Outline for the 15th Five-Year Plan for National Economic and Social Development.《中共中央關於制定國民經濟和社會發展第十五個五年規劃的建議》proactively charts the course for future industries, propelling sectors such as biomanufacturing to become new engines of economic growth. Policies such as the List of Bacterial Species Permitted for Use in Food《可用於食品的菌種名單》, the List of Bacterial Species That Can Be Used in Infant and Young Children Food《可用於嬰幼兒食品的菌種名單》 and the Regulations for the Application and Evaluation of Probiotic Health Foods《益生菌類保健食品申報與審評規定》 have clarified product entry thresholds.

FUTURE TRENDS OF PROBIOTIC RAW POWDER MARKET

The future trends of the probiotics market are primarily reflected in the following aspects:

- **Technology-Driven Innovation Acceleration.** Breakthroughs in efficient production techniques, including advances in encapsulation technology and optimization of freeze-drying protectants, have markedly enhanced probiotic survival rates under ambient conditions. This has overcome cold chain transportation bottlenecks, reducing both production costs and logistical complexity.

- **Developing towards personalization and contextualization.** With the proliferation of genetic testing technologies and advancements in big data analytics, enterprises can now tailor probiotic solutions based on individual gut microbiome characteristics, genetic profiles, and lifestyle patterns. By focusing on innovative operations and core manufacturing capabilities, and adopting differentiated positioning and competitive strategies, these companies have transcended traditional gut health domains. They are now expanding into multi-dimensional applications encompassing immune enhancement, skin management, emotional regulation, and weight control.

- **Progress in Regulatory Frameworks.** Governments and industry organizations worldwide are strengthening regulatory systems for probiotics by establishing stringent guidelines for strain safety, efficacy assessment, and product standards. These measures help standardize market practices and protect consumer rights. Stricter regulatory requirements encourage greater investment in R&D, drive improvements in product quality and technology, and promote the industry's development toward higher standards and standardization.

GLOBAL RANKING OF ENTERPRISES BY PROBIOTIC RAW PRODUCTION VOLUME

Probiotic raw powder is a critical material for all downstream productions including probiotic powder, probiotic formula and probiotic end product. As illustrated by below table, we ranked third globally and first in Asia in 2025 by probiotic raw powder production volume, with a total production volume of 328 tons.

Global Ranking of Enterprises by Probiotic Raw Powder Production Volume, 2025

Rank	Company	Probiotic Raw Powder Production Volume (Unit: Ton)
1	Company A	2,200
2	Company B	1,800
3	The Group	328
4	Company C	300
5	Company D	100

Source: Frost & Sullivan Analysis

Note: The following table sets forth the background information of other competitors.

Company	Background
Company A	A company based in Denmark, founded in 2024 through the merger of two biotechnology companies (established in 1874 and 1921, respectively), provides probiotic strains, innovative human milk oligosaccharides (HMOs) and advanced protein solutions, and has consistently delivered a series of transformative biological solutions through its advanced bio-enzyme products and application technologies.
Company B	A company based in Denmark, founded in 1989, is primarily engaged in the research, development, manufacturing, and distribution of food additives, sweeteners, emulsifiers, probiotics, and enzyme preparations.
Company C	A company based in Canada, founded in 1915, is primarily engaged in the R&D, production and marketing of yeast, bacteria and their derivatives.
Company D	A company based in Italy, founded in 2016, is primarily engaged in the R&D and production of lactic acid starter cultures, probiotics, postbiotics and enzymes for food, nutrition, pharmaceutical and agricultural veterinary sectors.

RANKING OF ENTERPRISES BY PROBIOTIC RAW POWDER PRODUCTION VOLUME IN CHINA

The table below shows the top five manufacturers of probiotic raw powder in China. The Group ranked first in terms of probiotic raw powder production volume in 2025, with a total production volume of 328 tons. The Group's probiotic raw powder production volume is notably higher than that of its competitors, reflecting its strong position in China's probiotic raw powder market.

Ranking of Enterprises by Probiotic Raw Powder Production Volume in China, 2025

Rank	Company	Probiotic Raw Powder Production Volume (Unit: Ton)
1	The Group	328
2	Company E	75
3	Company F	55
4	Company G	40
5	Company H	35

Source: Frost & Sullivan Analysis

Note: The following table sets forth the background information of other competitors.

Company	Background
Company E	An A-share listed company based in PRC, founded in 2003 and listed in 2020, is primarily engaged in the R&D, production and sales of edible probiotic products, animal and plant microecological preparations, and compound food additives.
Company F	A company based in PRC, founded in 2011, is primarily engaged in the research and industrialization of probiotics and lactic acid bacteria, and delivers probiotic raw materials, innovative probiotic-fermented traditional Chinese medicine products, and a comprehensive customer service system.
Company G	A company based in PRC, founded in 2006, is primarily engaged in products including probiotic powders, starter cultures, functional foods, and related derivatives, which are widely used in food, pharmaceuticals, daily chemicals, aquaculture, and many other fields.
Company H	A company based in PRC, founded in 2008, specializes in the R&D of functional probiotics, providing premium lactic acid bacteria, postbiotics, concentrated fermentation solutions, and probiotic raw materials for conventional and health food applications.

PRICE ANALYSIS OF RAW MATERIALS FOR PROBIOTIC RAW POWDER PRODUCTION

The upstream supply chain of probiotic raw material powder consists of glucose, peptone, yeast extract, inorganic salts and other bulk raw material manufacturers. These raw materials are all commonly traded commodities with sufficient supply and stable pricing. Historically, minor price fluctuations are primarily attributable to: (1) Commodity Linkage: Raw material prices are subject to agricultural cycle fluctuations; (2) Capacity Flexibility: Low barriers to capacity expansion result in rapid supply-side adjustments; (3) Seasonal Patterns: Price volatility is typically concentrated during peak procurement periods and new crop marketing seasons.

China's average cost of major raw materials for probiotic raw powder (RMB/Ton)*	2023	2024	2025
glucose	~3,600–3,800/ton	~3,500–3,600/ton	~3,300–3,400/ton
yeast extract	~4,000–5,000/ton	~4,500–5,500/ton	~5,000–6,000/ton
peptone	~3,000–3,500/ton	~3,500–4,000/ton	~3,500–4,500/ton
inorganic salt (e.g., magnesium sulfate)	~600–700/ton	~500–800/ton	~550–900/ton

**Note:* The price of a specific product depends on brand, seasonal supply, and other factors.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, a market research consultant, to prepare the Frost & Sullivan Report for use in this Document. The information from Frost & Sullivan disclosed in this Document is extracted from the Frost & Sullivan Report and is disclosed with the consent of Frost & Sullivan. In preparing the Frost & Sullivan Report, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports, trade and medical journals, industry reports and other available information gathered by not-for-profit organizations as well as market data collected by conducting interviews with industry key opinion leaders. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. We agreed to pay Frost & Sullivan a fee of RMB680,000 for the preparation and update of the Frost & Sullivan Report, which is not contingent on the **[REDACTED]** proceeding.

PRC LAWS AND REGULATIONS

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section sets out a summary of the most significant relevant laws, regulations, rules and policies that are applicable to our current business activities in the PRC.

Laws and Regulations on Manufacturing and Sales of Foods

Food Safety

Pursuant to the Food Safety Law of the PRC (《中華人民共和國食品安全法》, the "**Food Safety Law**") promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會, the "**SCNPC**") on 28 February 2009, revised on 12 September 2025, and came into effect on 1 December 2025, as well as the Regulation on the Implementation of the Food Safety Law of the PRC (《中華人民共和國食品安全法實施條例》, the "**Implementation of the Food Safety Law**") promulgated by the State Council on 20 July 2009 and amended respectively on 6 February 2016, 11 October 2019 and came into effect on 1 December 2019: (1) any entity engaging in food production, food sales and catering services shall obtain the relevant license. However, no permit is required for the sale of edible agricultural products or only pre-packed food; (2) food production and operation shall comply with food-safety standards and certain other requirements. Food producers shall not purchase or use raw food materials, food additives or food related products which do not meet food-safety standards; (3) each food producer or operator shall establish and implement a personnel health management system. Each worker who engages in food production or operation is required to take a physical examination each year and obtain health certificate prior to working; and (4) food producers shall check the licenses and the product qualification certificate of their suppliers before purchasing raw food materials, food additives and food-related products from them. Each food production enterprise shall establish a procurement check record system and a food ex-factory check record system and ensure the records are authentic, and the records and vouchers shall be kept for at least six months after the expiration of the shelf life of the products; if there is no explicit shelf life, they shall be kept for no less than two years.

The PRC has established a food recall system. When a food producer finds that the food produced by it does not comply with food safety standards or there is any evidence that it may be harmful to human health, it shall immediately stop production, recall the food on the market, notify the relevant producers, traders and consumers, and record the recall and notification. When a food trader finds that the food traded by it has the situations specified above, it shall immediately stop trading such food, notify the relevant producers, traders and consumers, and record the cessation of trading and the notification. Food producers and traders shall take measures (including but not limited to harmless disposal and destruction) for the recalled food, and report the food recall and handling to the local food safety supervision and administration department of the people's government at the county level. Where the food producers or traders fail to recall or stop producing or trading the food under Article 63 of the Food Safety Law, the food safety supervision and administration department of the people's government at or above the county level shall order them to recall or stop trading.

License and Filing for Food Manufacturing and Trading

Pursuant to the Food Safety Law and the Regulation on the Implementation of the Food Safety Law, the PRC adopts a licensing system for food production and trade, and an enterprise engaging in production, sale of food or catering services shall legally obtain the license. However, for those who engage in the sales of edible agricultural products or only sell pre-packaged food products, obtaining a license is not required. Food operators that only sell pre-packaged food shall report to the food safety regulatory department of the local people's government at or above the county level for the recordation.

Pursuant to the Administrative Measures for Food Production Licensing (《食品生產許可管理辦法》) which was promulgated on 2 January 2020 by the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局, the "**SAMR**") and came into force on 1 March 2020, a food production license shall be obtained in accordance with the laws to engage in food production activities within the territory of the PRC. The date of issuance of the food production license shall be the date when the licensing decision is made and the license shall be valid for five years. When applying for a production license for special foods such as health food, food for special medical purposes, and infant formula food, the applicant shall also submit the production quality management system documents applicable to the foods produced, as well as the relevant registration and filing documents. Food producers who have engaged in the food production activities without the food production licensing shall be punished by the local market regulatory authority at or above the county level according to the Article 122 of the Food Safety Law.

In accordance with the Administrative Measures for Food Operation Licensing and Filing (《食品經營許可和備案管理辦法》) which was promulgated by the SAMR on 15 June 2023 and came into force on 1 December 2023, a food operation license shall be obtained to engage in food selling and dining services in the PRC. The date of issuance of the food operation license shall be the date when the licensing decision is made and the license shall be valid for five years. However, the license is not required where only packaged food is sold. In the event that only packaged food is sold, record-filing shall be completed at the food safety administrations of the people's governments at the county level at the places where the food seller is located. A food operator which has obtained a food operation license is not required to file for additional business of selling prepackaged food separately. The Administrative Measures for Food Operation Licensing and Filing shall apply to the application, acceptance, review, and decision-making in regard to food operation licensing, the filing for selling only prepackaged food (including dietary supplements, food for special medical purposes, infant formula milk powder and other infant formula food, as well as other special food), and the relevant supervision and inspection.

The Production of Food Additives

In accordance with the Administrative Measures for Food Production Licensing, those intending to engage in the production of food additives shall obtain a food additive production license. To apply for a production license for food additives, an applicant shall have premises, production equipment or facilities, food safety management personnel, professional and technical personnel, and management systems appropriate for the variety of food additives to be produced.

According to the Measures for the Administration of Food Additives Production (《食品添加劑生產管理辦法》) which was promulgated by the original Ministry of Light Industry of the PRC (the Ministry of Light Industry has ceased operation since June 1993 and currently retains the nameplate of the National Federation of Handicraft and Light Industry Cooperatives and operates jointly with the China National Light Industry Council following multiple reorganizations) on December 31, 1992 and took effect on the same day, an enterprise producing food additive products must meet the following requirements: (1) having dedicated production premises and equipment that meet hygiene requirements; (2) having professional and technical personnel with a mid-level professional title or above, technical workers meeting production requirements, and product quality testing personnel; (3) having process operation procedures and other technical documents that meet food hygiene requirements; (4) having the necessary measuring, testing instruments and equipment for normal production; (5) having dedicated warehouses and transportation tools for storing food additives; and (6) having measures for the treatment of the "Three Wastes" (wastewater, waste residue, waste gas), with the discharge of the Three Wastes complying with national discharge standards. Furthermore, except for products in trial production, the quality of food additive products must meet current national standards or industry standards. Products in trial production should have their enterprise standards formulated and filed with the local standardization

authority and the competent industry authority. New products should have industry standards or national standards formulated for quality supervision purposes. New products that have been included in the Hygienic Standards for Uses of Food Additives shall complete the approval procedures according to the process, meet quality and hygiene requirements, and be permitted for trial production, trial marketing, and trial use for a period of one year.

According to the Measures for the New Varieties of Food Additives (《食品添加劑新品種管理辦法》) which was promulgated by the NHFPC on December 26, 2017 and became effective at the same day, the specific administrative licensing procedure for new varieties of food additives shall be governed by the Administrative License Law, the Measures for the Administration of Sanitary Administrative License and other relevant provisions. The NHFPC shall, based on the technical necessity and food safety risk assessment results, make and publish the varieties whose use has been permitted by announcement as well as the range of use and dosage thereof as national food safety standards by the prescribed procedure.

In accordance with the Notice on Further Strengthening the Supervision over the Production of Food Additives (《關於規範使用食品添加劑的指導意見》) issued by the General Office of the original Chinese Food and Drug Administration (國家食品藥品監督管理局, the "**CFDA**", currently known as National Medical Products Administration of the PRC (國家藥品監督管理局, the "**NMPA**")), effective as of July 20, 2016, it is strictly prohibited to use non-food substances in the production of compounded food additives, raw and auxiliary materials of unknown origin or unqualified materials in the production of edible gelatin nor industrial gelatin for the production of edible gelatin. Food additive manufacturers shall strictly organize production in accordance with relevant standards and the scope of their production license, and strictly control compounded food additives to ensure consistency with their licensed formulations.

Registration and Filing for Health Food

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

before date, cautions and others, as well as relevant formulation basis and explanation. The main contents of labels and instructions samples of health food shall not indicate any disease-prevention or healing function, and shall state that "This product is not a substitute for drugs".

The Raw Materials and the Health Functions of Health Food

According to the Provisions on the Administration of the Catalogue of Health Food Raw Materials and the Catalogue of Health Functions (《保健食品原料目錄與保健功能目錄管理辦法》) which was promulgated by the SAMR on 2 August 2019 and came into force on 1 October 2019, with the exception of nutrients such as vitamins and minerals, raw materials to be included in the catalog of health food raw materials shall meet the following requirements: (1) they have a history of consumption both domestically and internationally, their safety is well-established, and they have been used in registered health foods; (2) the health functions corresponding to such raw materials have been included in the current catalog of health functions; and (3) product technical requirements, including such raw materials and their usage scope, corresponding health functions, production processes, and testing methods, can be subject to standardized management, ensuring the consistency of product quality for products filed in accordance with the catalog. The SAMR shall review the materials submitted by the evaluation agency regarding the proposed inclusion or adjustment of the catalog of health food raw materials. If the requirements are met, it shall, jointly with the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會, the "**NHC**") and the National Administration of Traditional Chinese Medicine (國家中醫藥管理局, the "**NATCM**"), timely announce the inclusion or adjustment of the catalog of health food raw materials.

According to the Provisions on the Administration of the Catalogue of Health Food Raw Materials and the Catalogue of Health Functions, health functions to be included in the catalog of health functions shall meet the following requirements: (1) they aim to supplement dietary nutrients, maintain or improve the body's health status, or reduce risk factors for disease occurrence; (2) they address clear consumer health needs and can be correctly understood and recognized; (3) they are supported by sufficient scientific evidence, as well as scientific evaluation methods and determination criteria; (4) health functions guided by theories of traditional health preservation shall conform to traditional Chinese health preservation theories; and (5) they have a clear target population and a population for whom it is not suitable. The SAMR shall review the materials submitted by the evaluation agency regarding the proposed inclusion or adjustment of the catalog of health functions. If the requirements are met, it shall, jointly with the NHC and the NATCM, timely announce the inclusion or adjustment of the catalog of health functions.

Food Labeling Management

According to the Food Safety Law, prepackaged food shall be labeled. The labels shall include the following items: (1) name, specification, net weight, and production date; (2) content or ingredient table; (3) name, address and contact information of the producer; (4) best before date; (5) the standards code of the product; (6) storage conditions; (7) generic names of food additives used under the national standards; (8) the production license number; (9) other items that are required by laws, regulations and food safety standards. Major nutrition facts and contents shall be specified on the labels of staple foods and supplementary foods exclusively for infants and other designated groups. Where national food safety standards have otherwise provisions on label matters, those provisions shall prevail. Food operators shall sell food in accordance with warning marks, warning specifications or cautions stated on labels thereof.

According to the Measures for the Administration of Food Additives Production, the packaging label of food additive products must clearly indicate the words "Food Additive" and "For Food Use," and it is strictly prohibited to confuse the packaging of products for food use with that of non-food

products. Also in accordance with the Notice on Further Strengthening the Supervision over the Production of Food Additives, food additives shall be labeled and marked in strict accordance with laws and regulations such as the Food Safety Law and national food safety standards, and shall use the common names specified in national standards and the announcements on food additives approved for use by the National Health and Family Planning Commission (中華人民共和國國家衛生和計劃生育委員會, the "**NHFPC**", currently known as the NHC). The label of food additive products shall clearly indicate "Food Additive," and specify the storage conditions, the name and address of the producer, and the scope of use and dosage of the food additive. The name, purpose, etc., indicated on the label of compounded food additives shall comply with the provisions of the national food safety standards for compounded food additives.

Advertisements for Food

According to Advertisement Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on 27 October 1994 and last amended on 29 April 2021, advertisements shall not contain fake or misleading content, nor should they deceive or mislead consumers. Advertisers shall be liable for the authenticity of advertisement contents. Advertisers, advertising agents and advertisement publishers shall abide by laws and regulations and the principles of good faith and fair competition in carrying out advertising activities.

Where an advertisement makes indications regarding the properties, functions, places of origin, purposes, quality, ingredients, price, manufacturer, validity period or promises in respect of goods or the contents, providers, forms, quality, price or promises in respect of services offered, such indications shall be accurate and clear. Whereas a gift is attached to certain goods or services supplied, the advertisement concerned should clearly define the kind, specification, quantity, period and mode of the attached gift or service. Contents that shall be explicitly indicated in advertisements as stipulated in laws and administrative regulations shall be expressed in an obvious and clear manner.

Advertisements for dietary supplements shall be reviewed by the relevant authorities before publishing, and no such advertisement shall be published without being reviewed. Advertisements for dietary supplements shall be indicated with the words that "this product cannot substitute medicines" conspicuously.

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

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

The content of the dietary supplement advertisements shall be subject to those of the registration certificate or record-filing certificate approved by, or the product instructions registered by or filed with the competent department for market regulation, and shall not involve disease prevention or treatment functions. If the dietary supplement advertisements involve healthcare functions, functional or major

ingredients and their contents, applicable groups of people, dosage, and other contents, it shall not go beyond the scope of the registration certificate or record-filing certificate, or the registered or filed product instructions.

Advertisements for dietary supplements shall prominently indicate the words "HEALTH SUPPLEMENT PRODUCT IS NOT DRUG AND CANNOT TREAT DISEASE INREPLACEMENT OF DRUG", stating that the product cannot replace any drug, and shall prominently mark the logo of dietary supplements, the applicable groups of people and inapplicable ones.

Regulations on Feed Production and Processing

Grain Procurement

According to the Administrative Regulation of Grain Circulation (《糧食流通管理條例》) which was issued by the State Council on May 26, 2004 and last amended on February 15, 2021 and came into effect on April 15, 2021, enterprises engaged in grain procurement shall file its name, address, responsible person, storage facilities and other information with the grain and reserve administrative department of the people's government at the county level in the place of procurement for record, and shall promptly update the filing if the filing information changes. All operators engaged in grain procurement, sales, storage and processing, as well as feed and industrial grain enterprises, shall establish grain operation ledgers and report basic data and relevant information on grain procurement, sales, and storage to the local grain and reserve administrative department of the people's government at the county level. The retention period of the grain operation ledgers shall be not less than three years.

Feed Production

According to the Regulations on Administration of Feed and Feed Additives (《飼料和飼料添加劑管理條例》), which was promulgated by the State Council on May 29, 1999, last amended on March 1, 2017 and implemented on the same date, and the Administrative Measures for Production Licensing of Feed and Feed Additives (《飼料和飼料添加劑生產許可管理辦法》), which were issued by the Ministry of Agriculture and Rural Affairs of the PRC (中華人民共和國農業農村部, the "**MARA**", currently known as the Ministry of Agriculture of the PRC (中華人民共和國農業部)) on May 2, 2012, last amended on January 7, 2022 and implemented on the same date, feed production enterprises must comply with feed industry development plans and industrial policies and meet the following conditions:

(1) Having plant buildings, equipment and warehousing facilities accommodating the feed and feed additive production;

(2) Having full-time technical staff to accommodate the feed and feed additive production;

(3) Having necessary product quality testing bodies, staff and facilities and quality control systems;

(4) Having a production environment that meets the national safety and health requirements;

(5) Having in place pollution prevention and control measures that meet the national environmental protection requirements; and

(6) Other conditions specified in the administration standards for feed and feed additives quality safety formulated by the competent administrative department of agriculture under the State Council.

Enterprises are required to obtain a production license before operating a feed production business. In addition, enterprises are required to maintain the requisite conditions to produce feeds and follow relevant rules relating to feed production. Violation of these rules or failing to obtain production license could lead to a range of penalties, including confiscation of the products, instruments and illegal gains, imposition of fines or even revocation of the production licenses.

According to the Measures for the Administration of Product Approval Numbers for Feed Additives (《飼料添加劑產品批准文號管理辦法》) promulgated by the MARA on January 7, 2022 and came into effect on the same day, except for customized products produced by a feed additive manufacturer for another feed or feed additive manufacturer, which are exempt from obtaining a product approval number, any feed additive product manufactured within the territory of the PRC shall obtain the corresponding product approval number before production. If the main ingredient specifications of a product change, or if the product name changes, a new product approval number shall be obtained. The aforementioned customized products are limited to use by the ordering manufacturer itself; neither the producing manufacturer nor the ordering manufacturer may supply such customized products to other feed or feed additive manufacturers, operators, or breeders.

New Feeds and New Feed Additives

According to the Measures for the Administration of New Feeds and New Feed Additives (《新飼料和新飼料添加劑管理辦法》) which was promulgated by the Ministry of Agriculture of the PRC on August 17, 2000 and last amended by the MARA on January 7, 2022, the term "new feeds" refers to single feeds that have been researched and developed within the territory of PRC and have not yet been approved for use and the term "new feed additives" refers to the feed additives that have been researched and developed within the territory of PRC and have not yet been approved for use.

Before the production of a new feed or new feed additive, a producing enterprise shall acquire the production license in accordance with the relevant provisions of the MARA. Where a new feed additive is to be produced, the corresponding product approval document number shall also be acquired. New feeds and new feed additives shall be subject to monitoring for a period of five years, which is calculated from the date when a certificate for a new feed or new feed additive is issued. Within the monitoring period, any other application for the production or import registration of the said new feed or new feed additive shall not be accepted, except where the new feed or new feed additive has not been put into production for three years or more.

In any of the following circumstances, an application shall be submitted to the MARA for evaluation in accordance with the procedures for the evaluation of new feeds and new feed additives as stipulated in the Administration of New Feeds and New Feed Additives. Upon approval through evaluation, the MARA shall announce, by way of public notice, that such products may be produced and used as feeds or feed additives; however, no new feed or new feed additive certificate shall be issued.

(1) the application scope of feed additives is enlarged;

(2) the content standard of feed additives is lower than that required for the safe use of feed additives, except where the feed additives are prepared with carriers or diluter based on a certain proportion;

(3) there are material changes in the production technology of feed additives;

(4) a new feed or new feed additive is not put into production three years after the certificate for such new feed or new feed additive is acquired, and any other enterprise applies for the production of such new feed or new feed additive; or

(5) any other circumstance as prescribed by the MARA.

Regulations on Company, Foreign Investment and Overseas Investment

Company Law

The establishment, operation and management of companies within the territory of the PRC are governed by the Company Law. The Company Law was promulgated by the SCNPC on December 29, 1993, latest amended on December 29, 2023 and became effective on July 1, 2024. The Company Law governs the establishment, operation, corporate structure, and management of legal person entities within the PRC. According to the Company Law, companies established in the PRC can take the form of limited liability companies and joint-stock companies. Each company has the status of a legal person and owns its own assets. The Company Law also applies to foreign-invested enterprises.

Furthermore, the major revisions made by the latest revised Company Law included improvement of the system for the establishment and exit of companies, optimization of organizational structures of companies, improvement of the capital system of companies, strengthening the responsibilities of the controlling shareholder and management staff, enhancing the social responsibilities of companies, etc.

Foreign Investment

Investment activities in the PRC by foreign investors are principally governed by the Catalog of Encouraged Industries for Foreign Investment (2025) (《鼓勵外商投資產業目錄》(2025年版)), which is promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**") on December 15, 2025 and became effective on February 1, 2026, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which are promulgated and amended from time to time by the MOFCOM and the NDRC, and together with the Foreign Investment Law of PRC (《中華人民共和國外商投資法》) (the "**FIL**") and its respective implementation rules and ancillary regulations.

The Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (《中外合資、合作醫療機構管理暫行辦法》), which was jointly promulgated by the Ministry of Health and the Ministry of Foreign Trade and Economic Cooperation on May 15, 2000 and came into effect on July 1, 2000, and its Supplementary Provisions allow foreign investors to partner with Chinese medical entities to establish a medical institution in China by means of equity joint venture or cooperative joint venture. Establishment of equity joint venture or cooperative joint venture shall meet certain requirements, including the equity percentage of the Chinese partner in the joint venture shall not be less than 30%.

Regulations on Intellectual Property

Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) which was promulgated by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002, latest amended on April 29, 2014, and came into effect on May 1, 2014, the Trademark Office under the State Administration for Industry and Commerce of the PRC (the "**Trademark Office**") shall handle trademark registrations and grant a term of ten years to registered trademarks, which may be renewed for consecutive ten-year period upon request from the trademark owner.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the SCNPC on March 12, 1984 and latest amended on October 17, 2020, which became effective on June 1, 2021 and the Implementing Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, and last amended on December 11, 2023 and effective from January 20, 2024, there are three types of patents in the PRC, i.e., invention patents, utility model patents and design patents. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which are all calculated from the date of application.

Specifically, for the purpose of compensating for the time taken to evaluate and approve a new drug to be put on market, the patent administrative department under the State Council shall grant compensation for duration of patent rights for invention of a new drug approved to be put on market in the PRC upon request of the patentee. The compensation period shall not exceed five years, and the total validity period of patent rights for a new drug after being approved for marketing shall not exceed 14 years.

Copyrights

According to the Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020 which became effective on June 1, 2021, and the Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on August 2, 2002 and latest amended on January 30, 2013, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

Domain Names

According to the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on August 24, 2017 and became effective on November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register".

Regulations Related to Product Liability

According to the Civil Code of the PRC (《中華人民共和國民法典》), which was promulgated by the National People's Congress on May 28, 2020 and became effective on January 1, 2021, a defective product which causes property damage or physical injury to any person may subject the manufacturer or vendor of such product to civil liability for such damage or injury. If a patient suffers damage due to defects in drugs, he may seek compensation from the drug marketing authorization holder or also from the medical institution. Where the patient seeks compensation from the medical institution, the medical institution, after it has made the compensation, shall have the right to recover the compensation from the liable drug marketing authorization holder.

On February 22, 1993, the Product Quality Law of the PRC (《中華人民共和國產品質量法》), or the Product Quality Law, was promulgated by SCNPC and took effect on September 1, 1993, aiming to protect the legitimate rights and interests of the end-users and consumers and to strengthen the supervision and control of the quality of products. The Product Quality Law was latest revised on

December 29, 2018 and effective therefrom. According to the revised Product Quality Law, manufacturers who produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), or the Consumer Protection Law, was promulgated on October 31, 1993 and took effect on January 1, 1994, and last amended on October 25, 2013 and took effect on March 15, 2014, to protect consumer rights when they purchase or use goods and services. According to the Consumer Protection Law, all business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. In addition, in extreme situations, drug manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

Regulations on Anti-unfair Competition

The PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), which was promulgated by SCNPC on September 2, 1993 and last amended on June 27, 2025 and took effect on October 15, 2025, stipulated that, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

Regulations on Cybersecurity, Data Security, and Privacy Protection

Cybersecurity and Data Security

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), effective June 1, 2017 and amended on October 28, 2025 (effective January 1, 2026), prohibits stealing or illegally trading personal information. Those who construct or operate networks or provide services through networks shall take technical and other necessary measures to ensure cybersecurity and stable operation, effectively respond to cybersecurity incidents, prevent cyber-related illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. In the event of a violation of the relevant provisions and requirements under the Cybersecurity Law, individuals or organizations may face penalties including warnings, fines, confiscation of illegal gains, revocation of licenses, or closure of websites, and may be subject to criminal liability in serious circumstances.

Pursuant to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the NPCSC on June 10, 2021, and came into effect on September 1, 2021, entities carrying out data processing activities shall comply with laws and administrative regulations, respect social morality and ethics, adhere to business and professional ethics, act in good faith, fulfil data security protection obligations, assume social responsibility, and shall not endanger national security or public interests, nor harm the lawful rights and interests of individuals or organizations. Any organization or individual collecting data shall employ lawful and proper means and shall not acquire data through theft or other illegal methods.

The Regulations on Network Data Security Management (《網絡數據安全管理條例》), issued by the State Council on September 24, 2024 and effective January 1, 2025, require that network data processors shall, in accordance with laws, regulations and mandatory national standards, and on the basis of classified cybersecurity protection, strengthen the protection of network data security, establish and optimize a network data security management system, and take technical measures to protect network data and prevent criminal activities targeting network data. The Regulations also provide provisions for data handling activities carried out through networks, including but not limited to the

formulation of rules for handling personal information, general requirements for handling personal information, and the handling of individual requests regarding personal information. Network data processors shall clearly designate the person in charge of network data security and the institutions responsible for network data security management. Such institutions must fulfill the duties of protecting network data security.

Cybersecurity Review and Outbound Data Transfer Security Assessment

The Cybersecurity Review Measures (《網絡安全審查辦法》) were promulgated on December 28, 2021, and took effect on February 15, 2022. These Measures stipulate that critical information infrastructure operators (the "**CIIOs**") procuring network products and services, as well as online platform operators carrying out data processing activities that do or may affect national security, shall undergo cybersecurity review. The Cybersecurity Review Measures further stipulate a cybersecurity review shall be conducted in the following circumstances: (i) internet platform operators who possess more than one million users' personal information and seek to list abroad are obliged to apply for a cybersecurity review; (ii) CIIOs purchasing network products or services where national security has been or may be affected shall apply for a cybersecurity review;and (iii) the competent PRC government authority may initiate cybersecurity review in case that any member of the cybersecurity review committee believes that any network product or service or data processing activity affects or is likely to affect national security and the Central Cyberspace Affairs Commission approves to do so.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on September 1, 2022. Pursuant to the measures, data processors providing outbound data shall apply for outbound data transfer security assessment with the CAC in any of the following circumstances: (i) where a data processor provides important data abroad; (ii) a data processor processing the personal information of more than one million individuals or a CIIO provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required.

The Provisions on Promoting and Regulating Cross-border Data Flow (《促進和規範數據跨境流動規定》), effective March 22, 2024, stipulate that non-CIIO data processors transferring non-sensitive personal information of 100,000 to 1 million individuals, or sensitive personal information of fewer than 10,000 individuals cumulatively since January 1 of the current year, must conclude a standard contract or obtain personal information protection certification. However, exemptions from security assessments, standard contracts, and certifications are granted for transfers necessary for: (i) concluding or performing contracts (e.g., cross-border e-commerce or payments); (ii) cross-border HR management; (iii) protecting life, health, and property in emergencies; or (iv) non-CIIOs transferring non-sensitive personal information of fewer than 100,000 individuals annually.

Article 7 of the Cybersecurity Review Measures stipulates that internet platform operators who possess more than one million users' personal information and seek to list abroad are obliged to apply for a cybersecurity review. Pursuant to Article 1 of the Basic Law of the Hong Kong Special Administrative Region (《香港特別行政區基本法》), which states that, the Hong Kong Special Administrative Region is an inalienable part of the People's Republic of China, and based on the consultation conducted by our PRC Legal Advisor with the CCRC（China Cybersecurity Review and Certification Center）, their response confirms that the Hong Kong listing does not fall under the circumstances specified in Article 7 of the Cybersecurity Review Measures. Based on this, our current issuance and **[REDACTED]** do not require proactive declaration for cybersecurity review under Article 7 of the Cybersecurity Review Measures. Furthermore, as of the date of this document, we have not

received any notification or request from any administrative agency determining that we have engaged in processing activities that affect or may affect national security, nor have we received any notice from administrative agencies regarding cybersecurity review of our Company. Therefore, we believe that this issuance and **[REDACTED]** do not require to conduct a cybersecurity review under the Cybersecurity Review Measures.

Regulations Related to Personal Information Protection

On May 28, 2020, the NPC adopted the Civil Code of the PRC (《中華人民共和國民法典》), which came into effect on January 1, 2021. Pursuant to the Civil Code of the PRC, the personal information of a natural person shall be protected by the law. Any organisation or individual shall legally obtain such personal information of others when necessary and ensure the safety of such information, and shall not illegally collect, store, use, process or transmit personal information of others, or illegally buy or sell, provide or make public personal information of others.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021. Pursuant to the Personal Information Protection Law, "personal information" refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymised information. A personal information processor may process the personal information of this individual only under the following circumstances: (i) where consent is obtained from the individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; or (vii) any other circumstance as provided by laws or administrative regulations. In principle, the consent of an individual must be obtained for the processing of his or her personal information, except under the circumstances of the aforementioned items (ii) to (vii). Where personal information is to be processed based on the consent of an individual, such consent shall be a voluntary and explicit indication of intent given by such individual on a fully informed basis. If laws or administrative regulations provide that the processing of personal information shall be subject to the separate consent or written consent of the individual concerned, such provisions shall prevail.

In addition，On December 29, 2011, the MIIT issued the Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which took effect on March 15, 2012 and stipulates that internet information service providers may not collect any user personal information or provide any such information to third parties without the consent of the user, unless otherwise stipulated by laws and administrative regulations. An internet information service provider is also required to properly store users' personal information, and in case of any leak or any possibility of leak of the users' personal information, the internet information service provider must take immediate remedial measures and, when serious consequences have been caused or may be caused, make an immediate report to the telecommunications regulatory authority and cooperate with the relevant authorities in investigation. Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT in 2013, any collection and use of a user's personal information must abide by the principles of legality, legitimacy and necessity, explicitly state the purpose, manners and

scopes of the information collection and uses, obtain the consent of the user and shall not violate the provisions of laws, regulations and the agreement with the users. Any violation of these laws and regulations may subject the internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Regulations on Fire Protection and Environmental Protection

Fire Control

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, and last amended on April 29, 2021 and effective therefrom, the Department of Emergency Management under the State Council and the local people's governments at or above county level shall supervise and administer the matters of fire protection, while the fire control and rescue institutions of such people's governments shall be responsible for implementation. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and latest amended on August 21, 2023 and came into effect on October 30, 2023, an examination system for fire control design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) was promulgated by the SCNPC and effective on December 26, 1989, and most recently amended on April 24, 2014 and took effect on January 1, 2015. The Environmental Protection Law of the PRC has been formulated for the purpose of protecting and improving the environment, preventing and controlling pollution and other public hazards, safeguarding people's health, advancing the construction of an ecological civilization and promoting sustainable economic and social development.

On October 28, 2002, the SCNPC promulgated the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was latest amended on December 29, 2018 and effective therefrom. The State Council implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment. The Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, according to which, depending on the impact of the construction project on the environment, the construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) issued by the Ministry of Environmental Protection on November 20, 2017 and effective on the same day, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

Pollutant Discharges Permitting Administration

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and effective on March 1, 2021, and the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and became effective on July 1, 2024, the PRC implements the classified pollutant discharge permit management (i.e., key management, simplified management and registration management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutant discharged and the degree of impact on the environment. Enterprises and other producers that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit or fill in a pollutant discharge registration form within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit or filling in a pollutant discharge registration form.

Disposal of Hazardous Waste

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC on October 30, 1995 and was latest amended on April 29, 2020 and became effective on September 1, 2020, entities generating hazardous waste shall store, utilize and dispose hazardous waste according to the relevant requirements of the state and environmental protection standards, and shall not dump or pile up hazardous waste without authorization.

Regulations on Employment and Social Welfare

Employment

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), (the "**Labor Law**"), which was promulgated by the SCNPC on July 5, 1994, last amended and came into effect on December 29, 2018), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), (the "**Labor Contract Law**"), which was promulgated by the SCNPC on June 29, 2007 and became effective on January 1, 2008, and then amended on December 28, 2012 and became effective on July 1, 2013, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), (the "**Implementation Rules of the Labor Contract Law**"), promulgated by the State Council on September 18, 2008 and came into effect on the same day. According to the aforementioned laws and regulations, labor relationships between employers and employees must be executed in written form. The laws and regulations above impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. As prescribed under the laws and regulations, employers shall ensure their employees have the right to rest and the right to receive wages no lower than the local minimum wages. Employers must establish a system for labor safety and sanitation that strictly abides by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative liabilities and/or incur criminal liabilities in the case of serious violations.

Social Insurance

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and latest amended on December 29, 2018 and effective therefrom, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering basic pension insurance, basic medical insurance, unemployment insurance, maternity

insurance, work-related injury insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation. And it shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employee. Any employer who violates the regulations above shall be ordered to rectify within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and its directly liable person will be fined. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), which was promulgated by the State Council on January 22, 1999 and came into effect on the same day, and latest amended and became effective on March 24, 2019, prescribes the details concerning the social insurance.

Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and came into effect on the same day, and latest amended and effective on March 24, 2019, any newly established entity shall make deposit registration at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Any entity that fails to make payment of housing provident funds within the time limit or has a shortfall in payment of housing provident funds will be ordered to make the payment or make up the shortfall within a prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to complete the relevant procedures within a prescribed time limit, where employers fail to complete the relevant procedure within the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations on Foreign Exchange

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was issued by the State Council on January 29, 1996, most recently amended on August 5, 2008 and took effect on the same day. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Notice on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》) promulgated by the PBOC and the SAFE on December 26, 2025, and will be effective on April 1, 2026, funds raised by domestic enterprises from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. Where such funds are retained outside the PRC for the purpose of conducting overseas direct investment, overseas securities investment, overseas lending, or other similar business activities, the enterprise shall obtain approval or filing documentation from the competent business authority prior to the completion of the overseas listing issuance or the full exercise of the over-allotment option, and shall comply with the relevant cross-border fund administration regulations.

Regulations on Import and Export

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated on May 12, 1994 and latest amended on December 27, 2025 and effective on March 1, 2026 by the SCNPC, foreign trade operators engaged in the import and export of goods or technology do not need to register with the foreign trade authority under the State Council or its authorized agencies, which shall grant a license to the consignee or consignor who applies for automatic licensing prior to completing customs clearance formalities for imports and exports subject to automatic licensing; for technologies that are free for import and export, the contract must be registered with the foreign trade department of the State Council or its authorized agency.

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated on January 22, 1987 and last amended by the SCNPC and came into effect on April 29, 2021, the Customs of the PRC is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who exercise its jurisdiction in all its aspects, including supervising the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, preventing and combating smuggling, compiling customs statistics and handling other customs operations.

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

Regulations on Taxation

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) issued by the NPC on March 16, 2007, and latest amended by the SCNPC and came into effect on December 29, 2018 and the Regulations on the Implementation of the EIT Law (《中華人民共和國企業所得税法實施條例》) issued by the State Council on December 6, 2007 and latest amended on December 6, 2024 and came into effect on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to a EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

Value-added Tax

On December 25, 2024, the SCNPC issued the Value-added Tax Law of the PRC (《中華人民共和國增值税法》), or the VAT Law, which became effective from January 1, 2026. According to the VAT Law, any entities and individuals (including individual businesses) engaged in the sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the VAT Law. Except for taxpayers' export of goods, the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders and other circumstances specified for by the

State Council, the rate of VAT for sale of goods, labor services of processing, repair or replacement, or tangible movable property leasing services or import of goods is 13% unless otherwise specified, such as the rate of VAT for sale of agricultural products is 9%, and the rate of VAT for sale of transportation, postal, basic telecommunications, construction, or immovable leasing services, sale of immovables, or transfer of the rights to use land is 9%. In addition to the above circumstances, the rate of VAT for sale of services or intangible assets is 6%.

Taxation Relating to Dividends

Pursuant to the EIT Law and the Implementation Regulations for the EIT Law, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including equity investment gains such as dividends and bonuses paid by PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**") promulgated by the SCNPC on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Implementation Regulations for the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) (the "**Implementation Regulations for the IIT Law**") issued by the State Council on January 28, 1994 and last amended by on December 18, 2018 and implemented on January 1, 2019, dividend income derived by individual investors from PRC domestic enterprises (no matter the place of payment is in the PRC or not) shall be subject to individual income tax at a tax rate of 20% and shall be withheld by the PRC domestic enterprises, except for tax-exempt income stipulated in international conventions and agreements to which the PRC Government is a party, as well as other tax-exempt income and tax reduction circumstances stipulated by the State Council.

Taxation relating to Share Transfer

Pursuant to the EIT Law and the Implementation Regulations for the EIT Law, a non-resident enterprise is subject to enterprise income tax for its PRC-sourced income (including capital gains from transfers of equity investments in PRC enterprises), but shall be at a reduced tax rate of 10%, if such non-resident enterprise does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not connected with such establishment or premises in the PRC. The aforementioned income tax which shall be paid by non-resident enterprises shall be withheld at source, with the payer of the income being the withholding agent. Such withholding tax shall be withheld by the withholding agent from the amount paid or amount due and payable upon each payment or payment due and payable.

Pursuant to the IIT Law and the Implementation Regulations for the IIT Law, gains on transfer of properties (including gains derived by individuals from the transfer of priced securities, equity, shares of property in a partnership enterprise) in subject to individual income tax at the rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to Be Exempted over Individual Gains from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《關於個人轉讓股票所得繼續暫免征收個人所得税的通知 (財税字[1998]61號)》) issued jointly by the Ministry of Finance and the SAT on March 30, 1998 and implemented therefrom, from January 1, 1997, gains of individuals from the transfer of shares

of listed companies continue to be exempted from individual income tax. However, the aforesaid provisions have not expressly stipulated whether to levy individual income tax on the transfer of shares of PRC resident enterprises listed on overseas securities exchanges by individuals.

Tax Policies for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

On October 31, 2014 and November 5, 2016, the Ministry of Finance, the SAT, and the CSRC jointly promulgated the Circular on Tax Policies concerning the Pilot Program of the Shanghai-Hong Kong Stock Market Trading Interconnection Mechanism (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Circular on Tax Policies concerning the Pilot Program of the Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the capital gains from the transfer of shares and income from dividends and bonuses obtained by PRC corporate investors from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT in accordance with the law. Among which, income from dividends and bonuses received by PRC resident enterprises from continuously holding H Shares for at least 12 months is exempt from EIT by law. H Share companies are not required to withhold and pay taxes on the income from dividends and bonuses for PRC corporate investors. The taxable amount shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the H Share company shall apply to the CSDC, and the CSDC shall provide a list of PRC individual investors to the H Share company, which shall then withhold and pay individual income tax at a rate of 20%. Individual investors who have already paid withholding tax outside the PRC may apply to the competent tax authority of CSDC for a tax credit upon presentation of a valid tax reduction certificate. For income from dividends and bonuses obtained by PRC securities investment funds from investing in stocks listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the above provisions.

On December 4, 2019, the Ministry of Finance of the PRC (the "**MOF**"), the SAT and the CSRC jointly issued the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in Shanghai and Hong Kong Stock Markets and for Transactions in Shenzhen and Hong Kong Stock Markets (MOF Announcement 2019 No. 93) (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)). It stipulates that for PRC individual investors, the capital gain derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis from December 5, 2019 to December 31, 2022.

In addition, pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Chinese Mainland and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2023年第23號)) (Announcement of the MOF No. 23 of 2023) jointly issued by the MOF, the SAT and the CSRC on August 21, 2023, the period for the implementation of the individual income tax exemption policy has been further extended to December 31, 2027.

Regulations on Overseas Listing

CSRC Filing

Pursuant to the Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) together with 5 supporting guidelines (together with the Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, collectively referred to as the "**Overseas Listing Regulations**"), promulgated by the CSRC on February 17, 2023, which became effective on March 31, 2023, where a PRC domestic company seeks to directly or indirectly offer and list securities in overseas markets, the issuer or the designated entity shall file the required documents with the CSRC within three business days after its application for initial public offering is submitted.

The Overseas Listing Regulations also stipulate the circumstances where the overseas offering and listing is explicitly prohibited, including: (i) financing through listing is expressly prohibited by laws, administrative regulations or relevant rules of the state; (ii) the overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination according to the law; (iii) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the economic order of the socialist market in the last three years; (iv) domestic enterprise is under formal investigation according to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made; (v) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the actual controller.

CSRC Requirements on Confidentiality and Archives Administration

On February 24, 2023, the CSRC, the MOF, National Administration of State Secrets Protection and National Archives Administration of China jointly released the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》, the "**Archives Administration Provisions**"), which came into effect on 31 March 2023. The Archives Administration Provisions shall apply to both (i) the PRC companies seeking direct listing on the overseas stock exchange and (ii) the PRC operating entities of a foreign company seeking listing on the overseas stock exchange that qualifies as an "indirect listing" (above (i) and (ii) collectively, "**Domestic Companies**").

According to the Archives Administration Provisions, the Domestic Companies shall establish and implement a solid confidentiality and archives administration system. If a Domestic Company decides to disclose any documents or materials containing state secrets, work secrets of governmental agencies or any information that may be detrimental to national security or public interest once leaked, proper governmental approval procedures should be followed. After obtaining the governmental clearance, the Domestic Company disclosing such information, as one party, and the securities companies and securities services providers receiving such information, as the other party, shall also enter into non-disclosure agreements, setting forth the confidentiality obligations of the securities companies and securities services providers. When providing above information to the securities companies and securities services providers retained by it, the Domestic Companies are also required to issue a written statement outlining its compliance with the relevant regulatory requirements and procedures.

In terms of providing accounting archives or copies thereof to any other entities or persons (such as securities companies, securities services providers and overseas regulators), the Archives Administration Provisions stipulate that relevant governmental procedures should be followed.

Any violation of the above regulations may subject the Domestic Companies to regulatory penalties under the PRC Law of Safeguarding State Secrets (《中華人民共和國保守國家秘密法》) and the PRC Law of Archives (《中華人民共和國檔案法》) and even criminal liabilities to the extent applicable.

H Share Full Circulation

"Full circulation" refers to the listing and circulation of the domestic unlisted shares of an H-share listed company on Hong Kong Stock Exchange, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines on the Application of "Full Circulation" of Domestic Unlisted Shares by H-share Companies (Announcement of the CSRC [2019] No. 22) (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Guidelines on 'Full Circulation'**") and last amended on August 10, 2023. According to the Guidelines on "Full Circulation", provided that the requirements set out in the relevant laws and regulations and in the policies for state-owned assets management, foreign investments and industry regulation are satisfied, the shareholders of domestic unlisted shares may decide at their own discretion through negotiation the amount and proportion of shares applying for circulation, and entrust the H-share Listed Company to submit the application for "full circulation."

On December 31, 2019, the CSDC and Shenzhen Stock Exchange jointly issued the Implementation Measures for H-share "Full Circulation" Business (《H股"全流通"業務實施細則》), which applied to the cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominee holders and other businesses in relation to H-share "full circulation" business.

In order to fully promote the reform of H-share "full circulation" and specify the business arrangements and procedures for registration, custody, settlement and delivery of relevant shares, the CSDC Shenzhen Branch issued the Guidance for H-share "Full Circulation" (《中國證券登記結算有限責任公司深圳分公司H股"全流通"業務指南》) on June 27, 2025, which specified the business preparation, account arrangements, cross-border share transfer registration and overseas centralized custody, etc.

U.S. LAWS AND REGULATIONS

Laws and Regulations in Relation to Importation of Goods into the United States

The importation of goods into the United States is mainly governed by the Tariff Act of 1930, the Customs Modernization Act and regulations issued by U.S. Customs and Border Protection (the "**CBP**"). Under these rules, U.S. importers are primarily responsible for correctly declaring the value, classification and duty rate of imported goods. Importers must exercise "reasonable care" when submitting information and documents to CBP, to ensure proper duty assessment, accurate import data and legal compliance.

An importer or its agent that provides false or misleading information to CBP in connection with the importation of goods may be subject to civil penalties, the severity of which depends on the level of culpability (ranging from negligence to gross negligence to fraud).

Laws and Regulations in Relation to Food Safety and FDA Regulatory Compliance

The importation and wholesale distribution of food ingredients in the United States are subject to comprehensive federal regulatory oversight primarily administered by the FDA under the Federal Food, Drug, and Cosmetic Act (the "**FDCA**") and its implementing regulations. The principal requirements applicable to U.S. importers and distributors of food ingredients are as follows.

Federal Food, Drug and Cosmetic Act

The FDCA is the primary federal statute governing the safety, labeling and distribution of food in the United States. Under the FDCA, it is unlawful to introduce into interstate commerce any food that is adulterated or misbranded. The FDA has the authority to detain or refuse admission into the United States of any imported food article that appears to be adulterated, misbranded or in violation of applicable law. The FDA may issue an import alert with respect to a foreign food facility or specific products, which can result in automatic detention or refusal of imports from the listed facility or importer without physical examination. The FDCA also establishes the FDA's authority to conduct inspections of food facilities and to issue warning letters, initiate product seizures and seek injunctive relief for violations. Food ingredients introduced into interstate commerce must also comply with applicable FDA requirements governing food additives and substances that are generally recognized as safe under the FDCA and its implementing regulations.

Food Safety Modernization Act

The Food Safety Modernization Act of 2011 (Pub. L. No. 111–353) (the "**FSMA**") fundamentally reformed the U.S. food safety regulatory framework by shifting emphasis from responding to contamination events to preventing them. The FSMA granted the FDA broad new powers to regulate food safety throughout the supply chain and introduced specific requirements applicable to U.S. importers of food, including the Foreign Supplier Verification Program (described below), preventive controls requirements for registered food facilities and mandatory FDA inspection of high-risk facilities. The FSMA also empowered the FDA to issue mandatory recalls of food products, impose administrative detention of food that poses a risk to public health and suspend food facility registrations of facilities that present a reasonable probability of serious adverse health consequences.

Foreign Supplier Verification Program

U.S. importers of food are required to establish and maintain a Foreign Supplier Verification Program (FSVP) to ensure that imported food meets applicable U.S. safety standards. Such requirements generally include evaluation and verification of foreign suppliers, implementation of risk-based supplier verification activities and maintenance of appropriate records.

Food Facility Registration

Any domestic or foreign food facility that manufactures, processes, packs, or holds food for human consumption in the United States is required to register with the FDA. Foreign food facilities exporting food to the United States must be registered with the FDA and such registration must be renewed biennially, during the period from October 1 to December 31 of each even-numbered year. A food facility that fails to register or maintain its registration, or whose registration is suspended by the FDA, is prohibited from importing or offering for import food into the United States. U.S. importers themselves are not required to register as food facilities unless they also manufacture, process, pack, or hold food within the United States.

Prior Notice of Imported Food

Prior notice must be submitted to the FDA before food is imported or offered for import into the United States. Failure to comply may result in refusal of admission or other enforcement actions.

OVERVIEW

Our history can be traced back to July 2013, when our Company was founded by Dr. Fang, our founder, the chairman of our Board, the chief scientist, an executive Director and a member of our Single Largest Group of Shareholders. Leveraging Dr. Fang's over 20 years of R&D and industrial experience in the probiotics field, our Company has gradually evolved into a global leading biomanufacturing company.

Our Company was converted into a joint stock company with limited liability on November 17, 2020.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our key corporate and business development milestones:

Year	Milestones
2013	Our Company was established in Suzhou Jiangsu, the PRC.
2014	Our initial production base commenced operation.
2015	We obtained cGMP and ISO 22000 certifications.
2016	We obtained KOSHER and HALAL certifications.
	Our Company was recognized as High and New Technology Enterprise (高新技術企業).
2017	We obtained the NOP and HACCP certifications.
2019	We were recognized as a National Green Factory (國家綠色工廠) by the Ministry of Industry and Information Technology of China.
2020	Our Company was converted into a joint stock company with limited liability and was renamed as Wecare Probiotics Co., Ltd. (微康益生菌(蘇州)股份有限公司).
	We were recognized as the National Specialized, Refined, Featured and Innovative "Little Giant" Enterprise (國家專精特新小巨人企業).
2021	Our Luohe Production Base I commenced production, which was the first probiotic production facility in China that achieved scaled production of probiotic raw powder at the hundred-ton level.
2024	Our Suzhou Production Base commenced production.
2025	Our Company was listed among 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).
	Our core strain BLa80 was approved in the PRC for use in foods for infants and toddlers under the age of three, and was the first probiotic strain in Chinese mainland approved and listed on the List of Species and Cultures Available in Infants and Toddlers published by NHC.
	Our Luohe Production Base II commenced pilot production.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had 22 subsidiaries, comprising 16 subsidiaries established in the PRC and six subsidiaries incorporated overseas, each of which is wholly owned by our Company. The following table summarizes our principal subsidiaries which are of strategical importance to us or made material contributions to our results of operations during the Track Record Period:

Name of principal subsidiary	Principal business activities	Date and jurisdiction of establishment
Luohe Weikang (漯河微康)	Production and sales of probiotic products for human health	February 27, 2018, the PRC
Luohe Weikang Agriculture (漯河微康農業)	Production and sales of probiotic products for agriculture	June 2, 2021, the PRC
Wuhan Weikang (武漢微康)	Probiotics R&D, technical consulting and other related services	April 18, 2018, the PRC
Wecare America	Import and sales of probiotic products	April 2, 2022, the United States

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment and Early Development of our Company

Our Company was established on July 25, 2013 in the PRC under its former name Jiangsu Zishi Weikang Biotechnology Co., Ltd. (江蘇紫石微康生物科技有限公司) as a limited liability company. At the time of establishment, our Company had an initial registered capital of RMB5 million, which was subscribed as to 20% by Dr. Fang and as to 80% by Ma Kai (馬凱), an Independent Third Party. On July 5, 2013, the portion of registered capital subscribed by Dr. Fang was fully paid up in cash, and Ma Kai paid up RMB0.05 million for his portion. On November 12, 2013, Ma Kai transferred all of his equity interests in our Company, being RMB4 million of our registered capital, to Suzhou Zishi Biotechnology Co., Ltd. ("**Suzhou Zishi**") (蘇州紫石生物科技有限公司), which is ultimately controlled by Independent Third Parties, at a consideration of RMB0.05 million. The consideration was determined based on arm's length negotiations among the parties with reference to the then paid-up capital contributed by Ma Kai, being RMB0.05 million. On December 11, 2013, Suzhou Zishi paid up the remaining portion of the registered capital subscribed by it, in the amount of RMB3.95 million.

Pursuant to a Shareholders' resolution of our Company passed on January 6, 2014, our registered capital was increased to RMB43 million. The respective subscription amounts and consideration paid are as follows:

Shareholder	Consideration	Registered capital subscribed for	Registered capital held (upon completion of the capital increase)	Equity interests in our Company (upon completion of the capital increase)
	(RMB)	(RMB)	(RMB)	
Dr. Fang	13 million	13 million	14 million	32.56%
Suzhou Zishi	25 million	25 million	29 million	67.44%

Dr. Fang initially subscribed for the increased registered capital by way of in-kind contribution, namely the contribution of intellectual property, being assignment of patent rights relating to method for preparing probiotic powder and starter cultures, which were appraised at RMB13 million as of October 31, 2013 by an independent valuer. Subsequently on May 28, 2020, the abovementioned patent rights were retrospectively valued at RMB14.2 million by a separate independent valuer. In order to avoid potential uncertainty associated with the value of Dr. Fang's in-kind contribution, upon approval from the then Shareholders of our Company, Dr. Fang substituted intellectual property in-kind contribution with a cash contribution of RMB13 million, which was fully settled on February 15, 2023.

On January 17, 2014, Suzhou Zishi settled the consideration for subscription for the increased registered capital fully in cash.

On September 10, 2015, the then Shareholders of our Company resolved to increase the registered capital of our Company from RMB43 million to RMB56 million. The increased registered capital of RMB13 million was subscribed in cash by Suzhou Zishi in the amount of RMB4.50 million, Suzhou Zhongkang Investment Management Enterprise (Limited Partnership) (蘇州眾康投資管理企業(有限合夥)) ("**Suzhou Zhongkang**") in the amount of RMB3.72 million, Dr. Fang in the amount of RMB3.08 million, Ma Xia (馬霞) in the amount of RMB0.80 million, Qin Chunhong (秦春紅) in the amount of RMB0.60 million, and Shang Haixia (尚海霞) in the amount of RMB0.30 million, at a subscription price of RMB1 per Share. The consideration was fully settled on September 30, 2016. Suzhou Zhongkang was a limited partnership established in the PRC on August 12, 2015 as a shareholding platform of certain employees and individual investors who had confidence in the future development of our Group.

Pursuant to the share transfer agreements dated December 2, 2015, (i) Suzhou Zishi, Ma Xia, Qin Chunhong and Shang Haixia transferred in aggregate RMB10.66 million of the registered capital of our Company to Qinghai Boyang Technology & Trade Group Co., Ltd. (青海博洋科貿集團有限公司) ("**Qinghai Boyang**") for a consideration of RMB10.66 million, and (ii) Suzhou Zishi transferred RMB24.54 million of the registered capital of our Company to Beijing Shengshi Huaxuan Investment Co., Ltd. (北京盛世華軒投資有限公司) ("**Beijing Shengshi**") for a consideration of RMB24.54 million. The registered capital transferred represents the entire registered capital of our Company held by each of the respective transferor.

(2) [REDACTED] from 2016 to 2026

Throughout 2016 to 2026, with confidence in our business development and management, a number of external investors invested in our Company in different series as **[REDACTED]** to facilitate the business development of our Company. See "— **[REDACTED]**" for more information.

(3) Conversion into a Joint Stock Limited Liability Company in November 2020

On November 17, 2020, our Company was converted into a joint stock company with a registered capital of RMB87,650,000. The audited net assets of RMB276,044,909.45 of our Company as of May 31, 2020 was converted into 87,650,000 Shares of RMB1 per Share, with the remaining RMB188,394,909.45 recorded as our Company's capital reserve.

Upon completion of the conversion on November 17, 2020, the registered capital in our Company became RMB87,650,000 divided into 87,650,000 Shares with a nominal value of RMB1 each, which were subscribed by the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The then shareholding structure of our Company is set forth in the table below:

Shareholder	Number of Shares	Equity interests (%)
Dr. Fang	20,080,000	22.91
Luohe Yukang Investment Center (Limited Partnership) (漯河煜康投資中心(有限合夥)) ("**Luohe Yukang**")	15,000,000	17.11
Yangzhou Xinping Equity Investment Partnership (Limited Partnership) (揚州鑫平股權投資合夥企業(有限合夥)) ("**Yangzhou Xinping**")	13,080,000	14.92
Shanghai Huankang Enterprise Management Center (Limited Partnership) (上海浣康企業管理中心(有限合夥)) ("**Shanghai Huankang**")	8,000,000	9.13
Chengdu Boyuan Jiayu Venture Capital Partnership (Limited Partnership) (成都博遠嘉昱創業投資合夥企業(有限合夥)) ("**Chengdu Boyuan**")	6,000,000	6.85
Suzhou Longju Chuanglian Venture Capital Enterprise (Limited Partnership) (蘇州龍駒創聯創業投資企業(有限合夥)) ("**Suzhou Longju**")	6,000,000	6.85
Suzhou Zhongkang	5,870,000	6.70
Zibo Taige Yinke Venture Capital Center (Limited Partnership) (淄博泰格盈科創業投資中心(有限合夥)) ("**Taige Yingke**")	5,200,000	5.93
FOY PRIVATE LIMITED ("**FOY**")	3,500,000	3.99
Wuhan Taiming Venture Capital Partnership (Limited Partnership) (武漢泰明創業投資合夥企業(有限合夥)) ("**Wuhan Taiming**")	1,000,000	1.14
Ganzhou Qianrong Equity Investment Partnership (Limited Partnership) (贛州謙容股權投資合夥企業(有限合夥)) ("**Ganzhou Qianrong**")	1,000,000	1.14
Jiaxing Chunxiang Equity Investment Partnership (Limited Partnership) (嘉興春享股權投資合夥企業(有限合夥)) ("**Jiaxing Chunxiang**")	1,000,000	1.14

Shareholder	Number of Shares	Equity interests (%)
Wujiang Dongyun Venture Capital Co., Ltd. (吳江東運創業投資有限公司) ("**Wujiang Dongyun**")	1,000,000	1.14
Beijing Haina Yourong Private Fund Management Co., Ltd. (北京海納有容私募基金管理有限公司) ("**Beijing Haina**")	920,000	1.05
Total	**87,650,000**	**100.00**

(4) Equity Transfer to Employee Incentive Platform

On December 4, 2020, the then Shareholders of our Company resolved to increase the registered capital of our Company by issuing 3.35 million Shares to Suzhou Zekang Enterprise Management Consulting Partnership (Limited Partnership) (蘇州澤康企業管理諮詢合夥企業(有限合夥)) ("**Suzhou Zekang**") (an Employee Incentive Platform as defined below) at a subscription price of RMB5 per Share. The subscription price was determined based on arm's length negotiations among the parties, taking into account the nature of Suzhou Zekang as an Employee Incentive Platform.

Compliance with PRC Laws and Regulations

As advised by our PRC Legal Advisor, our Company has obtained all necessary approvals from competent authorities or made all necessary registration or filings with the relevant local branch of SAMR in respect of the above mentioned capital increase and equity transfer in material aspects.

EMPLOYEE INCENTIVE PLATFORM

In recognition of the contributions of our employees and to incentivize them to further promote our development, we have established Suzhou Zekang as a **[REDACTED]** employee incentive platform (the "**Employee Incentive Platform**") on June 18, 2020.

Suzhou Zekang was established in the PRC as a limited partnership and directly holds Shares in our Company, of which Dr. Fang is the sole general partner. Dr. Fang is responsible for management of the partnership and exercising the rights attaching to the Shares in accordance with the terms of the partnership agreement as supplemented or amended from time to time. As of the Latest Practicable Date, Suzhou Zekang has a total of 32 limited partners, comprising our Directors, senior management and other employees of our Group. For further details of the Employee Incentive Platform, please see "Statutory and General Information — 5. Employee Incentive Platform" in Appendix V to this Document.

The Employee Incentive Platform does not involve the issuance of new Shares or grant of share awards by our Company after the **[REDACTED]** and is therefore not subject to Chapter 17 of the Listing Rules.

[REDACTED]

Overview

Throughout 2016 to 2026, with confidence in our business development and management, a number of external investors invested in our Company in different series as **[REDACTED]** to facilitate the business development of our Company, details of which are set forth below.

No.	Form of investment	Date of agreement(s)	Date of last payment of consideration	Investor(s)[1]	Amount of registered capital involved	Consideration	Cost per Share[2]	[REDACTED] to the [REDACTED][3]
					(RMB)	(RMB)	(RMB)	
1.	Share transfer from existing shareholder(s)	July 6, 2016	September 9, 2016	Luohe Yukang[4]	15,000,000	30 million	2	[REDACTED]%
				Yangzhou Xinping[4]	15,000,000	30 million		
				Taige Yingke[4]	5,200,000	10.4 million		
	Subscription of registered share capital by cash	November 16, 2016	November 28, 2016	Suzhou Zhongkang	1,000,000	2 million	2	[REDACTED]%
2.	Subscription of registered share capital by cash	May 22, 2017	May 31, 2017	Suzhou Longju	6,000,000	19.2 million	3.2[6]	[REDACTED]%
				Dr. Fang	1,000,000	3.2 million		
		November 9, 2017	January 5, 2018	Shanghai Huankang	8,000,000	25.6 million		
	Share transfer from existing shareholder(s)	October 23, 2017	February 13, 2018	Beijing Haina[5]	1,920,000	6.44 million	3.36	[REDACTED]%
3.	Subscription of registered share capital by cash	October 19, 2018	February 27, 2019	Suzhou Zhongkang	1,000,000	4 million	4[6]	[REDACTED]%
				Dr. Fang	2,000,000	8 million		
4.	Subscription of registered share capital by cash	March 21, 2019	May 7, 2019	Wuhan Taiming	1,000,000	8 million	8[6]	[REDACTED]%
				Wujiang Dongyun	1,000,000	8 million		
				Chengdu Boyuan	5,000,000	40 million		
				Jiaxing Chunxiang	1,000,000	8 million		
	Share transfer from existing shareholders	October 24, 2019	January 8, 2020	Chengdu Boyuan[7]	1,000,000	8.5 million	8.5	[REDACTED]%
5.	Subscription of registered share capital by cash	March 1, 2020	May 7, 2020	FOY	3,500,000	35 million	10[6]	[REDACTED]%
				Ganzhou Qianrong (Mr. Lai)[8]	1,000,000	10 million		
				Suzhou Zhongkang	150,000	1.5 million		
6.	Subscription of registered share capital by cash	July 13, 2023	July 28, 2023	Wenrun No. 2	1,950,000	50.7 million	26[6]	[REDACTED]%
				Wenrun No. 3	50,000	1.3 million		
7.	Share transfer from existing shareholder(s)	September 29, 2023	October 30, 2023	Qiming Rongqian[9]	1,538,462	40 million	26	[REDACTED]%
				Qiming Rongkai[9]	1,061,538	27.6 million		
		October 31, 2023	December 20, 2023	Hangzhou Taiyu[10]	384,615	10 million		

No.	Form of investment	Date of agreement(s)	Date of last payment of consideration	Investor(s)[1]	Amount of registered capital involved (RMB)	Consideration (RMB)	Cost per Share[2] (RMB)	[REDACTED] to the [REDACTED][3]
		November 28, 2023	December 20, 2023	Suzhou Hechuang[11]	1,153,846	30 million		
				Yongxiu Yukang[11]	769,231	20 million		
				Hangzhou Taikun[11]	3,080,000	80.08 million		
		December 5, 2023	January 9, 2024	Defu Yixing (Guangzhou Defu)[12]	2,307,692	60 million		
				Wens Investment[12]	1,150,000	29.9 million		
				Youyou Foods[13]	380,000	9.88 million		
				Chongqing Baiya[13]	380,000	9.88 million		
		December 12, 2023	December 15, 2023	Zijin Future[14]	600,000	14.04 million	23.4	[REDACTED]%
				Zijin New Energy[14]	400,000	9.36 million		
8.	Share transfer from existing shareholder(s)	March 5, 2024	October 16, 2024	Wenrun Anxiang[15]	50,000	1.3 million	26	[REDACTED]%
		March 6, 2024	April 23, 2024	Hangzhou Chuanghe[16]	1,000,000	29 million	29	[REDACTED]%
9.	Subscription of registered share capital by cash	February 22, 2024	March 13, 2024	China Agricultural	4,000,000	140 million	35[6]	[REDACTED]%
				Suzhou Zhaofa Integrated	850,000	29.75 million		
		April 15, 2024	June 20, 2024	Hangzhou Chuanghe	860,000	30.1 million		
				Chuanghe Songshan Lake	2,000,000	70 million		
				Suzhou International Development	140,000	4.9 million		
10.	Share transfer from existing shareholder(s)	June 20, 2024	June 20, 2024	Suzhou International Development[17]	468,750	15 million	32	[REDACTED]%
		June 18, 2024	June 18, 2024	Chuanghe Shanghai[18]	1,562,500	50 million		
		June 25, 2024	July 2, 2024	Huajin Lingjian[19]	776,563	24.85 million		
				Huajin Zhishang[19]	4,687	0.15 million		
		October 13, 2025	October 16, 2025	Hongsheng Houde[20]	1,562,500	50 million		
		October 31, 2025	November 11, 2025	Yuncheng Fuli[21]	1,093,750	35 million		
				Suzhou Daoshan[21]	1,250,000	40 million		
		December 17, 2025	December 17, 2025	Addor Health[22]	625,000	20 million		
		December 20, 2025	January 7, 2026	Suzhou Hechang[23]	156,250	5 million		
		December 26, 2025	December 26, 2025	Jiequan Bailian[24]	1,562,500	50 million		
		January 13, 2026	February 9, 2026	Boyu Xinzhi[25]	6,038,684	193.24 million		
11.	Subscription of registered share capital by cash	February 5, 2026	February 9, 2026	Boyu Xinzhi	2,972,973	110 million	37[6]	[REDACTED]%

Notes:

(1) For the full legal names and other details on the **[REDACTED]**, please refer to the paragraph headed " — Information about out **[REDACTED]**" in this section.

(2) The cost per Share paid by the **[REDACTED]** was calculated based on the amount of investment made by the relevant **[REDACTED]** and number of Shares held by them immediately before the completion of the **[REDACTED]**, which was adjusted to reflect the subsequent **[REDACTED]** including the conversion of capital reserve to registered share capital of our Company, as applicable.

(3) The **[REDACTED]** to the **[REDACTED]** is calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share, and the exchange rates as set out in this Document.

(4) Pursuant to share transfer agreements dated July 6, 2016, (i) Beijing Shengshi and Qinghai Boyang transferred in aggregate RMB15 million of the registered capital of our Company to Luohe Yukang for a consideration of RMB30 million, (ii) Beijing Shengshi and Qinghai Boyang transferred in aggregate RMB15 million of the registered capital of our Company to Yangzhou Xinping for a consideration of RMB30 million, and (iii) Beijing Shengshi and Qinghai Boyang transferred in aggregate RMB5.20 million of the registered capital of our Company to Taige Yingke for a total consideration of RMB10.40 million. The registered capital transferred represents the entire registered capital of our Company held by each of the respective transferor.

(5) Pursuant to a share transfer agreement dated October 23, 2017, Yangzhou Xinping transferred RMB1.92 million of registered capital of our Company to Beijing Haina at a consideration of RMB6.44 million.

(6) The increase in cost per Share as compared to previous share subscription was attributed to our status of development, increasing brand reputation and customer recognition, our business and industry prospects.

(7) Pursuant to a share transfer agreement dated October 24, 2019, Beijing Haina agreed to transfer RMB1 million of registered capital of our Company to Chengdu Boyuan at a consideration of RMB8.5 million.

(8) The 1,000,000 Shares held by Ganzhou Qianrong were subsequently transferred to Mr. Lai on March 1, 2022, who holds 99% interest in Ganzhou Qianrong.

(9) Pursuant to a share transfer agreement dated September 29, 2023, Luohe Yukang, Yangzhou Xinping, Shanghai Huankang and Taige Yingke transferred an aggregate of 1,538,462 Shares to Qiming Rongqian at a consideration of RMB40 million and an aggregate of 1,061,538 Shares to Qiming Rongkai at a consideration of RMB27.6 million.

(10) Pursuant to a share transfer agreement dated October 31, 2023, Luohe Yukang, Yangzhou Xinping, Shanghai Huankang and Taige Yingke transferred an aggregate of 384,615 Shares to Hangzhou Taiyu at a consideration of RMB10 million.

(11) Pursuant to a share transfer agreement dated November 28, 2023, Luohe Yukang and Wuhan Taiming transferred an aggregate of 1,153,846 Shares to Suzhou Hechuang at a consideration of RMB30 million. On the same date, Luohe Yukang, Yangzhou Xinping, Shanghai Huankang and Taige Yingke transferred an aggregate of 769,231 Shares to Yongxiu Yukang at an aggregate consideration of RMB20 million, and an aggregate of 3,080,000 Shares to Hangzhou Taikun at an aggregate consideration of RMB80.08 million.

(12) Pursuant to a share transfer agreement dated December 5, 2023, Luohe Yukang, Yangzhou Xinping, Shanghai Huankang and Taige Yingke transferred an aggregate of 2,307,692 Shares to Defu Yixing at an aggregate consideration of RMB60 million and an aggregate of 1,150,000 Shares to Wens Investment at an aggregate consideration of RMB29.9 million. Subsequently on January 18, 2024, Guangzhou Defu acceded to the relevant share transfer agreement and assumed the rights and obligations of Defu Yixing by way of a supplemental agreement entered into by the relevant parties.

(13) Pursuant to a share transfer agreement dated December 5, 2023, Jiaxing Chunxiang transferred 380,000 Shares and 380,000 Shares to Youyou Foods and Chongqing Baiya, respectively, each at a consideration of RMB9.88 million.

(14) Pursuant to a share transfer agreement dated December 12, 2023, Chengdu Boyuan transferred 600,000 Shares and 400,000 Shares to Zijin Future and Zijin New Energy, respectively, at a consideration of RMB14.04 million and RMB9.36 million, respectively.

(15) Pursuant to a share transfer agreement dated March 5, 2024, Wenrun No. 3 (Hainan) Equity Investment Fund Management Partnership (Limited Partnership) (溫潤叁號(海南)股權投資基金管理合夥企業(有限合夥)) ("**Wenrun No. 3**") transferred 50,000 Shares to Wenrun Anxiang at a consideration of RMB1.3 million.

(16) Pursuant to a share transfer agreement dated March 6, 2024, Dr. Fang transferred 1,000,000 Shares to Hangzhou Chuanghe at a consideration of RMB29 million.

(17) Pursuant to share transfer agreements dated June 20, 2024, Taige Yingke and Wuhan Taiming transferred 406,250 Shares and 62,500 Shares to Suzhou International Development at a consideration of RMB13 million and RMB2 million, respectively.

(18) Pursuant to share transfer agreements dated June 18, 2024, Luohe Yukang and Chengdu Boyuan transferred 1,093,750 Shares and 468,750 Shares to Chuanghe Shanghai at a consideration of RMB35 million and RMB15 million, respectively.

(19) Pursuant to share transfer agreements dated June 25, 2024, Yangzhou Xinping transferred 776,563 Shares to Huajin Lingjian at a consideration of RMB24.85 million and 4,687 Shares to Huajin Zhishang at a consideration of RMB0.15 million.

(20) Pursuant to a share transfer agreement dated October 13, 2025, Luohe Yukang, Yangzhou Xinping and Shanghai Huankang transferred 312,500 Shares, 500,000 Shares and 750,000 Shares, respectively, to Hongsheng Houde at a consideration of RMB10 million, RMB16 million and RMB24 million, respectively.

(21) Pursuant to share transfer agreements dated October 31, 2025, Yangzhou Xinping transferred 1,093,750 Shares to Yuncheng Fuli at a consideration of RMB35 million, and Luohe Yukang transferred 1,250,000 Shares to Suzhou Daoshan at a consideration of RMB40 million.

(22) Pursuant to a share transfer agreement dated December 17, 2025, Luohe Yukang transferred 625,000 Shares to Addor Health at a consideration of RMB20 million.

(23) Pursuant to a share transfer agreement dated December 20, 2025, Yuncheng Fuli transferred 156,250 Shares to Suzhou Hechang at a consideration of RMB5 million.

(24) Pursuant to a share transfer agreement dated December 26, 2025, Luohe Yukang transferred 1,562,500 Shares to Jiequan Bailian at a consideration of RMB50 million.

(25) Pursuant to a share transfer agreement dated January 13, 2026, Taige Yingke, Jiaxing Chunxiang and Yangzhou Xinping transferred 3,497,107 Shares, 240,000 Shares and 2,301,577 Shares, respectively, to Boyu Xinzhi at a consideration of RMB111.91 million, RMB7.68 million and RMB73.65 million, respectively.

Other Principal Terms of the [REDACTED]

Basis of determination of the consideration payable by [REDACTED]	The determination of the consideration is based on arm's length negotiations between the relevant parties with reference to among others, (i) the timing and market conditions of the investments/equity transfers and the market value of comparable companies at the relevant time, (ii) the operation of our business, the financial performance of our Group at the relevant time/period, (iii) source of the acquired shares, i.e. Shares newly issued by our Company or existing shares transferred by shareholders, and (iv) the prospects of our business.
Lock-up period	As required under the applicable PRC law, all existing Shareholders (including all **[REDACTED]**) shall not dispose of any of the Shares held by them at the time of the **[REDACTED]** within the 12 months following the date of the **[REDACTED]**.
Use of [REDACTED] from the [REDACTED]	We utilized the **[REDACTED]** we received from the **[REDACTED]** involving capital increase or share issuance to the **[REDACTED]** for the operations of our Company and in accordance with the business plan or budget as approved by the Board. As of the Latest Practicable Date, we have utilized approximately 82.76% of the proceeds received from the **[REDACTED]**.

Strategic benefits of the [REDACTED]

At the time of each of the **[REDACTED]**, our Directors were of the view that our Company could benefit from the capital raised through the **[REDACTED]**, the **[REDACTED]** knowledge and experience, and the endorsement of and confidence in our Group's performance, strength and prospects reflected by the **[REDACTED]**. Additionally, investments from the **[REDACTED]**, including professional funds, state-owned enterprises which are ultimately owned by the local governments or professional investment companies, are beneficial to business development of our Group and could also diversify our shareholding structure and Shareholders base.

INFORMATION ABOUT OUR [REDACTED]

The following sets forth background information of our **[REDACTED]**:

Boyu Xinzhi

Boyu Xinzhi Xinchan (Ningbo) Equity Investment Partnership (Limited Partnership) (博裕新智新產(寧波)股權投資合夥企業(有限合夥)) ("**Boyu Xinzhi**") is a limited partnership established in the PRC on July 31, 2025. The general partner of Boyu Xinzhi is Boyu Tianshu (Ningbo) Proprietary Capital Investment Co., Ltd. (博裕天樞(寧波)自有資金投資有限責任公司), which is wholly owned by Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司). Boyu Jingtai (Ningbo) Investment Management Co., Ltd. is in turn held as to 50% by Tao Rong (陶融) and Huang Ailian (黃愛蓮) respectively. Boyu Xinzhi has no limited partner who is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Hangzhou Tigermed

Luohe Yukang

Luohe Yukang is a limited partnership established in the PRC on March 3, 2016. The general partner of Luohe Yukang is Qingdao Taiyu Ankang Venture Capital Management Partnership (Limited Partnership) (青島泰煜安康創業投資管理合夥企業(有限合夥)) ("**Qingdao Taiyu**"), the general partner of which is Hangzhou TigerYeah Investment Consulting Co., Ltd. (杭州泰煜投資諮詢有限公司) ("**Hangzhou TigerYeah**"). Hangzhou TigerYeah is ultimately controlled by Hangzhou Tigermed Consulting Co., Ltd. (杭州泰格醫藥科技股份有限公司) ("**Hangzhou Tigermed**"), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and Hong Kong Stock Exchange (stock code: 3347). Luohe Yukang has 17 limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities and individuals are Independent Third Parties.

Yongxiu Yukang

Yongxiu Yukang Phase II Venture Capital Center (Limited Partnership) (永修煜康二期創業投資中心(有限合夥)) ("**Yongxiu Yukang**") is a limited partnership established in the PRC on September 16, 2020. The general partner of Yongxiu Yukang is Qingdao Taiyu. Yongxiu Yukang has 22 limited partners, with its largest limited partner, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) (杭州泰格股權投資合夥企業(有限合夥)), which is ultimately controlled by Hangzhou Tigermed, holding an approximately 43.1% interest. None of the remaining limited partners of Yongxiu Yukang is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Hangzhou Taiyu

Hangzhou Taiyu Phase IV Venture Capital Partnership (Limited Partnership) (杭州泰譽四期創業投資合夥企業(有限合夥)) ("**Hangzhou Taiyu**") is a limited partnership established in the PRC on January 6, 2022. The general partner of Hangzhou Taiyu is Hangzhou TigerYeah. Hangzhou Taiyu has eight limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Hangzhou Taikun

Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership) (杭州泰鯤股權投資基金合夥企業(有限合夥)) ("**Hangzhou Taikun**") is a limited partnership established in the PRC on August 10, 2021. The general partner of Hangzhou Taikun is Hangzhou Tailong Venture Capital Partnership (Limited Partnership) (杭州泰瓏創業投資合夥企業(有限合夥)), the general partner of which is Zhaotai (Zibo) Venture Capital Management Partnership (Limited Partnership) (昭泰(淄博)創業投資管理合夥企業(有限合夥)). The general partner of Zhaotai (Zibo) Venture Capital Management Partnership (Limited Partnership) is Liu Chunguang (劉春光). Hangzhou Taikun has three limited partners, with its largest limited partner, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) (杭州泰格股權投資合夥企業(有限合夥)), which is ultimately controlled by Hangzhou Tigermed, holding a 49% interest. None of the remaining limited partners of Hangzhou Taikun is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

SDIC Unity

Suzhou Hechuang

Suzhou Hechuang Tongyun Zhongyi Venture Capital Partnership (Limited Partnership) (蘇州合創同運中以創業投資合夥企業(有限合夥)) ("**Suzhou Hechuang**") is a limited partnership established in the PRC on December 13, 2019. The general partner of Suzhou Hechuang is Suzhou Zhongyi Ronghe Venture Capital Co., Ltd. (蘇州中以融合創業投資有限公司), which is held as to 55% by Guotou Chuanghe (Hangzhou) Venture Capital Management Co., Ltd. (國投創合(杭州)創業投資管理有限公司) ("**Guotou Chuanghe**") and 45% by SDIC Unity Capital Co., Ltd. (國投創合基金管理有限公司) ("**SDIC Unity**"). Guotou Chuanghe is wholly owned by SDIC Unity, which is in turn indirectly controlled by State Development & Investment Corporation (國家開發投資集團有限公司) ("**SDIC**"), a state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council. Suzhou Hechuang has five limited partners, including SDIC Chuanghe National Emerging Industry Venture Capital Guiding Fund (Limited Partnership) (國投創合新興產業創業投資引導基金), holding an approximately 38.8% interest, and Suzhou Tongyun Renhe Innovation Industry Investment Co., Ltd. (蘇州同運仁和創新產業投資有限公司), holding a 30% interest, with none of the remaining limited partners holding 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities and individuals are Independent Third Parties.

Hangzhou Chuanghe

Hangzhou Chuanghe Jingxuan Phase II Venture Capital Partnership (Limited Partnership) (杭州創合精選二期創業投資合夥企業(有限合夥)) ("**Hangzhou Chuanghe**") is a limited partnership established in the PRC on November 29, 2021. The general partner of Hangzhou Chuanghe is Guotou Chuanghe. Hangzhou Chuanghe has 19 limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Chuanghe Songshan Lake

Chuanghe Songshan Lake (Dongguan) Venture Capital Partnership (Limited Partnership) (創合松山湖(東莞)創業投資合夥企業(有限合夥)) ("**Chuanghe Songshan Lake**") is a limited partnership established in the PRC on December 20, 2021, formerly known as Chuanghe Xincai (Dongguan) Equity Investment Partnership (Limited Partnership) (創合鑫材(東莞)股權投資合夥企業(有限合夥)) until its renaming in 2023. The general partner of Chuanghe Songshan Lake is Guotou Chuanghe (Shanghai) Investment Management Co., Ltd. (國投創合(上海)投資管理有限公司) ("**Guotou Shanghai**"), which is wholly owned by SDIC Unity. Chuanghe Songshan Lake has six limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Chuanghe Shanghai

Chuanghe Shanghai Venture Capital Partnership (Limited Partnership) (創合(上海)創業投資合夥企業(有限合夥)) ("**Chuanghe Shanghai**") is a limited partnership established in the PRC on October 13, 2023. The general partner of Chuanghe Shanghai is Guotou Shanghai. Chuanghe Shanghai has two limited partners, with its largest limited partner, Military and Civil Integration Development Industry Fund (Limited Partnership) (軍民融合發展產業投資基金(有限合夥)), holding an approximately 95.2% interest. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Suzhou Longju

Suzhou Longju is a limited partnership established in the PRC on February 9, 2017. The general partner of Suzhou Longju is Suzhou Longju Oriental Investment Management Partnership (Limited Partnership) (蘇州龍駒東方投資管理企業(有限合夥)), the general partner of which is Suzhou Kaiping Management Consulting Co., Ltd. (蘇州開平管理諮詢有限公司), which is held as to 60% by Cao Youqiang (曹友強) and 40% by Tao Ran (陶冉). Suzhou Longju has 26 limited partners, none of the which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Yangzhou Xinping

Yangzhou Xinping is a limited partnership established in the PRC on March 28, 2014, formerly known as Shihezi Xinping Equity Investment Limited Partnership (石河子鑫平股權投資有限合夥企業) until its renaming in 2022. The general partner of Yangzhou Xinping is Ma Lin (馬林). Yangzhou Xinping has three limited partners, including Mr. Lai, who holds 25% interest in Yangzhou Xinping. None of the other limited partners is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities and individuals are Independent Third Parties.

China Merchants Financial

China Agricultural

China State Farms Agricultural Development Fund (Limited Partnership) (中國農墾產業發展基金(有限合夥)) ("**China Agricultural**") is a limited partnership established in the PRC on November 10, 2017. The general partner of China Agricultural is Zhaoken Capital Management (Beijing) Co., Ltd. (招墾資本管理(北京)有限公司), which is wholly owned by Shenzhen Zhaorong Nongken Management Co., Ltd. (深圳市招融農墾管理有限責任公司), which is in turn wholly owned by China Merchants Guojin Holdings (Hangzhou) Co., Ltd. (招商國金控股(杭州)有限責任公司). China Merchants Guojin Holdings (Hangzhou) Co., Ltd. is wholly owned by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司) ("**China Merchants Financial**"), which is in turn wholly owned by China Merchants Steamship Co., Ltd. (招商局輪船有限公司), which is ultimately wholly owned by China Merchants Group Limited (招商局集團有限公司), a limited liability company wholly controlled by the State Council. China Agricultural has eleven limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Suzhou Zhaofa Integrated

Suzhou Zhaofa Integrated Development Investment Fund Partnership (Limited Partnership) (蘇州招發一體化發展投資基金合夥企業(有限合夥)) ("**Suzhou Zhaofa Integrated**") is a limited partnership established in the PRC on August 9, 2022. The general partner of Suzhou Zhaofa Integrated is China Merchants Capital Management (Beijing) Co., Ltd. (招商局資本管理(北京)有限公司), which is wholly owned by Shenzhen Zhaofu Management Co., Ltd. (深圳市招服管理有限責任公司), which is in turn wholly owned by China Merchants Guojin Holdings (Hangzhou) Co., Ltd. (招商國金控股(杭州)有限責任公司), which is wholly owned by China Merchants Financial. Suzhou Zhaofa Integrated has eight limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Chengdu Boyuan

Chengdu Boyuan is a limited partnership established in the PRC. Chengdu Boyuan is owned as to (i) 1% by its general partner, Shanghai Borui Jiatian Enterprise Management Partnership (Limited Partnership) (上海博睿嘉天企業管理合夥企業(有限合夥)), which is ultimately controlled by an Independent Third Party; and (ii) 99% by 28 limited partners, each an Independent Third Party and none of which holds more than 30% of the partnership interest. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

FOY

FOY is a private company limited by shares established in the Republic of Singapore on September 24, 2019. It is wholly owned by FOY Limited, which is in turn wholly owned by Gan Yong Aik. To the best knowledge of our Company, all of the above individual and entities are Independent Third Parties.

Wens Investment

Wens Investment

Wens Investment Co., Ltd. (廣東溫氏投資有限公司) ("**Wens Investment**") is a limited liability company established in the PRC on April 21, 2011. It is wholly owned by Wens Foodstuff Group Co., Ltd. (溫氏食品集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300498). To the best knowledge of our Company, both of the above entities are Independent Third Parties.

Wenrun No. 2

Wenrun Jiapin No. 2 (Zhuhai) Equity Investment Fund Partnership (Limited Partnership) (溫潤佳品貳號(珠海)股權投資基金合夥企業(有限合夥)) ("**Wenrun No. 2**") is a limited partnership established in the PRC on June 9, 2021. The general partner of Wenrun No. 2 is Wens Investment. Wenrun No. 2 has 11 limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Wenrun Anxiang

Wenrun Anxiang Keying (Hainan) Equity Investment Fund Partnership (Limited Partnership) (溫潤安享科盈(海南)股權投資基金合夥企業(有限合夥)) ("**Wenrun Anxiang**") is a limited partnership established in the PRC on March 31, 2023. The general partner of Wenrun Anxiang is Wenrun (Zhuhai) Private Equity Fund Management Partnership (Limited Partnership) (溫潤(珠海)私募基金管理合夥企業(有限合夥)) ("**Wenrun Zhuhai**") and Wens Investment is a limited partner of Wenrun Zhuhai holding 48% of its interests. The general partner of Wenrun Zhuhai is Chengrun (Zhuhai) Investment Partnership (Limited Partnership) (承潤(珠海)投資合夥企業(有限合夥)), of which the general partner is Wu Jieqin (吳接勤). Wenrun Anxiang has three limited partners, with its two largest limited partners, Sun Deshou (孫德壽) and Qin Yongjin (覃勇進), each holding 45% interest respectively. To the best knowledge of our Company, all of the above entities and individuals are Independent Third Parties.

Qiming Rongqian & Qiming Rongkai

Qiming Rongqian

Suzhou Qiming Rongqian Equity Investment Partnership (Limited Partnership) (蘇州啟明融乾股權投資合夥企業(有限合夥)) ("**Qiming Rongqian**") is a limited partnership established in the PRC on August 30, 2021. The general partner of Qiming Rongqian is Suzhou Qikun Venture Capital Partnership (Limited Partnership) (蘇州啟坤創業投資合夥企業(有限合夥)) ("**Suzhou Qikun**"), the general partner of which is Suzhou Qiwang Venture Capital Co., Ltd. (蘇州啟望創業投資有限公司) ("**Suzhou Qiwang**"). Suzhou Qiwang is held as to 50% by Yu Jia (于佳) and 50% by Xu Jing (徐靜) respectively. Qiming Rongqian has 44 limited partners, none of which holds 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities and individuals are Independent Third Parties.

Qiming Rongkai

Kunshan Qiming Rongkai Equity Investment Partnership (Limited Partnership) (昆山市啟明融凱股權投資合夥企業(有限合夥)) ("**Qiming Rongkai**") is a limited partnership established in the PRC on October 18, 2021. The general partner of Qiming Rongkai is Suzhou Qikun. Qiming Rongkai has 15 limited partners, with its largest limited partner, Kunshan Industrial Development Investment Fund Partnership (Limited Partnership) (昆山市產業發展投資母基金合夥企業(有限合夥)), which is

ultimately controlled by Kunshan Municipal Government State-owned Assets Supervision and Administration Office of (昆山市政府國有資產監督管理辦公室), holding a 30% interest. None of the remaining limited partners of Qiming Rongkai holds 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Guangzhou Defu

Guangzhou Defu Yitong Investment Partnership (Limited Partnership) (廣州德福益通投資合夥企業（有限合夥)) ("**Guangzhou Defu**") is a limited partnership established in the PRC on December 19, 2023. The general partner of Guangzhou Defu is Guangzhou Defu Medical Management Co., Ltd. (廣州德福醫療管理有限公司), which is wholly owned by Guangzhou Defu Investment Management Co., Ltd (廣州德福投資管理有限公司) ("**Defu Investment Co.**"). Defu Investment Co. is held as to approximately 69.3% by Beijing Defu Investment Co., Ltd. (北京德福投資有限公司), 30% by Liang Wenbei (梁文蓓) and approximately 0.7% by Hou Ming (侯明). Beijing Defu Investment Co., Ltd. is held as to 95% by Hou Ming and 5% by Dong Yuanxi (董遠溪). Guangzhou Defu has two limited partners, with its largest limited partner, Guangzhou Defu Yixing Investment (Guangdong) L.P. (廣州德福益興投資合夥企業(有限合夥)) ("**Defu Yixing**"), holding an approximate 83.3% interest. None of the remaining limited partners of Guangzhou Defu is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Hongsheng Houde

Shanghai Hongsheng Houde Private Equity Investment Fund Partnership (Limited Partnership) (上海弘盛厚德私募投資基金合夥企業(有限合夥)) ("**Hongsheng Houde**") is a limited partnership established in the PRC on March 15, 2023. The general partner of Hongsheng Houde is Shanghai Hongsheng Junhao Equity Investment Fund Management Co., Ltd. (上海弘盛君浩股權投資基金管理有限公司), which is held as to 54% by Hongsheng (Zhejiang Free-Trade Zone) Equity Investment Fund Management Partnership (Limited Partnership) (弘盛(浙江自貿區)股權投資基金管理合夥企業(有限合夥)), the general partner of which is Sheng Haifeng (盛海峰), 36% by Hainan Hongsheng Houyuan Investment Partnership (Limited Partnership) (海南弘盛厚元投資合夥企業(有限合夥)), the general partner of which is Jiang Houjia (江厚佳), and 10% by Heyuan Jiuhe (Shanghai) Gene Technology Co., Ltd. (和元久合(上海)基因技術有限公司) ("**Heyuan Jiuhe**"). Heyuan Jiuhe is held as to 75% by Cai Zhongxi (蔡仲曦), 15% by Jiang Houjia (江厚佳) and 10% by Obio Technology (shanghai) Corp., Ltd. (和元生物技術(上海)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688238). Hongsheng Houde has 25 limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Jiequan Bailian

Jiangsu Jiequan Bailian New Retail Industry Investment Fund Partnership (Limited Partnership) (江蘇聿泉百聯新零售產業投資基金合夥企業(有限合夥)) ("**Jiequan Bailian**") is a limited partnership established in the PRC on May 28, 2021. The general partner of Jiequan Bailian is Jiangsu Bailian Confitop Venture Capital Management Co., Ltd. (江蘇百聯摯高創業投資管理有限公司), which is held as to 40% by Shanghai Shangtou Incubator Investment Co., Ltd. (上海商投創業投資有限公司) ("**Shanghai Shangtou**"), 39% by Nanjing Confitop Venture Capital Management Partnership (Limited Partnership) (南京摯高創業投資管理合夥企業(有限合夥)), the general partner of which is Gao Hongqing (高洪慶), and 21% by Nanjing Puhui Venture Capital Management Partnership (Limited Partnership) (南京璞慧創業投資管理合夥企業(有限合夥)), the general partner of which is Wu Yadong (吳亞東). Shanghai Shangtou is wholly owned by Shanghai Commercial Investment (Group) Co., Ltd. (上海商業投資(集團)有限公司), which is in turn wholly owned by Bailian Group Co., Ltd. (百聯集團有

限公司), a state-owned limited liability company wholly owned and controlled by the Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會). Jiequan Bailian has five limited partners, with its largest limited partner, Shanghai Commercial Investment (Group) Co., Ltd. (上海商業投資(集團)有限公司), holding a 30% interest. None of the remaining limited partners of Jiequan Bailian is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Suzhou Daoshan

Suzhou Daoshan Venture Capital Partnership (Limited Partnership) (蘇州道山創業投資合夥企業(有限合夥)) ("**Suzhou Daoshan**") is a limited partnership established in the PRC on March 6, 2024. The general partner of Suzhou Daoshan is Voyage Capital Co., Ltd. (千帆資本有限公司), which is held as to 60% by Li Ruiqiang (李瑞強) and 40% by Huang Shengjia (黃盛嘉). Suzhou Daoshan has six limited partners, with its largest limited partner, Cybrid Technology Inc. (蘇州賽伍應用技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code 603212), holding a 30% interest. None of the remaining limited partners of Suzhou Daoshan is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Wujiang Dongyun

Wujiang Dongyun is a limited liability company established in the PRC on June 24, 2008. It is wholly owned by Suzhou Wujiang Economic and Technological Development Zone Development Group Co., Ltd. (蘇州市吳江經濟技術開發區發展集團有限公司), a state-owned liability company wholly owned by Wujiang Economic and Technological Development Zone Management Committee (吳江經濟技術開發區管理委員會). To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Mr. Lai

Mr. Lai Chunbao (賴春寶) ("**Mr. Lai**") is an individual investor.

Mr. Lai has served as the chairman of Pris (Shanghai) Pharmaceutical Technology Development Co., Ltd. (普蕊斯(上海)醫藥科技開發股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301257), since June 2015. He currently also serves as a director of Jiangxi Jiangnan Engineering Management Consulting Co., Ltd. (江西江南工程管理諮詢有限公司), an executive director of Ganzhou Nankang Debao Property Development Co., Ltd. (贛州市南康區德寶置業有限公司), the chairman of Quanrong (Shanghai) Pharmaceutical Technology Development Co., Ltd. (銓融(上海)醫藥科技開發有限公司), and the director of Lianyungang Jinkang Hexin Pharmaceutical Co., Ltd. (連雲港金康和信藥業有限公司). To the best knowledge of our Company, Mr. Lai is an Independent Third Party.

Nanjing Innovation

Zijin Future

Nanjing Zijin Future Innovation Venture Capital Partnership (Limited Partnership) (南京市紫金未來創新創業投資合夥企業(有限合夥)) ("**Zijin Future**") is a limited partnership established in the PRC on January 9, 2023. The general partner of Zijin Future is Nanjing Hyperbolic Enterprise Management Consulting Partnership (Limited Partnership) (南京雙曲綫企業管理諮詢合夥企業(有限合夥)), the general partner of which is Nanjing Zijin Venture Capital Fund Management Co., Ltd. (南京紫金創投基金管理有限責任公司), which is wholly owned by Nanjing Innovation Investment Group Co., Ltd. (南京市創新投資集團有限責任公司), a state-owned limited liability company controlled by the State-owned Assets Supervision and Administration Commission of Nanjing Municipal People's Government (南京市人民政府國有資產監督管理委員會). Zijin Future has ten limited partners, with its largest limited partner, Nanjing Innovation Investment Group Co., Ltd. (南京市創新投資集團有限公司) ("**Nanjing Innovation**"), holding an approximate 38.2% interest. None of the remaining limited partners of Zijin Future is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Zijin New Energy

Nanjing Zijin New Energy No.1 Venture Capital Partnership (Limited Partnership) (南京市紫金新勢能一號創業投資合夥企業(有限合夥)) ("**Zijin New Energy**") is a limited partnership established in the PRC on September 29, 2021. The general partner of Zijin New Energy is Nanjing Zijin Tongzhou Enterprise Management Partnership (Limited Partnership) (南京市紫金同舟企業管理合夥企業(有限合夥)), the general partner of which is Nanjing Zijin Gongying Enterprise Management Partnership (Limited Partnership) (南京市紫金共贏企業管理合夥企業(有限合夥)), the general partner of which is Li Xiang (李象). Zijin New Energy has six limited partners, with its largest limited partner, Nanjing Innovation, holding an approximate 49.2% interest. None of the remaining limited partners of Zijin New Energy is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Yuncheng Fuli

Shares to Suzhou Yuncheng Fuli Investment Partnership (Limited Partnership) (蘇州雲程賦力投資合夥企業(有限合夥)) ("**Yuncheng Fuli**") is a limited partnership established in the PRC on October 8, 2024. The general partner of Yuncheng Fuli is Suzhou Yuncheng Capital Management Co., Ltd. (蘇州雲程資本管理有限公司), which is held as to 70% by Wei Hansen (衛瀚森), and 30% by Wei Gongquan (衛功權). Yuncheng Fuli has one limited partner, AVIC Trust Co., Ltd. (中航信託股份有限公司), which holds an 80% interest. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Beijing Haina

Beijing Haina is a limited liability company established in the PRC on September 14, 2012, formerly known as Beijing Haina Yourong Investment Management Co., Ltd. (北京海納有容投資管理有限公司) until its renaming in 2024. It is held as to approximately 42.9% by Qiao Hongbo (喬洪波), 26.3% by Han Peng (韓鵬), 25.3% by Zhang Zhenxiao (張震霄), 4.7% by Lhasa Economic and Technological Development Zone Tongzhou Hairong Venture Capital Management Partnership (Limited Partnership) (拉薩經濟技術開發區同舟海容創業投資管理合夥企業(有限合夥)), the general partner of which is Qiao Hongbo (喬洪波), and 0.8% by Liu Guoyong (劉國永). The actual controller of Beijing Haina is Qiao Hongbo. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Zhuhai Huajin

Huajin Lingjian

Zhuhai Huajin Lingjian Equity Investment Fund Partnership (Limited Partnership) (珠海華金領健股權投資基金合夥企業(有限合夥)) ("**Huajin Lingjian**") is a limited partnership established in the PRC on February 27, 2023. The general partner of Huajin Lingjian is Zhuhai Huajin Lingchuang Fund Management Co., Ltd. (珠海華金領創基金管理有限公司) ("**Zhuhai Huajin**"), which is wholly owned by Zhuhai Huajin Innovation Investment Co., Ltd. (珠海華金創新投資有限公司), which is in turn wholly owned by Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532). Huajin Lingjian has one limited partner, Zhuhai Huajin Alpha No. 6 Equity Investment Fund Partnership (Limited Partnership) (珠海華金阿爾法六號股權投資基金合夥企業(有限合夥)), which holds an approximately 99.8% interest. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Huajin Zhishang

Zhuhai Huajin Zhishang Business Consulting Partnership (Limited Partnership) (珠海華金智尚商務諮詢合夥企業(有限合夥)) ("**Huajin Zhishang**") is a limited partnership established in the PRC on March 15, 2022. The general partner of Huajin Zhishang is Zhuhai Huajin. Huajin Zhishang has eleven limited partners, none of which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

Addor Health

Jiangsu High-Tech Addor Health Achievement Innovation and Entrepreneurship Fund II Partnership (Limited Partnership) (江蘇高投毅達健康成果創新創業貳號基金合夥企業(有限合夥)) ("**Addor Health**") is a limited partnership established in the PRC on December 30, 2020. The general partner of Addor Health is Nanjing Addor Equity Investment Management Partnership (Limited Partnership) (南京毅達股權投資管理企業(有限合夥)), the general partner of which is Xizang Aida Huicheng Private Fund Management Co., Ltd. (西藏愛達匯承私募基金管理有限公司) ("**Xizang Aida**"). Xizang Aida is wholly owned by Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司), which is held as to 40% by Nanjing Addor Capital Management Partnership (Limited Partnership) (南京毅達資本管理企業(有限合夥)) ("**Addor Capital**"), the general partner of which is Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司), 35% by Jiangsu High-Tech Investment Group Co., Ltd. (江蘇高科技投資集團有限公司) and 25% by other five shareholders, each of which is limited partnership with Addor Capital as its general partner. Nanjing Addor Investment Management Co., Ltd. (南京毅達投資管理有限公司) is held as to approximately 22.5% by Ying Wenlu (應文祿), 15.5% by You Jinbai (尤勁柏), 15.5% by Shi Yunzhong (史雲中), 15.5% by Zhou Chunfang (周春芳),15.5% by Huang Tao (黃韜) and 15.5% by Fan Liping (樊利平). Jiangsu High-Tech Investment Group Co., Ltd. is a state-owned liability company, which is wholly controlled by the People's Government of Jiangsu Province (江蘇省人民政府). Addor Health has eight limited partners, with its largest limited partner, Nanjing Addor Health Achievement Innovation No. 2 Fund Partnership (Limited Partnership) (南京毅達健康成果創新貳號基金合夥企業(有限合夥)), holding an approximate 53.7% interest. None of the remaining limited partners of Addor Health is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Suzhou International Development

Suzhou International Development Technology Innovation Investment Enterprise (Limited Partnership) (蘇州國發科技創新投資企業(有限合夥)) ("**Suzhou International Development**") is a limited partnership established in the PRC on February 3, 2018. The general partner of Suzhou International Development is Suzhou International Development Industrial Management Co., Ltd. (蘇州國發資產管理有限公司), which is wholly owned by Suzhou International Development Venture Capital Holding Co., Ltd. (蘇州國發創業投資控股有限公司), which is in turn held as to approximately 94.7% by Suzhou Innovation Investment Group Co., Ltd. (蘇州創新投資集團有限公司) and 5.3% by Suzhou Yingcai Investment Group Co., Ltd. (蘇州營財投資集團有限公司), both of which are state-owned limited liability companies. The actual controller and largest shareholder of Suzhou Innovation Investment Group Co., Ltd. is Suzhou International Development Group Co., Ltd. (蘇州國際發展集團有限公司), which is wholly controlled by Suzhou Municipal Finance Bureau (蘇州市財政局). Suzhou Yingcai Investment Group Co., Ltd. is wholly owned by Suzhou International Development Group Co., Ltd. Suzhou International Development has six limited partners, with its largest limited partner, Guoke Science and Technology Achievement Transformation Venture Capital Fund (Wuhan) Partnership (Limited Partnership) (國科科技成果轉化創業投資基金(武漢)合夥企業(有限合夥)), holding an approximate 45.6% interest. None of the remaining limited partners of Suzhou International Development is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above entities are Independent Third Parties.

YouYou Foods

Youyou Foods Chongqing Manufacturing Co., Ltd. (有友食品重慶製造有限公司) ("**Youyou Foods**") is a limited liability company established in the PRC on January 17, 2014. It is wholly owned by YouYou Food Co., Ltd. (有友食品股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603697). To the best knowledge of our Company, both of YouYou Foods and YouYou Food Co., Ltd. are Independent Third Parties.

Chongqing Baiya

Chongqing Baiya Sanitary Products Co., Ltd. (重慶百亞衛生用品股份有限公司) ("**Chongqing Baiya**") is a joint stock limited company established in the PRC on November 29, 2010. It is listed on the Shenzhen Stock Exchange (stock code: 003006). To the best knowledge of our Company, Chongqing Baiya is an Independent Third Party.

Wuhan Taiming

Wuhan Taiming is a limited partnership established in the PRC on June 13, 2018. The general partner of Wuhan Taiming is Ningbo Zeyi Investment Management Partnership (Limited Partnership) (寧波澤亦投資管理合夥企業(有限合夥)), the general partner of which is Ningbo Xianghong Business Consulting Co., Ltd. (寧波湘泓商務諮詢有限公司), which is held as to 40% by Liu Junjun (劉軍軍), 30% by Zhang Tingting (張婷婷) and 30% by Li Meng (李蒙). Wuhan Taiming has 14 limited partners, none of the which is interested in 30% or more of the interests therein. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

Suzhou Hechang

Suzhou Hechang Venture Capital Co., Ltd. (蘇州和暢創業投資有限公司) ("**Suzhou Hechang**") is a liability company established in the PRC on August 22, 2023. It is held as to 68% by Chen Yingxian (沈瑩嫻) and 32% by Zhong Jun (鍾君), among whom Chen Yingxian is the actual controller of Suzhou Hechang. To the best knowledge of our Company, all of the above individuals and entities are Independent Third Parties.

SPECIAL RIGHTS OF THE [REDACTED]

Pursuant to the relevant agreements entered in connection with the **[REDACTED]** between our Company and the **[REDACTED]** (the "**Shareholders' Agreements**"), the **[REDACTED]** had been granted certain special rights in relation to our Company.

Pursuant to an agreement entered into by our Company and the Shareholders dated February 5, 2026, the redemption rights granted to the **[REDACTED]** under the Shareholders' Agreements have been terminated prior to the first submission of the **[REDACTED]** application to the Stock Exchange for the purpose of the **[REDACTED]**, and shall automatically be reinstated upon the earliest occurrence of any of the following events: (a) our Company fails to complete its **[REDACTED]** on the Stock Exchange within 24 months from the date of submission of the **[REDACTED]** application; (b) our Company's **[REDACTED]** application is not accepted, is withdrawn or is rejected by the CSRC or the Stock Exchange, and our Company fails to resubmit a **[REDACTED]** application to the Stock Exchange within six months from the date of such non-acceptance, withdrawal or rejection (excluding circumstances where the **[REDACTED]** application lapses and our Company subsequently resubmits a **[REDACTED]** application); (c) our Company's **[REDACTED]** application lapses (including, without limitation, pursuant to the relevant rules of the Stock Exchange upon the expiry of six months from the date of submission of the **[REDACTED]** application), and our Company fails to resubmit a **[REDACTED]** application within six months from the date of such lapse; or (d) our Company submits a written notice to withdraw its **[REDACTED]** application to the Stock Exchange (excluding withdrawal for the purpose of resubmission of the **[REDACTED]** application). In addition, all other special rights under the **[REDACTED]** shall cease to be effective and be discontinued upon the **[REDACTED]** in accordance with Chapter 4.2 of the Guide, including, among others, director appointment rights, rights of first refusal and tag-along rights, pre-emptive rights, dividend rights, most-favored-nation rights, drag-along rights, information rights, non-competition obligations and part-time engagement restrictions.

COMPLIANCE WITH THE GUIDE FOR NEW LISTING APPLICANTS

On the basis that (i) the consideration for **[REDACTED]** was settled more than 28 clear days before the date of first submission of the **[REDACTED]** application to the Stock Exchange or no less than 120 clear days before the **[REDACTED]**; and (ii) the termination of the special rights granted to the **[REDACTED]** as disclosed in "— Special Rights of the **[REDACTED]**" above, the Sole Sponsor confirms that the **[REDACTED]** are in compliance with Chapter 4.2 of the Guide.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PREVIOUS PLAN FOR A SHARE LISTING AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

On December 8, 2020, we entered into a tutoring agreement (the "**Tutoring Agreement**") with Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) (formerly known as Guotai Junan Securities Co., Ltd. (國泰君安証券股份有限公司)) in connection with an A share listing on the STAR Market of the Shanghai Stock Exchange and made a preliminary filing (上市輔導備案) (the "**Preliminary Filing**") with the Jiangsu Regulatory Bureau of CSRC (中國證券監督管理委員會江蘇監管局). Considering that the Stock Exchange would provide us with a platform to access capital and attract diverse investors, the Company decided in 2025 to pursue a **[REDACTED]** in Hong Kong. Our Directors confirmed that as of the Latest Practicable Date, (i) the Tutoring Agreement has been terminated on April 7, 2026, (ii) no material matter in relation to the Group had been identified during the tutoring period, (iii) the Company had not submitted any formal A-share listing application to the Shanghai Stock Exchange, and neither the Jiangsu Regulatory Bureau of the CSRC nor the Shanghai Stock Exchange had issued any enquiries or comments to the Company regarding the tutoring for A share listing, (iv) there is no material disagreement or unresolved dispute between the Company and the relevant professional parties involved in the Preliminary Filing, (v) there is no other matter relating to the Preliminary Filing that would affect the Company's suitability for **[REDACTED]** on the Stock Exchange or that is relevant to the **[REDACTED]** and is necessary to be disclosed in this Document for the investors to form an informed assessment of our Company, and (vi) there is no other matter relating to the Preliminary Filing that should be brought to the attention of the Stock Exchange.

Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause the Sole Sponsor to disagree with the Directors' view above.

Our Company is seeking a **[REDACTED]** of its H Shares on the Hong Kong Stock Exchange in order to provide further capital to achieve our long-term growth. For more details, see "Business" and "Future Plans and Use of **[REDACTED]**".

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Our Company has applied for H-share full circulation to convert all Unlisted Shares into H Shares after the **[REDACTED]**. The Conversion of Unlisted Shares into H Shares will involve an aggregate of **[REDACTED]** Unlisted Shares, being all of our issued share capital of our Company as of the Latest Practicable Date. Following the Conversion of the Unlisted Shares into H Shares and upon completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised):

(i) a total of **[REDACTED]** H Shares held by our core connected persons, being our Single Largest Group of Shareholders, will not be counted towards the public float, representing approximately **[REDACTED]**% of our total issued Shares upon the completion of the **[REDACTED]**;

(ii) a total of **[REDACTED]** H Shares held by the other existing Shareholders as a result of the Conversion of Unlisted Shares into H Shares will be counted as part of the public float, representing approximately **[REDACTED]**% of our total issued Shares upon the completion of the **[REDACTED]**. None of such remaining existing Shareholders is accustomed to take instructions from our Company (or any of its subsidiaries) or any of our core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and none of their acquisition of the Shares were financed directly or indirectly by our Company (or any of its subsidiaries) or our core connected person; and

(iii) a total of **[REDACTED]** H Shares to be issued pursuant to the **[REDACTED]** will be counted as part of the public float, representing **[REDACTED]**% of our total issued Shares upon the completion of the **[REDACTED]**.

Based on the above, it is expected a total of **[REDACTED]** H Shares, representing approximately **[REDACTED]**% of our total issued Shares, will be counted as part of the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands of **[REDACTED]**% under Rule 19A.13A(1) of the Listing Rules (on the basis of the low-end of the **[REDACTED]** range at HK$**[REDACTED]** per H Share). Assuming the **[REDACTED]** is not exercised and based on the low-end of the **[REDACTED]** range at HK$**[REDACTED]** per H Share, our Company is expected to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and the Conversion of the Unlisted Shares into H Shares:

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and Conversion of Unlisted Shares into H shares	
	Number of Unlisted Shares	% as to the total issued share capital of our Company (%)	Number of H Shares	% as to the total issued share capital of our Company (%)
Single Largest Group of Shareholders				
Dr. Fang[(1)]	19,080,000	18.03	**[REDACTED]**	**[REDACTED]**
Suzhou Zhongkang[(1)(2)]	5,870,000	5.55	**[REDACTED]**	**[REDACTED]**
Shanghai Huankang[(1)(3)]	5,255,593	4.97	**[REDACTED]**	**[REDACTED]**
Suzhou Zekang[(1)(4)]	3,350,000	3.17	**[REDACTED]**	**[REDACTED]**
Suzhou Chenkang[(1)(5)]	2,000,000	1.89	**[REDACTED]**	**[REDACTED]**
Sub-total	**35,555,593**	**33.60**	**[REDACTED]**	**[REDACTED]**
[REDACTED]				
Boyu Xinzhi	9,011,657	8.52	**[REDACTED]**	**[REDACTED]**
Hangzhou Tigermed				
Luohe Yukang	5,839,762	5.52	**[REDACTED]**	**[REDACTED]**
Yongxiu Yukang	769,231	0.73	**[REDACTED]**	**[REDACTED]**
Hangzhou Taiyu	384,615	0.36	**[REDACTED]**	**[REDACTED]**
Hangzhou Taikun	3,080,000	2.91	**[REDACTED]**	**[REDACTED]**
Sub-total	**10,073,608**	**9.52**	**[REDACTED]**	**[REDACTED]**

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and Conversion of Unlisted Shares into H shares	
	Number of Unlisted Shares	% as to the total issued share capital of our Company (%)	Number of H Shares	% as to the total issued share capital of our Company (%)
SDIC Unity				
Suzhou Hechuang	1,153,846	1.09	[REDACTED]	[REDACTED]
Hangzhou Chuanghe	1,860,000	1.76	[REDACTED]	[REDACTED]
Chuanghe Songshan Lake	2,000,000	1.89	[REDACTED]	[REDACTED]
Chuanghe Shanghai	1,562,500	1.48	[REDACTED]	[REDACTED]
Sub-total	**6,576,346**	**6.22**	[REDACTED]	[REDACTED]
Suzhou Longju	6,000,000	5.67	[REDACTED]	[REDACTED]
Yangzhou Xinping	5,142,500	4.86	[REDACTED]	[REDACTED]
China Merchants Financial				
China Agricultural	4,000,000	3.78	[REDACTED]	[REDACTED]
Suzhou Zhaofa Integrated	850,000	0.80	[REDACTED]	[REDACTED]
Sub-total	**4,850,000**	**4.58**	[REDACTED]	[REDACTED]
Chengdu Boyuan	4,531,250	4.28	[REDACTED]	[REDACTED]
FOY	3,500,000	3.31	[REDACTED]	[REDACTED]
Wens Investment				
Wens Investment	1,150,000	1.09	[REDACTED]	[REDACTED]
Wenrun No. 2	1,950,000	1.84	[REDACTED]	[REDACTED]
Wenrun Anxiang	50,000	0.05	[REDACTED]	[REDACTED]
Sub-total	**3,150,000**	**2.98**	[REDACTED]	[REDACTED]
Qiming Rongqian & Qiming Rongkai				
Qiming Rongqian	1,538,462	1.45	[REDACTED]	[REDACTED]
Qiming Rongkai	1,061,538	1.00	[REDACTED]	[REDACTED]
Sub-total	**2,600,000**	**2.45**	[REDACTED]	[REDACTED]
Guangzhou Defu	2,307,692	2.18	[REDACTED]	[REDACTED]
Hongsheng Houde	1,562,500	1.48	[REDACTED]	[REDACTED]
Jiequan Bailian	1,562,500	1.48	[REDACTED]	[REDACTED]
Suzhou Daoshan	1,250,000	1.18	[REDACTED]	[REDACTED]
Wujiang Dongyun	1,000,000	0.95	[REDACTED]	[REDACTED]
Mr. Lai	1,000,000	0.95	[REDACTED]	[REDACTED]
Nanjing Innovation				
Zijin Future	600,000	0.57	[REDACTED]	[REDACTED]
Zijin New Energy	400,000	0.38	[REDACTED]	[REDACTED]
Sub-total	**1,000,000**	**0.95**	[REDACTED]	[REDACTED]

Name of Shareholder	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and Conversion of Unlisted Shares into H shares	
	Number of Unlisted Shares	% as to the total issued share capital of our Company (%)	Number of H Shares	% as to the total issued share capital of our Company (%)
Yuncheng Fuli	937,500	0.89	[REDACTED]	[REDACTED]
Beijing Haina	920,000	0.87	[REDACTED]	[REDACTED]
Zhuhai Huajin				
Huajin Lingjian	776,563	0.73	[REDACTED]	[REDACTED]
Huajin Zhishang	4,687	0.0044	[REDACTED]	[REDACTED]
Sub-total	**781,250**	**0.73**	[REDACTED]	[REDACTED]
Addor Health	625,000	0.59	[REDACTED]	[REDACTED]
Suzhou International Development	608,750	0.58	[REDACTED]	[REDACTED]
YouYou Foods	380,000	0.36	[REDACTED]	[REDACTED]
Chongqing Baiya	380,000	0.36	[REDACTED]	[REDACTED]
Wuhan Taiming	360,577	0.34	[REDACTED]	[REDACTED]
Suzhou Hechang	156,250	0.15	[REDACTED]	[REDACTED]
Sub-total of [REDACTED]	**70,267,380**	**66.40**	[REDACTED]	[REDACTED]
Investors from the [REDACTED]	—	—	[REDACTED]	[REDACTED]
Total	**105,822,973**	**100.00**	[REDACTED]	[REDACTED]

Notes:

(1) Each of Suzhou Zhongkang, Suzhou Zekang and Shanghai Huankang is a limited partnership controlled by Dr. Fang as the sole general partner. Suzhou Chenkang is wholly owned by Shanghai Chenkang, which is in turn controlled by Dr. Fang and his spouse, Ms. Chen, as to 90.00% and 10.00%, respectively. Accordingly, Dr. Fang, together with each of Suzhou Zhongkang, Suzhou Zekang, Shanghai Huankang, Shanghai Chenkang and Ms. Chen are our Single Largest Group of Shareholders.

(2) Suzhou Zhongkang was a limited partnership established in the PRC on August 12, 2015 as a shareholding platform of certain employees and individual investors who had confidence in the future development of our Group. As of the latest practicable date, Suzhou Zhongkang has one general partner, being Dr. Fang, holding an approximate 13.59% interest, and 27 limited partners. None of the limited partners is interested in 30% or more of the interests therein.

(3) Shanghai Huankang is a limited partnership established in the PRC on November 27, 2017. As of the latest practicable date, Shanghai Huankang has one general partner, being Dr. Fang, holding an approximate 0.39% interest, and one limited partner, being Guanyou Zhaotai (Jiaxing) Venture Capital Partnership (Limited Partnership) (觀由昭泰(嘉興)創業投資合夥企業(有限合夥)) ("**Guanyou Zhaotai**"), holding the remaining 99.61% interest. The general partner of Guanyou Zhaotai is Pingtan Guanyou Equity Investment Partnership (Limited Partnership) (平潭觀由股權投資合夥企業(有限合夥)), which is ultimately controlled by Chen Yong (陳勇). Guanyou Zhaotai has 12 limited partners, with its largest limited partner, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) (杭州泰格股權投資合夥企業(有限合夥)), holding an approximate 30.84% interest. None of the remaining limited partners is interested in 30% or more of the interests therein. To the best knowledge of our Company, save as Dr. Fang, all of the above individuals and entities are Independent Third Parties.

(4) Suzhou Zekang is an Employee Incentive Platform controlled by Dr. Fang. See "— Employee Incentive Platform" above for further details.

(5) In order to recognize and reward the contribution of Dr. Fang to the growth and development of our Group, pursuant to a share subscription agreement dated July 13, 2023, our Company issued a total of 2,000,000 Shares to Suzhou Chenkang, an investment holding platform of Dr. Fang, at a price of RMB6 per Share, which was fully settled on September 28, 2023.

OUR CORPORATE STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

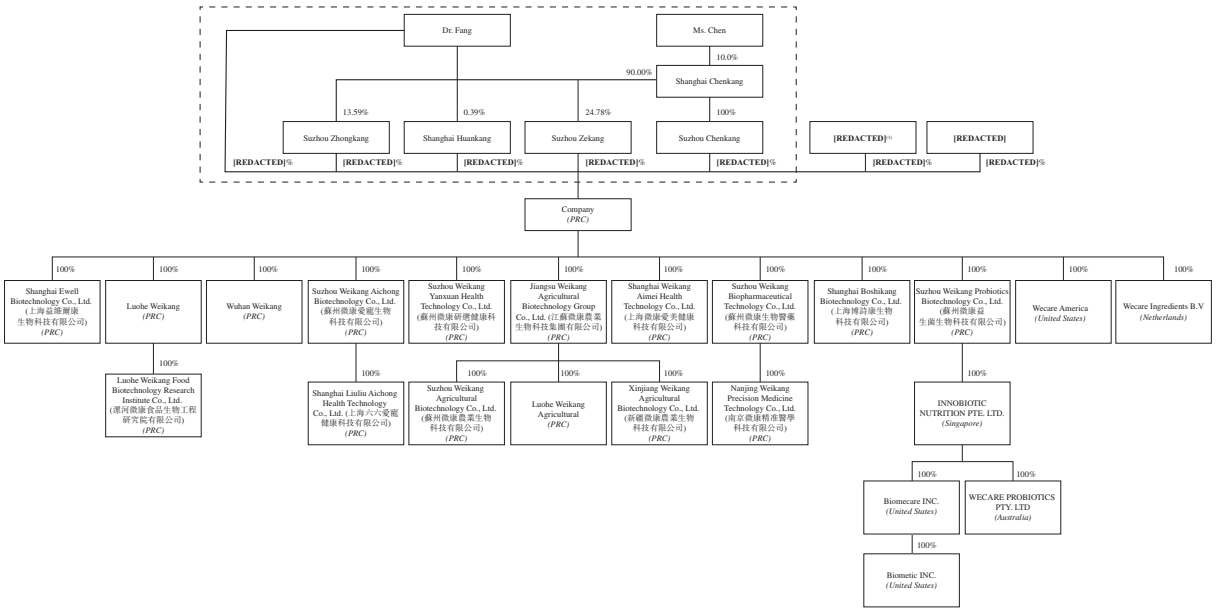
The chart below illustrates the corporate structure of our Group immediately prior to the completion of the **[REDACTED]**:

Note:

(1) See "— Information about our **[REDACTED]**" above for further details of these Shareholders.

OUR CORPORATE STRUCTURE IMMEDIATELY UPON THE COMPLETION OF THE [REDACTED]

The chart below illustrates the corporate structure of our Group immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** has not been exercised):



Note

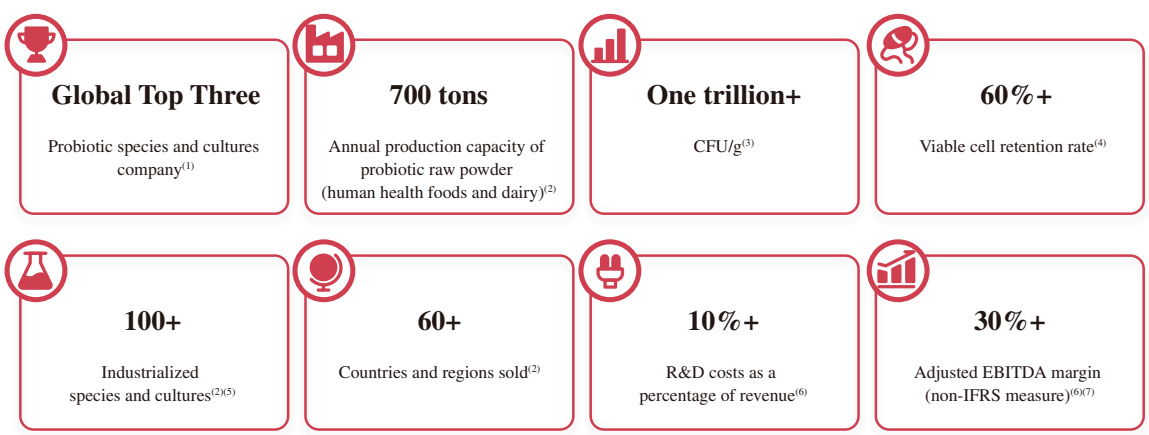
(1) See notes to the corporate chart in "— Our Corporate Structure Immediately Before the Completion of the **[REDACTED]**".

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.

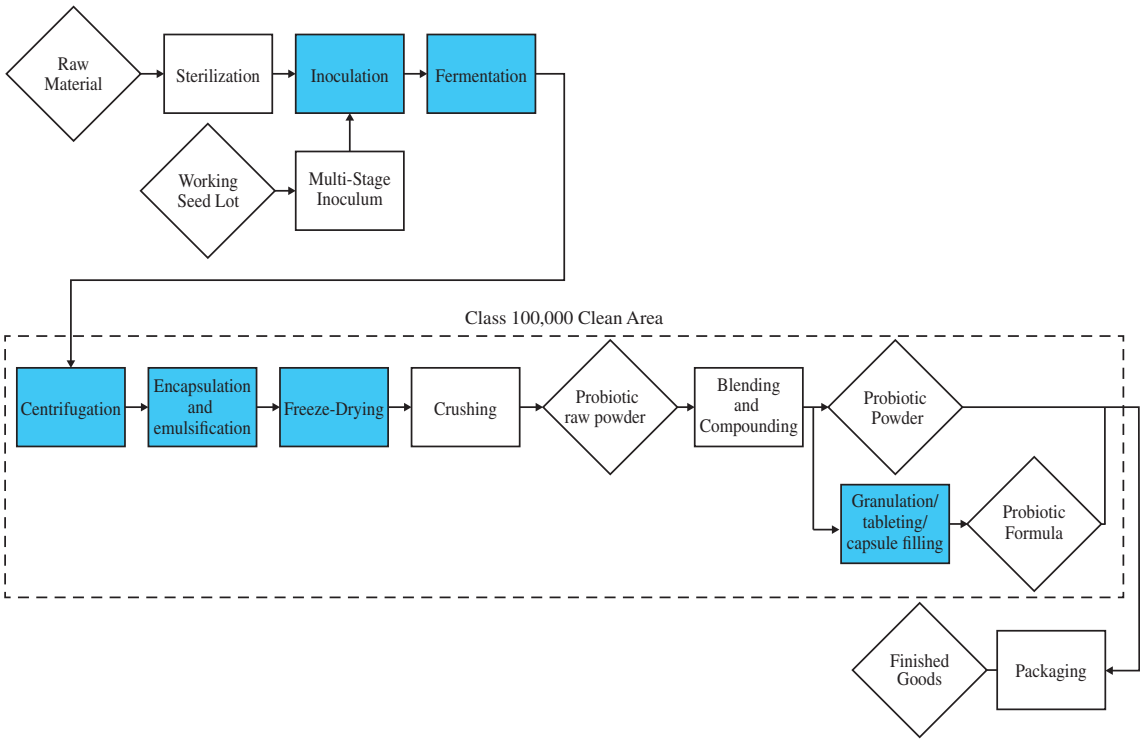
PRODUCTION

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

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Dr. Fang, our founder, the chairman of our Board, the chief scientist and an executive Director of our Company, controlled the voting rights of approximately 33.60% of the issued share capital of our Company, comprising (a) 18.03% held directly by Dr. Fang; and (b) 15.57% held indirectly through Suzhou Zhongkang, Shanghai Huankang, Suzhou Zekang, Suzhou Chenkang and Shanghai Chenkang (the "**Controlled Entities**") as detailed below:

(i) Suzhou Zhongkang, a limited partnership in which Dr. Fang acts as the general partner, holding approximately 5.55% of the total issued share capital of our Company;

(ii) Shanghai Huankang, a limited partnership in which Dr. Fang acts as the general partner, holding approximately 4.97% of the total issued share capital of our Company;

(iii) Suzhou Zekang (an Employee Incentive Platform), a limited partnership in which Dr. Fang acts as the general partner, holding approximately 3.17% of the total issued share capital of our Company; and

(iv) Suzhou Chenkang, a limited company wholly owned by Shanghai Chenkang, which is in turn controlled by Dr. Fang and his spouse, Ms. Chen, as to 90.00% and 10.00%, respectively, holding approximately 1.89% of the total issued share capital of our Company.

For information of each of the Controlled Entities, see "History, Development and Corporate Structure" in this Document.

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Dr. Fang, directly and indirectly through the Controlled Entities, together with Ms. Chen, indirectly through Shanghai Chenkang and Suzhou Chenkang, will control an aggregate of approximately **[REDACTED]**% of the voting rights in our Company. Accordingly, Dr. Fang, Ms. Chen and the Controlled Entities will constitute our Single Largest Group of Shareholders after the **[REDACTED]**.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

Each of our Single Largest Group of Shareholders confirms that he/she/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our businesses, and which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Our Directors consider that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and their respective close associates after the **[REDACTED]**, taking into account the following factors:

Management Independence

Our business has been managed and conducted by our Board and senior management. Our Board comprises three executive Directors, one non-executive Directors and three independent non-executive Directors, and we also have six senior management members (of whom one is an executive Director). Each of our Directors and senior management possesses relevant management, financial or industry-

related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see ''Directors and Senior Management'' in this Document.

Our Directors consider that we are able to carry on our business independently from our Single Largest Group of Shareholders from a management perspective for the following reasons:

- each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

- three out of our seven Directors are independent non-executive Directors who have extensive experience in different professions. They have been providing independent oversight and will continue to independently monitor the formulation and implementation of major decisions of our Group based on their skills and qualification and related professional experience. Members of the senior management of our Company have been with our Group in management capacity for a number of years, and therefore, have substantial working experience in the industry we are engaged in, and their familiarity with our Group's business and with the competitive landscape we are in will therefore enable them to make business decisions that are in the best interests of our Group;

- we have established clear reporting lines among the management team of our Company and between our management team and our Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to our Board. Our Board supervises and monitors the performance of our Company's management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information; and

- the Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

We do not rely on our Single Largest Group of Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or our company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Single Largest Group of Shareholders.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the foregoing, our Directors believe that we are able to operate independently of our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on our Single Largest Group of Shareholders and their close associates for financing after the **[REDACTED]** as we expect that our working capital will be funded by cash flows generated from, among others, operating activities, bank loans, as well as the **[REDACTED]** from the **[REDACTED]**.

As of the Latest Practicable Date, there were no outstanding loans due to or from our Single Largest Group of Shareholders or their close associates, nor any outstanding pledges or guarantees provided for our benefit by our Single Largest Group of Shareholders or their close associates.

Based on the above, our Directors believe that we have the ability to operate independently of our Single Largest Group of Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Single Largest Group of Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Under the Articles of Association, extraordinary general meetings of our Company may be convened on the requisition of any one or more members holding, as of the date of deposit of the requisition, in aggregate not less than one-tenth of the issued shares of our Company. In addition, pursuant to the Shareholder communication policy to be adopted by our Company upon **[REDACTED]**, Shareholders are encouraged to put governance related matters to our Directors and to our Company directly in writing. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Group of Shareholders:

(i) where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their associates has a material interest, the Single Largest Group of Shareholders or associates will not vote on the relevant resolutions;

(ii) our Company has established internal control mechanisms to identify connected transactions;

(iii) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders and provide impartial advice to protect the interests of our minority Shareholders. Our Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other information as required by the independent non-executive Directors for the purpose of their annual review. Our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;

(iv) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expense;

(v) we have appointed Red Solar Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(vi) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Single Largest Group of Shareholders, and to protect our minority Shareholders' interests after the **[REDACTED]**.

You should read the following discussion and analysis in conjunction with audited consolidated financial information included in "Appendix I — Accountants' Report" to this Document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors" in this Document.

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.

We have achieved steady growth during the Track Record Period. Our total revenue increased from RMB495.9 million in 2023 to RMB544.1 million in 2024, and further increased to RMB701.5 million in 2025. Our gross profit increased from RMB246.6 million in 2023 to RMB264.8 million in 2024, and further increased to RMB332.9 million in 2025.

Excluding the impact of share-based payment expenses, **[REDACTED]** expenses and fair value changes on other financial instruments, our adjusted net profit (non-IFRS measure) amounted to RMB96.0 million, RMB83.7 million and RMB106.9 million in 2023, 2024 and 2025, respectively. Further excluding the impact of the income tax expense, finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets and finance income, our adjusted EBITDA (non-IFRS measure) amounted to RMB166.0 million, RMB170.8 million and RMB219.8 million in 2023, 2024 and 2025, respectively. Our corresponding adjusted EBITDA margin (non-IFRS measure) was 33.5%, 31.4% and 31.3% for the same respective years. Please see "— Non-IFRS Measure" for details.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the major factors affecting our results of operations and financial condition include the following:

Consumer Demand for Probiotic Products

Our results of operations are affected by the overall development of the probiotic raw powder market industry, as well as consumer demand for probiotic products. Demand for probiotic end products

is an important driver of demand for probiotic raw powder, which in turn affects our business, financial condition and results of operations. According to Frost & Sullivan, the global probiotic end product market size increased from US$58.7 billion in 2020 to US$86.7 billion in 2025, with a CAGR of 8.1% from 2020 to 2025, and is expected to reach US$151.1 billion in 2030, with a CAGR of 11.8% from 2025 to 2030. In parallel with the expansion of the end product market, the global probiotic raw powder market has experienced robust expansion in recent years. According to the same source, the global probiotic raw powder market size increased from US$2,323.0 million in 2020 to US$3,263.6 million in 2025, with a CAGR of 7.0% from 2020 to 2025, and is expected to reach US$4,820.6 million in 2030, with a CAGR of 8.1% from 2025 to 2030. While the sustained expansion of the market provides a favorable demand environment, the industry is also subject to evolving regulatory requirements and intensifying competition, which may affect pricing and cost structures. In particular, intensified competition may lead to downward pressure on our product pricing and average selling prices, which could materially and adversely affect our revenue and profitability.

Consumer demand for probiotic products is shaped by shifting preferences and growing health awareness. As disposable incomes rise and consumers become more health-conscious, there is a growing emphasis on the nutritional value of food, along with a greater willingness to pay a premium for high-quality probiotic offerings. Our ability to command favorable pricing for our products depends on our success in aligning with these consumer trends and maintaining a premium brand positioning. Any failure to meet evolving consumer preferences could result in reduced demand and corresponding pressure on our selling prices. Key factors influencing consumer demand include emerging health trends, changing dietary habits, and the diversification of consumption scenarios.

As a leading player in the probiotic strains and cultures industry, we leverage our strong R&D capabilities and in-depth market insights to continuously develop innovative products that align with consumer needs. Our focus on science-backed formulations and high-quality strains has enabled us to build strong customer trust and loyalty. We believe that our ongoing commitment to meeting evolving consumer preferences is essential to sustaining our growth and strengthening our market position.

Ability to Attract New Customers and Retain Existing Customers

Our results of operations depend significantly on customer demand. We have a diverse customer base, covering industries such as health and functional foods, dairy products, pharmaceuticals, agriculture and food manufacturing. 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.

Our results of operations depend largely on our ability to retain existing customers and to acquire new customers. Our ability to attract and retain customers is affected by our brand image, product quality, product offerings, pricing, geographic footprint and capacity. Our comprehensive and high-quality product offerings and strong scientific and technical expertise have enabled us to enter into new sales orders with existing customers and attract new customers. However, our customer relationships and the pricing we can achieve are subject to market competition and customer bargaining power. In particular, larger corporate customers may possess significant negotiating leverage, which could result in pricing concessions or reduced order volumes, leading to decreases in our average selling prices and adversely affecting our financial performance.

Our Ability to Broaden Our Portfolio of Strains

Our future financial growth is tied to our success in developing and commercializing a broader portfolio of proprietary probiotic strains and expanding their applications into new market segments. 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. In 2023, 2024 and 2025, we incurred research and development costs of RMB57.2 million, RMB74.9 million and RMB88.8 million, respectively, representing 11.5%, 13.8% and 12.7% of our revenue for the same years, respectively.

We will continue to increase our investment in R&D and plan to further strengthen our R&D capabilities. Further, we will translate our R&D achievements into broader and higher value-added end-application solutions, focusing on achieving breakthroughs in high-barrier areas such as infant and toddler nutrition and deepening cooperation with dairy enterprises and agriculture enterprises. However, such strategic expansion is subject to certain factors. Even with scientific validation, commercial success still depends on educating the market, differentiating our strains from competitors, and aligning with consumer trends. Whether our R&D efforts will achieve our intended results, and whether we will be able to successfully broaden our portfolio of strains and successfully expand the application into new markets to achieve our intended benefits, will affect our business and results of operations.

Our Ability to Manage Costs and Improve Operating Efficiency

Our ability to control costs and improve operating efficiency is critical to our profitability. During the Track Record Period, our cost of sales primarily consisted of (i) costs of materials; (ii) depreciation and amortization; (iii) transportation costs; (iv) staff costs; (v) utilities; (vi) share-based payment; and (vii) others. Our cost of sales amounted to RMB249.2 million, RMB279.3 million and RMB368.6 million in 2023, 2024 and 2025, respectively, among which costs of materials accounted for the majority. Accordingly, our ability to source key raw materials at competitive prices affects our gross profit margin and profitability. In addition, staff costs remain a key component of our cost of sales. Fluctuations in staff costs could significantly affect our results of operations and profit margins.

We are committed to continuing to scale up our business operations while effectively managing our cost of sales to achieve higher gross profit margins. We are also constantly exploring ways to improve our operating efficiency in various areas. For instance, we plan to continuously optimize our production efficiency and yield by utilizing intelligent manufacturing in our production base and our business.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with applicable International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss ("**FVPL**"), which are carried at fair value.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further detail in Note 4 to the Accountants' Report in Appendix I to this Document. When reviewing our financial information, you should consider: (i) our selection of accounting policies as disclosed in Note 2 to the Accountants' Report in Appendix I to this Document; and (ii) the results to changes in conditions and assumptions. We believe that the material accounting policy information and estimates as detailed in Note 2 and Note 4 to the Accountants' Report in Appendix I to this Document are critical and involve the most important estimates and judgments we used in preparing our financial statements.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT OR LOSS

The following table sets forth our consolidated statements of comprehensive profit or loss for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Revenue	495,852	100.0	544,070	100.0	701,481	100.0
Cost of sales	(249,215)	(50.3)	(279,265)	(51.3)	(368,551)	(52.5)
Gross profit	**246,637**	**49.7**	**264,805**	**48.7**	**332,930**	**47.5**
Other income	14,519	2.9	20,483	3.8	18,259	2.6
Other losses, net	(5,608)	(1.1)	(8,279)	(1.5)	(660)	(0.1)
Selling and marketing expenses	(42,566)	(8.6)	(52,960)	(9.7)	(69,079)	(9.8)
General and administrative expenses	(79,557)	(16.0)	(51,251)	(9.4)	(56,863)	(8.1)
Research and development costs	(57,185)	(11.5)	(74,875)	(13.8)	(88,808)	(12.7)
Impairment losses under expected credit loss model, net of reversal	(3,582)	(0.7)	(120)	—	(9,897)	(1.4)
Fair value change on other financial instruments	(28,400)	(5.7)	(1,800)	(0.3)	(37,000)	(5.3)
Operating profit	**44,258**	**8.9**	**96,003**	**17.6**	**88,882**	**12.7**
Finance income	1,125	0.2	1,424	0.3	984	0.1
Finance costs	(3,722)	(0.8)	(5,535)	(1.0)	(7,730)	(1.1)
Finance costs — net	(2,597)	(0.5)	(4,111)	(0.8)	(6,746)	(1.0)
Profit before income tax	**41,661**	**8.4**	**91,892**	**16.9**	**82,136**	**11.7**
Income tax expense	(16,236)	(3.3)	(12,278)	(2.3)	(16,926)	(2.4)
Profit for the year	**25,425**	**5.1**	**79,614**	**14.6**	**65,210**	**9.3**
Other comprehensive (loss)/income for the year						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations	(7)	—	22	—	(283)	—
Total comprehensive income for the year attributable to owners of the Company	**25,418**	**5.1**	**79,636**	**14.6**	**64,927**	**9.3**

NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items listed below. We also believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year excluding share-based payment expenses, **[REDACTED]** expenses and fair value change on other financial instruments. We define adjusted EBITDA (non-IFRS measure) 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. We define adjusted EBITDA margin (non-IFRS measure) as adjusted EBITDA (non-IFRS measure) for the year divided by revenue for the same year and multiplied by 100%. We adjust these items because they are neither operating in nature nor indicative of our core operating results and business outlook. These reconciling items are non-recurring, which comply with Chapter 3.11 of the Guide.

We therefore believe that adjusting these items provides potential investors and management with greater visibility to our operating results and financial performance, so that they can assess our underlying core performance undistorted. The following table reconciles our adjusted net profit (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) for the years indicated:

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except percentages)		
Profit for the year	25,425	79,614	65,210
Add:			
Share-based payment expenses	42,161	2,246	3,213
[REDACTED] expenses	—	—	**[REDACTED]**
Fair value change on other financial instruments	28,400	1,800	37,000
Adjusted net profit (non-IFRS measure)	**95,986**	**83,660**	**106,874**

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except percentages)		
Add:			
Income tax expense	16,236	12,278	16,926
Finance costs	3,722	5,535	7,730
Depreciation and amortization[(1)]	51,170	70,734	89,252
Less:			
Finance income	1,125	1,424	984
Adjusted EBITDA (non-IFRS measure)	**165,989**	**170,783**	**219,798**
Adjusted EBITDA margin (non-IFRS measure)	**33.5%**	**31.4%**	**31.3%**

Note:

(1) Depreciation and amortization included depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets.

Revenue

Revenue by Business Lines

During the Track Record Period, our revenue was primarily derived from the sales of probiotic powder and probiotic formula applied for human health, dairy, agriculture and others, and provision of technical services. For details, see "Business — Our Products and Services." The following table sets forth a breakdown of our revenue by business line, in an absolute amount and as a percentage of our total revenue, 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**

Note:

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

Our revenue increased by 9.7% from RMB495.9 million in 2023 to RMB544.1 million in 2024, and further increased by 28.9% to RMB701.5 million in 2025. The changes in our revenue during the Track Record Period were primarily attributable to sales volume growth in our human health business. For sales volumes and ASPs by product category, see "Business — Our Products and Services — Sales Volume and Average Sales Price."

Revenue by Geographic Region

During the Track Record Period, a majority of our revenue was generated from domestic sales. The following table sets forth a breakdown of our total revenue by geographical region, in an absolute amount and as a percentage of our total revenue, 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.

Cost of Sales

Our cost of sales primarily consisted of (i) costs of materials, primarily representing procurement costs of raw materials and packing materials; (ii) depreciation and amortization; (iii) transportation costs; (iv) staff costs, primarily representing payroll and related expenses for our employees engaged in production activities; (v) utilities; (vi) share-based payments; and (vii) others, primarily including equipment maintenance fees incurred in connection with production and travel and accommodation expenses. The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of our revenue, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Costs of materials	164,851	33.3	153,846	28.3	201,567	28.7
Depreciation and amortization	24,021	4.8	35,549	6.5	51,299	7.3
Transportation costs	18,150	3.7	26,159	4.8	41,106	5.9
Staff costs	18,815	3.8	32,527	6.0	36,746	5.2
Utilities	16,405	3.3	19,215	3.5	25,216	3.6
Share-based payments	455	0.1	335	0.1	106	—
Others	6,518	1.3	11,634	2.1	12,511	1.8
Total	**249,215**	**50.3**	**279,265**	**51.3**	**368,551**	**52.5**

The following table sets forth a breakdown of our cost of sales by business lines, in an absolute amount and as a percentage of our total cost of sales, 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	72,936	29.3	85,141	30.5	130,609	35.4
Probiotic formula	144,248	57.9	161,324	57.8	200,567	54.4
	217,184	**87.2**	**246,465**	**88.3**	**331,176**	**89.8**
Dairy	8,859	3.6	7,064	2.5	11,667	3.2
Agriculture	827	0.3	6,853	2.5	6,786	1.8
Others	20,041	8.0	13,795	4.9	17,176	4.7
Technical services	2,304	0.9	5,088	1.8	1,746	0.5
Total	**249,215**	**100.0**	**279,265**	**100.0**	**368,551**	**100.0**

Gross Profit and Profit Margin

Our gross profit increased by 7.4% from RMB246.6 million in 2023 to RMB264.8 million in 2024, and further increased by 25.7% to RMB332.9 million in 2025. Our gross profit margin was 49.7%, 48.7% and 47.5% in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our gross profit in absolute amounts and gross profit margin in percentages by business lines for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Human health						
Probiotic powder	145,852	66.7	165,258	66.0	221,655	62.9
Probiotic formula	80,055	35.7	84,502	34.4	94,084	31.9
	225,907	**51.0**	**249,760**	**50.3**	**315,739**	**48.8**
Dairy	4,733	34.8	4,118	36.8	6,072	34.2
Agriculture	351	29.8	821	10.7	3,022	30.8
Others	9,164	31.4	7,767	36.0	5,703	24.9
Technical services	6,482	73.8	2,339	31.5	2,394	57.8
Total	**246,637**	**49.7**	**264,805**	**48.7**	**332,930**	**47.5**

Other Income

Our other income primarily consisted of (i) government grants, mainly representing subsidies received from local governments in Chinese Mainland; and (ii) additional deduction of value-added tax ("**VAT**"), mainly because we were certified as an advanced manufacturing enterprise by local government in Chinese Mainland.

Other Losses, Net

Our other losses, net consisted of (i) foreign currency exchange gain/(loss), net; (ii) net losses on disposal of property, plant and equipment and intangible assets, related to the disposal of our equipment; (iii) fair value (loss)/gain on financial assets at FVPL, mainly related to losses or gains arising from changes in fair value change of our unlisted equity investments and structured deposit; and (iv) others, which mainly included donation and loss resulting from the disposal of patents.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) staff costs for sales and marketing personnel; (ii) marketing and promotion expenses incurred for our sales and marketing activities; (iii) office, travel and business development expenses, incurred by our sales and marketing team in connection with customer acquisition, business development and market expansion; (iv) depreciation and amortization; (v) share-based payments for sales and marketing personnel; and (vi) others. The following table sets forth a breakdown of our selling and marketing expenses, in an absolute amount and as a percentage of our total selling and marketing expenses, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	21,216	49.8	26,138	49.4	34,410	49.8
Marketing and promotion expenses	9,211	21.7	11,714	22.1	15,256	22.1
Office, travel and business development expenses	9,056	21.3	13,050	24.6	14,887	21.6
Depreciation and amortization	1,508	3.5	1,104	2.1	3,547	5.1
Share-based payments	494	1.2	322	0.6	23	—
Others	1,081	2.5	632	1.2	956	1.4
Total	**42,566**	**100.0**	**52,960**	**100.0**	**69,079**	**100.0**

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) staff costs for administrative personnel; (ii) depreciation and amortization; (iii) office expenses; (iv) other tax and surcharge; (v) travel and business development expenses; (vi) share-based payments for administrative personnel; (vii) professional service fees, primarily relating to audit, legal, consulting and other professional services in the ordinary course of business; (viii) **[REDACTED]** expenses in connection with the **[REDACTED]**; and (ix) others, primarily including conference expenses and insurance expenses. The following table sets forth a breakdown of our general and administrative expenses, in an absolute amount and as a percentage of our total general and administrative expenses, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	15,003	18.8	16,335	31.9	22,244	39.1
Depreciation and amortization	9,455	11.9	10,573	20.6	7,948	14.0
Office expenses	3,931	4.9	6,748	13.2	6,121	10.7
Other tax and surcharge	3,168	4.0	4,834	9.4	6,050	10.6
Travel and business development expenses	3,558	4.5	6,185	12.1	5,384	9.5
Share-based payments	40,554	51.0	929	1.8	2,793	4.9
Professional service fees	1,561	2.0	2,638	5.1	1,751	3.1
[REDACTED] expenses	—	—	—	—	[REDACTED]	[REDACTED]
Others	2,327	2.9	3,009	5.9	3,121	5.5
Total	**79,557**	**100.0**	**51,251**	**100.0**	**56,863**	**100.0**

Research and Development Costs

Our research and development costs primarily consisted of (i) staff costs for R&D personnel, (ii) professional service fees, mainly relating to service fees paid to universities and research institutions in connection with collaborative research and development; (iii) materials and testing expenses; (iv) depreciation and amortization; (v) office expenses; (vi) share-based payments for R&D personnel; and (vii) others, primarily including travel expenses and conference-related expenses incurred by our R&D personnel in attending industry conferences. The following table sets forth a breakdown of our research and development costs, in an absolute amount and as a percentage of our total research and development costs, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	22,875	40.0	27,990	37.4	34,955	39.3
Professional service fees	18,911	33.1	18,285	24.4	17,719	20.0
Materials and testing expenses	5,630	9.8	12,657	16.9	15,207	17.1
Depreciation and amortization	5,730	10.0	8,051	10.8	12,856	14.5
Office expenses	1,810	3.2	3,226	4.3	3,177	3.6
Share-based payments	657	1.1	660	0.9	291	0.3
Others	1,572	2.8	4,006	5.3	4,603	5.2
Total	**57,185**	**100.0**	**74,875**	**100.0**	**88,808**	**100.0**

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded impairment losses under the expected credit loss model, net of reversal primarily due to the expected credit losses on trade receivables arising from product sales and other receivables. In 2023, 2024 and 2025, our impairment losses under the expected credit loss model, net of reversal amounted to RMB3.6 million, RMB0.1 million and RMB9.9 million, respectively.

Fair Value Change on Other Financial Instruments

We recorded fair value change on other financial instruments of RMB28.4 million, RMB1.8 million and RMB37.0 million in 2023, 2024 and 2025, respectively. For details of our other financial instruments, see Note 37 to the Accountants' Report set out in Appendix I to this Document.

Finance Income

Our finance income represented bank interest income from bank balances and time deposits. In 2023, 2024 and 2025, our finance income was RMB1.1 million, RMB1.4 million and RMB1.0 million, respectively.

Finance Costs

Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs were RMB3.7 million, RMB5.5 million and RMB7.7 million, respectively.

Income Tax Expense

Chinese Mainland

In 2023, 2024 and 2025, we recorded income tax expense of RMB16.2 million, RMB12.3 million and RMB16.9 million, respectively.

Entities in Chinese Mainland are generally subject to a statutory corporate income tax rate of 25.0%. Certain of our subsidiaries which qualified as high and new technology enterprises enjoyed a preferential corporate income tax rate of 15.0% under the Enterprise Income Tax Law.

US Corporate Income Tax

The applicable income tax rate of the United States where our subsidiaries had significant operations during the Track Record Period included state income tax rates ranging from nil to 10% and the U.S. federal corporate income tax rate of 21%.

During the Track Record Period and as of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 28.9% from RMB544.1 million in 2024 to RMB701.5 million in 2025, primarily due to the growth of human health business.

Human health. Our revenue from products for human health application increased by 30.4% from RMB496.2 million in 2024 to RMB646.9 million in 2025, primarily attributable to increased sales volumes, mainly driven by (i) growing demand from downstream probiotic products; (ii) our deeper cooperation with health and functional foods companies; (iii) accelerated domestic substitution; (iv) continued customer acquisition; and (v) increased overseas sales.

Dairy. Our revenue from products for dairy application increased by 58.6% from RMB11.2 million in 2024 to RMB17.7 million in 2025, primarily due to an increase in sales volume mainly driven by an increase in the number of customers.

Agriculture. Our revenue from products for agriculture application increased by 27.8% from RMB7.7 million in 2024 to RMB9.8 million in 2025, primarily as we optimized our product mix and strategically increased the sales contribution from products with relatively higher unit selling prices.

Others. Our revenue from others remained relatively stable at RMB21.6 million in 2024 and RMB22.9 million in 2025.

Technical services. Our revenue from rendering technical services decreased by 44.3% from RMB7.4 million in 2024 to RMB4.1 million in 2025, primarily reflecting the timing and number of technical service projects completed during the year.

Cost of Sales

Our cost of sales increased by 32.0% from RMB279.3 million in 2024 to RMB368.6 million in 2025, primarily due to (i) an increase of RMB47.7 million in costs of materials mainly driven by the increased sales volume; (ii) an increase of RMB15.8 million in depreciation and amortization following the completion and use of our Suzhou Production Base; (iii) an increase of RMB14.9 million in transportation costs, mainly attributable to higher shipment volume and higher proportion of overseas sales; and (iv) an increase of RMB4.2 million in staff costs. Such increase in cost of sales was generally in line with our revenue growth. The percentage of our cost of sales to total revenue remained relatively stable at 51.3% in 2024 and 52.5% in 2025.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 25.7% from RMB264.8 million in 2024 to RMB332.9 million in 2025.

Our overall gross profit margin slightly decreased from 48.7% in 2024 to 47.5% in 2025, primarily due to the decreases in gross profit margins for products for human health application, which contributed the majority of our revenue. Our gross profit margin for products for human health application decreased from 50.3% in 2024 to 48.8% in 2025, primarily due to the increase of depreciation and amortization, mainly because the newly established production base in Suzhou was during the initial ramp-up stage and had not yet reached full production capacity, resulting in higher fixed cost absorption per unit.

Other Income

Our other income decreased by 10.9% from RMB20.5 million in 2024 to RMB18.3 million in 2025, primarily due to a decrease in additional deduction of VAT, following the relatively high amount recognized in 2024 as a result of higher procurement volumes in certain months of 2024.

Other Losses, Net

Our other losses, net decreased from RMB8.3 million in 2024 to RMB0.7 million in 2025, primarily due to (i) fair value gain on financial assets at FVPL in 2025; and (ii) a decrease in net losses on disposal of property, plant and equipment and intangible assets as compared with 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 30.4% from RMB53.0 million in 2024 to RMB69.1 million in 2025, primarily due to (i) an increase of RMB8.3 million in staff costs mainly driven by the increased number of our selling and marketing personnel and related compensation; (ii) an increase of RMB5.4 million in aggregate in marketing and promotion expenses, and office, travel and business development expenses resulting from the expansion of our selling and marketing activities; and (iii) an increase of RMB2.4 million in depreciation and amortization, resulting from the additional lease of office to support the business growth.

General and Administrative Expenses

Our general and administrative expenses increased by 11.0% from RMB51.3 million in 2024 to RMB56.9 million in 2025, primarily due to (i) an increase of RMB5.9 million in staff costs mainly driven by higher compensation for our administrative personnel; and (ii) an increase of RMB1.5 million in **[REDACTED]** expenses, partially offset by a decrease of RMB2.6 million in depreciation and amortization, following the completion and use of our facilities in Suzhou.

Research and Development Costs

Our research and development costs increased by 18.6% from RMB74.9 million in 2024 to RMB88.8 million in 2025, primarily due to (i) an increase of RMB7.0 million in staff costs driven by the expansion of our research and development team; (ii) an increase of RMB4.8 million in depreciation and amortization following the completion and use of our research and development building in Suzhou; and (iii) an increase of RMB2.6 million in materials and testing expenses mainly attributable to greater consumption of consumables used in research and development activities.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under the expected credit loss model, net of reversal increased from RMB0.1 million in 2024 to RMB9.9 million in 2025, primarily due to provision of trade and bills receivables for our customers, including one major customer during the Track Record Period.

Fair Value Change on Other Financial Instruments

We recorded fair value change on other financial instruments of RMB1.8 million in 2024 and RMB37.0 million in 2025, primarily due to the mandatory distribution rights attached to our ordinary shares.

Finance Income

Our finance income represented the interest income of our bank deposit. Our finance income remained relatively stable at RMB1.4 million in 2024 and RMB1.0 million in 2025.

Finance Costs

Our finance costs mainly represented the interest expenses on bank borrowings and lease liabilities. Our finance costs increased from RMB5.5 million in 2024 to RMB7.7 million in 2025, primarily due to the increase in our bank borrowings in 2025.

Income Tax Expense

Our income tax expense amounted to RMB12.3 million and RMB16.9 million in 2024 and 2025, respectively. Accordingly, our effective tax rate was 13.4% and 20.6%, respectively, in 2024 and 2025. The increase in effective tax rate in 2025 was mainly due to the fair value change on other financial instruments and impairment losses under the expected credit loss model, net of reversal, both of which were non-deductible expenses before tax.

Profit for the Year

As a result of the above, we recorded profit of RMB79.6 million and RMB65.2 million in 2024 and 2025, respectively. In 2024 and 2025, our adjusted net profit (non-IFRS measure) amounted to RMB83.7 million and RMB106.9 million, respectively. Please see "— Non-IFRS Measure" for details.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 9.7% from RMB495.9 million in 2023 to RMB544.1 million in 2024, primarily due to the growth of our human health business.

Human health. Our revenue from products for human health application increased by 12.0% from RMB443.1 million in 2023 to RMB496.2 million in 2024, primarily due to increases in sales volume mainly driven by (i) the growing demand in downstream probiotic products; (ii) continued customer acquisition; (iii) accelerated domestic substitution; and (iv) increased overseas sales.

Dairy. Our revenue from products for dairy application decreased by 17.7% from RMB13.6 million in 2023 to RMB11.2 million in 2024, primarily due to a decrease in average selling price, mainly resulting from a more competitive pricing strategy adopted to maintain and expand our customer base and intensified market competition.

Agriculture. Our revenue from products for agriculture application increased from RMB1.2 million in 2023 to RMB7.7 million in 2024, primarily attributable to increased sales volume.

Others. Our revenue from others decreased by 26.2% from RMB29.2 million in 2023 to RMB21.6 million in 2024, primarily due to changes in product mix.

Technical services. Our revenue from rendering technical services decreased by 15.5% from RMB8.8 million in 2023 to RMB7.4 million in 2024, primarily reflecting the timing and number of technical service projects completed during the year.

Cost of Sales

Our cost of sales increased by 12.1% from RMB249.2 million in 2023 to RMB279.3 million in 2024, primarily due to (i) an increase of RMB13.7 million in staff costs, mainly driven by an increase in the number of our production employees; (ii) an increase of RMB11.5 million in depreciation and amortization in connection with the completion and use of our Suzhou Production Base; and (iii) an

increase of RMB8.0 million in transportation costs, mainly attributable to higher shipment volumes and a higher proportion of overseas sales. The increase in cost of sales was partially offset by a decrease of RMB11.0 million in costs of materials, primarily attributable to the improved production efficiency and lower material consumption per unit achieved through process optimization at the newly established Suzhou Production Base. The percentage of our cost of sales to total revenue remained relatively stable at 50.3% in 2023 and 51.3% in 2024.

Gross Profit and Gross Profit Margin

As a result of the above, our gross profit increased by 7.4% from RMB246.6 million in 2023 to RMB264.8 million in 2024.

Our overall gross profit margin slightly decreased from 49.7% in 2023 to 48.7% in 2024, primarily due to decreases in gross profit margins for products for human health application, which contributed the majority of our revenue. The decreases in gross profit margins for products for human health application were primarily due to decreases in average selling prices as we adopted more competitive pricing strategies in response to intensified market competition, to expand our customer base, enhance market penetration and increase market share.

Other Income

Our other income increased by 41.1% from RMB14.5 million in 2023 to RMB20.5 million in 2024, primarily due to (i) an increase of RMB2.8 million in government grants; and (ii) an increase of RMB3.1 million in additional deduction of VAT mainly attributable to higher procurement volumes in certain months of 2024, resulting in a higher amount of additional deduction of VAT recognized during the year.

Other Losses, Net

We recorded other losses, net of RMB5.6 million in 2023 and RMB8.3 million in 2024, primarily due to fair value loss on financial assets at FVPL related to our equity investments.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 24.4% from RMB42.6 million in 2023 to RMB53.0 million in 2024, primarily due to (i) an increase of RMB4.9 million in staff costs, mainly driven by an increase in the number of our selling and marketing personnel and related compensation; and (ii) an increase of RMB6.5 million in aggregate in marketing and promotion expenses, and office, travel and business development expenses resulting from the expansion of our selling and marketing activities.

General and Administrative Expenses

Our general and administrative expenses decreased by 35.6% from RMB79.6 million in 2023 to RMB51.3 million in 2024, primarily due to a decrease of RMB39.7 million in share-based payments as the share incentives were granted to our administrative personnel in 2023, partially offset by (i) an increase of RMB2.8 million in office expenses, mainly resulting from the expansion of office space and enhanced investment in office operation support; (ii) an increase of RMB2.6 million in travel and business development expenses in line with revenue growth; and (iii) an increase of RMB1.3 million in staff costs, mainly driven by higher compensation for our administrative personnel.

Research and Development Costs

Our research and development costs increased by 30.9% from RMB57.2 million in 2023 to RMB74.9 million in 2024, primarily due to (i) an increase of RMB7.1 million in materials and testing expenses, attributable to the increased number of research and development projects in 2024; (ii) an increase of RMB5.1 million in staff costs driven by the expansion of our research and development team; and (iii) an increase of RMB2.4 million in depreciation and amortization following the completion and use of our research and development building in Suzhou.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under the expected credit loss model, net of reversal decreased from RMB3.6 million in 2023 to RMB0.1 million in 2024, primarily attributable to our collection of trade and bills receivables.

Fair Value Change on Other Financial Instruments

We recorded fair value change on other financial instruments of RMB28.4 million in 2023 and RMB1.8 million in 2024, primarily due to the mandatory distribution rights attached to our ordinary shares.

Finance Income

Our finance income represented interest income of bank deposits. Our finance income remained relatively stable at RMB1.1 million in 2023 and RMB1.4 million in 2024.

Finance Costs

Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. Our finance costs increased from RMB3.7 million in 2023 to RMB5.5 million in 2024, primarily due to the increases in our bank borrowings in 2024.

Income Tax Expense

Our income tax expense amounted to RMB16.2 million and RMB12.3 million in 2023 and 2024, respectively. Accordingly, our effective tax rate was 39.0% and 13.4%, respectively, in 2023 and 2024. The relatively high effective tax rate in 2023 was mainly due to the tax effect of non-deductible expenses.

Profit for the Year

As a result of the above, our profit for the year amounted to RMB25.4 million and RMB79.6 million in 2023 and 2024, respectively. In 2023 and 2024, our adjusted net profit (non-IFRS measure) amounted to RMB96.0 million and RMB83.7 million, respectively. Please see "— Non-IFRS Measure" for details.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	605,325	752,227	908,457
Right-of-use assets	67,480	70,895	52,922
Intangible assets	2,571	5,112	4,068
Deferred tax assets	9,257	11,630	10,953
Prepayments for non-current assets	4,394	66,589	56,752
Investment in an associate	606	638	662
Financial assets at fair value through profit or loss ("**FVPL**")	8,722	1,956	1,610
Total non-current assets	**698,355**	**909,047**	**1,035,424**
Current assets			
Inventories	55,755	84,145	89,073
Trade and bills receivables	49,006	73,821	76,609
Prepayments, deposits and other receivables	26,266	40,853	46,512
Income tax recoverable	—	—	107
Financial assets at FVPL	—	114,167	23,000
Restricted bank deposits	16,162	7,500	3,002
Time deposits	—	20,000	3,514
Cash and cash equivalents	89,250	167,427	268,657
Total current assets	**236,439**	**507,913**	**510,474**
Total Assets	**934,794**	**1,416,960**	**1,545,898**
Current liabilities			
Trade and bills payables	50,990	33,743	55,739
Contract liabilities	14,111	18,915	19,696
Other payables and accruals	83,423	105,612	118,388
Borrowings	30,000	16,390	12,781
Lease liabilities	10,084	15,042	9,664
Deferred income	8,218	10,594	10,673
Income tax payable	10,872	6,446	7,226
Total current liabilities	**207,698**	**206,742**	**234,167**
Net current assets	**28,741**	**301,171**	**276,307**
Total assets less current liabilities	**727,096**	**1,210,218**	**1,311,731**
Non-current liabilities			
Borrowings	66,773	208,818	236,448
Lease liabilities	45,687	47,530	38,486
Deferred tax liabilities	1,389	732	513
Deferred income	71,096	67,533	60,967
Other financial instruments	239,100	240,900	277,900
Total non-current liabilities	**424,045**	**565,513**	**614,314**
Net assets	**303,051**	**644,705**	**697,417**

Property, Plant and Equipment

Our property, plant and equipment consisted of (i) property and buildings; (ii) machinery equipment; (iii) electronic equipment; (iv) transportation vehicle; (v) construction in progress; and (vi) leasehold improvement. The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property and buildings	119,361	357,338	350,447
Machinery equipment	204,562	335,950	335,565
Electronic equipment	3,928	6,904	8,186
Transportation vehicle	2,448	2,402	2,971
Construction in progress	233,024	13,563	176,688
Leasehold improvement	42,002	36,070	34,600
Total	**605,325**	**752,227**	**908,457**

Our property, plant and equipment increased from RMB605.3 million as of December 31, 2023 to RMB752.2 million as of December 31, 2024, primarily due to (i) transfers of completed construction in progress to property and buildings as the facilities in Suzhou were completed and put into use; and (ii) additions of machinery and equipment to support our business expansion. Our property, plant and equipment further increased to RMB908.5 million as of December 31, 2025, primarily due to the launch of pilot-scale platform and the upgrade of our existing production facilities.

Right-of-use Assets

Our right-of-use assets consisted of land use rights, leased properties and machinery equipment. Our right-of-use assets increased from RMB67.5 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024, primarily attributable to additional leased properties in Shanghai, Henan and the United States to support our business expansion. Our right-of-use assets then decreased to RMB52.9 million as of December 31, 2025, primarily due to the regular depreciation of right-of-use assets and the adjustments made to right-of-use assets.

Intangible Assets

Our intangible assets primarily included patents, non-patented technologies and software. Our intangible assets increased from RMB2.6 million as of December 31, 2023 to RMB5.1 million as of December 31, 2024, primarily driven by increased software purchases. Our intangible assets then decreased to RMB4.1 million as of December 31, 2025, primarily due to the amortization.

Financial Assets at FVPL

Our financial assets at FVPL included (i) equity investments; and (ii) structured deposits. The following table sets forth our financial assets at FVPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Equity investments	8,722	1,956	1,610
Current assets			
Structured deposits	—	114,167	23,000
Total	**8,722**	**116,123**	**24,610**

Our financial assets at FVPL that were classified as non-current assets decreased from RMB8.7 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024 and further decreased to RMB1.6 million as of December 31, 2025, primarily reflecting the fair value change of our equity investment in unlisted securities. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. For more details about the major assumptions used in the valuation, please see Note 3.4 to the Accountants' Report in Appendix I to this Document.

Structured deposits represented wealth management products issued by banks in Chinese Mainland. During the Track Record Period, we primarily purchased wealth management products issued by banks in Chinese Mainland. Our financial assets at FVPL that were classified as current assets increased from nil as of December 31, 2023 to RMB114.2 million as of December 31, 2024 and then decreased to RMB23.0 million as of December 31, 2025, primarily due to the fluctuations in our investment in wealth management products.

We have established management systems that specify the approval authority, authorization management, operation processes, financial accounting, supervision and risk control procedures of our wealth management activities. The types of wealth management products we choose are low-risk products with high safety and good liquidity. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilization efficiency and investment returns on cash assets. Our finance department manages our wealth management product portfolio, primarily including the preparation of our annual wealth management plan, handling wealth management products, and conducting daily management and accounting procedures.

Following the **[REDACTED]**, our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Inventories

Our inventories primarily comprised (i) raw materials used in the production of probiotic powder, probiotic formula and other products; (ii) work in progress; and (iii) finished goods. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	21,983	25,086	23,132
Work in progress	3,375	5,040	5,457
Finished goods	31,753	56,006	61,784
Less: provision for impairment loss	(1,356)	(1,987)	(1,300)
Total	**55,755**	**84,145**	**89,073**

Our inventories increased from RMB55.8 million as of December 31, 2023 to RMB84.1 million as of December 31, 2024, and further increased to RMB89.1 million as of December 31, 2025, primarily due to increases in finished goods and raw materials to support our business expansion and anticipated customer demand.

We have adopted strict and effective procurement policies, together with a demand-based production model, to ensure that our inventory levels remain healthy and stable. In 2023, 2024 and 2025, our inventory turnover days were 84 days, 91 days and 86 days, respectively. Our inventory turnover days are calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 365 days. Our inventory turnover days increased from 84 days in 2023 to 91 days in 2024, primarily as we increased our inventories balance to prepare for growing market demand and to ensure sufficient stock levels to support anticipated sales growth and supply chain stability. Our inventory turnover days then decreased to 86 days in 2025 primarily driven by the sales volumes of our products for human health and dairy products, as well as our enhanced inventory management.

The following table sets forth an aging analysis of our inventories as of the dates indicated based on the invoice date:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	50,828	78,122	83,579
1 to 2 years	4,119	4,523	4,359
Over 2 years	808	1,500	1,135
Total	**55,755**	**84,145**	**89,073**

As of February 28, 2026, approximately RMB55.5 million, or 62.4% of our inventories as of December 31, 2025, had been subsequently sold or disposed.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of trade receivables and bills receivables, mainly representing the receivables from customers of our sales of products. The following table sets forth the details of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	54,174	79,841	92,590
Less: loss allowance for trade receivables	(5,990)	(6,060)	(15,981)
	48,184	73,781	76,609
Bills receivables	822	40	—
Total	**49,006**	**73,821**	**76,609**

Our trade and bills receivables increased from RMB49.0 million as of December 31, 2023 to RMB73.8 million as of December 31, 2024, and further increased to RMB76.6 million as of December 31, 2025, primarily driven by (i) increased sales orders; and (ii) the extension of credit periods granted to selected customers to strengthen the cooperation with our major customers.

Our trade and bills receivables primarily arose from sales of products to the customers. We generally grant a credit period of 7 to 90 days to our customers. Our trade and bills receivables turnover days increased from 31 days in 2023 to 41 days in 2024, primarily resulting from the extended credit period to selected customers to strengthen the cooperation with our major customers. Our trade and bills receivables turnover days decreased to 39 days in 2025. Our trade and bills receivables turnover days are calculated as the average of the beginning and ending balance of trade and bills receivables for the year divided by the revenue for that year and multiplied by 365 days.

As of December 31, 2023, 2024 and 2025, loss allowance for trade receivables amounted to RMB6.0 million, RMB6.1 million and RMB16.0 million, respectively. The increase in loss allowance for trade receivables as of December 31, 2025 was mainly attributable to outstanding receivables from one of our major customers during the Track Record Period. The relevant receivables arose from product sales in the ordinary course of business. As of the Latest Practicable Date, there was no dispute between us and the relevant customer. We had been actively communicating with the customer and following up on the settlement arrangement. In view of the longer outstanding period of the relevant receivables, we had made impairment provision under the expected credit loss model on a prudent basis after considering the aging profile of the receivables, our historical dealings with the customer and other relevant information available to us.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated based on the invoice date:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0 to 30 days	33,551	51,257	47,177
31 to 60 days	7,932	8,183	11,929
61 to 90 days	2,755	4,245	10,003
91 to 180 days	4,766	11,927	7,173
181 days to 365 days	3,783	1,388	12,994
Over 365 days	1,387	2,841	3,314
Total	**54,174**	**79,841**	**92,590**

As of February 28, 2026, approximately RMB15.5 million, or 20.2% of our trade and bills receivables as of December 31, 2025, had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consisted of (i) prepayments for acquisition of property, plant and equipment; (ii) other tax receivables, primarily represented value-added tax recoverable; (iii) deposits, primarily represented rental deposits for premises; and (iv) prepayments made to the third-party suppliers, primarily consisted of advance payment for raw materials procurement.

The following table sets forth our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current			
Prepayments for acquisition of property, plant and equipment	4,394	66,589	56,752
Current			
Other tax receivables	14,031	26,302	22,848
Deposits	875	2,296	2,275
Prepayments made to the third-party suppliers	10,564	10,831	20,740
Others	858	1,539	719
	26,328	40,968	46,582
Less: provision for impairment	(62)	(115)	(70)
	26,266	40,853	46,512
Total	**30,660**	**107,442**	**103,264**

Our prepayments, deposits and other receivables increased from RMB30.7 million as of December 31, 2023 to RMB107.4 million as of December 31, 2024, primarily due to (i) an increase in prepayments for acquisition of property, plant and equipment mainly attributable to increased prepayments for equipment procurement in connection with our capacity expansion; and (ii) an increase in other tax receivables as a result of the increase in recoverable input VAT. Our prepayments, deposits and other receivables then decreased to RMB103.3 million as of December 31, 2025, primarily due to (i) a decrease in prepayments for acquisition of property, plant and equipment mainly because a portion of the equipment previously prepaid was delivered; and (ii) a decrease in other tax receivables as a result of the decrease in recoverable input VAT, partially offset by an increase in prepayments made to the third-party suppliers mainly in connection with our research and development activities.

Restricted Bank Deposits

Our restricted bank deposits primarily consisted of pledged bank deposits for financing bills. We had restricted bank deposits of RMB16.2 million, RMB7.5 million and RMB3.0 million as of December 31, 2023, 2024 and 2025.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB89.3 million, RMB167.4 million and RMB268.7 million as of December 31, 2023, 2024 and 2025, respectively. For a detailed analysis of our cash flow during the Track Record Period, see "— Liquidity and Capital Resources."

Trade and Bills Payables

Our trade and bills payables primarily related to the purchase of goods, raw materials and services. The following table sets forth our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	21,421	33,743	30,887
Bills payable	29,569	—	24,852
Total	**50,990**	**33,743**	**55,739**

Our trade and bills payables decreased from RMB51.0 million as of December 31, 2023 to RMB33.7 million as of December 31, 2024, primarily due to a decrease in procurement of materials attributable to the improved production efficiency and lower material consumption per unit achieved through process optimization at the newly established Suzhou Production Base. Our trade and bills payables then increased to RMB55.8 million as of December 31, 2025, primarily due to an increase of RMB24.9 million in bills payable as we increased the use of bills settlement with our suppliers, and increased procurement in line with business expansion. The credit period granted by our suppliers was generally between 7 to 90 days during the Track Record Period.

Our trade and bills payables turnover days decreased from 70 days in 2023 to 55 days in 2024, primarily due to a decrease in trade and bills payables. It further decreased to 44 days in 2025, primarily due to an increase in costs of sales mainly driven by our business growth. Our trade and bills payables turnover days are calculated as the average of the beginning and ending balance of trade and bills payables for the year divided by cost of sales for that year and multiplied by 365 days.

The following table sets forth an aging analysis of our trade payables as of the dates indicated based on transaction date:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0 to 60 days	20,596	33,061	30,147
61 to 120 days	733	662	625
Over 120 days	92	20	115
Total	**21,421**	**33,743**	**30,887**

As of February 28, 2026, approximately RMB42.6 million, or 76.4% of our trade and bills payables as of December 31, 2025, had been settled.

Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations. We recorded contract liabilities of RMB14.1 million, RMB18.9 million and RMB19.7 million as of December 31, 2023, 2024 and 2025, respectively, which were in line with our business expansion.

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payables for non-current assets, primarily related to our purchase of property, plant and equipment and intangible assets; (ii) other payables, mainly representing our Group's compensation obligations to grantees under the Employee Incentive Platform. For details, please see Note 29 to the Accountants' Report included in Appendix I to this Document; (iii) payroll and welfare payables, primarily representing the salaries and staff benefits; (iv) compensation payable to shareholders, mainly representing the provision of compensation for breach of shareholder agreement in terms of special rights. As of the Latest Practicable Date, such special rights have been terminated.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for non-current assets	18,441	35,822	40,512
Other payables	21,179	22,242	25,467
Payroll and welfare payables	18,179	20,216	23,183
Compensation payable to shareholders	19,200	19,200	19,200
Accruals	2,020	4,582	5,052
Other tax payables	3,051	3,352	4,818
Interest payable	51	158	156
Other current liabilities	1,302	40	—
Total	**83,423**	**105,612**	**118,388**

Our other payables and accruals increased from RMB83.4 million as of December 31, 2023 to RMB105.6 million as of December 31, 2024, and further increased to RMB118.4 million as of December 31, 2025, primarily due to (i) an increase in payables for non-current assets mainly because we purchased additional equipment; and (ii) an increase in payroll and welfare payables, mainly attributable to headcount growth.

Deferred Income

Our deferred income consisted of government grants related to assets and government grants related to income. As of December 31, 2023, 2024 and 2025, our deferred income amounted to RMB79.3 million, RMB78.1 million and RMB71.6 million, respectively, reflecting the fluctuations in government grants. As of December 31, 2023, 2024 and 2025, our government grants related to assets amounted to RMB79.3 million, RMB78.1 million and RMB67.7 million, respectively. As of December 31, 2023, 2024 and 2025, our government grants related to income amounted to nil, nil and RMB3.9 million, respectively.

Other Financial Instruments

Other financial instruments represented the mandatory distribution rights granted to our investors. The mandatory distribution rights are expected to cease to be effective and be discontinued upon the **[REDACTED]**. As of December 31, 2023, 2024 and 2025, we had other financial instruments of RMB239.1 million, RMB240.9 million and RMB277.9 million, respectively. Other financial instruments increased during the Track Record Period, reflecting the issuance of ordinary shares with mandatory distribution rights and the changes in fair value. For details, please see Note 37 to the Accountants' Report included in Appendix I to this Document.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the daily operations of our business. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations and borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, the net **[REDACTED]** from the **[REDACTED]**, and other future equity or debt financings. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB89.3 million, RMB167.4 million and RMB268.7 million, respectively.

Net Current Assets

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current assets				
Inventories	55,755	84,145	89,073	103,329
Trade and bills receivables	49,006	73,821	76,609	95,736
Prepayments, deposits and other receivables	26,266	40,853	46,512	42,095
Income tax recoverable	—	—	107	3,884
Financial assets at FVPL	—	114,167	23,000	80,000
Restricted bank deposits	16,162	7,500	3,002	1,368
Time deposits	—	20,000	3,514	13,846
Cash and cash equivalents	89,250	167,427	268,657	320,518
Total current assets	**236,439**	**507,913**	**510,474**	**660,776**
Current liabilities				
Trade and bills payables	50,990	33,743	55,739	66,035
Contract liabilities	14,111	18,915	19,696	17,917
Other payables and accruals	83,423	105,612	118,388	98,576
Borrowings	30,000	16,390	12,781	12,781
Lease liabilities	10,084	15,042	9,664	8,960
Deferred income	8,218	10,594	10,673	10,613
Income tax payable	10,872	6,446	7,226	7,565
Total current liabilities	**207,698**	**206,742**	**234,167**	**222,447**
Net current assets	**28,741**	**301,171**	**276,307**	**438,329**

Our net current assets increased from RMB28.7 million as of December 31, 2023 to RMB301.2 million as of December 31, 2024, primarily due to (i) an increase of RMB28.4 million in inventories, primarily driven by the increased amount of sales volumes; (ii) an increase of RMB24.8 million in trade and bills receivables driven by our overall business growth; (iii) an increase of RMB14.6 million in prepayments, deposits and other receivables; (iv) an increase of RMB114.2 million in financial assets at FVPL, primarily due to our purchase of structured deposits; (v) an increase of RMB78.2 million in cash and cash equivalents; (vi) a decrease of RMB17.2 million in trade and bills payables, due to the decrease in bills payable as we did not settle with suppliers through bills in 2024; and (vii) a decrease of RMB13.6 million in borrowings, partially offset by an increase of RMB22.2 million in other payables and accruals, mainly attributable to an increase in payables for non-current assets mainly related to equipment purchases.

Our net current assets decreased from RMB301.2 million as of December 31, 2024 to RMB276.3 million as of December 31, 2025, primarily due to (i) a decrease of RMB91.2 million in financial assets at FVPL, primarily due to the fluctuations in our investment in wealth management products; (ii) a decrease of RMB16.5 million in time deposits; (iii) an increase of RMB22.0 million in trade and bills payables; and (iv) an increase of RMB12.8 million in other payables and accruals, primarily due to an increase in payables for non-current assets mainly because we purchased additional equipment, and an increase in payroll and welfare payables, mainly attributable to headcount growth, partially offset by an increase of RMB101.3 million in cash and cash equivalents.

Our net current assets increased from RMB276.3 million as of December 31, 2025 to RMB438.3 million as of February 28, 2026, primarily due to (i) an increase of RMB57.0 million in financial assets at FVPL, primarily due to our purchase of structured deposits; (ii) an increase of RMB51.9 million in cash and cash equivalents; (iii) a decrease of RMB19.8 million in other payables and accruals due to the decrease of compensation payable to shareholders attributable to the termination of special rights previously granted to shareholders; (iv) an increase of RMB19.1 million in trade and bills receivables which was driven by our overall business growth; and (v) an increase of RMB14.3 million in inventories, primarily driven by the increased amount of sales volumes. Our net current assets were partially offset by an increase of RMB10.3 million in trade and bills payables, mainly attributable to the increased purchase from our suppliers of goods, raw materials and services.

Taking into account our net current assets status, the financial resources available to us, including cash flows from operating activities, cash and cash equivalents at the end of the Track Record Period and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

Cash Flows

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

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cashflows generated from operating activities	198,645	101,309	216,786
Net cashflows used in investing activities	(287,893)	(398,092)	(107,210)
Net cashflows generated from/(used in) financing activities	134,950	374,751	(7,936)
Net increase in cash and cash equivalents	45,702	77,968	101,640
Cash and cash equivalents at the beginning of year	43,552	89,250	167,427
Effects of exchange rate changes on cash and cash equivalents	(4)	209	(410)
Cash and cash equivalents at end of year	**89,250**	**167,427**	**268,657**

Net Cashflows Generated from Operating Activities

In 2025, net cashflows generated from operating activities were RMB216.8 million, which was primarily attributable to the profit before tax of RMB82.1 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB76.0 million, depreciation of right-of-use assets of RMB12.0 million, release of deferred income of RMB10.6 million, and fair value loss on other financial instruments of RMB37.0 million, (ii) changes in working capital, which primarily resulted from increase in trade and bills receivables of RMB13.1 million, increase in trade and bills payables of RMB22.4 million and increase in other payables and accruals of RMB12.8 million, and (iii) income tax paid of RMB15.7 million.

In 2024, net cashflows generated from operating activities were RMB101.3 million, which was primarily attributable to the profit before tax of RMB91.9 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB59.8 million, depreciation of right-of-use assets of RMB9.6 million and release of deferred income of RMB8.5 million, (ii) changes in working capital, which primarily resulted from increase in inventories of RMB30.4 million, increase in trade and bills receivables of RMB24.8 million, increase in prepayments, deposits and other receivables of RMB14.6 million, decrease in trade and bills payables of RMB17.5 million and increase in other payables and accruals of RMB22.1 million, and (iii) income tax paid of RMB19.7 million.

In 2023, net cashflows generated from operating activities were RMB198.6 million, which was primarily attributable to the profit before tax of RMB41.7 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB40.9 million, depreciation of right-of-use assets of RMB9.5 million, fair value loss on other financial instruments of RMB28.4 million and share-based payment expenses of RMB42.2 million, (ii) changes in working capital, which primarily resulted from increase in trade and bills receivables of RMB16.4 million, increase in prepayments, deposits and other receivables of RMB13.7 million and increase in deferred income of RMB47.8 million, and (iii) income tax paid of RMB6.3 million.

Net Cashflows Used in Investing Activities

Net cashflows used in investing activities in 2025 were RMB107.2 million, primarily attributable to purchases of financial assets at FVPL of RMB678.5 million and purchases of property, plant and equipment of RMB224.3 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB771.7 million.

Net cashflows used in investing activities in 2024 were RMB398.1 million, primarily attributable to purchases of financial assets at FVPL of RMB628.0 million, purchases of property, plant and equipment of RMB279.8 million and placement of time deposits of RMB20.0 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB515.2 million.

Net cashflows used in investing activities in 2023 were RMB287.9 million, primarily attributable to purchases of property, plant and equipment of RMB296.0 million and placement of restricted bank deposits of RMB28.0 million, partially offset by withdrawal of restricted bank deposits of RMB25.1 million.

Net Cashflows Generated from/(used in) Financing Activities

Net cashflows used in financing activities in 2025 were RMB7.9 million, primarily attributable to repayment of borrowings of RMB17.4 million and dividends paid of RMB15.4 million, partially offset by proceeds from borrowings of RMB41.4 million.

Net cashflows generated from financing activities in 2024 were RMB374.8 million, primarily attributable to proceeds from issue of shares of RMB274.8 million and proceeds from borrowings of RMB158.4 million, partially offset by repayment of borrowings of RMB30.0 million and dividends paid of RMB15.0 million.

Net cashflows generated from financing activities in 2023 were RMB135.0 million, primarily attributable to proceeds from borrowings of RMB97.8 million and proceeds from issue of shares of RMB64.0 million, partially offset by repayment of borrowings of RMB28.4 million.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current				
Borrowings	30,000	16,390	12,781	12,781
Lease liabilities	10,084	15,042	9,664	8,960
Non-current				
Borrowings	66,773	208,818	236,448	236,448
Lease liabilities	45,687	47,530	38,486	36,457
Total	**152,544**	**287,780**	**297,379**	**294,646**

Borrowings

The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current				
Bank borrowings, unsecured	10,000	10,000	—	—
Bank borrowings, secured[(1)]	20,000	6,390	12,781	12,781
Non-current				
Bank borrowings, secured[(1)]	66,773	208,818	236,448	236,448
Total	**96,773**	**225,208**	**249,229**	**249,229**

Note:

(1) Our secured bank borrowings were secured by (i) the guarantees provided by our Company and certain subsidiaries; (ii) pledge of property, plant and equipment, which had a net carrying amount of approximately RMB119,884,000 and RMB345,798,000 as of 31 December 2024 and 2025, respectively; and (iii) pledge of right-of-use assets, which had a net carrying amount of approximately RMB22,138,000, RMB21,667,000 and RMB21,196,000 as of 31 December 2023, 2024 and 2025, respectively.

Our borrowings during the Track Record Period were primarily used for the construction of facility in Suzhou, general business development and working capital purpose. During the Track Record Period, the interest rate of our borrowings ranged from approximately 2.05% to 3.65%. As of February 28, 2026, we had borrowings of RMB249.2 million. As of February 28, 2026, we had unutilized bank facilities of RMB458.1 million.

Lease Liabilities

The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
Current	10,084	15,042	9,664	8,960
Non-current	45,687	47,530	38,486	36,457
Total	**55,771**	**62,572**	**48,150**	**45,417**

Our lease liabilities increased from RMB55.8 million as of December 31, 2023 to RMB62.6 million as of December 31, 2024, primarily attributable to the increased leased properties as we established new offices to support our business expansion. Our lease liabilities further decreased to RMB48.2 million as of December 31, 2025, primarily due to the lease payments made during the year. Our lease liabilities decreased from RMB48.2 million as of December 31, 2025 to RMB45.4 million as of February 28, 2026, primarily as we made the lease payment.

Our Directors confirm that, as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of February 28, 2026, being the most recent practicable date for purposes of the indebtedness disclosures in this Document, except as otherwise disclosed in this Document, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Since February 28, 2026, and up to the Latest Practicable Date, there had been no material adverse change to our indebtedness.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of purchases of property, plant and equipment and intangible assets during the Track Record Period. In 2023, 2024 and 2025, we incurred capital expenditures of RMB296.0 million, RMB283.7 million and RMB224.5 million, respectively.

We plan to finance our future capital expenditures primarily with available financial resources, including cash generated from operations, net **[REDACTED]** from the **[REDACTED]** and potential future financing.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of RMB150.6 million, RMB16.3 million and RMB17.4 million, respectively, primarily in connection with our acquisition of property, plant and equipment and acquisition of intangible assets.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

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

	For the Year ended/As of December 31,		
	2023	2024	2025
Current ratio[(1)]	1.1	2.5	2.2
Quick ratio[(2)]	0.9	2.0	1.8
Adjusted net profit margin (non-IFRS measure) [(3)]	19.4%	15.4%	15.2%
Adjusted EBITDA margin (non-IFRS measure)[(4)]	33.5%	31.4%	31.3%
Adjusted return on assets (non-IFRS measure)[(5)]	12.5%	7.1%	7.2%

Notes:

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories, divided by current liabilities as of the same date.

(3) Adjusted net profit margin (non-IFRS measure) is calculated using the adjusted net profit (non-IFRS measure) divided by revenue for a given year. Please see "— Non-IFRS Measure" for details of adjusted net profit (non-IFRS measure).

(4) Adjusted EBITDA margin (non-IFRS measure) is calculated using the adjusted EBITDA (non-IFRS measure) divided by revenue for a given year and multiplied by 100%. Please see "— Non-IFRS Measure" for details.

(5) Adjusted return on assets (non-IFRS measure) equals adjusted net profit (non-IFRS measure) for the year divided by the average of the opening and ending balances of total assets for the same year and multiplied by 100%. Please see "— Non-IFRS Measure" for details of adjusted net profit (non-IFRS measure).

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 41 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

As of December 31, 2023, 2024 and 2025, our outstanding balances due from related parties amounted to RMB1.0 million, RMB0.4 million and RMB0.1 million, respectively. All of our balances with related parties were trade in nature during the Track Record Period.

MARKET RISK DISCLOSURE

We are exposed to credit, liquidity, interest rate and currency risks arising from the normal course of our business. For details, see Note 3 to the Accountants' Report set out in Appendix I to this Document.

Foreign Exchange Risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB, USD and other foreign currencies. We regularly monitor our foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. We continuously monitor the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. For details, see Note 3.2(a)(i) to the Accountants' Report set out in Appendix I to this Document.

Interest Rate Risk

Our interest rate risk primarily arises from borrowings, cash and cash equivalents, time deposits and restricted bank deposits. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 32 to the Accountants' Report set out in Appendix I to this Document. As of December 31, 2023, 2024 and 2025, we were not exposed to significant interest rate risk as all financial instruments were mainly fixed-rate instruments with no floating-rate components. We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate risk.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, time deposits, restricted bank deposits, trade and bills receivables, deposits and other receivables. The carrying amount of each class of the above assets represents our maximum exposure to credit risk in relation to the corresponding class of assets. For details, see Note 3.2(b) to the Accountants' Report set out in Appendix I to this Document.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by our finance department. The finance department ensures that we maintain sufficient funding to meet our debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-months cash flow forecasts.

DIVIDEND

During the Track Record Period, our Company declared dividends of RMB15.0 million and RMB15.4 million in 2024 and 2025, respectively. As of the Latest Practicable Date, all of such dividends had been settled in full. See Note 16 to the Accountants' Report in Appendix I to this Document for details.

Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. We may provide our Shareholders with interim or annual dividends as the Board deems appropriate, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the **[REDACTED]** — We cannot assure you when, whether and in what form or size we will pay dividends in the future."

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** million (based on an **[REDACTED]** of HK$**[REDACTED]** per H Share), representing approximately **[REDACTED]**% of the estimated gross **[REDACTED]** from the **[REDACTED]** assuming no Shares are issued pursuant to the **[REDACTED]**. The **[REDACTED]** expenses consist of (i) **[REDACTED]**-related expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]** million, and (ii) non-**[REDACTED]**-related expenses of approximately HK$**[REDACTED]** million, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$**[REDACTED]** million, and (b) other fees and expenses of approximately HK$**[REDACTED]** million. During the Track Record Period, we incurred **[REDACTED]** expenses of RMB**[REDACTED]** million, of which (i) RMB**[REDACTED]** million was charged to the consolidated statements of profit or loss, and (ii) RMB**[REDACTED]** million was directly attributable to the **[REDACTED]** of our H Shares to the public and is expected to be deducted from equity upon the **[REDACTED]**. Subsequent to the Track Record Period, approximately HK$**[REDACTED]** million of the **[REDACTED]** expenses is expected to be charged to profit or loss, and approximately HK$**[REDACTED]** million directly attributable to the **[REDACTED]** of the H Shares is expected to be deducted from equity upon the completion of the **[REDACTED]**. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details, see "Appendix II — Unaudited **[REDACTED]** Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Document, there had been no material adverse change in our financial, operational or prospects since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report included in Appendix I to this Document.

PROPERTY INTERESTS AND VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuation company, has valued our property interests of our owned property as of February 28, 2026 and is of the opinion that our property interests were valued at an aggregate amount of RMB410.1 million as of February 28, 2026. Texts of its letter, valuation report and valuation certificate in connection with such property interests are set out in Appendix III to this Document.

The table below sets forth the reconciliation between the net book value of our property interests as of December 31, 2025 and the market value as of February 28, 2026 as stated in the property valuation report in Appendix III to this Document:

	(RMB in thousands)
Net book value of the property interests as of December 31, 2025	383,205
Addition	7,746
Depreciation	(2,963)
Net book value of the property interests as of February 28, 2026	387,988
Valuation of the property interests as of February 28, 2026 set out in Appendix III to this Document	410,100

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

BOARD OF DIRECTORS

Upon **[REDACTED]**, our Board will consist of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive re-appointments.

The following table sets forth the key information about our Directors:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Dr. FANG Shuguang (方曙光)	52	Chairman of our Board, chief scientist and executive Director	July 2013	July 25, 2013	Overall strategic planning and decision-making, execution, operation and management of our Group
Dr. ZHU Jianguo (朱建國)	42	Executive Director and deputy general manager of R&D	March 2017	November 17, 2020	Overseeing R&D management, technology strategy, and product development of our Group
Mr. HE Meng (何萌)	39	Executive Director	July 2013	January 23, 2026	Overseeing the production and supply chain operations of our Group
Non-executive Director					
Mr. QIU Xiang (邱翔)	36	Non-executive Director	January 2026	January 23, 2026	Providing strategic advice and recommendations on the operations and management of our Group
Independent non-executive Directors					
Mr. LIU Kai Yu Kenneth (廖啟宇)	56	Independent non-executive Director	January 2026	January 23, 2026	Supervising and providing independent judgment to our Board
Dr. LI Shuang (李霜)	49	Independent non-executive Director	January 2026	January 23, 2026	Providing independent professional advice on scientific research and industry development
Dr. LI Jun (李俊)	60	Independent non-executive Director	January 2026	January 23, 2026	Providing independent advice on scientific research and industry development

Dr. FANG Shuguang (方曙光), aged 52, is the founder of our Group, the chairman of our Board, the chief scientist and an executive Director of our Company. He is primarily responsible for the overall strategic planning and decision-making, execution, operation and management of our Group.

Dr. Fang founded our Company in 2013. Dr. Fang served as the general manager of our Company from July 2013 to July 2016 and has been serving as the chairman of our Board since August 31, 2015.

Dr. Fang has extensive experience in the biotechnology and probiotics industry. He obtained a doctorate degree in biochemical engineering from East China University of Science and Technology (華東理工大學) in the PRC in March 2007.

Dr. ZHU Jianguo (朱建國), aged 42, is an executive Director and deputy general manager of R&D of our Company. Dr. Zhu is primarily responsible for overseeing R&D management, technology strategy, and product development of our Group.

Dr. Zhu joined our Group in March 2017 and successively served as R&D manager, R&D head, deputy general manager of R&D and Director of our Company. Dr. Zhu has been serving as a Director since November 17, 2020. Prior to joining our Group, Dr. Zhu served in the R&D department at Changmao Biochemical Engineering Co., Ltd. (常茂生物化學工程股份有限公司) from July 2010 to November 2015 and at Jiangsu Zhonghong Bioengineering Innovative Drug Research Institute Co., Ltd. (江蘇眾紅生物工程創藥研究院有限公司) from November 2015 to February 2017.

Dr. Zhu obtained a bachelor's degree in pharmaceutical engineering in June 2005 and a doctorate degree in biotechnology engineering in June 2010, both from Nanjing Tech University (南京工業大學) in the PRC.

Mr. HE Meng (何萌), aged 39, is an executive Director of our Company. Mr. He is primarily responsible for overseeing the production and supply chain operations of our Group.

Mr. He joined our Group in 2013 and served as a supply chain director of our Company from July 2013 to June 2019. Mr. He has been serving as the deputy general manager and general manager of marketing of our Company since June 2019 and a Director since January 23, 2026. Prior to joining our Group, Mr. He had worked in Huanggang Yongan Pharmaceutical Co., Ltd. (黃岡永安藥業有限公司).

Mr. He obtained an associate degree in chemical equipment maintenance technology from Wuhan Institute of Technology (武漢工程大學) in the PRC in June 2008, a bachelor's degree in mechanical design, manufacturing and automation (part-time) from Huazhong University of Science and Technology (華中科技大學) in the PRC in July 2014, and a master's degree in business administration from University of Management and Technology in the United States in June 2022.

Mr. QIU Xiang (邱翔), aged 36, is a non-executive Director of our Company. Mr. Qiu is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. He joined our Group as a Director on January 23, 2026.

Mr. Qiu has over ten years of experience in healthcare industry investment. Mr. Qiu joined Boyu Capital in July 2012, where he currently serves as managing director. Mr. Qiu has been serving as a director of Shenzhen Edge Medical Co., Ltd. (a Hong Kong listed company with stock code 2675) since October 2021 and was re-designated as a non-executive director in January 2022. Mr. Qiu has been serving as a director of Frontera Therapeutics since November 2025 and was re-designated as a non-executive director in December 2025.

Mr. Qiu obtained a bachelor's degree in economics from Peking University (北京大學) in the PRC in July 2012.

Mr. LIU Kai Yu Kenneth (廖啟宇), aged 56, is an independent non-executive Director of our Company. Mr. Liu is primarily responsible for supervising and providing independent judgment to our Board. He joined our Group as a Director on January 23, 2026.

Mr. Liu is an experienced audit professional. Prior to joining our Group, from May 1994 to August 1994, he served as a junior accountant in the audit department of Kwan Wong Tan & Fong (merged with Deloitte in 1997). From August 1994 to May 1996, he served as an accountant at Ernst & Young. From August 1996 to September 1997, he served as an assistant manager of the audit and control division of the Hong Kong branch of Banque Nationale de Paris. From January 2000 to September 2000, he served as an audit officer in the internal audit department of Kowloon-Canton Railway Corporation (now known as MTR Corporation Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock code: 66)). From September 2000 to May 2003, he served at VC CEF Capital Limited (now known as VC Capital Limited), with his last position as an assistant manager in the

corporate finance department. From June 2004 to October 2016, he served at Hong Kong Exchanges and Clearing Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 388), with his last position as assistant vice president in IPO Transactions, Listing & Regulatory Affairs Division, where he was primarily responsible for vetting initial public offering applications. Mr. Liu is appropriately qualified as required under Rule 3.10(2) of the Listing Rules.

Mr. Liu obtained a bachelor's degree in mechanical engineering from the Imperial College of Science, Technology and Medicine of the University of London in the United Kingdom in August1991 and a master of business administration degree in international banking and finance from the University of Birmingham in the United Kingdom in December 1998. Mr. Liu has been a member of the Hong Kong Institute of Certified Public Accountants since July 1999 and a fellow of the Association of Chartered Certified Accountants since April 2004.

Mr. Liu has been serving as an independent non-executive director of the following listed companies:

Name of company	Principal business	Place of listing and stock code	Period of services
Sisram Medical Ltd	Medical aesthetics	Main Board of the Stock Exchange (stock code: 1696)	August 2017 to present
Tianli International Holdings Limited	Comprehensive education services	Main Board of the Stock Exchange (stock code: 1773)	June 2018 to present
Hangzhou Tigermed Consulting Co., Ltd.	Clinical trial services for R&D of new drugs	Shenzhen Stock Exchange (stock code: 300347) and Main Board of the Stock Exchange (stock code: 3347)	April 2020 to present
Fourace Industries Group Holdings Limited	Design, development and manufacturing of personal care and lifestyle electrical appliances	Main Board of the Stock Exchange (stock code: 1455)	August 2020 to present
Wuhan Youji Holdings Ltd.	Production of toluene derivative	Main Board of the Stock Exchange (stock code: 2881)	June 2024 to present

Our Directors are of the view that Mr. Liu will be able to devote sufficient time to discharge his duties and responsibilities as our independent non-executive Director on the following bases: (i) his involvement in other listed companies as independent non-executive director primarily requires him to oversee their management independently, rather than his allocation of substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) notwithstanding his current engagement as an independent non-executive director of five other listed companies, he has demonstrated that he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending all board meetings and board committee meetings of these listed companies during their latest financial year as disclosed in these listed companies' latest published annual reports; (iii) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in other listed companies, which is expected to facilitate the proper discharge of his duties and responsibilities as our independent non-executive Director; and (iv) he will devote sufficient time to perform his duties as our independent non-executive Director.

Dr. LI Shuang (李霜), aged 49, is an independent non-executive Director of our Company. She is primarily responsible for providing independent professional advice on scientific research and industry development. Dr. Li joined our Group as a Director on January 23, 2026.

Dr. Li has been working at the College of Biotechnology and Pharmaceutical Engineering of Nanjing Tech University (南京工業大學生物與製藥工程學院), and has been serving as a professor at Nanjing Tech University (南京工業大學) since 2013. She is currently a professor and a doctoral supervisor at Nanjing Tech University (南京工業大學).

Dr. Li obtained a bachelor's degree in agronomy, major in plant protection (microbiology and applications), from Southwest Agricultural University (西南農業大學) (currently known as Southwest University (西南大學)) in the PRC in June 1997, a master's degree in microbiology from Huazhong Agricultural University (華中農業大學) in the PRC in June 2000, and a doctorate degree in biochemical engineering from Nanjing Tech University (南京工業大學) in the PRC in December 2008.

Dr. LI Jun (李俊), aged 60, is an independent non-executive Director of our Company. Dr. Li is responsible for providing independent advice on scientific research and industry development. He joined our Group as a Director on January 23, 2026.

From July 1993 to December 2000, Dr. Li served as an assistant research fellow at the Institute of Soil and Fertilizer of the Chinese Academy of Agricultural Sciences (中國農業科學院土壤肥料研究所) ("**ISF**"), and director of the microbial testing laboratory of the Microbial Fertilizer Center of the Ministry of Agriculture (農業部微生物肥料中心) ("**MFC**"). From January 2001 to December 2005, he served as an associate research fellow at the IFS, deputy director of the MFC and director of the Biofertilizer Center. From January 2006 to November 2024, Dr. Li served as a research fellow at the Institute of Agricultural Resources and Regional Planning of the Chinese Academy of Agricultural Sciences (中國農業科學院農業資源與農業區劃研究所) ("**IARRP**"), executive deputy director of the MFC, director of the Biofertilizer Center and director of the microbial product quality and safety risk assessment laboratory of the Ministry of Agriculture. Since December 2024, Dr. Li has been serving as a research fellow at the IARRP.

Dr. Li obtained a master's degree in agronomy from the Chinese Academy of Agricultural Sciences (中國農業科學院) in the PRC in September 1993, and a doctorate degree in science, major in microbiology, from China Agricultural University (中國農業大學) in the PRC in July 2002.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as our senior management	Roles and responsibilities
Mr. WEI Dong (魏東)	55	General manager	September 2018	November 17, 2020	Overall management and business development of our Group
Dr. ZHU Jianguo (朱建國)	42	Executive Director and deputy general manager of R&D	March 2017	November 17, 2020	Overseeing R&D management, technology strategy, and product development of our Group
Mr. XU Shiping (徐世平)	41	Deputy general manager of marketing	July 2013	January 23, 2026	Overseeing marketing strategy, sales management and market development of our Group

Name	Age	Position(s)	Time of joining our Group	Date of appointment as our senior management	Roles and responsibilities
Mr. XIA Jiuxue (夏九學)	46	Deputy general manager of quality control	January 2015	November 17, 2020	Overseeing production management, quality control and technical operations of our Group
Mr. XU Sheng (徐勝)	38	Chief financial officer	July 2025	January 23, 2026	Overseeing the financial matters of our Group
Mr. XU Zhichao (徐智超)	31	Secretary of the Board	June 2024	January 23, 2026	Overseeing the Board related matters and investor relations of our Group

Mr. WEI Dong (魏東), aged 55, is the general manager of our Company. Mr. Wei is primarily responsible for overall management and business development of our Group.

Mr. Wei joined our Group in September 2018. Prior to joining our Group, Mr. Wei successively served at Hubei Suorui Electric Co., Ltd. (湖北索瑞電氣有限公司) and as finance director and secretary of the board at Hubei Huashang Zhilian Education Technology Co., Ltd. (湖北華商智聯教育科技股份有限公司) from 2015 to 2017.

Mr. Wei obtained an associate degree in financial accounting from Wuhan Grain Industry Institute (武漢糧食工業學院) in the PRC in July 1991 and a bachelor's degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in March 2005. Mr. Wei is currently a non-practicing Certified Public Accountant in the PRC.

Dr. ZHU Jianguo (朱建國), aged 42, is an executive Director and the deputy general manager of R&D of our Company. Dr. Zhu is primarily responsible for overseeing R&D management, technology strategy, and product development of our Group. For his biography, see "— Board of Directors — Executive Directors" in this section.

Mr. XU Shiping (徐世平), aged 41, is the deputy general manager of marketing of our Company. Mr. Xu is primarily responsible for overseeing marketing strategy, sales management and market development of our Group.

Mr. Xu jointed our Group in July 2013 and served as a sales director of our Company from July 2013 to July 2016. Mr. Xu has been serving as the deputy general manager of marketing of our Company since July 2016. Prior to joining our Group, Mr. Xu served as a management trainee at Associated British Foods Investment (China) Co., Ltd. (英聯食品投資(中國)有限公司).

Mr. Xu obtained a bachelor's degree in engineering, major in food science and engineering, from Tianjin University of Science and Technology (天津科技大學) in the PRC in June 2007, and a master's degree in agricultural products processing and storage engineering from China Agricultural University (中國農業大學) in the PRC in July 2009.

Mr. XIA Jiuxue (夏九學), aged 46, is the deputy general manager of quality control of our Company. Mr. Xia is primarily responsible for overseeing production management, quality control and technical operations of our Group.

Mr. Xia joined our Group in January 2015 and has successively served as R&D supervisor, R&D manager, R&D director and deputy general manager of technology of our Company. He has been serving as the deputy general manager of quality control of our Company since November 17, 2020. Prior to joining our Group, Mr. Xia worked at Shandong Deyi Dairy Co., Ltd. (山東得益乳業股份有限公司) with a focus on R&D.

Mr. Xia graduated from Shandong Agricultural University (山東農業大學) with a major in food science and engineering in the PRC in 2002.

Mr. XU Sheng (徐勝), aged 38, is the chief financial officer of our Company. Mr. Xu is primarily responsible for overseeing the financial matters of our Group.

Mr. Xu joined our Group as the finance manager in July 2025 and has been serving as chief financial officer since January 2026. Prior to joining our Group, Mr. Xu successively held finance-related positions in various subsidiaries of Anhui Province Wanbei Coal-Electricity Group Co., Ltd. (安徽省皖北煤電集團有限責任公司) from August 2012 to April 2024, including Anhui Hengyuan Coal-Electricity Co.,Ltd. (安徽恒源煤電股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 600971). From May 2024 to June 2025, Mr. Xu served as a securities affairs representative at Anhui Golden Seed Winery Co., Ltd. (安徽金種子酒業股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 600199).

Mr. Xu obtained a bachelor's degree in management from Dongbei University of Finance and Economics (東北財經大學) in the PRC in July 2009 and a master's degree in management from Liaoning Normal University (遼寧師範大學) in June 2012. Mr. Xu is currently a non-practicing Certified Public Accountant in the PRC and holds the qualification of senior accountant.

Mr. XU Zhichao (徐智超), aged 31, is the secretary of the Board of our Company. Mr. Xu is responsible for overseeing the Board related matters and investor relations of our Group.

Mr. Xu joined our Group as a securities affairs representative of our Company from June 2024 to January 2026 and has been serving as the secretary of the Board of our Company since then. Prior to joining our Group, Mr. Xu served as a practicing lawyer at Beijing Guofeng (Shanghai) Law Firm (北京國楓(上海)律師事務所), focusing on capital markets practice from July 2020 to May 2024. During his tenure, Mr. Xu provided legal services to multiple PRC-listed and NEEQ-quoted companies, covering corporate governance, compliance, information disclosure and capital market transactions.

Mr. Xu obtained a bachelor's degree in science, major in biological science, from Xiamen University (廈門大學) in the PRC in July 2017, and a master's degree in law from Fudan University (復旦大學) in the PRC in June 2020. Mr. Xu has been a holder of the PRC Legal Professional Qualification Certificate since March 2019.

GENERAL

Save as disclosed above, none of our Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Document.

None of our Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

None of our Directors or members of the senior management of our Company has completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

To the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

CONFIRMATIONS FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Save as disclosed in the section headed "Relationship with our Single Largest Group of Shareholders" in this Document, each of our executive Directors and non-executive Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 20, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) that his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

JOINT COMPANY SECRETARIES

Mr. XU Zhichao (徐智超) has been appointed as our joint company secretary on January 23, 2026. Please refer to "— Board of Directors — Senior Management" in this section for the biographical details of Mr. Xu.

Ms. CHAN Ching Nga (陳靜雅) has been appointed as one of the joint company secretaries of our Company with effect from the **[REDACTED]**.

Ms. Chan has over 20 years of experience in company secretarial and corporate governance fields and is currently a Senior Manager, Entity Solutions at Computershare Hong Kong Investor Services Limited. She obtained a master's degree in corporate governance from The Hong Kong Polytechnic University in October 2012. Ms. Chan is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Company has established four committees under our Board in accordance with the relevant laws and regulations in mainland China, the Articles of Association and the code of corporate governance practices under the Listing Rules, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The primary duties of the Audit Committee are to review the financial information of our Company and the corresponding disclosure, supervise and evaluate the internal and external audit work and internal control management system. The Audit Committee consists of three Directors, namely Mr. Liu Kai Yu Kenneth (as the chairperson), Dr. Li Shuang and Dr. Li Jun. Mr. Liu Kai Yu Kenneth has the appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and members of senior management, and Board succession. The Nomination Committee consists of three Directors, namely Dr. Li Jun (as the chairperson), Dr. Li Shuang and Dr. Fang.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to our Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee consists of three Directors, namely Dr. Li Shuang (as the chairperson), Dr. Li Jun and Mr. He Meng.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to (i) review and comment on the overall development and strategy planning of our Company and advise our Board on related matters; (ii) review and comment on the operational, investment, financing plans and advise our Board on related matters; and (iii) supervise the implementation of the plans and the corporate government matters. The Strategy Committee consists of three Directors, namely Dr. Fang (as the chairperson), Mr. He Meng and Dr. Li Shuang.

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

To accomplish the high standards of corporate governance, our Company expects to comply with the Corporate Governance Code and the associated Listing Rules after the **[REDACTED]**. Any deviation from the Corporate Governance Code shall be carefully considered, and the reasons for any deviation and explanation of how good corporate governance was achieved by means other than strict compliance with the code provisions shall be given in the interim report and the annual report in respect of relevant period.

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted in mainland China, members of our senior management are, and are expected to continue to be, based in mainland China. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in mainland China. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange [has granted], a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For further details, see "Waivers and Exemption — Management Presence in Hong Kong".

BOARD DIVERSITY POLICY

Pursuant to the board diversity policy, our Company adopts a comprehensive approach in the nomination and appointment of Directors, taking into account a wide range of diversity considerations, including but not limited to gender, age, educational background, professional and industry experience, technical expertise, independence, length of service and other relevant factors. We will select candidates for the Board based on objective criteria, with due consideration given to their capabilities and the potential contribution they are expected to bring to the Board, while also having regard to our Company's business model and specific needs as appropriate.

Our Board currently comprises one female Director and six male Directors, and demonstrates a balanced mix of knowledge, skills and experience across different professional disciplines, including but not limited to biotechnology and chemical engineering, management, engineering, economics and agricultural sciences. The Board includes three independent non-executive Directors from diverse industry backgrounds, which contributes to the provision of independent judgment and a broad range of perspectives. In addition, our Directors represent a wide age range, spanning from 36 to 60 years old. Taking into account our Company's business model and operational needs, the Board is of the view that its overall composition is in line with the principles and objectives of the board diversity policy.

COMPLIANCE ADVISOR

We have appointed Red Solar Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws.

Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or **[REDACTED]** of its **[REDACTED]** securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of appointment of the Compliance Adviser shall commence on the **[REDACTED]** and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management members receive remuneration in forms of fees, salaries and other benefits, performance-based bonus, retirement benefit scheme contribution and share-based payment.

Further information on the remuneration of our Directors and/or the five highest paid individuals during the Track Record Period is set out in the Accountants' Report in Appendix I to this Document, and in the section headed "Statutory and General Information — 3. Further Information about our Directors and Substantial Shareholders — B. Directors' Remuneration" in Appendix V to this Document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (without taking into account any H Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), the following persons will have or be deemed or taken to have an interest and/or short positions in our Shares or the underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the Shareholders' meetings of our Company:

The chart below illustrates the corporate structure of our Group:

		Shares held as of the Latest Practicable Date[(1)]		**Shares held immediately following the completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED])[(2)]**		
Name of Shareholder	**Nature of interest**	**Number**	**Approximate percentage of shareholding in the total issued share capital**	**Number**	**Description of Shares**	**Approximate percentage of shareholding in the total issued share capital**
Dr. Fang	Beneficial interest	19,080,000	18.03%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
	Interest in controlled corporation[(3)]	16,475,593	15.57%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Ms. Chen	Interest of spouse[(4)]	35,555,593	33.60%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Boyu Xinzhi	Beneficial owner[(5)]	9,011,657	8.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Boyu Tianshu	Interest in controlled corporation[(5)]	9,011,657	8.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Boyu Jingtai	Interest in controlled corporation[(5)]	9,011,657	8.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Tao Rong	Interest in controlled corporation[(5)]	9,011,657	8.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Huang Ailian	Interest in controlled corporation[(5)]	9,011,657	8.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Hangzhou TigerYeah	Interest in controlled corporation[(6)]	6,993,608	6.61%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Hangzhou Tigermed	Interest in controlled corporation[(7)]	10,073,608	9.52%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**%

Notes:

(1) The calculation is based on a total of 105,822,973 Unlisted Shares in issue as of the Latest Practicable Date.

(2) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**).

(3) As of the Latest Practicable Date, (i) Dr. Fang is the general partner of Suzhou Zhongkang, which in turn held 5,870,000 Unlisted Shares in our Company; (ii) Dr. Fang is the general partner of Shanghai Huankang, which in turn held 5,255,593 Unlisted Shares in our Company; (iii) Dr. Fang is the general partner of Suzhou Zekang, which in turn held 3,350,000 Unlisted Shares in our Company; (iv) Dr. Fang and Ms. Chen held approximately 90% and 10% of the equity interest in Shanghai Chenkang, respectively. Suzhou Chenkang is wholly owned by Shanghai Chenkang and in turn held approximately 2,000,000 Unlisted Shares in our Company.

(4) Ms. Chan is the spouse of Dr. Fang. Under the SFO, Ms. Chan is taken to be interested in the same number of Shares in which Dr. Fang is interested.

(5) As of the Latest Practicable Date, Boyu Xinzhi is controlled by its general partner, Boyu Tianshu (Ningbo) Proprietary Capital Investment Co., Ltd. (博裕天樞(寧波)自有資金投資有限責任公司) ("**Boyu Tianshu**"), which is wholly owned by Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司) ("**Boyu Jingtai**"). Boyu Jingtai is in turn held as to 50% by Tao Rong (陶融) and Huang Ailian (黃愛蓮) respectively. Therefore, under the SFO, Tao Rong, Huang Ailian, Boyu Tianshu and Boyu Jingtai are deed to be interested in the Shares held by Boyu Xinzhi.

(6) As of the Latest Practicable Date, Luohe Yukang, Yongxiu Yukang and Hangzhou Taiyu hold 5,839,762 Unlisted Shares, 769,231 Unlisted Shares and 384,615 Unlisted Shares of our Company, respectively. The aforesaid entities are all limited partnerships established in the PRC. The general partner of Luohe Yukang is Qingdao Taiyu, the general partner of which is Hangzhou TigerYeah. The general partner of Yongxiu Yukang is Qingdao Taiyu. The general partner of Hangzhou Taiyu is Hangzhou TigerYeah. Therefore, under the SFO, Hangzhou TigerYeah is deemed to be interested in the Shares held by Luohe Yukang, Yongxiu Yukang and Hangzhou Taiyu.

(7) Hangzhou TigerYeah is ultimately controlled by Hangzhou Tigermed Consulting Co., Ltd. ("**Hangzhou Tigermed**"), a company listed on the Shenzhen Stock Exchange (stock code: 300347) and Hong Kong Stock Exchange (stock code: 3347). Hangzhou Taikun holds 3,080,000 Unlisted Shares of our Company. Hangzhou Taikun is a limited partnership established in the PRC and Hangzhou Tigermed indirectly holds approximately 49% interest in Hangzhou Taikun. As a result, Hangzhou Tigermed is deemed to be interested in the Shares held by Hangzhou TigerYeah and Hangzhou Taikun under the SFO.

(8) All the interests stated are long positions.

Save as disclosed above and in "Statutory and General Information — 3. Further Information about Our Directors and Substantial Shareholders" in Appendix V to this Document, our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the **[REDACTED]**), have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and upon the completion of the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB105,822,973, comprising 105,822,973 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
H Shares to be converted from Unlisted Shares*(note)*	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	100%

Immediately following completion of the **[REDACTED]** and Conversion of Unlisted Shares into H Shares, assuming the **[REDACTED]** is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
H Shares to be converted from Unlisted Shares*(note)*	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	100%

Note: For details of the identities of our Shareholders whose Unlisted Shares will be converted into H Shares upon **[REDACTED]**, see "History, Development and Corporate Structure — Public Float and Free Float" and "History, Development and Corporate Structure — Capitalization of our Company".

SHARES OF OUR COMPANY

Upon completion of the **[REDACTED]**, we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons, other than certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities.

RANKING

Pursuant to the Articles of Association, the Unlisted Shares and H Shares are regarded as one class of Shares and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this Document. All dividends in respect of the H Shares are paid by our Company in Hong Kong dollars or Renminbi, whereas all dividends in respect of Unlisted Shares are to be paid by our Company in Renminbi. In addition to cash, dividends may be distributed in the form of shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Unlisted Shares may be converted into H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been filed by the securities regulatory authorities of the State Council. In addition, such conversion, trading and listing shall complete any requisite internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, such conversion, **[REDACTED]** and **[REDACTED]** will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. Based on the procedures for the conversion of Unlisted Shares into H Shares as described below, we may apply for the **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any **[REDACTED]** of additional Shares after our **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong. Class shareholder voting is not required for the conversion of such Shares or the **[REDACTED]** and **[REDACTED]** of such converted Shares on an overseas stock exchange. Any application for **[REDACTED]** of the converted shares on the Stock Exchange after our initial **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: we will register such Shares on our **[REDACTED]** maintained in Hong Kong and instruct the **[REDACTED]** to issue H Share certificates. Registration on our **[REDACTED]** will be conditional on: (a) our **[REDACTED]** lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the **[REDACTED]** and the due dispatch of H Share certificates, and (b) the admission of the H Shares to **[REDACTED]** on the Stock Exchange in compliance with the Listing Rules, the General Rules of **[REDACTED]** and the **[REDACTED]** Operational Procedures in force from time to time. Until the converted shares are re-registered on our **[REDACTED]**, such Shares would not be **[REDACTED]** as H Shares.

RESTRICTIONS OF SHARE TRANSFER

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares pursuant to the **[REDACTED]** will be subject to such statutory restriction on transfer within a period of one year from the **[REDACTED]**.

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office as determined when they assume the posts shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the H Shares are **[REDACTED]** and **[REDACTED]**, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

RESTRICTIONS ON SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Trial Measures and Detailed Rules for the Implementation of Registration and Custody Business of Non-Overseas Listed Shares of Overseas Listed Companies by China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司境外上市公司非境外上市股份登記存管業務實施細則》), our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the China Securities Depository and Clearing Corporation Limited after the **[REDACTED]**.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which a general Shareholders' meeting is required, please see the section headed "Summary of Articles of Association — Shareholders and General Meetings" in Appendix IV to this Document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the shareholders' meeting held on March 25, 2026.

FUTURE PLANS

See "Business — Strategies" in this Document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the **[REDACTED]** range of between HK$**[REDACTED]** and HK$**[REDACTED]** per H Share), we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses paid and payable by us in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. In line with our strategies, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below.

- Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to the expansion of our production capacity, primarily through the expansion of our Suzhou Production Base over the next three years. Upon completion of such expansion project, the annual production capacity of our probiotic raw powder is expected to increase by 600 tons. In particular,

  (i) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for procurement and installment of cGMP-compliant intelligent fermentation systems, high-efficiency centrifugation systems and high-activity freeze-drying and post-processing equipment to enhance fermentation density, improve survival rates and strengthen process stability;

  (ii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for auxiliary facilities and digitalization systems, including mechanical and electrical equipment, wastewater treatment facilities, exhaust gas treatment facilities, as well as intelligent warehousing systems and automation systems; and

  (iii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used for civil engineering and facility construction, including structural construction for production workshops and warehouses, comprising reinforced concrete framework structures and steel structure engineering; and

- Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to strengthen our R&D capabilities over the next three years, including upgrading of high-end laboratory facilities, optimizing pilot-scale production and process validation facilities, expansion of our strain bank, and development of new agricultural beneficial microbial products. The **[REDACTED]** are expected to be applied as follows:

  (i) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to upgrade laboratory infrastructure and optimizing pilot-scale production and process validation facilities, including procurement of fermentation process simulation systems, pilot-scale freeze-drying production lines, and other precision analytical instruments; expansion of existing R&D premises enhancement of existing pilot-scale validation workshops; and establishment of academician workstations and strengthening of postdoctoral innovation practice bases to improve the efficient innovation mechanism driven by enterprises, industry, and academia. These upgrades are expected to enhance

our capabilities in multi-scale fermentation intelligent control, high-density cultivation and high-stability formulation technologies, and to establish integrated capabilities covering process development, pilot-scale validation and industrial scale-up;

(ii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to expand our strain bank from over 40,000 strains to approximately 100,000 to 150,000 strains, which will continue to support the development of applications in human health, agriculture and animal feed, pets, dairy products and live biotherapeutic drugs. Moreover, we plan to further strengthen the research into functional directions, and continue to secure more patents;

(iii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated for development and industrial validation of new probiotic formula for precision nutrition solutions in agriculture and animal feed industries. Relying on the expanded strain bank and upgraded laboratory platform, we plan to focus on application scenarios including soil systems, livestock and poultry gut health, and aquaculture water systems. We also plan to conduct research on improving stability of industrialized core strains.

- Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used over the next three years to enhance our international brand recognition and expand our global marketing network in support of our overseas business development. In particular,

  (i) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to enhance domestic and international brand influence. In order to align with the rapid growth of our international business and increasing demand from overseas markets, we intend to increase investment in domestic and international branding initiatives. Such initiatives are expected to include participation in major domestic and international industry conferences, professional exhibitions and academic forums, as well as publication of academic paper; and

  (ii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish or upgrade overseas offices and localized service systems in selected strategic markets with high growth potential. The **[REDACTED]** are expected to be used for leasing office premises, establishing localized service facilities, recruiting local sales and technical support personnel and implementing localized marketing initiatives. Through the establishment of localized service teams, we expect to improve responsiveness to overseas customer needs and further strengthen our technical support capabilities in international markets.

- Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used over the next three years to expand diversified application of probiotics in dairy products, live biotherapeutic products and to other fields and enhance our technical service capabilities. In particular,

  (i) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to further expand the diversified applications of probiotics in the dairy sector. Leveraging our R&D accumulation and industrialization capabilities in proprietary probiotic strains, we plan to further expand our cooperation with dairy enterprises and develop specialized probiotic strains and customized fermentation solutions for different

types of fermented dairy products, in response to the industry's transition from purchasing generic starter cultures to a model characterized by "company-developed probiotic strains and external professional fermentation;"

(ii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to explore diversified applications in the live biotherapeutics drugs sector. Live biotherapeutics drugs are a new class of biological products that use live microorganisms as active ingredients and have demonstrated broad prospects globally. Leveraging our strain bank and R&D capabilities in the probiotic field, we plan to actively explore this emerging area and conduct research and development of live biotherapeutics based on our probiotic strain platform. We have preliminarily established a full-chain R&D system covering strain screening through process development and have initiated early-stage research in areas including metabolic regulation and immune modulation; and

(iii) Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be used to enhance our technical service capabilities, providing CDMO services and customized production services for proprietary probiotic strains for dairy and agricultural enterprises. We plan to configure dedicated equipment and implement independent management arrangements to safeguard customers' intellectual property rights and further enhance our integrated service capabilities covering process optimization through commercialized production.

- Approximately **[REDACTED]** of the **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to working capital and general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]** million, respectively, assuming that the **[REDACTED]** is not exercised.

If the **[REDACTED]** is exercised in full, we will receive additional **[REDACTED]** of approximately HK$**[REDACTED]**, HK$**[REDACTED]** million and HK$**[REDACTED]** million if the **[REDACTED]** is fixed at HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per H Share, being the low-end, mid-point and high-end of the **[REDACTED]** range, respectively.

To the extent that the **[REDACTED]** from the **[REDACTED]** (including the **[REDACTED]** from the exercise of the **[REDACTED]**) are either more or less than expected, we may adjust our allocation of the **[REDACTED]** for the above purposes on a pro rata basis. To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to [I-2], received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Haitong International Capital Limited pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WECARE PROBIOTICS CO., LTD AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Wecare Probiotics Co., Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages I-[3] to I-[85], which comprises the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, and the statements of the financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[3] to I-[85] forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [Date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "*Accountants' Reports on Historical Financial Information in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 31 December 2023, 2024 and 2025, the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to Note 16 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants

Practising Certificate no. P[●]

Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**IAASB**") ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Years ended 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Revenue	*6*	495,852	544,070	701,481
Cost of sales	*9*	(249,215)	(279,265)	(368,551)
Gross profit		**246,637**	**264,805**	**332,930**
Other income	*7*	14,519	20,483	18,259
Other losses, net	*8*	(5,608)	(8,279)	(660)
Selling and marketing expenses	*9*	(42,566)	(52,960)	(69,079)
General and administrative expenses	*9*	(79,557)	(51,251)	(56,863)
Research and development costs	*9*	(57,185)	(74,875)	(88,808)
Impairment losses under expected credit losses model, net of reversal	*3.2(b)*	(3,582)	(120)	(9,897)
Fair value change on other financial instruments	*37*	(28,400)	(1,800)	(37,000)
Operating profit		**44,258**	**96,003**	**88,882**
Finance income	*10*	1,125	1,424	984
Finance costs	*10*	(3,722)	(5,535)	(7,730)
Finance costs — net	*10*	(2,597)	(4,111)	(6,746)
Profit before income tax		**41,661**	**91,892**	**82,136**
Income tax expense	*12*	(16,236)	(12,278)	(16,926)
Profit for the year		**25,425**	**79,614**	**65,210**
Other comprehensive (loss)/income for the year				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations		(7)	22	(283)
Total comprehensive income for the year attributable to owners of the Company		25,418	79,636	64,927
Earnings per share for profit attributable to owners of the Company:				
Basic and diluted (RMB)	*15*	0.28	0.81	0.66

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*19*	605,325	752,227	908,457
Right-of-use assets	*21*	67,480	70,895	52,922
Intangible assets	*20*	2,571	5,112	4,068
Deferred tax assets	*22*	9,257	11,630	10,953
Prepayments for non-current assets	*25*	4,394	66,589	56,752
Investment in an associate	*18*	606	638	662
Financial assets at fair value through profit or loss ("**FVPL**")	*23*	8,722	1,956	1,610
Total non-current assets		698,355	909,047	1,035,424
Current assets				
Inventories	*27*	55,755	84,145	89,073
Trade and bills receivables	*24*	49,006	73,821	76,609
Prepayments, deposits and other receivables	*25*	26,266	40,853	46,512
Income tax recoverable		—	—	107
Financial assets at FVPL	*23*	—	114,167	23,000
Restricted bank deposits	*26*	16,162	7,500	3,002
Time deposits	*26*	—	20,000	3,514
Cash and cash equivalents	*26*	89,250	167,427	268,657
Total current assets		236,439	507,913	510,474
Total assets		934,794	1,416,960	1,545,898
Current liabilities				
Trade and bills payables	*28*	50,990	33,743	55,739
Contract liabilities	*30*	14,111	18,915	19,696
Other payables and accruals	*29*	83,423	105,612	118,388
Borrowings	*32*	30,000	16,390	12,781
Lease liabilities	*33*	10,084	15,042	9,664
Deferred income	*31*	8,218	10,594	10,673
Income tax payable		10,872	6,446	7,226
Total current liabilities		207,698	206,742	234,167
Net current assets		28,741	301,171	276,307
Total assets less current liabilities		727,096	1,210,218	1,311,731

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Borrowings	*32*	66,773	208,818	236,448
Lease liabilities	*33*	45,687	47,530	38,486
Deferred tax liabilities	*22*	1,389	732	513
Deferred income	*31*	71,096	67,533	60,967
Other financial instruments	*37*	239,100	240,900	277,900
Total non-current liabilities		424,045	565,513	614,314
NET ASSETS		303,051	644,705	697,417
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	*34*	95,000	102,850	102,850
Reserves	*36*	208,051	541,855	594,567
TOTAL EQUITY		303,051	644,705	697,417

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Treasury shares	Share premium	Capital reserve	Exchange reserve	PRC statutory reserve	Share compensation reserve	Accumulated losses	Total
	RMB'000 *(note 34)*	RMB'000 *(note 36)*	RMB'000 *(note 36)*	RMB'000 *(note 36)*	RMB'000 *(note 36)*	RMB'000 *(note 36)*	RMB'000 *(note 35)*	RMB'000	RMB'000
As at 1 January 2023	91,000	(16,750)	13,400	188,395	2	11,276	4,126	(132,977)	158,472
Profit for the year	—	—	—	—	—	—	—	25,425	25,425
Other comprehensive loss	—	—	—	—	(7)	—	—	—	(7)
Total comprehensive income for the year	—	—	—	—	(7)	—	—	25,425	25,418
Issuance of shares	4,000	—	60,000	—	—	—	—	—	64,000
Capital contribution from the ultimate beneficial owner of the Company	—	—	13,000	—	—	—	—	—	13,000
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	—	—	42,161	—	42,161
As at 31 December 2023 and 1 January 2024	95,000	(16,750)	86,400	188,395	(5)	11,276	46,287	(107,552)	303,051
Profit for the year	—	—	—	—	—	—	—	79,614	79,614
Other comprehensive income	—	—	—	—	22	—	—	—	22
Total comprehensive income for the year	—	—	—	—	22	—	—	79,614	79,636
Issuance of shares	7,850	—	266,900	—	—	—	—	—	274,750
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	—	—	2,246	—	2,246
Dividends *(Note 16)*	—	—	—	—	—	—	—	(14,978)	(14,978)
Transferred to statutory reserve	—	—	—	—	—	945	—	(945)	—
As at 31 December 2024 and 1 January 2025	102,850	(16,750)	353,300	188,395	17	12,221	48,533	(43,861)	644,705
Profit for the year	—	—	—	—	—	—	—	65,210	65,210
Other comprehensive loss	—	—	—	—	(283)	—	—	—	(283)
Total comprehensive income for the year	—	—	—	—	(283)	—	—	65,210	64,927
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	—	—	3,213	—	3,213
Dividends *(Note 16)*	—	—	—	—	—	—	—	(15,428)	(15,428)
Transferred to statutory reserve	—	—	—	—	—	8,294	—	(8,294)	—
As at 31 December 2025	102,850	(16,750)	353,300	188,395	(266)	20,515	51,746	(2,373)	697,417

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	41,661	91,892	82,136
Adjustments for			
Finance costs	3,722	5,535	7,730
Interest income	(1,125)	(1,424)	(984)
Share of profit of an associate	(6)	(32)	(24)
Impairment losses under expected credit losses model, net of reversal	3,582	120	9,897
Inventory write-down	1,354	1,987	1,300
Depreciation of property, plant and equipment	40,946	59,790	75,962
Depreciation of right-of-use assets	9,465	9,620	12,033
Amortisation of intangible assets	759	1,324	1,257
Release of deferred income	(3,993)	(8,527)	(10,618)
Loss on disposal of property, plant and equipment	892	4,443	112
Loss on disposal of intangible assets	3,274	—	—
Gain on early termination of leases	58	—	48
Fair value loss/(gain) on financial assets at FVPL	1,108	5,376	(1,715)
Fair value loss on other financial instruments	28,400	1,800	37,000
Share-based payment expenses	42,161	2,246	3,213
Operating cashflows before changing in working capital	**172,258**	**174,150**	**217,347**
Decrease/(increase) in inventories	1,322	(30,368)	(6,269)
Increase in trade and bills receivables	(16,423)	(24,792)	(13,080)
Increase in prepayments, deposits and other receivables	(13,744)	(14,623)	(5,649)
Increase/(decrease) in trade and bills payables	5,911	(17,535)	22,418
Increase in contract liabilities	3,372	4,793	806
Increase in other payables and accruals	4,477	22,082	12,798
Increase in deferred income	47,810	7,340	4,131
Cash generated from operations	204,983	121,047	232,502
Income tax paid	(6,338)	(19,738)	(15,716)
Net cashflows generated from operating activities	198,645	101,309	216,786

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash flows from investing activities			
Proceeds from disposal of financial assets at FVPL	—	515,223	771,728
Proceeds from disposal of property, plant and equipment	945	8,296	2,126
Purchases of property, plant and equipment	(296,026)	(279,832)	(224,319)
Purchases of intangible assets	—	(3,865)	(213)
Purchases of financial assets at FVPL	(400)	(628,000)	(678,500)
Interest received	1,125	1,424	984
Investment made in an associate	(600)	—	—
Placement of restricted bank deposits	(28,039)	(11,668)	(27,214)
Withdrawal of restricted bank deposits	25,102	20,330	31,712
Placement of time deposits	—	(20,000)	(3,514)
Withdrawal of time deposits	10,000	—	20,000
Net cashflows used in investing activities	(287,893)	(398,092)	(107,210)
Cash flows from financing activities ***(Note 39)***			
Proceeds from issue of shares	64,000	274,750	—
Proceeds from capital contribution from the ultimate beneficial owner of the Company	13,000	—	—
Proceeds from borrowings	97,773	158,435	41,411
Repayment of borrowings	(28,380)	(30,000)	(17,390)
Dividends paid	—	(14,978)	(15,428)
Principal portion of lease payments	(7,164)	(6,234)	(8,523)
Interest portion of lease payments	(2,721)	(2,410)	(2,586)
Interest paid	(1,558)	(4,812)	(5,420)
Net cashflows generated from/(used in) financing activities	134,950	374,751	(7,936)
Net increase in cash and cash equivalents	45,702	77,968	101,640
Cash and cash equivalents at the beginning of year	43,552	89,250	167,427
Effects of exchange rate changes on cash and cash equivalents	(4)	209	(410)
Cash and cash equivalents at end of year	89,250	167,427	268,657

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	*19*	451,484	610,887	650,800
Right-of-use assets	*21*	30,002	26,243	22,708
Intangible assets	*20*	2,571	5,112	4,068
Deferred tax assets	*22*	8,436	11,234	10,759
Prepayments for non-current assets	*25*	4,067	4,798	39,704
Investments in subsidiaries	*17*	181,115	276,978	426,363
Financial assets at FVPL	*23*	8,370	1,565	1,610
Total non-current assets		686,045	936,817	1,156,012
Current assets				
Inventories	*27*	44,239	56,545	64,065
Trade and bills receivables	*24*	46,840	87,469	64,873
Prepayments, deposits and other receivables	*25*	34,012	38,314	82,432
Financial assets at FVPL	*23*	—	68,125	—
Restricted bank deposits	*26*	16,162	7,500	3,000
Time deposits	*26*	—	20,000	3,514
Cash and cash equivalents	*26*	75,254	101,981	157,045
Total current assets		216,507	379,934	374,929
Total assets		902,552	1,316,751	1,530,941
Current liabilities				
Trade and bills payables	*28*	159,359	155,950	191,646
Contract liabilities	*30*	12,663	14,692	15,371
Other payables and accruals	*29*	68,302	95,688	189,423
Borrowings	*32*	30,000	16,390	12,781
Lease liabilities	*33*	3,849	3,993	2,208
Deferred income	*31*	5,928	7,989	7,968
Income tax payable		7,737	2,829	278
Total current liabilities		287,838	297,531	419,675
Net current (liabilities)/assets		(71,331)	82,403	(44,746)
Total assets less current liabilities		614,714	1,019,220	1,111,266

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Borrowings	*32*	66,773	208,818	236,448
Lease liabilities	*33*	6,228	2,234	26
Deferred income	*31*	60,398	56,048	51,886
Other financial instruments	*37*	239,100	240,900	277,900
Total non-current liabilities		372,499	508,000	566,260
NET ASSETS		242,215	511,220	545,006
Capital and reserves				
Share capital	*34*	95,000	102,850	102,850
Reserves	*36*	147,215	408,370	442,156
NET EQUITY		242,215	511,220	545,006

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE GROUP

The Company was established in the People's Republic of China (the "**PRC**") on 25 July 2013. Its registered office and the principal place of business activities is located at No. 999 Guangming Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province, PRC.

The Group is principally engaged in the production and sales of probiotic species and cultures and provision of technical services.

The ultimate beneficial owner of the Company is Fang Shuguang ("**Dr. Fang**").

The detailed information of major subsidiaries was disclosed in Note 17.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The Historical Financial Information has been prepared based on the accounting policies set out in Notes 2.2 to 2.25 which conform with IFRS Accounting Standards which collective term includes all individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("**IASB**"). In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued a number of new and amendments to IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and amendments to IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period, unless otherwise stated.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss ("**FVPL**"), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The Historical Financial Information has been prepared based on the consolidated financial statements of the Group. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not effective for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except the new IFRS 18 as set out below.

The Group has not early applied the following new standards, interpretations and amendments that have been issued, but are not yet effective, during the Track Record Period.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvement to IFRS Accounting Standards — Volume 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

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

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirement on management-defined performance measures within the consolidated financial statements. So far, the Group considers that the impact of these new and amended standards on the Group's results of operations and financial position will not be material.

2.2 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.3 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

Revenue from contract with customers

The Group is principally engaged in the production and sales of probiotic species and cultures and provision of technical services.

(a) *Revenue from sales of probiotic products*

Revenue is recognised at the amount of consideration to which the Group expects to be entitled when the customer obtains control of the relevant goods. The Group delivers products to the designated delivery location as agreed, and revenue is recognised upon confirmation of acceptance by the customer. The normal credit term of sales ranges from 7 days to 90 days effective from the invoices date.

Revenue from domestic sales of goods is recognised when the Group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products and signed the delivery order. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of goods is recognised when the products have either been declared to customs and shipped out of the port, or shipped to the contractually specified location in accordance with the sales contract.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

The Group's obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

(b) *Revenue from provision of technical services*

The Group undertakes technical research projects under contracts with customers. Each contract results in the delivery of completed research outputs, including strain ownership, research data and related documentation.

Revenue is recognised at a point in time when control of the completed research outputs transfers to the customer. Control is considered to transfer upon completion of the project, formal customer acceptance in accordance with the contractual terms, and transfer of legal title and ownership of the strains and related project results. At that point, the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the research outputs.

Payments received in advance of project completion are recognised as contract liabilities and recognised as revenue when control of the completed outputs is transferred to the customer.

2.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

2.5 Finance income

Interest income is presented as the finance income where it is mainly earned from cash and cash equivalent, see Note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.6 Employee benefits

(a) ***Short-term obligations***

Liabilities for wages and salaries, including non-monetary benefits and other allowances that are expected to be settled wholly within 12 months after the end of each period in which the employees render the related service are recognised in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) ***Pension obligations***

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(c) ***Housing funds, medical insurance and other social insurances***

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurance and other social insurances are expensed as incurred.

(d) ***Bonus plan***

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(e) ***Termination benefits***

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

2.7 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) ***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) ***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Foreign currency translation

(a) ***Functional and presentation currency***

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

(b) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within "Other losses, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in OCI.

2.9 Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment (other than construction in progress) are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and buildings	20 years
Machinery equipment	5–10 years
Electronic equipment	3–5 years
Transportation vehicle	5 years
Leasehold improvement	Shorter of the term of the lease or the estimated useful lives of the assets

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

2.10 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.11 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows.

Patents and non-patented technologies	10–20 years
Software	5–10 years

The amortisation expense is recognised in profit or loss and included in general and administrative expenses and research and development costs.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research and development ("R&D")

The Group incurs significant costs and efforts on research and development activities. Research expenditure is recognised as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use or sale;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset.

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred and development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

2.12 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(a) ***Classification***

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "Finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other losses, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the

recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other losses, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other losses, net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in "Other losses, net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other losses, net" in the consolidated statements of profit or loss and other comprehensive income as applicable.

(d) ***Impairment***

The Group performs impairment assessment under ECL model on financial assets which are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets is assessed collectively or individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of each reporting date with the risk of a default occurring on the financial instrument as of the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. See Note 24 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's credit risk management.

(e) ***Derecognition***

(i) *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group shall continue to recognise the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to profit or loss.

(ii) *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

(f) ***Other financial instruments***

Derivative are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not due to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in non-derivatives host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVPL.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises good-in-transit, raw materials, work in progress and finished goods. Costs of purchased inventories are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of individual items of inventory are determined using weighted average costs.

2.15 Trade receivables

Trade receivables is recognised when the group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

See Note 24 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's credit risk management.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Trade and bills payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of each financial year which are unpaid. Trade and bills payables are classified as current liabilities unless payment is not due within 12 months after each reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statements of profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after each reporting period.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.20 Share-based payments

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share award schemes. All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions. Further details of which are given in Note 35 to the Historical Financial Information.

The fair value of share award granted to employees is recognised as an employee cost with a corresponding increase in the share compensation reserve. The fair value is measured at grant date, by reference to the fair value of the underlying ordinary shares on that date.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the Company to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.

2.21 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.23 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.24 Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.25 Dividend distribution

Dividend distributed to the shareholders is recognised as a liability in the Historical Financial Information in the period when the dividends are approved by the entities' shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial instruments by category

The Group and the Company's major financial instruments include financial assets at FVPL, trade receivables, bills receivables, deposits and other receivables, restricted bank deposits, time deposits, cash and cash equivalents, trade payables, bills payable, other payables and accruals, borrowings, lease liabilities and other financial instruments. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets measured at amortised cost			
— Trade receivables *(Note 24)*	48,184	73,781	76,609
— Deposits and other receivables, excluding prepayments and other tax receivables *(Note 25)*	1,671	3,720	2,924
— Restricted bank deposits *(Note 26)*	16,162	7,500	3,002
— Time deposits *(Note 26)*	—	20,000	3,514
— Cash and cash equivalents *(Note 26)*	89,250	167,427	268,657
	155,267	272,428	354,706
Financial assets at FVPL			
— Equity investments *(Note 23)*	8,722	1,956	1,610
— Structured deposits *(Note 23)*	—	114,167	23,000
	8,722	116,123	24,610

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI			
— Bills receivables *(Note 24)*	822	40	—
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and bills payables *(Note 28)*	50,990	33,743	55,739
— Other payables and accruals, excluding payroll and welfare payables and other tax payables *(Note 29)*	62,193	82,044	90,387
— Borrowings *(Note 32)*	96,773	225,208	249,229
	209,956	340,995	395,355
Lease liabilities *(Note 33)*	55,771	62,572	48,150
Financial liabilities measured at FVPL			
— Other financial instruments *(Note 37)*	239,100	240,900	277,900

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets measured at amortised cost			
— Trade receivables *(Note 24)*	46,018	87,429	64,873
— Deposits and other receivables, excluding prepayments and other tax receivables *(Note 25)*	5,950	8,432	53,897
— Restricted bank deposits *(Note 26)*	16,162	7,500	3,000
— Time deposits *(Note 26)*	—	20,000	3,514
— Cash and cash equivalents *(Note 26)*	75,254	101,981	157,045
	143,384	225,342	282,329
Financial assets at FVPL			
— Equity investments *(Note 23)*	8,370	1,565	1,610
— Structured deposits *(Note 23)*	—	68,125	—
	8,370	69,690	1,610
Financial assets at FVOCI			
— Bills receivables *(Note 24)*	822	40	—
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and bills payables *(Note 28)*	159,359	155,950	191,646
— Other payables and accruals, excluding payroll and welfare payables and other tax payables *(Note 29)*	53,348	77,859	168,071
— Borrowings *(Note 32)*	96,773	225,208	249,229
	309,480	459,017	608,946
Lease liabilities *(Note 33)*	10,077	6,227	2,234
Financial liabilities measured at FVPL			
— Other financial instruments *(Note 37)*	239,100	240,900	277,900

3.2 Financial risk factors

The Group's and the Company's activities expose it to a variety of financial risks: mainly market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the board of directors of the Company. The management identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) ***Market risk***

(i) *Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group's businesses are principally conducted in RMB, United States dollars ("**USD**") and other foreign currencies.

The Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. The Group continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimise the foreign exchange risks.

The exchange rate risks mainly arise from financial assets and financial liabilities denominated in USD. The amounts of financial assets and financial liabilities denominated in foreign currency converted into RMB are presented as follows:

The Group

	USD	Other foreign currencies	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
Cash and cash equivalents	26,670	9	26,679
Trade receivables	17,560	6	17,566
Other payables	(21)	—	(21)
	44,209	15	44,224
As at 31 December 2024			
Cash and cash equivalents	4,569	179	4,748
Trade receivables	13,018	453	13,471
Other payables	(19)	—	(19)
	17,568	632	18,200
As at 31 December 2025			
Trade receivables	10,298	190	10,488
Other receivables	1,501	—	1,501
Other payables	(988)	—	(988)
	10,811	190	11,001

The Company

	USD	Other foreign currencies	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
Cash and cash equivalents	26,670	9	26,679
Trade receivables	17,560	6	17,566
Other payables	(21)	—	(21)
	44,209	15	44,224
As at 31 December 2024			
Cash and cash equivalents	3,796	179	3,975
Trade receivables	13,018	453	13,471
Other payables	(19)	—	(19)
	16,795	632	17,427
As at 31 December 2025			
Trade receivables	10,298	190	10,488
Other payables	(988)	—	(988)
	9,310	190	9,500

As at 31 December 2023, 2024 and 2025, if the RMB appreciates or depreciates by 5% against the US dollar and other factors remain unchanged, the Group will reduce or increase its profit before taxation by approximately RMB2,210,000, RMB878,000, and RMB541,000, respectively, while the Company will reduce or increase its profit before taxation by approximately RMB2,210,000, RMB840,000, and RMB465,000, respectively. Other foreign currencies of changes have no significant impact on foreign exchange risk.

(ii) *Interest rate risk*

The Group's and the Company's interest rate risk primarily arises from borrowings, cash and cash equivalents, time deposits and restricted bank deposits. Those carried at floating rates expose the Group and the Company to cash flow interest rate risk whereas those carried at fixed rates expose the Group and the Company to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 32.

As at 31 December 2023, 2024 and 2025, the Group and the Company were not exposed to significant interest rate risk as all financial instruments were mainly fixed-rate instruments with no floating-rate components. The Group and the Company regularly monitor its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

(b) ***Credit risk***

The Group and the Company are exposed to credit risk in relation to its cash and cash equivalents, time deposits, restricted bank deposits, trade and bills receivables, deposits and other receivables. The carrying amounts of each class of the above assets represents the Group's and the Company's maximum exposure to credit risk in relation to the corresponding class of assets.

(i) *Credit risk of cash and cash equivalents, time deposits and restricted bank deposits*

To manage this risk, the Company and the Company's subsidiaries only make transactions with reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

(ii) *Credit risk of trade receivables*

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses ("**ECL**"), which uses a lifetime expected loss allowance for trade receivables at amortised cost. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward-looking information.

The trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group and the Company also individually assessed the recoverability of the balance with certain customers as significant increase in credit risk were identified as at 31 December 2025. An impairment loss of RMB8,757,000 was individually recognised for trade receivables with gross carrying amount of approximately RMB15,467,000 as at 31 December 2025. There were no significant concentrations of credit risk as at 31 December 2023, 2024 and 2025.

The following table sets forth an aging analysis (based on past due date) of the gross trade receivables and the related loss allowances at the respective reporting dates:

The Group

	Current	Past due 1–90 days	Past due 91–180 days	Past due 181–270 days	Past due 271–365 days	Past due over 365 days	Individual assessment	Total
Assessed based on grouping:								
As at 31 December 2023								
Expected loss rate	3%	10%	38%	55%	100%	100%	—	11%
Gross carrying amount (RMB'000)	37,549	11,155	316	3,152	707	1,295	—	54,174
Loss allowance (RMB'000)	(1,045)	(1,082)	(120)	(1,741)	(707)	(1,295)	—	(5,990)
Net carrying amount	36,504	10,073	196	1,411	—	—	—	48,184
As at 31 December 2024								
Expected loss rate	2%	8%	39%	63%	100%	100%	—	8%
Gross carrying amount (RMB'000)	63,435	10,657	2,686	886	128	2,049	—	79,841
Loss allowance (RMB'000)	(1,404)	(860)	(1,058)	(561)	(128)	(2,049)	—	(6,060)
Net carrying amount	62,031	9,797	1,628	325	—	—	—	73,781
As at 31 December 2025								
Expected loss rate	2%	6%	36%	65%	100%	100%	57%	10%
Gross carrying amount (RMB'000)	51,511	17,673	3,725	609	1,820	1,785	15,467	92,590
Loss allowance (RMB'000)	(835)	(1,049)	(1,340)	(395)	(1,820)	(1,785)	(8,757)	(15,981)
Net carrying amount	50,676	16,624	2,385	214	—	—	6,710	76,609

The Company

	Current	Past due 1–90 days	Past due 91–180 days	Past due 181–270 days	Past due 271–365 days	Past due over 365 days	Individual assessment	Total
Assessed based on grouping:								
As at 31 December 2023								
Expected loss rate	3%	10%	38%	55%	100%	100%	—	11%
Gross carrying amount (RMB'000)	32,752	13,277	1,269	3,129	707	441	—	51,575
Loss allowance (RMB'000)	(912)	(1,288)	(480)	(1,729)	(707)	(441)	—	(5,557)
Net carrying amount	31,840	11,989	789	1,400	—	—	—	46,018
As at 31 December 2024								
Expected loss rate	2%	8%	39%	63%	100%	100%	—	7%
Gross carrying amount (RMB'000)	71,661	16,433	3,207	828	114	1,487	—	93,730
Loss allowance (RMB'000)	(1,586)	(1,327)	(1,263)	(524)	(114)	(1,487)	—	(6,301)
Net carrying amount	70,075	15,106	1,944	304	—	—	—	87,429
As at 31 December 2025								
Expected loss rate	2%	6%	36%	65%	100%	100%	57%	19%
Gross carrying amount (RMB'000)	48,429	8,748	3,266	566	2,293	1,550	15,467	80,319
Loss allowance (RMB'000)	(784)	(519)	(1,175)	(368)	(2,293)	(1,550)	(8,757)	(15,446)
Net carrying amount	47,645	8,229	2,091	198	—	—	6,710	64,873

(iii) *Credit risk of bill receivables, deposits and other receivables*

Bill receivables

As at 31 December 2023, 2024 and 2025, the Group and the Company measured provision for impairment based on the lifetime ECL and expected that there was no significant credit risk associated with its bank acceptance notes and did not expect that there would be any significant losses from non-performance by these banks.

Deposits and other receivables

For deposits and other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Deposits and other receivables that are not credit-impaired on initial recognition are classified in 'Stage 1' and the expected credit losses are measured as 12-months expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'Stage 3' and the expected credit loss is measured as lifetime expected credit loss.

Management makes periodic assessments on these financial assets based on historical settlement records and past experience. As at 31 December 2023, 2024 and 2025, the Group recognised loss allowance of approximately RMB62,000, RMB115,000 and RMB70,000 for deposit and other receivables, respectively. As at 31 December 2023, 2024 and 2025, the Company recognised loss allowance of approximately RMB48,000, RMB74,000 and RMB54,000 for deposit and other receivables, respectively.

(iv) *Loss allowance under expected credit losses model*

The loss allowances for financial assets at amortised cost as of 31 December 2023, 2024 and 2025, reconcile to the opening loss allowances are as follows:

The Group

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	3,627	71	3,698
Impairment losses recognised/(reversed) for the year	3,591	(9)	3,582
Written off	(1,228)	—	(1,228)
As at 31 December 2023	5,990	62	6,052

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	5,990	62	6,052
Impairment losses recognised for the year	67	53	120
Exchange difference	3	—	3
As at 31 December 2024	6,060	115	6,175

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2025	6,060	115	6,175
Impairment losses recognised/(reversed) for the year	9,942	(45)	9,897
Exchange difference	(21)	—	(21)
As at 31 December 2025	15,981	70	16,051

The Company

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	3,259	58	3,317
Impairment losses recognised/(reversed) for the year	3,526	(10)	3,516
Written off	(1,228)	—	(1,228)
As at 31 December 2023	5,557	48	5,605

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	5,557	48	5,605
Impairment losses recognised for the year	744	26	770
As at 31 December 2024	6,301	74	6,375

	Trade receivables	Other receivables	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2025	6,301	74	6,375
Impairment losses recognised/(reversed) for the year	9,145	(20)	9,125
As at 31 December 2025	15,446	54	15,500

(c) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by the finance department of the Group. The finance department ensures that the Group maintains sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-months cash flow forecasts.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at each year end to the contractual maturity date for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is immaterial.

Liquidity risk table

	On demand or less than one year	One to two years	Two to five years	More than five years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
As at 31 December 2023						
Trade and bills payables	50,990	—	—	—	50,990	50,990
Other payables and accruals	62,193	—	—	—	62,193	62,193
Borrowings	32,187	8,219	63,711	—	104,117	96,773
Lease liabilities	12,475	10,450	22,640	20,124	65,689	55,771
Total	157,845	18,669	86,351	20,124	282,989	265,727
As at 31 December 2024						
Trade and bills payables	33,743	—	—	—	33,743	33,743
Other payables and accruals	82,044	—	—	—	82,044	82,044
Borrowings	21,595	17,702	133,030	75,869	248,196	225,208
Lease liabilities	17,588	11,461	32,001	10,671	71,721	62,572
Total	154,970	29,163	165,031	86,540	435,704	403,567
As at 31 December 2025						
Trade and bills payables	55,739	—	—	—	55,739	55,739
Other payables and accruals	90,387	—	—	—	90,387	90,387
Borrowings	17,813	23,936	188,467	38,780	268,996	249,229
Lease liabilities	11,727	9,428	26,354	7,319	54,828	48,150
Total	175,666	33,364	214,821	46,099	469,950	443,505

As at 31 December 2023, 2024 and 2025, the Group recognises the other financial instruments as financial liabilities at fair value through profit or loss and classified them as non-current liabilities, which are managed on a fair value basis rather than by reference to their maturing dates.

	On demand or less than one year	One to two years	Two to five years	More than five years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company						
As at 31 December 2023						
Trade and bills payables	159,359	—	—	—	159,359	159,359
Other payables and accruals	53,348	—	—	—	53,348	53,348
Borrowings	32,187	8,219	63,711	—	104,117	96,773
Lease liabilities	4,246	4,202	2,268	—	10,716	10,077
Total	249,140	12,421	65,979	—	327,540	319,557
As at 31 December 2024						
Trade and bills payables	155,950	—	—	—	155,950	155,950
Other payables and accruals	77,859	—	—	—	77,859	77,859
Borrowings	21,595	17,702	133,030	75,869	248,196	225,208
Lease liabilities	4,202	2,240	28	—	6,470	6,227
Total	259,606	19,942	133,058	75,869	488,475	465,244
As at 31 December 2025						
Trade and bills payables	191,646	—	—	—	191,646	191,646
Other payables and accruals	168,071	—	—	—	168,071	168,071
Borrowings	17,813	23,936	188,467	38,780	268,996	249,229
Lease liabilities	2,240	28	—	—	2,268	2,234
Total	379,770	23,964	188,467	38,780	630,981	611,180

As at 31 December 2023, 2024 and 2025, the Company recognises the other financial instruments as financial liabilities at fair value through profit or loss and classified them as non-current liabilities, which are managed on a fair value basis rather than by reference to their maturing dates.

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company's shares. No changes were made to the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital on the basis of the asset-liability ratio as at 31 December 2023, 2024 and 2025 were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets (RMB'000)	934,794	1,416,960	1,545,898
Total liabilities other than other financial instruments (RMB'000)	392,643	531,355	570,581
Asset-liability ratio	238%	267%	271%

3.4 Fair value estimation

(a) ***Fair value hierarchy***

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023, 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 31 December 2023, 2024 and 2025, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

The Group

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	8,722	8,722
Financial assets at FVOCI				
— Bills receivable *(Note 24)*	—	—	822	822
Total financial assets	—	—	9,544	9,544
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	239,100	239,100
As at 31 December 2024				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	1,956	1,956
— Structured deposits *(Note 23)*	—	114,167	—	114,167
Financial assets at FVOCI				
— Bills receivable *(Note 24)*	—	—	40	40
Total financial assets	—	114,167	1,996	116,163
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	240,900	240,900
As at 31 December 2025				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	1,610	1,610
— Structured deposits *(Note 23)*	—	23,000	—	23,000
Total financial assets	—	23,000	1,610	24,610
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	277,900	277,900

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

The Company

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	8,370	8,370
Financial assets at FVOCI				
— Bills receivable *(Note 24)*	—	—	822	822
Total financial assets	—	—	9,192	9,192
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	239,100	239,100
As at 31 December 2024				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	1,565	1,565
— Structured deposits *(Note 23)*	—	68,125	—	68,125
Financial assets at FVOCI				
— Bills receivable *(Note 24)*	—	—	40	40
Total financial assets	—	68,125	1,605	69,730
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	240,900	240,900
As at 31 December 2025				
Financial assets:				
Financial assets at FVPL				
— Equity investments *(Note 23)*	—	—	1,610	1,610
Financial liabilities:				
Other financial instruments *(Note 37)*	—	—	277,900	277,900

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

(b) ***Valuation techniques used to determine fair values***

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- The latest round financing, i.e. the prior transaction price or the third-party pricing information, etc.

There were no changes in valuation techniques during the Track Record Period.

The following table presents the movements in level 3 items for the years ended 31 December 2023, 2024 and 2025:

The Group

Level 3	Unlisted equity investments	Other financial instruments
	RMB'000	RMB'000
As at 1 January 2023	9,430	210,700
Additions	400	—
Fair value changes	(1,108)	28,400
As at 31 December 2023 and 1 January 2024	8,722	239,100
Fair value changes	(6,766)	1,800
As at 31 December 2024 and 1 January 2025	1,956	240,900
Disposals	(391)	—
Fair value changes	45	37,000
As at 31 December 2025	1,610	277,900

The Company

Level 3	Unlisted equity investments	Other financial instruments
	RMB'000	RMB'000
As at 1 January 2023	9,430	210,700
Fair value changes	(1,060)	28,400
As at 31 December 2023 and 1 January 2024	8,370	239,100
Fair value changes	(6,805)	1,800
As at 31 December 2024 and 1 January 2025	1,565	240,900
Fair value changes	45	37,000
As at 31 December 2025	1,610	277,900

(c) ***Valuation inputs and relationships to fair value***

The Group

	As at 31 December			Valuation technique(s)	Significant unobservable input(s)	Range of input	Relationship of unobservable inputs to fair value
	2023	2024	2025				
	RMB'000	RMB'000	RMB'000				
Financial assets							
Unlisted equity investments, at FVPL	7,892	846	—	Adjusted net assets approach	Adjusted net asset value of the investee	N/A	The higher the adjusted net asset value, the higher the fair value
Unlisted equity investments, at FVPL	830	1,110	1,610	Market approach	Price-to-sales ratio	2023: 0.98X 2024: 1.08X 2025: 1.57X	The higher the price-to-sales ratio, the higher the fair value
					Discount for lack of marketability	2023: 15.7% 2024: 15.6% 2025: 15.6%	The higher the discount for lack of marketability, the lower the fair value
Financial liabilities							
Other financial instruments *(note 37)*	(239,100)	(240,900)	(277,900)	Income approach	Discount rate	2023: 14.91% 2024: 14.57% 2025: 13.39%	The higher the discount rate, the lower the fair value
					Long-term average growth rate	2023: 17,98% to 35.91% 2024: 11.55% to 33.05% 2025: 11.89% to 29.20%	The higher the long-term growth rate, the higher the fair value
					Possibilities under **[REDACTED]** scenario	2023: 50% to 60% 2024: 60% to 70% 2025: 70% to 80%	The higher the possibility under **[REDACTED]** scenario, the lower the fair value

The Company

	As at 31 December			Valuation technique(s)	Significant unobservable input(s)	Range of input	Relationship of unobservable inputs to fair value
	2023	2024	2025				
	RMB'000	RMB'000	RMB'000				
Financial assets							
Unlisted equity investments, at FVPL	7,540	455	—	Adjusted net assets approach	Adjusted net asset value of the investee	N/A	The higher the adjusted net asset value, the higher the fair value
Unlisted equity investments, at FVPL	830	1,110	1,610	Market approach	Price-to-sales ratio	2023: 0.98X 2024: 1.08X 2025: 1.57X	The higher the price-to-sales ratio, the higher the fair value
					Discount for lack of marketability	2023: 15.7% 2024: 15.6% 2025: 15.6%	The higher the discount for lack of marketability, the lower the fair value
Financial liabilities							
Other financial instruments *(note 37)*	(239,100)	(240,900)	(277,900)	Income approach	Discount rate	2023: 14.91% 2024: 14.57% 2025: 13.39%	The higher the discount rate, the lower the fair value
					Long-term average growth rate	2023: 17.98% to 35.91% 2024: 11.55% to 33.05% 2025: 11.89% to 29.20%	The higher the long-term growth rate, the higher the fair value
					Possibilities under **[REDACTED]** scenario	2023: 50% to 60% 2024: 60% to 70% 2025: 70% to 80%	The higher the possibility under **[REDACTED]** scenario, the lower the fair value

There were no transfers between levels during each of the reporting periods.

For unlisted equity investments measured at fair value through profit or loss ("**FVPL**"), as at 31 December 2023, 2024 and 2025, if the fair value of the underlying investments had increased or decreased by 5%, with all other variables held constant, the Group's financial assets at FVPL would have increased or decreased by approximately RMB436,000, RMB97,000 and RMB80,000, respectively.

For other financial instruments, if the Group's discount rate had increased/decreased by five percentage point with all other variables held constant, the profit before income tax for the years ended 31 December 2023, 2024 and 2025 would have been approximately RMB17,000,000 higher/ RMB18,333,000 lower, RMB18,166,000 higher/ RMB17,000,000 lower and RMB20,000,000 higher/RMB17,500,000 lower, respectively.

If the Terminal growth rate had increased/decreased by five percentage point with all other variables held constant, the profit before income tax for the years ended 31 December 2023, 2024 and 2025 would have been approximately RMB4,500,000 lower/RMB4,300,000 higher, RMB8,333,000 lower/RMB7,333,000 higher, and RMB7,833,000 lower/RMB9,666,000 higher, respectively.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

(a) Estimation of the fair value of financial assets at FVPL and financial liabilities at FVPL

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, Changes in these assumptions and estimates could materially affect the respective fair value of these investments and obligations. Details of the assumptions and estimates in determination of the fair value are disclosed in Notes 3.4 and 37.

(b) Inventory provision

Inventories are stated at the lower of cost and net realisable value as stated in Note 2.14. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting year.

(c) Provision of ECL for financial assets at amortised cost

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. For details of the key assumptions and inputs used are set out in Note 3.1. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(d) Impairment assessment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit's fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

(e) Uncertain tax position and recognition of current and deferred income tax assets

The Group is subject to enterprise income tax in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note 12, some subsidiaries of the Group are high-tech enterprises. The "High-Tech Enterprise Certificate" is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

(f) Share-based compensation arrangement

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. In addition, the Group has to estimate the expected yearly percentage of grantees

that will stay within the Group at the end of vesting periods of the share awards in order to determine the amount of share-based compensation expenses charged to profit or loss with the consolidated statements of profit or loss and other comprehensive income.

The Group estimate the expected forfeiture rate at the end of vesting periods ("**Forfeiture Rate**") of the share awards granted in order to determine the amount of share-based payment expenses charged to profit or loss.

5. SEGMENT INFORMATION

Segment results

The Group manages its businesses by business lines, in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker ("**CODM**") for the purposes of resource allocation and performance assessment. The Group has one single operating segment and no further analysis of the single segment is presented.

Geographical information

The geographical location of the Group's non-current assets (excluding deferred income tax assets and financial assets) mainly comprised of the property, plant and equipment, right-of-use assets and non-current prepayments is based on the physical location of these assets.

As at the end of each year for the Track Record Period, the geographical location of the Group's non-current assets are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Greater China	680,376	883,734	1,013,688
North America	—	11,727	9,173
	680,376	895,461	1,022,861

6. REVENUE

During the years ended 31 December 2023, 2024 and 2025, the Group's revenue streams are mainly derived from the sales of probiotic species and cultures and provision of technical services:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from external customers by type of products and services:			
Human health:			
— Probiotic powder	218,788	250,399	352,264
— Probiotic formula	224,303	245,826	294,651
	443,091	496,225	646,915
Dairy	13,592	11,182	17,739
Agriculture	1,178	7,674	9,808
Others	29,205	21,562	22,879
Technical services	8,786	7,427	4,140
	495,852	544,070	701,481

Revenue from contracts with customers by timing of recognition within IFRS 15:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Point in time	495,852	544,070	701,481

An analysis of the Group's revenue from external customers, based on location of customers and analysed by region, is presented below:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from external customers			
— Greater China	335,174	342,366	419,778
— North America	73,831	96,063	163,417
— Europe	69,421	77,371	80,522
— Others	17,426	28,270	37,764
	495,852	544,070	701,481

No revenue from customers contributing over 10% of the total revenue of the Group for each reporting period during the Track Record Period.

Transaction price allocated to future performance obligations

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales of goods and technical research contracts. Accordingly, the Group does not disclose information about the transaction price allocated to remaining performance obligations for contracts that have an original expected duration of one year or less.

7. OTHER INCOME

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
— reclassed from deferred income *(Note 31)*	3,993	8,527	10,618
— related to expenses *(Note a)*	9,832	8,058	7,344
Additional deduction of VAT *(Note b)*	678	3,763	190
Share of profit of an associate	6	32	24
Others	10	103	83
	14,519	20,483	18,259

Notes:

(a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group's support and contribution for the development of local economies.

(b) Pursuant to the Notice on the Additional Value-added Tax ("**VAT**") Credit Policy for Advanced Manufacturing Enterprises (Announcement (2023) No. 43) issued by the Ministry of Finance and the State Taxation Administration in September 2023, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT.

8. OTHER LOSSES, NET

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Foreign currency exchange gain/(loss), net	1,302	1,895	(1,140)
Net losses on disposal of property, plant and equipment and intangible assets	(4,166)	(4,443)	(112)
Fair value (loss)/gain on financial assets at FVPL	(1,108)	(5,376)	1,715
Others	(1,636)	(355)	(1,123)
	(5,608)	(8,279)	(660)

9. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, general and administrative expenses, and research and development costs are analysed as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of materials	164,851	153,846	201,567
Materials used for research and development	3,964	7,983	11,947
Write-down of inventory to net realisable value	1,354	1,987	1,300
Traveling expenses	4,520	7,810	8,583
Transportation costs	18,150	26,159	41,106
Depreciation and amortisation *(note (a))*	40,713	55,277	75,650
Employee benefits expenses *(note (b))*	119,802	104,871	131,129
Short-term lease expenses	976	1,572	1,777
Marketing and promotion expenses	8,624	10,772	13,001
Entertainment expenses	4,924	6,994	7,186
Inspection fee	1,595	4,530	3,044
Experimentation fee	17,812	16,191	15,282
Utilities	18,258	22,508	28,302
Professional services fee	5,317	7,798	7,595
Auditors' remuneration	423	581	557
Other tax and sub-charge	3,168	4,834	6,050
Loss on early termination of lease	58	—	48
[REDACTED]	—	—	**[REDACTED]**
Others	14,014	24,638	27,726
	428,523	458,351	583,301

Notes:

(a) Depreciation and amortisation represents the total depreciation and amortisation incurred for property, plant and equipment, right-of-use assets and intangible assets of RMB51,170,000, RMB70,734,000 and RMB89,252,000, net of changes in inventories of finished goods and work-in-progress arising from the capitalisation and release of depreciation and amortisation of RMB10,457,000, RMB15,457,000 and RMB13,602,000, for the years ended 31 December 2023, 2024 and 2025, respectively.

(b) Employee benefits expenses represents the total staff costs incurred of RMB141,677,000, RMB114,789,000 and RMB143,774,000, net of changes in inventories of finished goods and work-in-progress arising from the capitalisation and release of staff costs of RMB21,875,000, RMB9,918,000 and RMB12,645,000, for the years ended 31 December 2023, 2024 and 2025, respectively.

10. FINANCE COSTS — NET

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income:			
Bank interest income *(note (a))*	(1,125)	(1,424)	(984)
Finance costs:			
Interest expenses on bank borrowings	1,609	4,919	5,418
Interest expenses on lease liabilities	2,668	2,410	2,586
Total borrowing costs	4,277	7,329	8,004
Less: interest capitalised *(note (b))*	(555)	(1,794)	(274)
	3,722	5,535	7,730
Total	2,597	4,111	6,746

Notes:

(a) Interest income represents interest income from cash and cash equivalent, including bank balances and time deposits which could be withdrawn or transferred on demand.

(b) The borrowings costs capitalised for the years ended 31 December 2023, 2024 and 2025 were arisen on the borrowings made specifically for the purpose of obtaining qualifying assets.

11. EMPLOYEE BENEFIT EXPENSES

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	84,349	94,449	118,449
Pension obligations, housing funds, medical insurance and other social insurances	9,867	12,106	15,006
Other employee benefit expenses	5,300	5,988	7,106
Share-based payments	42,161	2,246	3,213
Employee benefit expenses (including directors' and supervisors' emoluments *(Note 13))*	141,677	114,789	143,774

(a) Pension obligations, housing funds, medical insurance and other social insurances

The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurance and other social insurances to fund the benefits. The Group's full time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year during the Track Record Period.

12. INCOME TAX EXPENSE

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	20,921	15,308	16,468
Deferred income tax *(Note 22)*	(4,685)	(3,030)	458
Total income tax expense	16,236	12,278	16,926

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Chinese Mainland

The income tax provision of the Group in respect of its operations in Mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

Certain Group's subsidiaries benefit from a preferential tax rate of 15% under the Enterprise Income Tax Law ("**EIT Law**") if they are qualified as "High and New technology enterprises" under relevant regulations, as specified in the relevant catalogue of encouraged industries, subject to certain general restrictions described in the EIT Law and the related regulations.

The Company's subsidiaries in Mainland China other than those mentioned above are subject to enterprise income tax at the rate of 25%.

US Corporate Income Tax

The applicable income tax rate of the United States where our subsidiaries have significant operations during the Track Record Period include state income tax rates ranging from nil to 10% and the U.S. federal corporate income tax rate of 21%.

Corporate income tax in other jurisdictions

The income tax rates applicable to our subsidiaries in other jurisdictions, including Singapore, Netherlands and Australia, were calculated based on their estimated assessable profits during the Track Record Period, using the respective tax rates prevailing in those jurisdictions.

OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development ("**OECD**"). The Pillar Two legislation had become effective in certain jurisdictions on 1 January 2024 during the Track Record Period. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion ("**GloBE**") effective tax rate in each jurisdiction and the 15% minimum rate.

The income tax expense for each of the reporting period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax	41,661	91,892	82,136
Income tax expense computed at 15% income tax rate	6,249	13,784	12,321
Tax effect of:			
Effect of different tax rates of subsidiaries operating in other jurisdictions	933	478	2,233
Tax effect of non-taxable income	—	(4)	(2)
Tax effect of non-deductible expenses	13,263	1,946	7,474
Utilisation of tax losses previously not recognised	(16)	(171)	(478)
Tax effect of tax losses not recognised	1,192	2,421	3,195
Tax effect of temporary difference not recognised	620	516	96
Tax effect of additional deduction for eligible research and development expense (a)	(6,005)	(6,692)	(7,913)
Income tax expense	16,236	12,278	16,926

Note:

(a) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim up to 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during each of the reporting period are as follows:

Year ended 31 December 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:						
Dr. Fang	—	1,070	2,160	64	40,231	43,525
Executive director:						
Dr. Zhu Jianguo	—	347	47	20	236	650
Non-executive directors:						
Mr. Cao Youqiang	—	—	—	—	—	—
Mr. Ji Tianrong	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Deng Zixin	84	—	—	—	—	84
Mr. Chen Haixiang	84	—	—	—	—	84
Mr. Li Bin	84	—	—	—	—	84
Supervisors:						
Mr. Xu Rong	—	274	35	20	—	329
Mr. Chen Keke	—	193	21	19	64	297
Ms. Zhou Heyu	—	167	20	19	—	206
	252	2,051	2,283	142	40,531	45,259

Year ended 31 December 2024

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:						
Dr. Fang	—	2,313	625	65	518	3,521
Executive director:						
Dr. Zhu Jianguo	—	283	72	20	236	611
Non-executive directors:						
Mr. Cao Youqiang	—	—	—	—	—	—
Mr. Ji Tianrong	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Deng Zixin	84	—	—	—	—	84
Mr. Chen Haixiang	84	—	—	—	—	84
Mr. Li Bin	84	—	—	—	—	84
Supervisors:						
Mr. Xu Rong	—	295	58	20	—	373
Mr. Chen Keke	—	213	44	20	64	341
Ms, Zhou Heyu	—	155	26	20	—	201
	252	3,259	825	145	818	5,299

Year ended 31 December 2025

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:						
Dr. Fang	—	1,970	960	67	1,636	4,633
Executive director:						
Dr. Zhu Jianguo	—	513	290	21	236	1,060
Non-executive directors:						
Mr. Cao Youqiang	—	—	—	—	—	—
Mr. Ji Tianrong	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Deng Zixin	84	—	—	—	—	84
Mr. Chen Haixiang	84	—	—	—	—	84
Mr. Li Bin	84	—	—	—	—	84
Supervisors:						
Mr. Xu Rong	—	574	61	21	546	1,202
Mr. Chen Keke	—	356	260	21	64	701
Ms, Zhou Heyu	—	267	27	21	—	315
	252	3,680	1,598	151	2,482	8,163

Notes:

(a) **Directors' retirement benefits and termination benefits**

No director's retirement or termination benefit subsisted at the end of each year disclosed or at any time during the Track Record Period.

(b) **Consideration provided to third parties for making available directors' services**

No consideration provided to third parties for making available director's services subsisted at the end of each year disclosed or at any time during the Track Record Period.

(c) **Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors**

No borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

(d) **Directors' material interest in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each year disclosed or at any time during the Track Record Period.

14. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2023, 2024 and 2025, the five individuals with the highest emoluments in the Group include two directors of the Company. Additionally, during the year ended 31 December 2025, they included one supervisor of the Company. Details of whose remuneration are set out in Note 13 above. Details of the remuneration of the remaining individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	1,890	1,882	1,465
Pension obligations, housing funds, medical insurance and other social insurance	94	104	77
Share-based payments	129	435	466
	2,113	2,421	2,008

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of individuals		
	Years ended 31 December		
	2023	2024	2025
Nil to HK$1,000,000	2	2	1
HK$1,000,001 to HK$1,500,000	1	1	1
	3	3	2

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Track Record Period.

15. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share ("**EPS**") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period. Treasury shares were excluded from the calculation of EPS.

	Years ended 31 December		
	2023	2024	2025
Profit attributable to owners of the Company (RMB'000)	25,425	79,614	65,210
Weighted average number of ordinary shares in issue	89,534,932	97,950,273	99,500,000
Basic EPS (RMB per share)	0.28	0.81	0.66

(b) Diluted earnings per share

The restricted shares under the share award scheme (Note 35) have no dilutive impact on the diluted earnings per share as they are considered as contingently issuable shares as at 31 December 2023, 2024 and 2025.

Therefore, the dilutive EPS were the same as the basic EPS for each reporting period during the Track Record Period.

16. DIVIDENDS

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividends recognised as distribution during the year			
Final dividend for 2023 – RMB1.5 per 10 ordinary shares	—	14,978	—
Final dividend for 2024 – RMB1.5 per 10 ordinary shares	—	—	15,428

The final dividends of RMB0.15 and RMB0.15 per share (tax inclusive) in respect of the years ended 31 December 2023 and 2024 were approved by the Annual General Meeting of the Company on 20 May 2024 and 7 April 2025, respectively.

17. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Company			
Investments in subsidiaries			
— Unlisted shares, at cost	186,115	281,978	431,363
— Impairment losses	(5,000)	(5,000)	(5,000)
	181,115	276,978	426,363

Particulars of the principal subsidiaries directly and indirectly held by the Company at the end of each reporting period are set out below:

Name of subsidiaries	Place and date of incorporation	Authorised shares capital/ registered capital	Equity interests attributable to the Company as at								Principal activities
			31 December 2023		31 December 2024		31 December 2025		As at the date of this report		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	%	%	
Luohe Weikang Probiotics Biotechnology Co., Ltd.* ("**Luohe Weikang Probiotics**") 漯河微康益生菌生物科技有限公司	Mainland China 27 February 2018	RMB150,000,000	100	—	100	—	100	—	100	—	Probiotics R&D, production, and sales in Mainland China
Wuhan Weikang Probiotics Research Institute Co., Ltd.* ("**Wuhan Weikang**") 武漢微康益生菌研究院有限公司	Mainland China 18 April 2018	RMB10,000,000	100	—	100	—	100	—	100	—	Probiotics R&D in Mainland China
Shanghai Yiweierkang Biotechnology Co., Ltd.* ("**Shanghai Yiweierkang**") 上海益維爾康生物科技有限公司	Mainland China 11 December 2019	RMB10,000,000	100	—	100	—	100	—	100	—	Procurement for the Group in Mainland China
Suzhou Weikang Research and Selection Health Technology Co., Ltd.* ("**Suzhou Weikang**") 蘇州微康研選健康科技有限公司	Mainland China 28 November 2017	RMB3,000,000	100	—	100	—	100	—	100	—	Probiotics sales in Mainland China
Luohe Weikang Agricultural Biotechnology Co., Ltd.* ("**Luohe Weikang Agricultural**") 漯河微康農業生物科技有限公司	Mainland China 2 June 2021	RMB100,000,000	—	100	—	100	—	100	—	100	Agricultural beneficial microorganisms R&D, production, and sales in Mainland China
Luohe Weikang Food Bioengineering Research Institute Co., Ltd.* ("**Luohe Weikang Food**") 漯河微康食品生物工程研究院有限公司	Mainland China 2 July 2021	RMB2,000,000	—	100	—	100	—	100	—	100	Probiotics sales in Mainland China
Suzhou Weikang Agricultural Biotechnology Co., Ltd.* ("**Suzhou Weikang Agricultural**") 蘇州微康農業生物科技有限公司	Mainland China 2 August 2023	RMB5,000,000	—	100	—	100	—	100	—	100	Agricultural beneficial microorganisms sales in Mainland China
Suzhou Zekang Enterprise Management Consulting Partnership (Limited Partnership)* ("**Suzhou Zekang**") 蘇州澤康企業管理諮詢合夥企業(有限合夥)	Mainland China 18 June 2020	RMB16,750,000	—	—	—	—	—	—	—	—	Platform for Employee Stock Ownership Plan
Wecare America Inc	USA 2 April 2022	US$10,000	100	—	100	—	—	100	—	100	Probiotics sales in USA

Note:

* The English names of the subsidiaries registered in the Mainland China represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

(a) No audited financial statement was prepared for all the subsidiaries as they are not required to issue audited financial statements under the local statutory requirements.

18. INVESTMENT IN AN ASSOCIATE

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
At beginning of the year	—	606	638
Additions	600	—	—
Share of post-acquisition profit or loss	6	32	24
At the end of the year	606	638	662

The Group had interests in the following associate during each of the reporting period:

Name of associate	Place of incorporation/ establishment and operation	Authorised shares capital/ registered capital	Percentage of ownership interests held by the Group As at 31 December 2023	2024	2025	Principal activities
Shenzhen Xianda Houshengyuan Biotechnology Co., Ltd.* ("**Shenzhen Xianda**") 深圳市先達後生元生物科技有限公司	PRC	RMB3,000,000	20%	20%	20%	Basic research, application promotion and provision of customised solutions for postbiotics in Mainland China

Note:

* The English names of the subsidiaries registered in the Mainland China represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

The board of directors of Shenzhen Xianda consisted of 3 directors. The Group has the right to appoint 1 director into Shenzhen Xianda enabling the Group to participate in the financing and operating policy decision of Shenzhen Xianda.

Aggregate information of an associate of the Group that is not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Aggregate carrying amount of the Group's associate in the Historical Financial Information	606	638	662

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of profit of an associate	6	32	24

19. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings	Machinery equipment	Electronic equipment	Transportation vehicle	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group							
Cost							
As at 1 January 2023	—	234,197	5,139	3,526	119,164	69,750	431,776
Additions	—	8,588	1,316	1,311	293,878	134	305,227
Transferred from construction in progress	125,010	44,464	1,596	—	(180,018)	8,948	—
Disposals/written off	(310)	(3,929)	(52)	(671)	—	—	(4,962)
As at 31 December 2023 and 1 January 2024	124,700	283,320	7,999	4,166	233,024	78,832	732,041
Additions	—	5,616	1,589	1,166	211,060	—	219,431
Transferred from construction in progress	251,157	173,715	3,166	—	(430,521)	2,483	—
Disposals/written off	—	(15,414)	(6)	(1,018)	—	—	(16,438)
As at 31 December 2024 and 1 January 2025	375,857	447,237	12,748	4,314	13,563	81,315	935,034
Additions	—	2,117	2,073	1,587	225,826	2,827	234,430
Transferred from construction in progress	11,033	45,189	1,425	—	(62,701)	5,054	—
Disposals/written off	—	(4,459)	(291)	(304)	—	—	(5,054)
As at 31 December 2025	386,890	490,084	15,955	5,597	176,688	89,196	1,164,410
Depreciation and impairment							
As at 1 January 2023	—	55,884	3,063	1,648	—	28,300	88,895
Provided for the year	5,353	25,366	1,047	650	—	8,530	40,946
Disposals/written off	(14)	(2,492)	(39)	(580)	—	—	(3,125)
As at 31 December 2023 and 1 January 2024	5,339	78,758	4,071	1,718	—	36,830	126,716
Provided for the year	13,180	35,723	1,778	694	—	8,415	59,790
Disposals/written off	—	(3,194)	(5)	(500)	—	—	(3,699)
As at 31 December 2024 and 1 January 2025	18,519	111,287	5,844	1,912	—	45,245	182,807
Provided for the year	17,924	45,789	2,122	776	—	9,351	75,962
Disposal/written off	—	(2,557)	(197)	(62)	—	—	(2,816)
As at 31 December 2025	36,443	154,519	7,769	2,626	—	54,596	255,953
Net book value							
As at 31 December 2023	119,361	204,562	3,928	2,448	233,024	42,002	605,325
As at 31 December 2024	357,338	335,950	6,904	2,402	13,563	36,070	752,227
As at 31 December 2025	350,447	335,565	8,186	2,971	176,688	34,600	908,457

	Property and buildings	Machinery equipment	Electronic equipment	Transportation vehicle	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company							
Cost							
As at 1 January 2023	—	96,856	2,841	1,954	112,417	25,644	239,712
Additions	—	8,431	1,008	1,298	267,582	—	278,319
Transferred from construction in progress	125,010	35,040	—	—	(160,050)	—	—
Disposals/written off	(310)	(2,294)	(35)	(671)	—	—	(3,310)
As at 31 December 2023 and 1 January 2024	124,700	138,033	3,814	2,581	219,949	25,644	514,721
Additions	—	4,782	732	238	203,453	—	209,205
Transferred from construction in progress	251,157	159,081	2,629	—	(412,867)	—	—
Disposals/written off	—	(13,689)	—	(764)	—	—	(14,453)
As at 31 December 2024 and 1 January 2025	375,857	288,207	7,175	2,055	10,535	25,644	709,473
Additions	—	1,031	1,108	37	90,396	—	92,572
Transferred from construction in progress	11,033	11,117	1,257	—	(23,407)	—	—
Disposals/written off	—	(4,122)	(185)	—	—	—	(4,307)
As at 31 December 2025	386,890	296,233	9,355	2,092	77,524	25,644	797,738
Depreciation and impairment							
As at 1 January 2023	—	26,800	1,788	759	—	16,139	45,486
Provided for the year	5,353	11,379	523	383	—	2,698	20,336
Disposals/written off	(14)	(1,968)	(23)	(580)	—	—	(2,585)
As at 31 December 2023 and 1 January 2024	5,339	36,211	2,288	562	—	18,837	63,237
Provided for the year	13,181	20,890	836	419	—	2,698	38,024
Disposals/written off	—	(2,416)	—	(259)	—	—	(2,675)
As at 31 December 2024 and 1 January 2025	18,520	54,685	3,124	722	—	21,535	98,586
Provided for the year	17,923	28,673	1,203	399	—	2,699	50,897
Disposal/written off	—	(2,371)	(174)	—	—	—	(2,545)
As at 31 December 2025	36,443	80,987	4,153	1,121	—	24,234	146,938
Net book value							
As at 31 December 2023	119,361	101,822	1,526	2,019	219,949	6,807	451,484
As at 31 December 2024	357,337	233,522	4,051	1,333	10,535	4,109	610,887
As at 31 December 2025	350,447	215,246	5,202	971	77,524	1,410	650,800

20. INTANGIBLE ASSETS

	Patents and non-patented technologies	Software	Total
	RMB'000	RMB'000	RMB'000
The Group and the Company			
Cost			
As at 1 January 2023	13,581	817	14,398
Written off	(8,667)	—	(8,667)
As at 31 December 2023 and 1 January 2024	4,914	817	5,731
Additions	—	3,865	3,865
As at 31 December 2024 and 1 January 2025	4,914	4,682	9,596
Additions	—	213	213
As at 31 December 2025	4,914	4,895	9,809
Amortisation			
As at 1 January 2023	7,169	625	7,794
Provided for the year	663	96	759
Written off	(5,393)	—	(5,393)
As at 31 December 2023 and 1 January 2024	2,439	721	3,160
Provided for the year	471	853	1,324
As at 31 December 2024 and 1 January 2025	2,910	1,574	4,484
Provided for the year	470	787	1,257
As at 31 December 2025	3,380	2,361	5,741
Net book value			
As at 31 December 2023	2,475	96	2,571
As at 31 December 2024	2,004	3,108	5,112
As at 31 December 2025	1,534	2,534	4,068

All of the Group's and the Company's patents and non-patented technologies and software were acquired from external parties.

21. RIGHT-OF-USE ASSETS

This note provides information for leases where the Group and the Company are lessee.

(a) Amounts recognised in the consolidated statements of financial position and statements of financial position

The consolidated statements of financial position and statements of financial position show the following amounts relating to leases:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Land use rights	22,138	21,667	21,196
Leased properties	45,253	49,160	31,680
Machinery equipment	89	68	46
	67,480	70,895	52,922
Lease liabilities *(Note 33)*			
Current	10,084	15,042	9,664
Non-current	45,687	47,530	38,486
	55,771	62,572	48,150

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Land use rights	22,138	21,667	21,196
Leased properties	7,775	4,508	1,466
Machinery equipment	89	68	46
	30,002	26,243	22,708
Lease liabilities *(Note 33)*			
Current	3,849	3,993	2,208
Non-current	6,228	2,234	26
	10,077	6,227	2,234

Note:

Certain land use rights were pledged to secure bank borrowings and facilities granted to the Group (Note 38).

(b) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

The Group

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Amortisation of right-of-use assets	9,465	9,620	12,033
Interest expenses *(Note 10)*	2,668	2,410	2,586
Expenses relating to short-term lease *(Note 9)*	976	1,572	1,777

The total cash outflow for leases for the years ended 31 December 2023, 2024 and 2025 are approximately RMB10,861,000, RMB10,216,000 and RMB12,886,000, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases various buildings and machinery for operation. Rental contracts of the leasehold buildings and machinery are typically made according to contracts by contracts ranging from one year to ten years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

Details of the right-of-use assets recognised and movements during each of the reporting period.

The Group

	Land use rights	Leased properties	Machinery equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Costs				
As at 1 January 2023	23,551	45,454	—	69,005
Additions	—	24,118	107	24,225
Early termination of leases	—	(4,495)	—	(4,495)
As at 31 December 2023 and 1 January 2024	23,551	65,077	107	88,735
Additions	—	12,918	—	12,918
Exchange difference	—	119	—	119
As at 31 December 2024 and 1 January 2025	23,551	78,114	107	101,772
Additions	—	1,758	—	1,758
Lease modification	—	(6,786)	—	(6,786)
Early termination of leases	—	(1,832)	—	(1,832)
Exchange difference	—	(263)	—	(263)
As at 31 December 2025	23,551	70,991	107	94,649
Depreciation				
As at 1 January 2023	942	14,026	—	14,968
Provided for the year	471	8,976	18	9,465
Early termination of leases	—	(3,178)	—	(3,178)
As at 31 December 2023 and 1 January 2024	1,413	19,824	18	21,255
Provided for the year	471	9,128	21	9,620
Exchange difference	—	2	—	2
As at 31 December 2024 and 1 January 2025	1,884	28,954	39	30,877
Provided for the year	471	11,540	22	12,033
Early termination of leases	—	(1,145)	—	(1,145)
Exchange difference	—	(38)	—	(38)
As at 31 December 2025	2,355	39,311	61	41,727
Carrying amounts				
As at 31 December 2023	22,138	45,253	89	67,480
As at 31 December 2024	21,667	49,160	68	70,895
As at 31 December 2025	21,196	31,680	46	52,922

The Company

	Land use rights	Leased properties	Machinery equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Costs				
As at 1 January 2023	23,551	16,525	—	40,076
Additions	—	677	107	784
Early termination of leases	—	(404)	—	(404)
As at 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	23,551	16,798	107	40,456
Early termination of leases	—	(555)	—	(555)
As at 31 December 2025	23,551	16,243	107	39,901
Depreciation				
As at 1 January 2023	942	6,131	—	7,073
Provided for the year	471	3,296	18	3,785
Early termination of leases	—	(404)	—	(404)
As at 31 December 2023 and 1 January 2024	1,413	9,023	18	10,454
Provided for the year	471	3,267	21	3,759
As at 31 December 2024 and 1 January 2025	1,884	12,290	39	14,213
Provided for the year	471	3,005	22	3,498
Early termination of leases	—	(518)	—	(518)
As at 31 December 2025	2,355	14,777	61	17,193
Carrying amounts				
As at 31 December 2023	22,138	7,775	89	30,002
As at 31 December 2024	21,667	4,508	68	26,243
As at 31 December 2025	21,196	1,466	46	22,708

22. DEFERRED TAXATION

The Group

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	19,216	20,214	17,723
Offsetting against deferred tax liabilities	(9,959)	(8,584)	(6,770)
Net deferred tax assets	9,257	11,630	10,953
Gross deferred tax liabilities	(11,348)	(9,316)	(7,283)
Offsetting against deferred tax assets	9,959	8,584	6,770
Net deferred tax liabilities	(1,389)	(732)	(513)

The movements in deferred tax assets and (liabilities) before offsetting for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Impairment allowance of financial assets	Deferred income	Lease liabilities	Tax losses	Accelerated tax depreciation	Right-of-use assets	Fair value of financial assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	497	5,325	5,762	3,889	(8,789)	(4,458)	198	759	3,183
Credited/(charged) to profit or loss	385	6,572	(990)	(3,889)	1,096	803	159	549	4,685
As at 31 December 2023 and 1 January 2024	882	11,897	4,772	—	(7,693)	(3,655)	357	1,308	7,868
(Charged)/credited to profit or loss	(31)	(178)	(949)	1,405	1,139	918	996	(270)	3,030
As at 31 December 2024 and 1 January 2025	851	11,719	3,823	1,405	(6,554)	(2,737)	1,353	1,038	10,898
Credited/(charged) to profit or loss	1,330	(988)	(973)	(1,405)	1,171	837	18	(448)	(458)
As at 31 December 2025	2,181	10,731	2,850	—	(5,383)	(1,900)	1,371	590	10,440

Note: As at 31 December 2023, 2024, and 2025, the Group had unused tax losses of approximately RMB51,340,000, RMB71,662,000 and RMB86,720,000,, respectively, available to offset against future profits, and had not been recognised as at 31 December 2023, 2024 and 2025, respectively, as it is not probable that taxable profit will be available against which the tax losses will be utilised. The tax losses can be carried forward for 5 or 10 years from the year in which they were incurred. The material unused tax losses have expiry dates as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	3,708	285	—
2026	6,378	6,378	—
2027	6,442	6,442	3,560
2028	5,693	5,693	5,689
2029	4,400	7,944	7,934
2030	3,619	3,619	8,595
2031	2,841	2,841	2,841
2032	7,300	7,300	7,300
2033	10,959	10,959	10,959
2034	—	20,201	20,201
2035	—	—	19,641
	51,340	71,662	86,720

The Company

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gross deferred tax assets	12,942	14,677	13,117
Offsetting against deferred tax liabilities	(4,506)	(3,443)	(2,358)
Net deferred tax assets	8,436	11,234	10,759
Gross deferred tax liabilities	(4,506)	(3,443)	(2,358)
Offsetting against deferred tax assets	4,506	3,443	2,358
Net deferred tax liabilities	—	—	—

The movements in deferred tax assets and (liabilities) before offsetting for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Impairment allowance of financial assets	Deferred income	Lease liabilities	Tax losses	Accelerated tax depreciation	Right-of-use assets	Fair value of financial assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	498	3,033	1,947	440	(3,731)	(1,559)	198	130	956
(Charged)/credited to profit or loss	343	6,916	(435)	(440)	405	379	159	153	7,480
As at 31 December 2023 and 1 January 2024	841	9,949	1,512	—	(3,326)	(1,180)	357	283	8,436
Credited/(charged) to profit or loss	116	(343)	(578)	1,405	588	494	1,002	114	2,798
As at 31 December 2024 and 1 January 2025	957	9,606	934	1,405	(2,738)	(686)	1,359	397	11,234
Credited/(charged) to profit or loss	1,368	(628)	(599)	(1,405)	607	459	12	(289)	(475)
As at 31 December 2025	2,325	8,978	335	—	(2,131)	(227)	1,371	108	10,759

23. FINANCIAL ASSETS AT FVPL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Financial assets			
Non-current assets			
Financial assets at FVPL			
— Equity investments *(Note i)*	8,722	1,956	1,610
Current assets			
Financial assets at FVPL			
— Structured deposits *(Note ii)*	—	114,167	23,000
The Company			
Financial assets			
Non-current assets			
Financial assets at FVPL			
— Equity investments *(Note i)*	8,370	1,565	1,610
Current assets			
Financial assets at FVPL			
— Structured deposits *(Note ii)*	—	68,125	—

Notes:

(i) Equity investment represents unlisted securities. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. The major assumptions used in the valuation refer to Note 3.4. The equity investments are classified as non-current as the management does not expect to realise these financial assets within twelve months after the end of each reporting period during the Track Record Period.

(ii) Structured deposits were wealth management products issued by banks in PRC. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Current			
Trade receivables			
— third parties	53,152	79,452	92,457
— a related company *(Note 41)*	1,022	389	133
	54,174	79,841	92,590
Less: Loss allowance for trade receivables *(Note 3.2(b))*	(5,990)	(6,060)	(15,981)
	48,184	73,781	76,609
Bills receivables			
— Bank acceptance notes *(Note)*	822	40	—
	49,006	73,821	76,609

Note: As at 31 December 2023 and 2024, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of approximately RMB30,403,000 and RMB40,000, respectively. The Endorsed Bills had a maturity of one to six months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Group if the banks default (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of approximately RMB29,752,000 as at 31 December 2023, and the Group has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of approximately RMB29,752,000 (the "**Derecognised Bills**") and the associated trade payable of the same amount. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Regarding the remaining balance of Endorsed Bills of approximately RMB651,000 and RMB40,000 as at 31 December 2023 and 2024, respectively, in the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and reclassified the settled payables to other current liabilities under other payables and accruals.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Company			
Trade receivables			
— third parties	45,345	63,466	62,548
— subsidiaries *(Note 41)*	5,738	30,022	17,764
— an associate *(Note 41)*	492	242	7
	51,575	93,730	80,319
Less: Loss allowance for trade receivables	(5,557)	(6,301)	(15,446)
	46,018	87,429	64,873
Bills receivables			
— Bank acceptance notes *(Note)*	822	40	—
	46,840	87,469	64,873

Note: As at 31 December 2023 and 2024, the Company endorsed certain bills receivable accepted by banks in Mainland China (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of approximately RMB14,011,000 and RMB40,000, respectively. The Endorsed Bills had a maturity of one to four months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Company if the banks default (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Company being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of approximately RMB13,360,000 as at 31 December 2023, and the Company has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of approximately RMB13,360,000 (the "**Derecognised Bills**") and the associated trade payable of the same amount. The maximum exposure to loss from the Company's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Company's Continuing Involvement in the Derecognised Bills are not significant. Regarding the remaining balance of Endorsed Bills of approximately RMB651,000 and RMB40,000 as at 31 December 2023 and 2024, respectively, in the opinion of the directors, the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and reclassified the settled payables to other current liabilities under other payables and accruals.

The Group's credit period ranges from 7 to 90 days to the customers. The aging analysis of trade receivables based on the invoice date was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0 to 30 days	33,551	51,257	47,177
31 to 60 days	7,932	8,183	11,929
61 to 90 days	2,755	4,245	10,003
91 to 180 days	4,766	11,927	7,173
181 days to 365 days	3,783	1,388	12,994
Over 365 days	1,387	2,841	3,314
	54,174	79,841	92,590

The Company's credit period ranges from 7 to 90 days to the customers. The aging analysis of trade receivables based on the invoice date was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0 to 30 days	29,856	56,298	52,229
31 to 60 days	6,955	6,476	3,561
61 to 90 days	4,749	4,138	7,184
91 to 180 days	5,718	16,212	1,324
181 days to 365 days	3,760	8,326	13,080
Over 365 days	537	2,280	2,941
	51,575	93,730	80,319

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Non-current			
Prepayments for acquisition of property, plant and equipment	4,394	66,589	56,752
Current			
Other tax receivables	14,031	26,302	22,848
Deposits	875	2,296	2,275
Prepayments made to the third party suppliers	10,564	10,831	20,740
Others	858	1,539	719
	26,328	40,968	46,582
Less: provision for impairment	(62)	(115)	(70)
	26,266	40,853	46,512
Total	30,660	107,442	103,264
The Company			
Non-current			
Prepayments for acquisition of property, plant and equipment	4,067	4,798	39,704
Current			
Other tax receivables	12,669	23,321	9,511
Deposits	526	318	251
Other receivables from subsidiaries *(Note a)*	4,700	7,191	53,095
Prepayments made to the third party suppliers	8,812	6,561	19,024
Prepayments made to a subsidiary	6,581	—	—
Others	772	997	605
	34,060	38,388	82,486
Less: provision for impairment	(48)	(74)	(54)
	34,012	38,314	82,432
Total	38,079	43,112	122,136

Note:

(a) The balances are unsecured, non-interest bearing and repayable on demand.

26. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED BANK DEPOSITS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Cash at banks and in hand	89,250	167,427	268,657
Time deposits	—	20,000	3,514
Restricted bank deposits *(Note (a))*	16,162	7,500	3,002
	105,412	194,927	275,173
The Company			
Cash at banks and in hand	75,254	101,981	157,045
Time deposits	—	20,000	3,514
Restricted bank deposits *(Note (a))*	16,162	7,500	3,000
	91,416	129,481	163,559

Note:

(a) As at 31 December 2023, 2024, and 2025, the restricted bank deposits were primarily denominated in RMB and held in separately designated bank accounts, to secure the bills payable of the Group and the Company.

27. INVENTORIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Raw materials	21,983	25,086	23,132
Work in progress	3,375	5,040	5,457
Finished goods	31,753	56,006	61,784
Less: Provision for impairment loss	(1,356)	(1,987)	(1,300)
Total	55,755	84,145	89,073
The Company			
Raw materials	15,842	16,979	15,971
Work in progress	2,850	3,819	4,248
Finished goods	26,179	37,520	44,564
Less: Provision for impairment loss	(632)	(1,773)	(718)
Total	44,239	56,545	64,065

Note: During the years ended 31 December 2023, 2024 and 2025, inventories recognised as cost of sales amounted to approximately RMB247,861,000, RMB277,278,000 and RMB367,251,000, respectively.

28. TRADE AND BILLS PAYABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Trade payables	21,421	33,743	30,887
Bills payable			
— bank	29,569	—	24,852
	50,990	33,743	55,739
The Company			
Trade payables			
— third parties	12,371	11,782	10,779
— subsidiaries *(Note 41)*	117,419	119,168	156,015
	129,790	130,950	166,794
Bills payable			
— bank	29,569	25,000	24,852
	159,359	155,950	191,646

Note:

(a) Details of the trade and other payables due to related parties are set out in Note 41.

Payment terms with suppliers are mainly on credit ranging from 7 to 90 days from invoice date. The following is an aging analysis of trade payables presented based on invoice date at the end of each of the reporting period:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
0 to 60 days	20,596	33,061	30,147
61 to 120 days	733	662	625
121 to 180 days	2	12	27
Over 180 days	90	8	88
	21,421	33,743	30,887
The Company			
0 to 60 days	74,537	54,796	54,863
61 to 120 days	16,395	25,537	30,865
121 to 180 days	28,837	50,592	31,432
Over 180 days	10,021	25	49,634
	129,790	130,950	166,794

29. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Other payables and accruals			
— Payroll and welfare payables	18,179	20,216	23,183
— Other tax payables	3,051	3,352	4,818
— Payables for non-current assets	18,441	35,822	40,512
— Accruals	2,020	4,582	5,052
— Interest payable	51	158	156
— Other payables *(Note c)*	21,179	22,242	25,467
— Other current liabilities	1,302	40	—
— Compensation payable to shareholders *(Note a)*	19,200	19,200	19,200
	83,423	105,612	118,388
The Company			
Other payables and accruals			
— Payroll and welfare payables	13,285	15,224	19,187
— Other tax payables	1,669	2,605	2,165
— Payables for non-current assets	12,116	34,784	22,297
— Accruals	755	3,056	2,477
— Interest payable	51	158	156
— Other payables *(Note c)*	20,575	20,621	23,887
— Other payables to subsidiaries *(Note b)*	—	—	100,054
— Other current liabilities	651	40	—
— Compensation payable to shareholders *(Note a)*	19,200	19,200	19,200
	68,302	95,688	189,423

Notes:

(a) The amount represents a contractual compensation, payable to the new investors under the capital increment agreement in March 2019. The compensation is triggered by the Company's failure to meet the stipulated **[REDACTED]** schedule and is calculated as 30% of the respective incremental investment amounts contributed by said investors. Subsequent to the reporting period, the supplement agreement dated 5 February 2026 was signed by all of the then shareholders, pursuant to which, the related shareholders agreed to waive whole liability for breach of contract, compensation liability, or other liabilities with respect to the foregoing upon execution.

(b) The balances are unsecured, non-interest bearing and repayable on demand.

(c) Included in other payables are approximately RMB16,750,000, RMB16,750,000 and RMB16,750,000, representing the Group's compensation obligations to grantees under the 2020 Employee Stock Ownership Plan ("ESOP") in respect of their contributions to the restricted shares, in the event that the restricted shares fail to vest or if the eligible participants leave the Group during the lock up period.

30. CONTRACT LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Contract liabilities	14,111	18,915	19,696
The Company			
Contract liabilities	12,663	14,692	15,371

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

RMB10,120,000, RMB13,280,000 and RMB16,484,000 of the contract liabilities of the Group as of 1 January 2023, 2024 and 2025 have been recognised as revenue for the years ended 31 December 2023, 2024 and 2025, respectively. RMB8,758,000, RMB11,894,000 and RMB13,101,000 of the contract liabilities of the Company as of 1 January 2023, 2024 and 2025 have been recognised as revenue for the years ended 31 December 2023, 2024 and 2025, respectively.

31. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income	79,314	78,127	71,640
Less: classified as non-current portion	(71,096)	(67,533)	(60,967)
Current portion	8,218	10,594	10,673

	Government grants related to assets	Government grants related to income	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	35,497	—	35,497
Additions	47,810	—	47,810
Released to profit or loss *(Note 7)*	(3,993)	—	(3,993)
As at 31 December 2023 and 1 January 2024	79,314	—	79,314
Additions	7,340	—	7,340
Released to profit or loss *(Note 7)*	(8,527)	—	(8,527)
As at 31 December 2024 and 1 January 2025	78,127	—	78,127
Additions	200	3,931	4,131
Released to profit or loss *(Note 7)*	(10,594)	(24)	(10,618)
As at 31 December 2025	67,733	3,907	71,640

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income	66,326	64,037	59,854
Less: classified as non-current portion	(60,398)	(56,048)	(51,886)
Current portion	5,928	7,989	7,968

	Government grants related to assets	Government grants related to income	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	20,218	—	20,218
Additions	47,810	—	47,810
Released to profit or loss	(1,702)	—	(1,702)
As at 31 December 2023 and 1 January 2024	66,326	—	66,326
Additions	3,809	—	3,809
Released to profit or loss	(6,098)	—	(6,098)
As at 31 December 2024 and 1 January 2025	64,037	—	64,037
Additions	—	3,831	3,831
Released to profit or loss	(7,990)	(24)	(8,014)
As at 31 December 2025	56,047	3,807	59,854

It represents the government grants provided by the local government to the Company and the subsidiaries of the Company. There are no unfulfilled obligations for the recognised income at the end of reporting date for each of the Track Record Period.

32. BORROWINGS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion			
Bank borrowings, unsecured	10,000	10,000	—
Bank borrowings, secured *(Note (a))*	20,000	6,390	12,781
	30,000	16,390	12,781
Non-current portion			
Bank borrowings, secured *(Note (a))*	66,773	208,818	236,448
	66,773	208,818	236,448
Total borrowings	96,773	225,208	249,229
Loan interest at rate per annum in the range of	2.70%–3.65%	2.40%–2.55%	2.05%–2.15%

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
On demand or within one year	30,000	16,390	12,781
More than one year, but not exceeding two years	6,390	12,781	19,171
More than two years, but not exceeding five years	60,383	121,419	178,934
More than five years	—	74,618	38,343
	96,773	225,208	249,229

The carrying amounts of the Group's and the Company's current interest-bearing bank borrowing approximate to their fair values.

Notes:

(a) Secured liabilities and assets pledged as security

The Group's secured bank borrowings are secured by the following assets:

(i) guarantees provided by the Company;

(ii) pledge of property, plant and equipment of the Company, which had a net carrying amount of approximately RMB119,884,000 and RMB345,798,000 as at 31 December 2024 and 2025, respectively; and

(iii) pledge of right-of-use assets of the Company, which had a net carrying amount of approximately RMB22,138,000, RMB21,667,000 and RMB21,196,000 as at 31 December 2023, 2024 and 2025, respectively.

(b) Compliance with loan covenants

During the Track Record period, the Group has complied with all financial covenants and other agreed terms in the bank loan agreements, and no default has occurred.

(c) Fair value

There is no material difference between the fair value and carrying amount of all borrowings of the Group, for the following reasons:

(i) the interest rates are close to the actual market lending rates for the same period with minimal variances;

(ii) the borrowings are short-term nature with a reasonable proportion of current portions.

(d) Related party borrowings

The Group had no related party borrowings in 2023, 2024 and 2025. All borrowings were obtained from independent third-party banks, and there is no reliance on related party funds.

(e) Risk exposures

The Group's borrowings have no material risk exposure, since either:

(i) interest rate risk is mitigated by fixed interest rates on all borrowings, minimizing the impact of rate fluctuations on borrowing costs;

(ii) there is no foreign exchange risk as all borrowings are denominated in Renminbi, and liquidity risk has been fully disclosed via maturity analysis.

33. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's and the Company's lease liabilities at the end of each reporting period:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
The Group			
Within one year	10,084	15,042	9,664
More than one year but not exceeding two years	8,459	9,421	7,761
More than two years but no exceeding five years	18,698	28,305	23,833
More than five years	18,530	9,804	6,892
	55,771	62,572	48,150
The Company			
Within one year	3,849	3,993	2,208
More than one year but not exceeding two years	3,993	2,207	26
More than two years but no exceeding five years	2,235	27	—
	10,077	6,227	2,234

34. SHARE CAPITAL

Share capital

	Number of registered, issued and fully paid ordinary shares	Amount
	'000	RMB'000
The Group and the Company		
Ordinary shares of RMB1.00 each		
As at 1 January 2023	91,000	91,000
Issuance of shares	4,000	4,000
As at 31 December 2023 and 1 January 2024	95,000	95,000
Issuance of shares	7,850	7,850
As at 31 December 2024, 1 January 2025 and 31 December 2025	102,850	102,850

Note: On 13 July 2023, the Group entered into an investment agreement with several **[REDACTED]** (the "**Series 10 Investment**") for the issuance of total 4,000,000 ordinary shares with mandatory distribution rights. Further details are set out in Note 37.

On 22 February 2024, the Group entered into an investment agreement with several independent **[REDACTED]** (the "**Series 11 Investment**") for the issuance of total 4,850,000 ordinary shares with mandatory distribution rights. Further details are set out in Note 37.

On 15 April 2024, the Group entered into an investment agreement with several independent **[REDACTED]** (the "**Series 12 Investment**") for the issuance of total 3,000,000 ordinary shares with mandatory distribution rights. Further details are set out in Note 37.

Treasury shares

	Number of restricted shares	Amount
	'000	RMB'000
The Group and the Company		
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	3,350	16,750

35. SHARE-BASED PAYMENT

During the Track Record Period, the Group has the following ESOP

1 2020 ESOP — Suzhou Zekang Enterprise Management Consulting Partnership (Limited Partnership) ("**Suzhou Zekang**") 蘇州澤康企業管理諮詢合夥企業(有限合夥)

2 2023 ESOP — Suzhou Chenkang Biotechnology Co., Ltd. ("**Suzhou Chenkang**") 蘇州宸康生物科技有限公司

2020 ESOP — Suzhou Zekang

The Group adopted a 2020 share incentive plan, an equity-settled share-based compensation plan for the purpose of providing incentives and rewards to its senior managements and key employees and consultants ("**Grantees**") of the Group. The 2020 share incentive plan was approved by 2020 second shareholders' meeting on 4 December 2020. Under the 2020 share incentive plan, the Company issued 3,350,000 ordinary shares in 2020, with subscription price of RMB5 per share, to Suzhou Zekang, the employee stock ownership platform which is controlled by the Company.

The share awards are subject to vesting conditions and vest over a period of five years from the grant date, or three years after the expected **[REDACTED]**, whichever is later, provided that the employees remain in continuous service. In addition, the share awards are subject to transfer restrictions, whereby the awarded shares may not be freely transferred for a lock-up period till 36 months commencing from the **[REDACTED]**.

Set out below are summaries of restricted shares granted under the plan:

	Number of restricted shares	Weighted average grant date fair value
Unvested at 1 January 2023	3,350,000	5.86
Granted	90,000	19.45
Forfeited	(90,000)	4.30
Unvested at 31 December 2023 and 1 January 2024	3,350,000	6.27
Granted	200,000	26.82
Forfeited	(200,000)	7.58
Unvested at 31 December 2024 and 1 January 2025	3,350,000	7.42
Granted	530,000	35.51
Forfeited	(530,000)	4.87
Unvested at 31 December 2025	3,350,000	12.27

Restricted shares unvested at the end of each year have the following exercise price and vesting period.

			As at 31 December		
Grant date	Exercise price (RMB)	Vesting period	2023	2024	2025
18 June 2020	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	2,725,000	2,635,000	2,125,000
30 October 2020	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	30,000	30,000	30,000
27 November 2020	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	20,000	20,000	20,000
29 October 2020	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	40,000	40,000	40,000
31 October 2020	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	20,000	20,000	20,000
24 October 2021	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	180,000	90,000	90,000
16 January 2022	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	245,000	245,000	245,000
10 January 2023	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	90,000	70,000	50,000
26 January 2024	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	—	50,000	50,000
25 June 2024	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	—	120,000	120,000
7 August 2024	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	—	30,000	30,000
28 July 2025	5	5 years from grant date, or 3 years after the expected **[REDACTED]** date, whichever is later	—	—	530,000
			3,350,000	3,350,000	3,350,000

For the years ended 31 December 2023, 2024 and 2025, expenses arising from share-based payment transaction are as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share-based compensation expenses	2,161	2,246	3,213

The fair value of each restricted share at the grant date is determined by reference to the fair value of the underlying ordinary shares of the Company on that date.

2023 ESOP — Suzhou Chenkang

Pursuant to the 2023 second shareholder meeting, additional share incentive plan is approved. Under the additional share incentive plan, the Company issued 2,000,000 ordinary shares in 2023, with subscription price of RMB6 per share, to Suzhou Chenkang, the employee stock ownership platform which is controlled by Dr. Fang, the ultimate beneficial owner of the Company.

The share awards granted to Dr. Fang are vested immediately after the completion of the grant. The grant date of this share awards scheme is on 13 July 2023. The fair value of share awards at the grant date is determined by reference to the fair value of the underlying ordinary shares of the Company on that date.

Set out below are summaries of shares granted under the plan:

	Number of awarded shares	Weighted average grant date fair value
Unvested at 1 January 2023	—	N/A
Granted	2,000,000	26
Vested during the year	(2,000,000)	26
Unvested at 31 December 2023, 2024 and 2025	—	N/A

36. RESERVES

Reserve movement of the Company:

	Treasury shares	Share premium	Capital reserve	PRC statutory reserve	Share compensation reserve	Accumulated losses	Total
	RMB'000 *Note (a)*	RMB'000 *Note (b)*	RMB'000 *Note (c)*	RMB'000 *Note (d)*	RMB'000 *Note 35*	RMB'000 *Note (f)*	RMB'000
As at 1 January 2023	(16,750)	13,400	188,395	11,276	4,126	(129,245)	71,202
Total comprehensive loss for the year	—	—	—	—	—	(39,148)	(39,148)
Issue of shares	—	60,000	—	—	—	—	60,000
Capital contribution from the ultimate beneficial owner of the Company	—	13,000	—	—	—	—	13,000
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	42,161	—	42,161
As at 31 December 2023 and 1 January 2024	(16,750)	86,400	188,395	11,276	46,287	(168,393)	147,215
Total comprehensive income for the year	—	—	—	—	—	6,987	6,987
Issue of shares	—	266,900	—	—	—	—	266,900
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	2,246	—	2,246
Dividends *(Note 16)*	—	—	—	—	—	(14,978)	(14,978)
Transferred to statutory reserve	—	—	—	945	—	(945)	—
As at 31 December 2024 and 1 January 2025	(16,750)	353,300	188,395	12,221	48,533	(177,329)	408,370
Total comprehensive income for the year	—	—	—	—	—	46,001	46,001
Recognition of equity-settled share-based payments *(Note 35)*	—	—	—	—	3,213	—	3,213
Dividends *(Note 16)*	—	—	—	—	—	(15,428)	(15,428)
Transferred to statutory reserve	—	—	—	8,294	—	(8,294)	—
As at 31 December 2025	(16,750)	353,300	188,395	20,515	51,746	(155,050)	442,156

Notes:

Description of the Group's and the Company's reserves as below:

(a) Treasury shares:

The amount represents the aggregate of the nominal value and share premium of the Company's share capital held by Employee Stock Ownership Plan controlled by the Group. Details of the movement of the treasury shares are set out in Note 34 to the Historical Financial Information.

(b) Share premium:

The amount mainly comprise of (i) capital contribution in excess of nominal value of share capital, and (ii) contribution from Dr. Fang, the ultimate beneficial owner of the Company.

(c) Capital reserve:

On 17 November 2020, the Company was converted into a joint stock company with limited liability with a registered share capital of RMB87,650,000 divided into 87,650,000 ordinary shares with a par value of RMB1.00 each. The share premium, PRC statutory reserve, share compensation reserve and retained earnings of the Company as at the base date of 31 May 2020 were converted into capital reserve.

(d) PRC statutory reserve:

In accordance with the articles of association of the Company and subsidiaries established in the PRC, the Company and these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the Company and the subsidiaries.

(e) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of entities with functional currency other than RMB into presentation currency of the Company.

(f) Retained earnings/(accumulated losses):

Cumulative net gains/(losses) recognised in profit or loss.

37. OTHER FINANCIAL INSTRUMENTS

In 2020, the Group entered into an investment agreement with several independent investors (the "**Series 8 Investment**"), pursuant to which the **[REDACTED]** agreed to subscribe 4,650,000 ordinary shares with mandatory distribution right in total with the consideration of RMB10 per share totaling RMB46,500,000.

Pursuant to the investment agreement of Series 10, two independent investors agree to subscribe 2,000,000 ordinary shares with mandatory distribution right in total with the consideration of RMB26 per share totaling RMB52,000,000. In addition, pursuant to the same investment agreement, Suzhou Chenkang (the "**2023 ESOP**" (refer to note 35)) agreed to subscribe 2,000,000 ordinary shares with mandatory distribution right with the consideration of RMB6 per share totaling RMB12,000,000.

Pursuant to the investment agreement of Series 11, the investors agree to subscribe 4,850,000 ordinary shares with mandatory distribution right in total with the consideration of RMB35 per share totaling RMB169,750,000.

Pursuant to the investment agreement of Series 12, the investors agree to subscribe 3,000,000 ordinary shares with mandatory distribution right in total with the consideration of RMB35 per share totaling RMB105,000,000.

The aforementioned series of ordinary shares have the following key terms:

(a) Voting rights

Each ordinary share with mandatory distribution right has voting rights equivalent to the ordinary shares at the record date. The holders of ordinary shares with distribution right shall vote together with the ordinary shareholders, and not as a separate class or series, on all matters put before the shareholders.

(b) Mandatory distribution features

Pursuant to the aforementioned series of investment agreements, the new investors under these agreements, together with all existing shareholders, are entitled to a mandatory cash distribution of 50% of the net profit attributable to the preceding financial year, in proportion to their respective paid-in capital contributions, if the Group has not consummated a qualified successful listing on a Qualified Exchange, as defined in the Shareholders' Agreement, by 30 June 2027. Pursuant to the Investment Agreement, the mandatory distribution requirement commences from the financial year ending 31 December 2027. As at the date of this report, none of the defined triggering events has occurred.

At initial recognition, the instruments were separated into equity and liability components. The equity elements were recognised within share capital at the nominal value and share premium for proceeds in excess of nominal value. The liability components, including the mandatory distribution right, were recognised as derivatives not closely related to the host. They were measured at fair value, with subsequent changes recognised in profit or loss.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year	210,700	239,100	240,900
Changes in fair value through profit or loss	28,400	1,800	37,000
At the end of year	239,100	240,900	277,900

Key valuation assumptions

Key valuation assumptions used to determine the fair value of other financial instruments are as follows:

	Scenario 1	Scenario 2	Scenario 3
As at 31 December 2023			
Long-term average growth rate	35.91%	28.70%	17.98%
Discount rate	14.91%	14.91%	14.91%
Possibilities of **[REDACTED]**	50%	55%	60%
As at 31 December 2024			
Long-term average growth rate	33.05%	21.69%	11.55%
Discount rate	14.57%	14.57%	14.57%
Possibilities of **[REDACTED]**	60%	65%	70%
As at 31 December 2025			
Long-term average growth rate	29.20%	22.06%	11.89%
Discount rate	13.39%	13.39%	13.39%
Possibilities of **[REDACTED]**	70%	75%	80%

Discount rate was estimated by weighted cost of equity as of each appraisal date. The Group estimated the risk-free interest rate based on the yield of 10-year China government bond as of each appraisal date.

Revenue growth rates are determined based on past experience and expectations on market and operational development.

Changes in fair value of the other financial instruments were recorded in profit or loss. For the years ended 31 December 2023, 2024 and 2025, the Group recognised RMB28,400,000, RMB1,800,000, RMB37,000,000 of fair value loss in profit or loss.

Subsequent supplement agreement

Pursuant to the supplement agreement dated 5 February 2026, all parties unanimously agreed the termination of the entitlement of mandatory distribution right immediately prior to the completion of the Company's **[REDACTED]** and **[REDACTED]** (i.e. upon approval by the Hong Kong Stock Exchange and immediately before the Company's shares commence **[REDACTED]** on the Hong Kong Stock Exchange).

38. PLEDGED ASSETS

At the end of each reporting period, the Group's certain assets have been pledged to secure borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment *(Note (a))*	—	119,884	345,798
Right of use assets *(Note (b))*	22,138	21,667	21,196
Restricted bank deposits *(Note (c))*	16,162	7,500	2,508
	38,300	149,051	369,502

Notes:

(a) As of 31 December 2024 and 2025, the Group has pledged its property, plant and equipment with carrying amounts of approximately RMB119,884,000 and RMB345,798,000 to banks as collaterals for bank borrowings, respectively.

(b) As of 31 December 2023, 2024 and 2025, the Group has pledged its land use rights with carrying amounts of approximately RMB22,138,000, RMB21,667,000 and RMB21,196,000 to banks as collaterals for bank borrowings, respectively.

(c) As of 31 December 2023, 2024 and 2025, bank deposits amounting to RMB16,162,000, RMB7,500,000 and RMB2,508,000, respectively, were pledged to banks as collaterals in connection with the issuance of bank acceptance bills.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividend payable	Interest payables (included in other payables)	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000 *(Note 32)*	RMB'000 *(Note 33)*	RMB'000
At 1 January 2023	—	—	27,380	40,022	67,402
Cash inflows	—	—	97,773	—	97,773
Repayment of borrowings	—	—	(28,380)	—	(28,380)
Principal portion of lease payments	—	—	—	(7,164)	(7,164)
Interest paid	—	(1,558)	—	(2,721)	(4,279)
Interest expenses	—	1,609	—	2,668	4,277
New leases	—	—	—	24,225	24,225
Early termination of leases	—	—	—	(1,259)	(1,259)
At 31 December 2023 and 1 January 2024	—	51	96,773	55,771	152,595
Cash inflows	—	—	158,435	—	158,435
Repayment of borrowings	—	—	(30,000)	—	(30,000)
Principal portion of lease payments	—	—	—	(6,234)	(6,234)
Interest paid	—	(4,812)	—	(2,410)	(7,222)
Interest expenses	—	4,919	—	2,410	7,329
Dividends declared	14,978	—	—	—	14,978
Dividends paid	(14,978)	—	—	—	(14,978)
New leases	—	—	—	12,918	12,918
Exchange differences	—	—	—	117	117
At 31 December 2024 and 1 January 2025	—	158	225,208	62,572	287,938
Cash inflows	—	—	41,411	—	41,411
Repayment of borrowings	—	—	(17,390)	—	(17,390)
Principal portion of lease payments	—	—	—	(8,523)	(8,523)
Interest paid	—	(5,420)	—	(2,586)	(8,006)
Interest expenses	—	5,418	—	2,586	8,004
Dividends declared	15,428	—	—	—	15,428
Dividends paid	(15,428)	—	—	—	(15,428)
New leases	—	—	—	1,758	1,758
Lease modification	—	—	—	(6,786)	(6,786)
Early termination of leases	—	—	—	(639)	(639)
Exchange differences	—	—	—	(232)	(232)
At 31 December 2025	—	156	249,229	48,150	297,535

40. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Acquisition of property, plant and equipment	148,906	16,322	17,438
Acquisition of intangible assets	1,710	—	—
	150,616	16,322	17,438

41. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed in respective notes, the Group and the Company had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) ***Transactions with a related party***

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods to an associate	1,059	2,303	1,270

(b) Related party transactions:

(i) ***Balances with related parties***

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivable from an associate	1,022	389	133

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from subsidiaries	5,738	30,022	17,764
Trade receivable from a related company over which a subsidiary of the Company has significant influence	492	242	7
Other receivables from subsidiaries	4,700	7,191	53,095
Prepayments made to a subsidiary	6,581	—	—
Trade payables to subsidiaries	117,419	119,168	156,015
Other payables to subsidiaries	—	—	100,054

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during each of the reporting period were as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	6,575	6,016	7,282
Pension obligations, housing funds, medical insurance and other social insurances	236	241	269
Share-based payments	40,724	1,249	2,614
	47,535	7,506	10,165

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

42. SUBSEQUENT EVENTS

(a) As disclosed in Note 29, the supplement agreement dated 5 February 2026 was signed by all of the then shareholders, pursuant to which, the related shareholders agreed to waive whole liability for breach of contract, compensation liability, or other liabilities with respect to the capital increment agreement in March 2019 upon execution. As a consequence, the corresponding compensation payable would be derecognised.

(b) As disclosed in Note 37, the supplement agreement dated 5 February 2026 was signed by all of the then shareholders, pursuant to which, the related shareholders agreed to terminate the entitlement of mandatory distribution right under Series 8, 10, 11 and 12 investments, immediately prior to the completion of the Company's **[REDACTED]** and **[REDACTED]** (i.e. upon approval by the Hong Kong Stock Exchange and immediately before the Company's shares commence **[REDACTED]** on the Hong Kong Stock Exchange).

(c) A capital increment agreement dated 5 February 2026 was entered by the Company with all of the then shareholders, pursuant to which, 2,972,973 new shares were issued to a new shareholder at RMB37 per share, for an aggregate cash consideration of RMB110 million.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this Document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 28 February 2026 of the selected property interest held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

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公司牌照號碼：C-030171

[●] April 2026

The Board of Directors
Wecare Probiotics Co., Ltd.
No. 999 Guangming Road
Wujiang Economic and Technological Development Zone
Wujiang District
Suzhou
Jiangsu Province
PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by Wecare Probiotics Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 28 February 2026 (the "**valuation date**").

The selected property interest forms part of non-property activities and has a carrying amount of 15% or more of the Group's total assets and therefore the valuation of the property interest is required to be included in this document.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings and structures of the property interest and the particular location in which it is situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by the cost approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Adviser — Commerce & Finance Law Offices, concerning the validity of the property interest in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are

satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 3 March 2026 by Mr. Elvin Zhang who graduated in degree course with property development related subjects and has more than 10 years' experience in the property valuation in the PRC.

All monetary figures stated in this report are in Renminbi (RMB).

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

The valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Selected property interest held by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
			RMB
An industrial complex located at No. 999 Guangming Road Wujiang Economic and Technological Development Zone Wujiang District Suzhou Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 53,283.45 sq.m., 14 buildings and various ancillary structures erected thereon which were completed between 2023 and 2026. The buildings have a total planned gross floor area ("**GFA**") of approximately 85,400.08 sq.m. and mainly include 3 industrial buildings, a composite building, a warehouse, 3 guard houses and ancillary buildings, details of which are set out in note 5. The structures mainly include boundary walls and roads. The land use rights of the property have been granted for a term expiring on 30 December 2070 for industrial use.	The property is currently occupied by the Group for production and ancillary purposes.	410,100,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Su (2025) Su Zhou Shi Wu Jiang Qu Bu Dong Chan Quan Di No. 9027548, 11 buildings of the property with a total GFA of approximately 73,422.09 sq.m. are owned by Wecare Probiotics Co., Ltd. (the "**Company**", 微康益生菌(蘇州)股份有限公司). The relevant land use rights of a parcel of land with a site area of approximately 53,283.45 sq.m. have been granted to the Company for a term expiring on 30 December 2070 for industrial use.

2. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 3205092024GG0305412 in favour of the Company, the remaining 3 buildings with a total GFA of approximately 11,977.99 sq.m. has been approved for construction.

3. Pursuant to a Construction Work Commencement Permit — No. 320509202501240401 in favour of the Company, permission by the relevant local authority was given to commence the construction work of the remaining 3 buildings.

4. Pursuant to a Construction Work Completion and Inspection Certificate in favour of the Company, the construction of the remaining 3 buildings of the property with a total planned GFA of approximately 11,977.99 sq.m. has been completed and passed the inspection acceptance.

5. According to the information provided by the Company, the GFA/planned GFA of the property is set out as below:

Usage	No. of buildings	GFA/Planned GFA (sq.m.)
Industrial plant	3	68,575.17
Composite	1	5,863.51
Warehouse	1	9,365.17
Guardhouse	3	91.84
Ancillary	6	1,504.39
Grand total:	**14**	**85,400.08**

6. Pursuant to a Mortgage Contract of Maximum Amount HTC322997600ZGDB2024N00D dated 16 January 2024, 6 completed buildings with a total GFA of approximately 27,106.64 sq.m. and the land use rights of the land parcel of the property with a site area of approximately 53,283.45 sq.m. are subject to a mortgage in favour of China Construction Bank Suzhou Yangtze River Delta Integration Demonstration Zone Branch as security to guarantee the principal obligation under a series of contracts for a maximum amount of RMB200,000,000 with security term from 11 July 2023 to 28 August 2031.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, *inter alia*, the following:

   a. the Company legally owns the land use rights of the property mentioned in note 1 and has the rights to legally occupy, use, profit from and dispose of the property mentioned in note 1;

   b. the mortgage of the property has all been registered, and the mortgage rights are established upon registration and are legally valid; and

   c. the Real Estate Title Certificate of the buildings mentioned in note 4 is in the process of application. Provided that the Company has submitted all required materials to the property registration authority in accordance with laws, regulations and the requirements of the property registration authority, there are no substantial legal impediment to the Company in obtaining the Real Estate Title Certificate of these buildings with a term of 50 year.

8. The property contributes a significant portion of revenue to the Group, we are of the view that the property is the material property held by the Group:

   Details of the material property

(a)	General description of location of the property	:	The property is located at No. 999 Guangming Road, Wujiang Economic and Technological Development Zone, Wujiang District, Suzhou, Jiangsu Province. It is approximately 10 kilometers from Suzhou South Railway Station. The surrounding area is a well-developed industrial hub.
(b)	Details of encumbrances, liens, pledges, mortgages against the property	:	See note 6.
(c)	Environmental Issue	:	The Group has passed and obtained the environmental impact assessment by local authority.
(d)	Details of investigations, notices, pending litigation, breaches of law or title defects	:	See note 7.
(e)	Future plans for construction, renovation, improvement or development of the property	:	As advised by the Group, there is no plan for new major development in the next 12 months from the date of this document.

ISSUE OF SHARES

The Company shall issue shares in accordance with the principles of openness, fairness, and equality, and each share of the same class shall have the same rights. The issue terms and price per share of the same class in the same issue shall be the same; the same price shall be paid for each share subscribed for by any subscriber.

INCREASE, DECREASE AND REPURCHASE OF SHARES

Increase and Decrease of Shares

The Company may increase its capital in the following ways in light of its business and development needs and in accordance with the laws and regulations and by resolutions made at general meetings:

(i) offering of shares to unspecified targets;

(ii) offering of shares to specific targets;

(iii) distributing bonus shares to existing shareholders;

(iv) converting the reserve fund into share capital;

(v) other means as stipulated by the laws, administrative regulations, the CSRC, the securities regulatory authorities of the place(s) where the Company's shares are listed, and the stock exchange(s).

The Company may reduce its registered capital. The Company shall decrease its registered capital in accordance with the procedures set forth in the Company Law and other relevant provisions, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its shares, except in any of the following circumstances:

(i) reducing the registered capital of the Company;

(ii) merging with another company that holds the shares of the Company;

(iii) using the shares for employee stock ownership plans or as share incentives;

(iv) requesting the Company to repurchase its shares from shareholders who object to resolutions made at the general meeting concerning the merger or division of the Company;

(v) using the shares for the conversion of convertible corporate bonds issued by the Company;

(vi) it is necessary for the Company to maintain its value and shareholders' equity;

(vii) other circumstances as permitted by the laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the regulatory rules of the place(s) where the Company's shares are listed.

Where the Company repurchases its shares under the circumstances described in items (iii), (v) and (vi) set out above, it shall be carried out by open and centralized trading, subject to the Hong Kong Listing Rules, and the regulatory rules and guides of the Hong Kong Stock Exchange.

Where the Company repurchases its shares under the circumstances described in items (i) and (ii) set out above, it shall be subject to a resolution of the general meeting; where the Company repurchases its shares under the circumstances described in items (iii), (v) and (vi) set out above, it can be, in accordance with the provisions of the Articles of Association or authorisation by the general meeting, resolved by a Board meeting with the attendance of more than two-thirds of the Directors.

Shares repurchased by the Company under item (i) to (vi) set out above shall be cancelled within 10 days from the date of repurchase; shares repurchased under items (ii) and (iv) set out above shall be transferred or cancelled within 6 months thereafter; and all of the shares repurchased in accordance with items (iii), (v) and (vi) set out above shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

If it is otherwise specified in laws, regulations, normative documents, and the relevant regulatory rules in the place(s) where the Company's shares are listed on the matters involving the repurchase of shares of the Company, such provisions shall prevail. After any repurchase of its shares by the Company, the obligation of information disclosure shall be fulfilled in accordance with the laws, administrative regulations, rules, normative documents, Hong Kong Listing Rules and other relevant regulations.

Transfer of Shares

The shares of the Company shall be transferred according to law. Except for purchase and sale of shares during the trading hours on the Hong Kong Stock Exchange, all transfers of H shares shall be effected by an instrument of transfer in writing in a form acceptable to the Board of Directors (including standard transfer format or ownership transfer form prescribed by the Hong Kong Stock Exchange from time to time) and such instrument of transfer may be executed by hand only or under a valid corporate seal (if the transferor or transferee is a corporation). If the transferor or transferee is a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or its nominee(s), the instrument of transfer may be executed by hand or by machine imprint. All instruments of transfer shall be deposited at the legal address of the Company or at such address as the Board of Directors shall from time to time designate.

The Company shall not accept its own shares as the subject of pledge.

Shares issued prior to the **[REDACTED]** any shares of the Company shall not be transferred within one year from the date on which the shares of the Company are **[REDACTED]** and **[REDACTED]** on the stock exchange(s).

The Directors and senior management of the Company shall declare, to the Company, their holdings of the shares of the Company (including preferred shares, if any) and the changes thereto. The shares transferable by them during each year of their term of office shall not exceed 25% of the total shares of the same class they hold in the Company. The shares that they hold in the Company shall not be transferred within one year of the date on which the shares of the Company are **[REDACTED]** and **[REDACTED]**. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date when they leave office.

Where there are other requirements on the transfer restrictions of H Shares by the securities regulatory authorities at the place(s) where the Company's shares are **[REDACTED]**, such requirements shall prevail.

If the Company's shareholders, Directors and senior management members holding more than 5% of the shares of the Company sell the shares held by them or other securities in the nature of equity within six months after buying the same or buy such shares or securities within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of Directors of the Company shall recover such earnings. However, such restriction shall not apply to a securities company, Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited, which holds over 5% of the Company's shares as a result of its purchasing and **[REDACTED]** of the untaken shares in an offer and other circumstances stipulated by the CSRC, securities regulatory authorities at the place(s) where the Company's shares are **[REDACTED]**, stock exchange(s) and other relevant regulatory authorities.

The shares or other securities in the nature of equity held by any Director, senior management member or natural person shareholder referred to in the preceding paragraph include the stocks or other securities in the nature of equity held by their spouses, parents and children, and held in any other person's account.

If the Board of the Company fails to comply with the preceding paragraph, a shareholder shall have the right to request the Board to do so within 30 days. If the Board fails to comply with the same within the aforesaid period, such shareholder shall have the right to initiate legal proceedings directly with the People's Court in its own name for the benefit of the Company.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company establishes a register of shareholders based on the certificates provided by the securities registration and clearing institution at the place(s) where the Company's shares are **[REDACTED]**, and the register of shareholders is sufficient evidence proving shareholders' holding of the Company's shares. A shareholder shall enjoy the rights and assume the obligations attached to the class of shares he/she holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

Shareholders of the Company shall be entitled to the following rights:

(i) to receive dividends and other forms of benefit distribution in proportion to the number of shares they hold;

(ii) to lawfully request, convene, preside over, attend or appoint a proxy to attend the general meeting and exercise corresponding voting rights;

(iii) to supervise the operation of the Company and make suggestions and inquiries;

(iv) to transfer, gift or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;

(v) to inspect and copy the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of Board meetings, financial and accounting reports; and (for shareholders who meet the relevant requirements) to inspect the Company's accounting books

and vouchers, but where there are other provisions stipulated by the securities regulatory rules of the place(s) where the shares of the company are **[REDACTED]**, such provisions shall prevail;

(vi) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the number of Shares they hold;

(vii) to require the Company to repurchase their shares by shareholders who disagree with the resolutions for the merger and division of the Company made at the general meetings;

(viii) other rights provided by laws, administrative regulations, departmental rules or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(i) to comply with laws, administrative regulations and the Articles of Association;

(ii) to pay subscription monies according to the shares subscribed and the method of subscription;

(iii) not to withdraw their share capital unless required by laws and regulations;

(iv) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

(v) other obligations imposed by laws, administrative regulations, the regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association.

Where any shareholder of the Company abuses the shareholders' rights, causing losses to the Company or other shareholders, such shareholder shall be liable for compensation according to law. Where any shareholder of the Company abuses the Company's status as an independent legal person and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholder shall be jointly and severally liable for the debts owed by the Company.

General Provisions of the General Meeting

The general meeting is the organ of authority of the Company, and shall exercise the following functions and powers according to law:

(i) to elect and replace Directors and to determine matters relating to the remuneration of the Directors;

(ii) to consider and approve reports of the Board;

(iii) to consider and approve the Company's profit distribution plans and plans for making up losses;

(iv) to resolve on increases or reductions in the Company's registered capital;

(v) to resolve on issuance of corporate bonds of the Company;

(vi) to resolve on the Company's merger, division, dissolution, liquidation or change of its corporate form;

(vii) to amend the Articles of Association;

(viii) to resolve on the engagement or dismissal of the accounting firm that undertakes the audit of the Company, and its remuneration;

(ix) to consider and approve the guarantees as stipulated in Article 47 of the Articles of Association;

(x) to consider matters relating to the acquisition or disposal of material assets by the Company within one year in an amount exceeding 30% of the latest audited total assets of the Company;

(xi) to consider and approve matters relating to the changes in the use of **[REDACTED]**;

(xii) to consider share incentive plans and employee stock ownership plans;

(xiii) to consider and approve material transactions and related (connected) transactions that shall be considered and approved by the general meeting in accordance with the laws, administrative regulations, regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association;

(xiv) to consider other matters to be resolved by the general meeting as required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association.

The following acts of external guarantees of the Company shall be considered and passed by the general meeting:

(i) Any subsequent guarantee to be provided after the total amount of external guarantees provided by the Company or its controlled subsidiary has exceeded 50% of the Company's latest audited net assets;

(ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's latest audited net assets;

(iii) Any guarantee to be provided by the Company to others, where the amount of guarantees within one year exceeds 30% of the Company's latest audited net assets;

(iv) Any guarantee to be provided to any party with a gearing ratio in excess of 70%;

(v) A single guarantee whose amount exceeds 10% of the latest audited net assets;

(vi) Any guarantee to be provided to shareholders, de facto controllers and their related parties;

(vii) Other guarantees to be resolved by the general meeting as required by laws, administrative regulations, departmental rules, the regulatory rules of the place(s) where the Company's shares are **[REDACTED]** or the Articles of Association.

When a proposal on providing any guarantee for any shareholder, actual controller and its connected party (as defined in the Hong Kong Listing Rules) is being reviewed at the general meeting, the said shareholder or the shareholder controlled by the said actual controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of other shareholders attending the general meeting.

The general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months from the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months upon the actual occurrence of any of the following circumstances:

(i) the number of Directors is less than the number specified in the Company Law or two-thirds of the number specified in the Articles of Association;

(ii) the losses of the Company that have not been made up reach one-third of its total share capital;

(iii) when any shareholder(s) individually or jointly holding over 10% of the Company's shares so request;

(iv) whenever the Board of Directors considers necessary;

(v) whenever the Audit Committee proposes to convene;

(vi) other circumstances stipulated by the laws, administrative regulations, departmental rules, regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association.

Convening of the General Meeting

With the approval of a majority of all independent Directors, the independent Directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. Where an independent Director proposes that an extraordinary general meeting be held, the Board of Directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. If the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain the reasons and make an announcement.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting, and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. Any changes to the original proposal made in the notice shall be approved by the Audit Committee. If the Board of Directors does not agree to convene the extraordinary general meeting or

fails to furnish a reply within 10 days upon receipt of such proposal, the Board of Directors shall be deemed to be unable or fail to perform the duty of convening the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

Any shareholder(s) individually or jointly holding over 10% of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary general meeting, and such request shall be made in writing to the Board of Directors. The Board of Directors shall, in accordance with the laws, administrative regulations, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of the request. If the Board of Directors agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. Any changes to the original request made in the notice shall be approved by the relevant shareholders. If the Board of Directors does not agree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such request, the shareholder(s) individually or jointly holding over 10% of the shares of the Company shall have the right to request the Audit Committee to convene an extraordinary general meeting, and such request shall be made in writing. If the Audit Committee agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon receipt of the request. Any changes to the original request in the notice shall be approved by the relevant shareholders. If the Audit Committee fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the shareholder(s) individually or jointly holding over 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on its/their own.

Proposals and Notices of the General Meeting

When the Company holds a general meeting, the Board of Directors, the Audit Committee and the shareholder(s) individually or jointly holding more than 1% of the Company's shares shall have the right to make proposals to the Company.

The shareholder(s) individually or jointly holding more than 1% of the Company's shares may put forward interim proposals and submit such proposals in writing to the convener ten days before the general meeting is held. The convener shall issue a supplemental notice of the general meeting within 2 days upon the receipt of such proposals, announce the content of the interim proposals and submit the same to the general meeting for consideration, provided that such proposals shall not violate laws, administrative regulations or the Articles of Association, and shall fall within the scope of authority of the general meeting. If, according to the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**, the general meeting must be postponed due to the issuance of a supplementary notice of such meeting, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**.

Except for the circumstances set out above, the convener shall not modify the proposals listed or add any new proposal in the notice of the general meeting after sending it out. Proposals not set out in the notice of the general meeting or not in compliance with the Articles of Association shall not be voted on or resolved on at the general meeting.

The convener shall inform each shareholder of the annual general meeting by an announcement 21 days before convening such meeting and shall inform each shareholder of the extraordinary general meeting by an announcement 15 days before convening such meeting. When calculating the starting date, the convening date of the meeting shall be excluded.

The notice of a general meeting shall include the following:

(i) the time, venue and duration of the meeting;

(ii) the matters and proposals to be considered at the meeting;

(iii) a prominent written statement that all shareholders of ordinary shares have the right to attend the general meeting, and may appoint a proxy in writing, who need not be a shareholder, to attend and vote on his/her behalf;

(iv) the shareholding registration date for shareholders entitled to attend the general meeting;

(v) the name and telephone number of permanent contact persons for the affairs of the meeting;

(vi) the specific methods of attending the meeting, and voting time and procedure via the Internet or through other means;

(vii) other requirements stipulated by the laws, administrative regulations, departmental rules, Hong Kong Listing Rules, other regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association.

After issuance of the notice for the general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in such notice shall not be withdrawn. In case of postponement or cancellation, the convener shall make an announcement and give reasons at least 2 working days prior to the date on which the meeting is originally scheduled. Where the securities regulatory rules of the place(s) where the shares of the Company are **[REDACTED]** provide otherwise in respect of the procedures for postponement or cancellation of a general meeting, such provisions shall apply to the extent that they do not contravene Chinese regulatory requirements.

Holding of the General Meeting

When a general meeting is held, all shareholders of ordinary shares registered on the register of shareholders on the shareholding registration date or their proxies shall be entitled to attend the general meeting, speak at the general meeting (whether it is held on-site or online or in other forms) and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless individual shareholders are required to abstain from voting on individual matters under the securities regulatory rules of the place(s) where the shares of the Company are **[REDACTED]**. Any shareholder may attend the general meeting in person or authorize a proxy to attend and vote at the general meeting on his/her/its behalf.

The general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board of Directors is unable or fails to fulfill the duties thereof, a Director jointly elected by more than half of the Directors shall preside over the meeting. A general meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee cannot or fails to perform his/her duty, the meeting shall be presided over by a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee. A general meeting convened by the shareholders themselves shall be chaired by the convener or a representative elected by the shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure making the meeting impossible to proceed, a person may be elected at the general meeting to act as the chairman and preside over the meeting so as to carry on with the general meeting, subject to the approval of more than half of the attending shareholders with voting rights.

Voting of the General Meeting

The resolutions of the general meeting shall be classified as ordinary resolutions and special resolutions. Ordinary resolutions at a general meeting shall be passed by more than half of the voting shares held by shareholders (including their proxies) attending the meeting. A special resolution at a general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

The following matters shall be resolved by an ordinary resolution at a general meeting:

(i) work reports of the Board of Directors;

(ii) profit distribution plans and loss recovery plans formulated by the Board of Directors;

(iii) removal and appointment of members of the Board of Directors, and their remuneration and the payment method of their remuneration;

(iv) matters other than those required to be approved by special resolutions under laws, administrative regulations, the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** or the Articles of Association.

The following matters shall be resolved by a special resolution at a general meeting:

(i) any increase or reduction in the Company's registered capital;

(ii) division, spin-off, merger, dissolution or liquidation of the Company;

(iii) any amendment to the Articles of Association;

(iv) the acquisition or disposal of material assets or provision of guarantees for others by the Company within one year with an amount exceeding 30% of the latest audited total assets of the Company;

(v) share incentive plans;

(vi) any other matter specified in the laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** and the Articles of Association, and confirmed by an ordinary resolution at a general meeting that it may have a material impact on the Company and accordingly shall be approved by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote.

Shares of the Company held by the Company shall carry no voting rights, and be excluded from the total voting shares held by shareholders present at a general meeting.

When matters relating to related (connected) transactions are considered at a general meeting, the related (connected) shareholders shall abstain from voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes; the announcement of any resolution made at the general meeting should fully disclose the voting information of the non-related (connected) shareholders.

In the Articles of Association, the meaning of "related transaction(s)" includes "connected transaction(s)" as defined in the Hong Kong Listing Rules, "related party(ies)" includes "connected person(s)" as defined in the Hong Kong Listing Rules, and "related relationship(s)" includes "connected relationship(s)" as defined in the Hong Kong Listing Rules.

Where any shareholder is, under the applicable laws and regulations and the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted towards the total number of shares carrying voting rights.

If a shareholder's purchase of the Company's voting shares violates the provisions of (1) and (2) of Article 63 of the Securities Law, the portion of the shares over the prescribed ratio shall not be allowed to exercise voting rights for a period of thirty-six months after the purchase and shall not be counted towards the total number of voting shares held by shareholders present at the general meeting.

The Board of Directors, independent Directors and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with the laws, administrative regulations or the securities regulatory authorities at the place(s) where the Company's shares are **[REDACTED]** may solicit voting rights from shareholders. When soliciting voting rights from shareholders, specific voting intentions and other information must be fully disclosed to the persons being solicited. It is prohibited to solicit voting rights from shareholders in a paid or disguised pay way. Except for statutory conditions, the Company may not impose any minimum shareholding ratio restrictions on the solicitation of voting rights.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting, and any Director (including any executive Director) may be dismissed by an ordinary resolution at the general meeting prior to the expiry of the term of his or her office. However, such dismissal shall not prejudice the Director's claim for damages under any contract. A Director shall serve a term of 3 years and shall be eligible for re-election upon the expiration of the term.

The term of a Director shall start from the date on which the said Director assumes office until the expiry of the term of the prevailing session of the Board. If the term of office of a Director expires without timely re-election, the original Director shall still perform the duties of a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association before the newly elected Director takes office. Subject to the relevant applicable laws, regulations and regulatory rules, any person appointed by the Board of Directors to fill a casual vacancy on the Board of Directors or as an addition to the Board of Directors shall hold office only until the first annual general meeting after his/her appointment and shall then be eligible for reelection.

Any person appointed by the Board of Directors to fill a casual vacancy on the Board of Directors or as an addition to the Board of Directors shall hold office only until the first annual general meeting after his/her appointment and shall then be eligible for reelection.

A Director may serve concurrently as a member of the senior management, but the Directors serving concurrently as such and the Directors being employee representatives shall not be more than half of all Directors of the Company.

A Director may resign before the expiration of his or her term of office. A director who intends to resign shall submit a written resignation report to the Company. The resignation shall take effect on the date the Company receives the resignation report, and the Company shall disclose relevant information within two trading days. Where the number of members of the Board of Directors is lower than the minimum quorum due to the resignation of any Director, or where the resignation of an independent Director results in the failure of the ratio of independent Directors in the Board of Directors or its special committees to comply with the provisions of laws, regulations, or the Articles of Association, or results in a lack of any accounting professional among the independent Directors, the said Director shall continue to perform the Director's duties in accordance with the laws, administrative regulations, departmental rules, securities regulatory rules in the place(s) where the Company's shares are **[REDACTED]**, and the Articles of Association.

Board of Directors

The Company shall establish a Board of Directors. The Board of Directors shall comprise 7 Directors, including executive Directors, non-executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall not be less than 3 and represent at least one-third of members of the Board of Directors.

The Board of Directors has one chairman, who shall be elected by the Board of Directors through a majority of all Directors.

The Board of Directors shall exercise the following functions and powers:

(i) to convene the general meeting and report to the general meeting;

(ii) to implement the resolutions passed at the general meeting;

(iii) to determine the business plans and investment plans of the Company;

(iv) to prepare the plans for profit distribution and plans for making up losses of the Company;

(v) to formulate plans in respect of any increase or reduction of the registered capital, the issuance of bonds or other securities, and the **[REDACTED]** of the Company;

(vi) to formulate plans for material acquisition, repurchase of the Company's shares, or merger, division, dissolution, and change of the corporate form of the Company;

(vii) to determine, within the authority granted by the general meeting or pursuant to the listing rules of the exchange(s) where the Company's shares are **[REDACTED]**, matters such as external investments, the acquisition and disposal of assets, asset mortgages, external guarantees, consigned financial management, related (connected) transactions, external donations and gifts;

(viii) to determine the establishment of the internal management structure of the Company;

(ix) to determine the appointment or dismissal of the manager, the secretary to the Board of Directors and other senior management members of the Company, and determine their remunerations, rewards and punishments; and according to the nomination by the manager, to determine the appointment or dismissal of other senior management members, such as deputy managers and the person-in-charge of finance of the Company, and determine their remunerations, rewards and punishments;

(x) to formulate the Company's basic management system;

(xi) to draw up proposals for any amendment to the Articles of Association;

(xii) to manage the matters of information disclosure of the Company;

(xiii) to propose at the general meeting the appointment or change of any accounting firm which provides auditing services for the Company;

(xiv) to receive work reports of the manager and review his/her work;

(xv) to consider and handle the transfer of the Company's domestic unlisted share held by shareholders to overseas investors, or the approval for the conversion of the Company's domestic unlisted shares held by shareholders into overseas listed shares which can be **[REDACTED]** on an overseas stock exchange;

(xvi) to exercise other functions and powers conferred by laws, administrative regulations, department rules, securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**, the Articles of Association, or the general meeting.

Matters beyond the authorization of the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors shall hold at least four meetings every year (approximately one meeting every quarter) and such meetings shall be convened by the chairman of the Board. All Directors shall be informed in writing 14 days before the meeting. Shareholders representing more than 10% of the voting rights, more than one third of the Directors or the Audit Committee may propose to convene an extraordinary Board meeting. A Board meeting shall be convened and presided over by the chairman within 10 days upon receipt of the proposal.

No Board meeting shall be held unless attended by a majority of Directors. Any resolution passed by the Board of Directors shall require affirmative votes by a majority of Directors, unless otherwise provided by laws, regulations and the Articles of Association.

Where a Director has a related relationship with any enterprise or person involved in a matter to be resolved at a Board meeting, such Director shall promptly report in writing to the Board of Directors, and he/she shall not exercise his/her voting rights for such resolution, nor exercise voting rights on behalf of other Director(s). The Board meeting shall not be held unless attended by a majority of Directors without any related relationship, and any resolution made at the Board meeting must be passed by a majority of Directors without any such related relationship. Where the number of Directors without any related relationship attending the meeting is less than three, the matter shall be submitted to the general meeting for consideration. Where there are any additional restrictions on Directors' participation in Board meetings and voting as stipulated by the laws, regulations and the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**, such provisions shall prevail.

Directors shall attend the Board meeting in person. Where any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to attend the meeting on his/her behalf, with the power of attorney shall state the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the principal. The Director attending the meetings on behalf of another Director shall exercise rights within the scope of authorization. Where a Director is not present at a Board meeting and fails to appoint a proxy to act on his/her behalf, the said Director is deemed to have waived his/her rights to vote at the meeting.

Special Committees under the Board

The Company's Board of Directors shall establish an audit committee, which shall exercise the powers and functions of the Supervisory Committee as stipulated in the Company Law.

The Board of Directors shall establish an audit committee, a nomination committee, a remuneration committee and other special committees. These committees shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposals of the special committees shall be submitted to the Board of Directors for deliberation and decision. The working regulations of the special committees shall be formulated by the Board.

Members of the Senior Management

The senior management members referred to in the Articles of Association include the manager, deputy managers, Chief Financial Officer (concurrently serving as person-in-charge of finance), secretary to the Board of Directors and other senior management members recognized by the Board.

The Company shall have one manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have deputy managers, who shall be appointed or dismissed by the Board of Directors. The Company shall have one secretary to the Board of Directors, who shall be responsible for the preparation for the general meetings and Board meetings, the maintenance of documents, the management of our shareholders' information, the handling of information disclosure matters, and other matters.

The manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(i) to be in charge of the Company's production, operation and management, to organize and implement the resolutions of the Board and to report his/her work to the Board;

(ii) to organize and implement the Company's annual business plans and investment plans;

(iii) to formulate the Company's plans for the establishment of its internal management structure;

(iv) to formulate the Company's basic management system;

(v) to formulate specific regulations of the Company;

(vi) to propose to the Board of Directors the appointment or dismissal of the Company's deputy managers and the person-in-charge of finance;

(vii) to appoint or dismiss the management officers other than those required to be appointed or dismissed by the Board of Directors;

(viii) to exercise other functions and powers as conferred by the Articles of Association or the Board. The manager shall attend the meetings of the Board of Directors.

Senior management members of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management member of the Company causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing his/her duties or violation of his/her fiduciary duties, the said senior management member shall be liable to compensate the Company.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations and the provisions of relevant PRC authorities. Annual reports and interim reports shall be prepared, published and distributed in accordance with relevant laws, administrative regulations, departmental rules, Hong Kong Listing Rules and the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**.

The Company shall not set up other account books except for the statutory account books. The Company's funds shall not be deposited in any account opened in the name of any individual.

Profit Distribution

In distributing the current year's profits after tax, 10% of the profits shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund is more than 50% of the Company's registered capital, further appropriations are not required.

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the aforesaid provisions.

After the allocation of its profits after tax to its statutory reserve fund, the Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the general meeting.

The remaining profits after tax after the Company has made up its losses and allocated to its reserve fund may be distributed to its shareholders in proportion to their shareholdings unless it is stipulated in the Articles of Association that no profit distribution shall be made in accordance with shareholdings.

The shares of the Company held by the Company shall not participate in the distribution of profits.

The Company's reserve fund shall be used to make up the losses of the Company or expand the production operations, or be converted to increase the registered capital of the Company. The discretionary reserve fund and statutory reserve fund shall be used first to make up the Company's losses; if the losses cannot be covered, the capital reserve fund can be used in accordance with regulations.

When the statutory reserve fund is converted into registered capital, the remainder of the reserve fund shall not be less than 25% of the Company's registered capital prior to such conversion.

Internal Audit

The Company implements an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work.

The internal audit agency shall be accountable to the Board. During the supervision and inspection of the Company's business activities, risk management, internal control, and financial information, the internal audit agency shall be subject to the supervision and guidance of the Audit Committee. If the internal audit agency discovers any significant issues or clues, it shall report directly to the Audit Committee forthwith.

Engagement of an Accounting Firm

The Company shall engage an accounting firm that complies with Chinese laws and regulations, the Hong Kong Listing Rules and the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]** to perform services such as auditing of accounting statements, verification of net assets, and other related consulting services for a period of one year, which may be renewed.

The engagement or dismissal of an accounting firm shall be resolved by the general meeting. The Board of Directors shall not engage an accounting firm before the decision is made at the general meeting.

The Company guarantees to provide the hired accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not reject, conceal or make false reports of any information.

The audit fee of an accounting firm shall be decided at the general meeting.

When the Company dismisses or no longer renews the appointment of an accounting firm, the accounting firm shall be notified 10 days in advance. When the dismissal of an accounting firm is voted on at the general meeting, the accounting firm is allowed to state its opinions.

If an accounting firm resigns, it shall explain to the general meeting whether there is any impropriety on the part of the Company.

MERGER, DIVISION, CAPITAL INCREASE AND DECREASE, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Decrease

The merger of the Company may take the form of either a merger by absorption or a merger by incorporation. In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution on merger and shall publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors may require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors have not received the notice.

In the event of a merger, creditors' rights or debts of each of the parties to the merger shall be assumed by the company which survives the merger or the newly established company.

In the event of a division of the Company, its properties shall be divided up accordingly. In the event of a division, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of the Company's resolution on division and shall publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution.

For the debts of the Company prior to the division, the companies after the division shall bear joint and several liabilities, unless otherwise specified in the written agreement on debt repayment entered into between the Company and its creditors before the division.

The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within 10 days from the date of the Company's resolution on the reduction of its registered capital and shall publish an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. The creditors have the right to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after the receipt of the notice, or within 45 days after the announcement for creditors if the creditors have not received the notice.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(i) the expiration of the business period as stipulated in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;

(ii) dissolution resolved by the general meeting;

(iii) requiring dissolution due to the merger or division of the Company;

(iv) the business license being revoked, or being ordered to close or revoked in accordance with the law;

(v) serious difficulties in its business operation management and serious damages to the interests of its shareholders for its continued existence which cannot be resolved through any other means, shareholders who hold over 10% of the voting rights of the Company may apply to the People's Court to dissolve the Company.

Where the Company falls under any of the circumstances specified in above-mentioned items (i) and (ii) and has not distributed any property to its shareholders, the Company may continue to exist by amending the Articles of Association or by resolutions of the general meeting. Amendments to the Articles of Association or resolutions made at the general meeting pursuant to the aforesaid provisions shall be approved by more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Where the Company is dissolved pursuant to above-mentioned items (i), (ii), (iv) and (v), a liquidation shall be conducted. In the event that Directors are the liquidation obligors of the Company, a liquidation committee for liquidation shall be established within 15 days after the dissolution grounds arise.

The liquidation committee shall notify the creditors within 10 days from the date of its establishment, and make an announcement in the newspapers or the National Enterprise Credit Information Publicity System within 60 days from the date of its establishment. The creditors shall declare their claims to the liquidation committee within 30 days from the date on which they receive such notice or within 45 days from the date of the announcement if no such notice is received.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidence. The liquidation committee shall register such claims. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

The liquidation committee shall, after checking the Company's property and preparing a balance sheet and an inventory of assets, formulate a liquidation plan and present it to the general meeting or the People's Court for confirmation. After paying the liquidation expenses, employees' salaries, social insurance fees and statutory compensation, outstanding taxes and debts of the Company, the remaining property of the Company will be distributed in proportion to the number of shares held by shareholders.

During the liquidation period, the Company continues to exist, but may not carry out any business operation that is not for purpose of carrying out liquidation. Before the settlement of payments as prescribed in the above-mentioned provisions, the Company's property will not be distributed to shareholders.

If the liquidation committee, having checked the Company's property and having prepared a balance sheet and an inventory of property, discovers that the Company's assets are insufficient to pay off its debts, it shall apply to the People's Court for insolvency liquidation.

Upon completion of the Company's liquidation, the liquidation committee shall prepare a liquidation report, submit the report to the general meeting or the People's Court for confirmation, and submit the report to the company registration authority and apply for deregistration of the Company.

The Company declared insolvency according to law shall have insolvency liquidation carried out according to relevant enterprise insolvency laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) Upon revision of the Company Law or the relevant laws, administrative regulations, the Hong Kong Listing Rules or the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**, the provisions of the Articles of Association conflict with the revised laws, administrative regulations, the Hong Kong Listing Rules or the securities regulatory rules of the place(s) where the Company's shares are **[REDACTED]**;

(ii) Changes in the state of the Company are inconsistent with the matters stipulated in the Articles of Association;

(iii) The general meeting has decided to amend the Articles of Association.

Amendments to the Articles of Association passed by resolutions at the general meeting, which require examination and approval by the competent authorities, shall be submitted to the competent authorities for approval. Where any amendment involves the registered particulars of the Company, the procedures for change registration shall be handled in accordance with the law.

Any amendment to the Articles of Association which involves information to be disclosed as required by the laws or regulations, shall be announced as required.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

On July 25, 2013, the predecessor of our Company, Jiangsu Zishi Weikang Biotechnology Co., Ltd (江蘇紫石微康生物科技有限公司), was established as a limited liability company in Jiangsu, the PRC, with a registered capital of RMB5,000,000. On November 17, 2020, our Company was converted into a joint stock company with limited liability and renamed from its then name Jiangsu Weikang Biotechnology Co., Ltd (江蘇微康生物科技有限公司) to Wecare Probiotics Co., Ltd. (微康益生菌(蘇州)股份有限公司).

We have established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, and [have been] registered as a non- Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●], [2026]. Ms. Chan Ching Nga (陳靜雅) has been appointed as our agent for the acceptance of services of process and notices on behalf of our Company in Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" of this Document and "Documents Delivered to the Registrar of Companies in Hong Kong — Documents Available on Display" in Appendix VI to this Document.

B. Changes in the Share Capital of our Company

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this Document:

- on July 16, 2024, the registered capital of our Company was increased from RMB99,850,000 to RMB102,850,000.
- on February 12, 2026, the registered capital of our Company was increased from RMB102,850,000 to RMB 105,822,973.

Save as disclosed above, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this Document.

C. Resolutions of the Shareholders of our Company

On March 25, 2026, the shareholders of our Company passed, among other things, the following resolutions:

(i) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(ii) the number of H Shares to be issued shall be no more than **[REDACTED]** of the total issued share capital of our Company as enlarged by the **[REDACTED]** (before the exercise of the **[REDACTED]**), and the grant of the **[REDACTED]** of not more than **[REDACTED]** of the number of H Shares to be offered initially under the **[REDACTED]**;

(iii) authorization of the Board and/or its authorized persons to handle all matters relating to, among other things, the issue and the **[REDACTED]** of the H Shares; and

(iv) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**, and authorization to the Board to amend the Articles of Association for the purpose of the **[REDACTED]**.

D. Conversion

In preparation of the **[REDACTED]**, we [have applied] for, the Conversion of the Unlisted Shares into H Shares, details of which are set out in "Share Capital" in this Document. Our PRC Legal Adviser [has confirmed] that the Conversion of the Unlisted Shares into H Shares was legally and duly [completed], and that we [have obtained] all necessary approvals from relevant PRC regulatory authorities required for the Conversion of the Unlisted Shares into H Shares.

E. Subsidiaries of Our Company

(i) *Subsidiaries*

Certain details of our subsidiaries are set forth in the Accountant's Report in Appendix I to this Document.

(ii) *Changes in the share capital of subsidiaries*

The following subsidiaries have been established within the two years immediately preceding the date of this Document:

Name of subsidiary	Place of establishment	Date of establishment
Nanjing Weikang Precision Medicine Technology Co., Ltd. (南京微康精準醫學科技有限公司)	PRC	December 12, 2024
Biometic INC.	U.S.	January 27, 2025
Xinjiang Weikang Agricultural Biotechnology Co., Ltd. (新疆微康農業生物科技有限公司)	PRC	March 21, 2025
WECARE PROBIOTICS PTY. LTD	Australia	June 24, 2025
Suzhou Weikang Biopharmaceutical Technology Co., Ltd. (蘇州微康生物醫藥科技有限公司)	PRC	September 15, 2025
Shanghai Liuliu Aichong Health Technology Co., Ltd. (上海六六愛寵健康科技有限公司)	PRC	October 31, 2025
Shanghai Weikang Aimei Health Technology Co., Ltd. (上海微康愛美健康科技有限公司)	PRC	November 5, 2025
Suzhou Weikang Aichong Biotechnology Co., Ltd. (蘇州微康愛寵生物科技有限公司)	PRC	January 23, 2026

The following change in the share capital of our subsidiaries took place during the two years immediately preceding the date of this Document:

- On December 5, 2024, the registered capital of Suzhou Weikang Probiotics Biotechnology Co., Ltd. (蘇州微康益生菌生物科技有限公司) was increased from RMB100,000,000 to RMB125,000,000.

- On December 2, 2024, the registered capital of Jiangsu Weikang Agricultural Biotechnology Group Co., Ltd. (江蘇微康農業生物科技集團有限公司) was increased from RMB95,000,000 to RMB100,000,000. On December 11, 2025, the registered capital of Jiangsu Weikang Agricultural Biotechnology Group Co., Ltd. (江蘇微康農業生物科技集團有限公司) was increased from RMB100,000,000 to RMB250,000,000.

- On December 6, 2024, the registered capital of Luohe Weikang Agricultural Biotechnology Co., Ltd. (漯河微康農業生物科技有限公司) was increased from RMB75,000,000 to RMB100,000,000.

- On December 19, 2025, the registered capital of Xinjiang Weikang Agricultural Biotechnology Co., Ltd. (新疆微康農業生物科技有限公司) was increased from RMB10,000,000 to RMB100,000,000.

Save as disclosed above, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this Document.

A summary of the corporate information and the particulars of our subsidiaries are set out in note 17 to the Accountant's Report as set out in Appendix I.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following material contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Document and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

(i) a share subscription agreement dated February 5, 2026 entered in by and between our Company, Fang Shuguang (方曙光), Luohe Yukang Investment Center (Limited Partnership) (漯河煜康投資中心(有限合夥)), Yangzhou Xinping Equity Investment Partnership (Limited Partnership) (揚州鑫平股權投資合夥企業(有限合夥)), Shanghai Huankang Enterprise Management Center (Limited Partnership) (上海浣康企業管理中心(有限合夥)), Suzhou Longju Chuanglian Venture Capital Enterprise (Limited Partnership) (蘇州龍駒創聯創業投資企業(有限合夥)), Chengdu Boyuan Jiayu Venture Capital Partnership (Limited Partnership) (成都博遠嘉昱創業投資合夥企業(有限合夥)), Suzhou Zhongkang Investment Management Enterprise (Limited Partnership) (蘇州眾康投資管理企業(有限合夥)), Zibo Taige Yingke Venture Capital Center (Limited Partnership) (淄博泰格盈科創業投資中心(有限合夥)), FOY PRIVATE LIMITED, Lai Chunbao (賴春寶), Wuhan Taiming Venture Capital Partnership (Limited Partnership) (武漢泰明創業投資合夥企業(有限合夥)), Wujiang Dongyun Venture Capital Co., Ltd. (吳江東運創業投資有限公司), Jiaxing Chunxiang Equity Investment Partnership (Limited Partnership) (嘉興春享股權投資合夥企業(有限合夥)), Beijing Haina Yourong Private Fund Management Co., Ltd. (北京海納有容私募基金管理有限公司), Suzhou Zekang Enterprise Management Consulting Partnership (Limited

Partnership) (蘇州澤康企業管理諮詢合夥企業(有限合夥)), Suzhou Chenkang Biotechnology Co., Ltd. (蘇州宸康生物科技有限公司), Wenrun Jiapin No. 2 (Zhuhai) Equity Investment Fund Partnership (Limited Partnership) (溫潤佳品貳號(珠海)股權投資基金合夥企業(有限合夥)), Wenrun Anxiang Keying (Hainan) Equity Investment Fund Partnership (Limited Partnership) (溫潤安享科盈(海南)股權投資基金合夥企業(有限合夥)), Suzhou Qiming Rongqian Equity Investment Partnership (Limited Partnership) (蘇州啟明融乾股權投資合夥企業(有限合夥)), Kunshan Qiming Rongkai Equity Investment Partnership (Limited Partnership) (昆山市啟明融凱股權投資合夥企業(有限合夥)), Wens Investment Co., Ltd. (廣東溫氏投資有限公司), Hangzhou Taikun Equity Investment Fund Partnership (Limited Partnership) (杭州泰鯤股權投資基金合夥企業(有限合夥)), Yongxiu Yukang Phase II Venture Capital Center (Limited Partnership) (永修煜康二期創業投資中心(有限合夥)), Hangzhou Taiyu Phase IV Venture Capital Partnership (Limited Partnership) (杭州泰譽四期創業投資合夥企業(有限合夥)), Guangzhou Defu Yitong Investment Partnership (Limited Partnership) (廣州德福益通投資合夥企業（有限合夥)), Suzhou Hechuang Tongyun Zhongyi Venture Capital Partnership (Limited Partnership) (蘇州合創同運中以創業投資合夥企業(有限合夥)), Youyou Foods Chongqing Manufacturing Co., Ltd. (有友食品重慶製造有限公司), Chongqing Baiya Sanitary Products Co., Ltd. (重慶百亞衛生用品股份有限公司), Nanjing Zijin Future Innovation Venture Capital Partnership (Limited Partnership) (南京市紫金未來創新創業投資合夥企業(有限合夥)), Nanjing Zijin New Energy No.1 Venture Capital Partnership (Limited Partnership) (南京市紫金新勢能一號創業投資合夥企業(有限合夥)), China State Farms Agricultural Development Fund (Limited Partnership) (中國農墾產業發展基金(有限合夥)), Suzhou Zhaofa Integrated Development Investment Fund Partnership (Limited Partnership) (蘇州招發一體化發展投資基金合夥企業(有限合夥)), Hangzhou Chuanghe Jingxuan Phase II Venture Capital Partnership (Limited Partnership) (杭州創合精選二期創業投資合夥企業(有限合夥)), Chuanghe Songshan Lake (Dongguan) Venture Capital Partnership (Limited Partnership) (創合松山湖(東莞)創業投資合夥企業(有限合夥)), Suzhou International Development Technology Innovation Investment Enterprise (Limited Partnership) (蘇州國發科技創新投資企業(有限合夥)), Chuanghe Shanghai Venture Capital Partnership (Limited Partnership) (創合(上海)創業投資合夥企業(有限合夥)), Zhuhai Huajin Lingjian Equity Investment Fund Partnership (Limited Partnership) (珠海華金領健股權投資基金合夥企業(有限合夥)), Zhuhai Huajin Zhishang Business Consulting Partnership (Limited Partnership) (珠海華金智尚商務諮詢合夥企業(有限合夥)), Shanghai Hongsheng Houde Private Equity Investment Fund Partnership (Limited Partnership) (上海弘盛厚德私募投資基金合夥企業(有限合夥)), Suzhou Daoshan Venture Capital Partnership (Limited Partnership) (蘇州道山創業投資合夥企業(有限合夥)), Suzhou Yuncheng Fuli Investment Partnership (Limited Partnership) (蘇州雲程賦力投資合夥企業(有限合夥)), Suzhou Hechang Venture Capital Co., Ltd. (蘇州和暢創業投資有限公司), Jiangsu High-Tech Addor Health Achievement Innovation and Entrepreneurship Fund II Partnership (Limited Partnership) (江蘇高投毅達健康成果創新創業貳號基金合夥企業(有限合夥)), Jiangsu Jiequan Bailian New Retail Industry Investment Fund Partnership (Limited Partnership) (江蘇聯泉百聯新零售產業投資基金合夥企業(有限合夥)) and Boyu Xinzhi Xinchan (Ningbo) Equity Investment Partnership (Limited Partnership) (博裕新智新產(寧波)股權投資合夥企業(有限合夥)), pursuant to which Boyu Xinzhi Xinchan (Ningbo) Equity Investment Partnership (Limited Partnership) (博裕新智新產(寧波)股權投資合夥企業(有限合夥)) agreed to subscribe for RMB2,972,973 registered capital of our Company at a consideration of RMB110 million; and

(ii) **[REDACTED]**.

B. Our Material Intellectual Property Rights

(i) *Patents*

As of the Latest Practicable Date, the following patents have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Name of patent holder	Description	Type of patent	Patent no.	Place of registration	Date of registration
1	The Company	Application of Bifidobacterium animalis subsp. lactis BLa80 in the preparation of a drug or food for regulating intestinal motility	Invention	ZL202111389232.7	The PRC	2023-07-07
2	The Company	Application of Bifidobacterium animalis subsp. lactis BLa80 in alleviating diarrhea and enhancing intestinal immunity	Invention	ZL202110978637.8	The PRC	2022-11-22
3	The Company	A probiotic preparation capable of improving sleep quality and its application	Invention	ZL202310598410.X	The PRC	2023-11-14
4	The Company	Lactobacillus rhamnosus LRa05 for prevention and treatment of candidal vaginitis and its application	Invention	ZL202211151013.X	The PRC	2024-06-11
5	The Company	A microbial composition for preventing or treating type II diabetes, and a preparation method and application	Invention	ZL202110839317.4	The PRC	2022-11-25
6	The Company	A probiotic agent for regulating intestinal hormone GLP-1 levels and its application	Invention	ZL202310260613.8	The PRC	2024-01-30
7	The Company	A composite probiotic for promoting iron absorption and its application	Invention	ZL202410225116.9	The PRC	2024-05-17
8	Wuhan Weikang	A strain of probiotic Bacillus coagulans and its application	Invention	ZL202110285874.6	The PRC	2023-01-17
9	The Company	A composite probiotic for regulating blood glucose metabolism and its application	Invention	ZL202410245530.6	The PRC	2024-05-14
10	The Company	A probiotic agent with efficacy in relieving oral inflammation and its preparation method and application	Invention	ZL202211227955.1	The PRC	2024-01-30
11	Luohe Weikang	An anti-aging probiotic preparation and preparation method	Invention	ZL201610809684.9	The PRC	2019-09-27
12	The Company	A probiotic composition with a hyperglycemia-alleviating effect and its preparation method	Invention	ZL201911346165.3	The PRC	2023-05-23

No.	Name of patent holder	Description	Type of patent	Patent no.	Place of registration	Date of registration
13	The Company, Luohe Weikang	A probiotic agent for the prevention and treatment of acute radiation-induced intestinal injury and its application	Invention	ZL202311545171.8	The PRC	2024-02-20
14	The Company	A probiotic agent containing Akk11 strain for alleviating hyperuricemia and its application	Invention	ZL202410711433.1	The PRC	2024-10-01
15	The Company	A probiotic agent containing Akkermansia muciniphila strain Akk11 for improving hypertension and its application	Invention	ZL202410686469.9	The PRC	2024-10-01
16	The Company	An Akkermansia muciniphila Akk11 with the efficacy of regulating blood glucose and blood lipids, and its application	Invention	ZL 202410620733.9	The PRC	2024-09-17
17	The Company	A probiotic agent containing Akkermansia muciniphila strain Akk11 for improving Alzheimer's disease and its application	Invention	ZL202410805093.9	The PRC	2024-10-29
18	The Company	A preparation method for a Bifidobacterium animalis subsp. lactis agent maintaining efficacy delivery	Invention	ZL202210531928.7	The PRC	2023-02-10
19	The Company	A probiotic agent for improving the storage stability of bacterial strains and its preparation method and application	Invention	ZL202210553090.1	The PRC	2024-01-16
20	Luohe Weikang	A low-temperature spray drying preparation method for microencapsulated probiotics and its application	Invention	ZL202110139420.8	The PRC	2022-11-22

(ii) ***Trademarks***

As of the Latest Practicable Date, the following trademarks have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Trademark	Place of registration	Name of registered proprietor	Registration no.	Class	Effective period
1	WECARE	PRC	Our Company	20955611	3; 5; 29; 31; 35; 38	September 13, 2028
2	WecLac	PRC	Our Company	30661916	5	February 13, 2029
3	WecLac	PRC	Our Company	30649033	29	February 13, 2029
4		PRC	Our Company	46561664	35	December 20, 2031
5	WecPro	PRC	Our Company	25639328	5	July 27, 2028
6	WecPro	PRC	Our Company	30386222	29	February 13, 2029
7	微康生物	PRC	Our Company	18938880	5	May 20, 2027

The class number represents the specifications of products or services which have already been applied for or registered. Detailed specifications of the products or services represented by that class number are set out in the relevant application forms or registration certificates.

(iii) ***Domain Name***

As of the Latest Practicable Date, the following domain names have been registered in the name of the relevant member of our Group which are considered by us to be or may be material to our business:

No.	Domain name	Registrant	Date of registration	Expiry Date
1	wecare-bio.com	Our Company	April 2, 2014	April 2, 2027
2	wecare-life.com	Our Company	April 2, 2014	April 2, 2027

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors' Contracts

Each of our Directors [has] entered into a service agreement or letter of appointment with our Company. The principal particulars of these service agreements and letters of appointment comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service agreements and letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Directors' Remuneration

For the three years ended December 31, 2023, 2024 and 2025, the total amount of remuneration (including fees, wages, salaries, bonuses and pension scheme contributions) and other benefits in kind (if applicable) paid to our Directors and our then supervisors were RMB45.3 million, RMB5.3 million and RMB8.2 million, respectively. For details on the remuneration of each Director during the Track Record Period, please refer to Note 13 to the Accountants' Report in Appendix I to this Document.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be RMB7.78 million.

For the three years ended December 31, 2023, 2024 and 2025, the total emoluments paid to the five highest paid individuals by us (other than Directors and supervisors) amounted to RMB2.1 million, RMB2.4 million and RMB2.0 million, respectively. For details on the remuneration of the five highest-paid employees during the Track Record Period, please refer to Note 14 to the Accountants' Report in Appendix I to this Document.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors has waived or agreed to waive any remuneration or benefits in kind. Save as disclosed above, during the Track Record Period, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2023, 2024 and 2025 by any member of our Group to any of our Directors.

4. DISCLOSURE OF INTERESTS

A. Directors and Chief Executive

Immediately following the completion of the **[REDACTED]** and assuming the **[REDACTED]** is not exercised, the interests or short positions of our Directors and the chief executive in any Shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which, once the H Shares are **[REDACTED]**, will be required (a) to

be notified to our Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, are as follows:

(i) ***Interests in the Shares of Our Company***

Name of Director/ chief executive	Nature of interest	Number of Shares	Description of Shares	Approximate percentage of shareholding in our total share capital[(1)]
Dr. Fang	Beneficial interest, interest held by controlled corporations	**[REDACTED]**	H Shares	**[REDACTED]**%

Notes:

(1) The calculation is based on the total number of **[REDACTED]** H Shares in issue immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and the Conversion of Unlisted Shares into H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(ii) ***Interest in shares of associated corporations of our Company***

Our Directors and chief executive are not interested in the shares of any associated corporation of our Company.

B. Substantial shareholders of our Company

Save as disclosed in the section headed "Substantial Shareholders" in this Document, as of the Latest Practicable Date, our Directors are not aware of any other person who will, immediately following the Conversion of Unlisted Shares into H Shares and upon completion of the **[REDACTED]** have an interest or short position in our Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

C. Substantial shareholders of other members of our Group

So far as our Directors are aware, as at the Latest Practicable Date, there was no person (other than our Directors or the chief executive of our Company) who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of our Group.

D. Disclaimers

Save as disclosed in this Document:

(i) none of our Directors or chief executive of our Company has any interests and short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 to the Listing Rules to be notified to us and the Stock Exchange, in each case once our Shares have been listed;

(ii) none of our Directors is a director or employee of a company which is expected to have an interest in our Shares falling to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares have been listed on the Stock Exchange;

(iii) none of our Directors nor any of the parties listed in "— 6. Other Information — G. Qualification of Experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this Document which is significant in relation to our business;

(iv) none of our Directors nor any of the parties listed in "— 6. Other Information — G. Qualification of Experts" in this Appendix is interested in our promotion, or in any assets which have, within two years immediately preceding the issue of this Document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(v) none of the parties listed in the paragraph headed "— 6. Other Information — G. Qualification of Experts" in this Appendix: (a) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or (b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(vi) none of our Directors or their respective associates or any Shareholders of our Company (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

5. EMPLOYEE INCENTIVE PLATFORM

The following is a summary of the principal terms of the operation of Suzhou Zekang, the Employee Incentive Platform, as governed by the partnership agreement in respect of Suzhou Zekang, which was last supplemented on April 19, 2026 (the "**Partnership Agreement**"). The operation of the Employee Incentive Platform is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the issuance of new Shares or grant of share awards or options by our Company after the **[REDACTED]**. The Employee Incentive Platform will not cause any dilution of the shareholding of our Shareholders after the **[REDACTED]** given all underlying Shares of the awards have already been issued to Suzhou Zekang.

Purpose

The Employee Incentive Platform aims to strengthen employees' commitment to our Company's sustainable growth, incentivize the enthusiasm and creativity of employees, align the interests of employees with our Company's long-term development, and to promote better development of our Company.

Eligible Participants

Participants who are eligible to be admitted as partners of the Employee Incentive Platform (the "**Eligible Participants**") include our Directors, senior management, and other employees of our Group, or other persons as determined by our Company.

Form of Grant

The Eligible Participants shall subscribe for partnership interests of the Employee Incentive Platform as limited partners according to the number of Shares granted to them, by making capital contribution ("**Capital Contribution**") to the Employee Incentive Platform at the designated amount, thereby indirectly holding the Shares of our Company through their respective partnership interest in the Employee Incentive Platform. Dr. Fang, being the sole general partner of the Employee Incentive Platform, is responsible for management of the partnership and exercising the rights attaching to the Shares in accordance with the terms of the Partnership Agreement.

Lock-up Period

Once becoming a limited partner of the Employee Incentive Platform, such limited partner ("**Grantee**") shall remain employed by our Group commencing from the date on which the relevant Grantee has fully settled the Capital Contribution and the relevant registration in respect of the subscription has been completed, up to 12 months from the date on which the Shares of our Company are **[REDACTED]** on the Main Board of the Stock Exchange (the "**Lock-up Period**").

Upon the expiry of the Lock-up Period and provided that the Grantee remains an employee of our Group throughout the Lock-up Period, the Grantee may request our Company to dispose of the Shares held by the Employee Incentive Platform corresponding to the partnership interest held by such Grantee on the market, in accordance with applicable laws and regulations and subject to the terms and conditions of the Partnership Agreement. Proceeds from the disposal (after deduction of applicable taxes and fees) shall be paid to the relevant Grantee by way of distribution and/or capital reduction and repurchase in accordance with the Partnership Agreement.

Prior to the expiry of the Lock-up Period and/or if the Grantee's employment with our Group is terminated during the Lock-up Period, the Grantee may transfer his or her partnership interest in the Employee Incentive Platform at a price equivalent to the Capital Contribution to other Eligible Participants subject to prior consent of the general partner of the Employee Incentive Platform in accordance with the Partnership Agreement pursuant to applicable laws and regulations.

Details of Interests in the Employee Incentive Platform

As of the Latest Practicable Date, all partnership interests in the Employee Incentive Platform have been subscribed and fully paid up by the partners thereof, and the relevant registration had been completed. No further Shares shall be acquired by the Employee Incentive Platform.

As of the Latest Practicable Date, the Employee Incentive Platform held 3,350,000 Shares, representing approximately 3.17% of the total issued Shares of our Company. Dr. Fang, as the sole general partner of the Employee Incentive Platform, held 24.78% partnership interests thereof.

Details of the partnership interests in Suzhou Zekang held by our Directors, senior management and other employees of our Group as of the Latest Practicable Date are set out below:

Name	Position(s)/ Relationship with our Company	Approximate partnership interest in the Employee Incentive Platform	Approximate number of Shares corresponding to partnership interest held by the Grantee[(1)]	Approximate shareholding % of total issued Shares immediately prior to the [REDACTED]	Approximate shareholding % of total issued Shares immediately upon the completion of the [REDACTED]
Dr. Fang	Executive Director	24.78%	830,000	0.78%	**[REDACTED]**%
Dr. Zhu Jianguo	Executive Director	16.42%	550,000	0.52%	**[REDACTED]**%
Mr. Wei Dong	General Manager	11.04%	370,000	0.35%	**[REDACTED]**%
30 other Grantees (other employees of our Group)	—	47.76%	1,599,960	1.51%	**[REDACTED]**%

Note:

(1) To illustrate the indirect interests of Grantees in the Shares, the number of Shares are presented and calculated by multiplying their respective percentage of partnership interests in the Employee Incentive Platform by the total number of Shares held by the Employee Incentive Platform.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under the PRC law is likely to fall upon our Company or any member of our Group.

B. Litigation

As of the Latest Practicable Date, save as disclosed in this Document, we were not involved in any material litigation, arbitration or administrative proceedings, and so far as our Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

C. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules. Our Company has entered into engagement agreements with the Sole Sponsor, pursuant to which our Company agreed to pay an aggregate of USD600,000 to the Sole Sponsor to act as the sponsor to our Company in connection with the **[REDACTED]**.

The Sole Sponsor has made an application on our behalf to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. All necessary arrangements have been made to enable the H Shares to be admitted into **[REDACTED]**.

D. Compliance Adviser

We appointed Red Solar Capital Limited as our compliance advisor effective upon the **[REDACTED]** in compliance with Rules 3A.19 of the Listing Rules.

E. Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

F. Promoters

The promoters of our Company are Dr. Fang, Luohe Yukang Investment Center (Limited Partnership) (漯河煜康投資中心(有限合夥)), Yangzhou Xinping Equity Investment Partnership (Limited Partnership) (揚州鑫平股權投資合夥企業(有限合夥)), Shanghai Huankang Enterprise Management Center (Limited Partnership) (上海浣康企業管理中心(有限合夥)), Chengdu Boyuan Jiayu Venture Capital Partnership (Limited Partnership) (成都博遠嘉昱創業投資合夥企業(有限合夥)), Suzhou Longju Chuanglian Venture Capital Enterprise (Limited Partnership) (蘇州龍駒創聯創業投資企業(有限合夥)), Suzhou Zhongkang Investment Management Enterprise (Limited Partnership) (蘇州眾康投資管理企業(有限合夥)), Zibo Taige Yingke Venture Capital Center (Limited Partnership) (淄博泰格盈科創業投資中心(有限合夥)), FOY PRIVATE LIMITED, Wuhan Taiming Venture Capital Partnership (Limited Partnership) (武漢泰明創業投資合夥企業(有限合夥)), Ganzhou Qianrong Equity Investment Partnership (Limited Partnership) (贛州謙容股權投資合夥企業(有限合夥)), Jiaxing Chunxiang Equity Investment Partnership (Limited Partnership) (嘉興春享股權投資合夥企業(有限合夥)), Wujiang Dongyun Venture Capital Co., Ltd. (吳江東運創業投資有限公司) and Beijing Haina Yourong Private Fund Management Co., Ltd. (北京海納有容私募基金管理有限公司).

Save as disclosed in this Document, within the two years immediately preceding the date of this Document, no cash, securities or other interest have been paid, allotted or given to the above promoters in connection with the **[REDACTED]** or related transactions in this Document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given their opinions or advice in this Document, are as follows:

Name	Qualification
Haitong International Capital Limited	A corporation licensed to conduct Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

Name	Qualification
BDO Limited	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
Commerce & Finance Law Offices	Legal advisor as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

H. Consents of Experts

Each of the experts as referred to in "— 6. Other Information — G. Qualification of Experts" in this Appendix has given, and has not withdrawn, its respective written consents to the issue of this Document with the inclusion of its reports and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the **[REDACTED]** of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the H Shares being sold or transferred. For further details in relation to taxation, please refer to the section headed "Regulatory Overview — PRC Laws and Regulations — Regulations on Taxation" in this Document.

J. No Material Adverse Change

Save as disclosed in this Document, our Directors confirm that there has been no material adverse change in our financial or operational position since December 31, 2025 and up to the Latest Practicable Date.

K. Binding effect

This Document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Within the two years immediately preceding the date of this Document, we have entered into the related party transactions as described in note 41 to the financial information in the Accountant's Report set out in Appendix I to this Document.

M. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see "Summary of Articles of Association — Increase, Decrease and Repurchase of Shares" in Appendix IV to this Document.

N. Agency Fees or Commissions Paid or Payable

Save as disclosed in this Document, no **[REDACTED]**, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group within the two years preceding the date of this Document.

O. Miscellaneous

Save as disclosed in this Document:

(i) within the two years immediately preceding the date of this Document, we have not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Group, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(iii) we have not issued or agreed to issue any founder shares, management shares or deferred shares;

(iv) our Group has no outstanding convertible debt securities or debentures;

(v) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vi) within the two years immediately preceding the date of this Document, no **[REDACTED]**, discount, brokerage or other special term has been granted in connection with the issue or sale of any capital of our Company;

(vii) there is no arrangement under which future dividends are waived or agreed to be waived;

(viii) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and

(ix) none of the equity and debt securities of our Company, if any, is **[REDACTED]** or dealt with in any other stock exchange nor is any **[REDACTED]** or permission to deal being or proposed to be sought.

P. Bilingual Document

The English language and Chinese language versions of this Document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix V to this Document; and

(ii) the written consents referred to in "Statutory and General Information — 6. Other Information — H. Consents of Experts" in Appendix V to this Document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's own website at **https://www.wecare-bio.com** during a period of 14 days from the date of this Document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;

(c) the accountant's report from BDO Limited, the text of which is set out in Appendix I to this Document;

(d) the report from BDO Limited on the unaudited **[REDACTED]** financial information of our Group, the text of which is set out in Appendix II to this Document;

(e) the letter, summary of values and valuation certificates relating to our property interests prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this Document;

(f) the industry report issued by Frost & Sullivan, the summary of which is set out in "Industry Overview" in this Document;

(g) the PRC legal opinion issued by Commerce & Finance Law Offices, our PRC Legal Adviser, in respect of, among other things, certain general corporate matters and property interests matters of our Group;

(h) the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Our Material Contracts" in Appendix V to this Document;

(i) the written consents referred to in "Statutory and General Information — 6. Other Information — H. Consents of Experts" in Appendix V to this Document;

(j) the contracts and appointment letters referred to in the section headed "Statutory and General Information — 3. Further Information About Our Directors and Substantial Shareholders — A. Particulars of Directors' Contracts" in Appendix V to this Document; and

(k) the PRC Company Law, the Securities Law of the PRC, and the Overseas Listing Trial Measures, together with unofficial English translations.